

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities to be issued.



HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED

華聯國際(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 969)

**DISCLOSEABLE AND CONNECTED TRANSACTION
RELATING TO FORMATION OF JOINT VENTURE,
SPECIFIC MANDATE TO ISSUE NEW SHARES AND
ISSUE OF CONVERTIBLE NOTES
AND
RESUMPTION OF TRADING**

The Board announces that on 22 October 2010 (after trading hours), the Company entered into the following agreements:

- i. the JV Agreement with CADFund, COMPLANT, River Right and Zheng Da pursuant to which CADFund, COMPLANT and River Right have conditionally agreed to form a joint venture using Zheng Da as the vehicle to carry on the Ethanol Biofuel Business in Benin, and that CADfund, COMPLANT and River Right shall contribute capital in an aggregate amount of US\$23,720,000 by way of share capital and shareholders' loan in the proportion of 25%, 10% and 65% respectively;
- ii. the Shares Subscription Agreement with CADFund pursuant to which the Company has conditionally agreed to issue and CADFund has conditionally agreed to subscribe for 90,000,000 Subscription Shares at the Subscription Price of HK\$0.60 per Share, which represent approximately 7.21% of the existing issued share capital of the Company as at the date of this announcement and approximately 6.72% of the entire issued share capital of the Company as enlarged by the issue of the Subscription Shares; and

- iii. the CN Subscription Agreement with CADFund pursuant to which the Company has conditionally agreed to issue and CADFund has conditionally agreed to subscribe for the Convertible Notes in the principal amount of HK\$24,000,000 convertible into Shares at a Conversion Price of HK\$0.60 per Share. The outstanding principal amount of the Convertible Notes is repayable on the fifth (5th) anniversary from the date of issue of the Convertible Notes. The Conversion Shares represent approximately 3.20% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.10% of the entire issued share capital of the Company as enlarged by the issue of the Conversion Shares;

The issue and allotment of the Subscription Shares will be made under the Specific Mandate.

The Transaction constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

CADFund is currently an Independent Third Party. COMPLANT currently holds 300,000,000 Shares, which represent approximately 24.03% of the existing issued share capital of the Company as at the date of this announcement. By virtue of this shareholding interest, COMPLANT is a Substantial Shareholder, and is accordingly a connected person of the Company. The Transaction therefore constitutes a connected transaction for the Company under the Listing Rules.

The Transaction is conditional upon approval by the Independent Shareholders at the EGM. COMPLANT and its associates will abstain from voting at the EGM. The Independent Board Committee will be formed to advise the Independent Shareholders in respect of the Transaction. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

A circular containing, among other things, (i) information on the Transaction; (ii) a letter from the Independent Board Committee to the Independent Shareholders; and (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders will be despatched to the Shareholders not more than 15 Business Days after the publication of this announcement in accordance with the relevant requirements of the Listing Rules.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 25 October 2010 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 26 October 2010.

INTRODUCTION

On 1 February 2010, the Company made an announcement that it had entered into the MOU with CADFund and COMPLANT in respect of the possible formation of joint ventures with CADFund, and COMPLANT for long term strategic cooperation to develop the Ethanol Biofuel Business in African countries and the related issue of the Subscription Shares and the Convertible Notes. It was contemplated by the MOU that the parties to the MOU would enter into legally binding agreements within 180 Business Days from the date of the MOU for the formation of joint venture in Benin and the related issue of the Subscription Shares and the Convertible Notes.

In furtherance of the MOU, on 22 October 2010 (after trading hours), the Company entered into the JV Agreement, the Shares Subscription Agreement and the CN Subscription Agreement. The details of these agreements are set out below.

JV AGREEMENT

Date

22 October 2010

Parties

- (1) CADFund;
- (2) COMPLANT;
- (3) River Right;
- (4) Zheng Da; and
- (5) the Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, CADFund is an Independent Third Party. Save for the transactions contemplated by the MOU, CADFund confirmed that it has no prior transaction or relationship with any member of the Group.

COMPLANT currently holds 300,000,000 Shares, which represent approximately 24.03% of the existing issued share capital of the Company as at the date of this announcement. By virtue of this shareholding interest, COMPLANT is a Substantial Shareholder, and is accordingly a connected person of the Company. The Transaction therefore constitutes a connected transaction for the Company under the Listing Rules.

River Right is a direct wholly owned subsidiary of the Company.

Zheng Da is currently wholly owned by River Right, and thus an indirectly and wholly owned subsidiary of the Company.

Subject of the transaction

Pursuant to the JV Agreement, CADFund, COMPLANT and River Right have conditionally agreed to form a joint venture using Zheng Da as the vehicle to carry on the Ethanol Biofuel Business in Benin. CADFund, COMPLANT and River Right will subscribe for 25, 10 and 65 shares in Zheng Da, which shall represent 25%, 10% and 65% respectively of the entire share capital of Zheng Da upon completion of the JV Agreement. It is intended that Zheng Da will serve as the investment holding vehicle to establish, manage, and support the development of Benin PC. Benin PC will be established and base its operations in Benin, and engage in the Ethanol Biofuel Business and the trading of related products.

Capital Contribution

Pursuant to the JV Agreement, CADFund, COMPLANT and River Right have conditionally agreed to contribute capital in an aggregate amount of US\$23,720,000 into Zheng Da by way of share capital and shareholders' loan in the proportion of 25%, 10% and 65% respectively. The detailed breakdown of the capital contribution by each of the parties is set out in the table below:

Parties	Percentage of total capital contribution	Subscription money for shares in Zheng Da	Shareholders loan to Zheng Da	Total capital contribution
CADFund	25%	US\$25	US\$5,929,975	US\$5,930,000
COMPLANT	10%	US\$10	US\$2,371,990	US\$2,372,000
River Right	65%	US\$65	US\$15,417,935	US\$15,418,000
Total	100%	US\$100	US\$23,719,900	US\$23,720,000

Note: Each of CADFund and COMPLANT is entitled to nominate its wholly owned (whether directly or indirectly) subsidiary to take up the shares of Zheng Da that it is entitled to upon completion of the JV Agreement, and such nominee shall be entitled to the benefits and shall bear the responsibilities of its nominating party under the JV Agreement.

The capital contribution will be satisfied by the parties on completion of the Transaction. CADFund and COMPLANT will satisfy their respective capital contribution obligation by cash. River Right will satisfy its capital contribution obligation by cash, which will be funded by the proceeds from the issue of the Subscription Shares and the issue of the Convertible Notes and internal resources.

Conditions Precedent

Completion of the JV Agreement is conditional upon:

- (a) CADFund, COMPLANT and River Right having contributed capital into Zheng Da by means of subscription of shares in Zheng Da and advancement of shareholders' loan to Zheng Da;
- (b) the Independent Shareholders having approved by poll at the EGM the JV Agreement, the Shares Subscription Agreement, the CN Subscription Agreement, the terms and conditions of the Convertible Notes and the related transactions contemplated by those agreements (if necessary);
- (c) the Company having obtained all necessary consents and approvals, and having complied with and fully observed the relevant laws or regulations (including but not limited to the Listing Rules, the relevant Hong Kong laws and the approvals, consents, registration requirements and permits by the relevant authorities in the PRC) for the transactions contemplated by the JV Agreement PROVIDED THAT if the granting of such consents and approvals are subject to conditions, those conditions shall be reasonably acceptable by CADFund at its discretion;
- (d) CADFund having completed the due diligence review on the business, assets, liabilities and financial position of the Group (including the properties owned by the Group), and the Company having not received notification from CADFund of its non-satisfaction with the result of the due diligence review;
- (e) no material adverse change or prospective material adverse change in the Group's business, operation and financial condition having occurred since the signing of the JV Agreement;
- (f) the Shares remaining listed and traded on the Main Board of the Stock Exchange (save for any temporary suspension not exceeding five (5) consecutive trading days and any suspension pending the publication of this announcement);
- (g) no delisting or suspension of the trading of the Shares having been imposed by the Stock Exchange or any other stock exchanges, and those stock exchanges having not indicated prior to completion of the JV Agreement verbally or in writing that the listing of the Company will be cancelled or suspended;

- (h) the Listing Committee of the Stock Exchange having granted the listing of and the permission to deal in the Subscription Shares and the Conversion Shares;
- (i) the warranties given by the parties under the JV Agreement having remained true and accurate in all material respects; and
- (j) all the conditions precedent under the Shares Subscription Agreement and the CN Subscription Agreement having been fulfilled or waived (save for the conditions in those agreements relating to the signing of the JV Agreement and the fulfilment or waiver of the conditions precedent of the JV Agreement).

If any of the above conditions is not satisfied on or before 31 December 2011 (save for condition (a) above which can be fulfilled simultaneously upon completion of the JV Agreement), the JV Agreement shall lapse.

Completion

Completion will take place on the 10th Business Day after the fulfilment or wavier of all of the conditions precedent of the JV Agreement or such other date as agreed by the parties.

On completion of the JV Agreement, the parties shall, among other things, complete the following matters:

- (a) the parties to the JV Agreement shall procure that the following shareholders' resolutions of Zheng Da be passed:
 - i. the authorised share capital of Zheng Da shall be US\$50,000 divided into 50,000 ordinary shares of a nominal value of US\$1.00 each;
 - ii. the board of director of Zheng Da shall comprise 5 directors, of which CADFund shall be entitled to nominate 2 directors, and River Right shall be entitled to nominate 3 directors. River Right shall be entitled to appoint one of the directors it nominates as the chairman of Zheng Da's board of directors;
 - iii. the financial year of Zheng Da shall end on 31 December; and
 - iv. HLM & Co. shall be appointed as the auditors of Zheng Da.
- (b) CADFund, COMPLANT and River Right shall submit applications for shares to the board of directors of Zheng Da and pay its share of capital contribution.

Guarantee

The Company will guarantee River Right's performance of its obligations under the JV Agreement. Each of CADFund and COMPLANT is entitled to nominate its wholly owned (whether directly or indirectly) subsidiary to take up the shares of Zheng Da that it is entitled to subscribe for upon completion of the JV Agreement, and such nominee shall be entitled to the benefits and shall bear the responsibilities of its nominating party under the JV Agreement. In such event CADFund and COMPLANT will guarantee their respective nominee's performance of its obligations under the JV Agreement.

Incorporation of Benin PC

If approval of the incorporation of Benin PC has not been obtained before 31 December 2011 (or such other date as agreed by the shareholders of Zheng Da), then the shareholders of Zheng Da shall, upon the recommendation of the board of directors of Zheng Da pass a resolution to effectively wind up Zheng Da.

THE SHARES SUBSCRIPTION AGREEMENT

Date

22 October 2010

Parties

- (1) CADFund; and
- (2) the Company.

Subject of the transaction

Pursuant to the Shares Subscription Agreement, among other things, CADFund has conditionally agreed to subscribe for and the Company has conditionally agreed to issue 90,000,000 Subscription Shares free from all encumbrances and together with all rights attaching thereto on or after the completion of the Shares Subscription Agreement.

The 90,000,000 Subscription Shares represent approximately 7.21% of the existing issued share capital of the Company as at the date of this announcement and approximately 6.72% of the entire issued share capital of the Company as enlarged by the issue of Subscription Shares.

The issue and allotment of the Subscription Shares will be made under the Specific Mandate.

The Subscription Shares to be issued will rank *pari passu* in all respects with all Shares in issue at the date of issue of the Subscription Shares.

Subscription Price

The total Subscription Price is HK\$54,000,000 will be satisfied in cash in Hong Kong dollars upon completion of the Shares Subscription Agreement. It will be directly paid to a bank account designated by Zheng Da in writing to satisfy the Company's capital contribution obligations under the JV Agreement.

The Subscription Price is HK\$0.60 per Subscription Share, which represents:

- (i) a discount of approximately 14.29% to the closing price of HK\$0.70 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 14.29% to the average closing price of HK\$0.70 per Share quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date;
- (iii) a discount of approximately 16.67% to the average closing price of HK\$0.72 per Share quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date; and
- (iv) a discount of approximately 31.03% to the unaudited consolidated net assets value per Share of approximately HK\$0.87 as at 30 June 2010 (as calculated by the total net assets of approximately HK\$1,090,977,000 as at 30 June 2010 and the number of Shares in issue of 1,248,680,000).

The Subscription Price was determined after arm's length negotiations between the parties on normal commercial terms with reference to the market conditions at the time when the MOU was entered into.

Conditions Precedent

Completion of the Shares Subscription Agreement is conditional upon:

- (a) CADFund, COMPLANT and the Company having entered into the JV Agreement and the JV Agreement having become unconditional (save for the condition precedent in the JV Agreement that the Shares Subscription Agreement having become unconditional);
- (b) CADFund and the Company having entered into the CN Subscription Agreement and the CN Subscription Agreement having become unconditional;
- (c) the Shareholders or (if necessary) the Independent Shareholders having passed resolutions at the EGM to approve the JV Agreement, the Shares Subscription Agreement and the CN Subscription Agreement, the terms and conditions of the Convertible Notes and the transactions contemplated by those agreements;

- (d) the Listing Committee of the Stock Exchange having granted the listing of and the permission to deal in the Subscription Shares and the Conversion Shares;
- (e) the Company having obtained all necessary consent and approval, and having complied with and fully observed relevant laws or regulations (including but not limited to the Listing Rules, the Hong Kong law and the approvals, consents, registration requirements and permits by the relevant authorities in the PRC as well as the internal approval of CADFund and/or the subscriber) in relation to (i) the transactions contemplated by the Shares Subscription Agreement, (ii) the issue and subscription of the Convertible Notes; and (iii) the formation of the Zheng Da PROVIDED THAT if such consents and approvals are granted subject to conditions, those conditions shall be reasonably acceptable by CADFund;
- (f) the Company having not received any notification from CADFund of its non-satisfaction with the result of the due diligence review on the Group;
- (g) (if applicable) the Cayman Islands Monetary Authority having consented to the issue of the Subscription Shares;
- (h) the Shares remaining listed and traded on the Main Board of the Stock Exchange (save for any temporary suspension not exceeding five (5) consecutive trading days and the suspension pending the publication of this announcement);
- (i) no material adverse change or prospective material adverse change in the Group's business, operation and financial condition having occurred before the completion of the Shares Subscription Agreement; and
- (j) the warranties given by the parties under the Shares Subscription Agreement having remained true and accurate in all material respects.

CADFund is entitled to waive conditions precedent (e), (f), (h), (i) and (j) above and where it so waives to impose such conditions as it deems fit.

If any of the above conditions is not satisfied or waived on or before 31 December 2011 (or such later date as the Company and CADFund shall mutually agree in writing), the Shares Subscription Agreement shall lapse.

Completion

Completion of the Shares Subscription Agreement will take place on the 10th Business Day after the fulfilment or waiver of all of the above conditions precedent (or such other date as agreed in writing by CADFund and the Company).

THE CN SUBSCRIPTION AGREEMENT

Date

22 October 2010

Parties

- (1) CADFund; and
- (2) the Company.

Subject of the transaction

Pursuant to the CN Subscription Agreement, among other things, the Company has conditionally agreed to issue and CADFund has conditionally agreed to subscribe for the Convertible Notes in the principal amount of HK\$24,000,000 at the total subscription price of HK\$24,000,000.

The Convertible Notes are zero coupon convertible notes. Subject as provided in the terms and conditions of the Convertible Notes, on the Maturity Date, the outstanding principal amount of the Convertible Notes shall be automatically due and payable. The Company shall pay to CADFund 100% of the outstanding principal amount of the Convertible Notes and all other sums payable pursuant to the terms of the Convertible Notes.

Upon occurrence of events of default, all outstanding principal amounts of the Convertible Notes shall be mandatorily redeemed by the Company at the request of the holders of the Convertible Notes.

The holders of the Convertible Notes shall have the right at any time before the Maturity Date to request the Company to redeem the whole or part of the outstanding principal amount of the Convertible Notes at a price equal to 100% of the amount to be redeemed, provided that:

- (i) the holders of the Convertible Notes shall have obtained the written consent of CADFund in relation to the early redemption and the amount to be redeemed;
- (ii) the holders of the Convertible Notes shall have given to the Company not less than 15 Business Days' prior written notice of its intention to request such redemption, specifying the amount to be redeemed and the date of the proposed redemption together with CADFund's written consent referred to in (i) above;
- (iii) the amount to be redeemed shall be at least HK\$300,000 or its integral multiples; and

(iv) the amount to be redeemed is not already the subject of a proposed conversion as stipulated in a conversion notice;

At the time of early redemption, the Company shall also pay, if any, all other sums then due and payable by the Company under the Convertible Notes.

Subject to the terms and conditions of the Convertible Notes, CADFund shall have the right to convert at the Conversion Price (subject to usual adjustment mechanism as contained in the Convertible Notes) the whole or part of the outstanding principal amount of the Convertible Notes (which shall be in the principal amount of HK\$300,000 or its integral multiples) into Conversion Shares at any time and from time to time during the Conversion Period. The maximum number of Conversion Shares which may be converted is thus 40,000,000, which represent approximately 3.20% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.10% of the entire issued share capital of the Company as enlarged by the issue of the Conversion Shares;

The holders of the Convertible Notes shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Notes into Shares to the extent that immediately after such conversion, the holders of the Convertible Notes together with parties acting in concert with it, taken together, will, directly or indirectly, control or be interested in 30% or more of the voting rights of the Company (or in such percentage as may from time to time be specified in the Takeovers Code being the level for triggering a mandatory general offer) or otherwise:

(i) a general offer shall be given; or

(ii) a waiver should be obtained in accordance with the requirement of the Takeovers Code.

The holders of the Convertible Notes shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Notes into Shares to the extent that immediately after such conversion, there will not be sufficient public float of the Shares as required under the Listing Rules.

No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange.

The holders of the Convertible Notes will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of any of them being a holder of the Convertible Notes.

The Convertible Notes are freely transferable.

Unless otherwise agreed by the CADFund in writing, the Company undertakes that the proceeds from the subscription of the Convertible Notes shall solely be used to (i) finance the Company's capital contribution to Zheng Da; and (ii) the operation of Zheng Da and/or Benin PC.

At any time on or prior to the third anniversary of the date of the CN Subscription Agreement, subject to entering into a definitive joint venture agreement(s) among the Company, CADFund and COMPLANT in relation to the establishment of Other JVs, CADFund shall be entitled, but not obligated, to require the Company to issue to it (or its nominee(s)) additional convertible note(s) up to an aggregate principal amount of HK\$312,000,000 (the "**Further Subscription**"), which are to be secured by the Company's interest in Other JVs and any other securities requested by CADFund and agreed by the Company. If CADFund elects to participate in the Further Subscription, each of the Company and CADFund agrees that it shall enter into a subscription agreement substantially in the form of the CN Subscription Agreement to effectuate the Further Subscription.

To secure the Company's due performance of all its obligations under the Convertible Notes, the Company shall grant or cause to be granted security to CADFund by way of pledging all its interest in the entire issued share capital of Zheng Da and the other joint venture vehicles to CADFund pursuant to a share charge (a first mortgage) to be executed which will be expressed to be supplemental to the CN Subscription Agreement and the Convertible Notes.

The Conversion Shares to be issued as a result of the exercise of the conversion rights attaching to the Convertible Notes will rank pari passu in all respects with all other existing Shares in issue at the date of the conversion notice to be issued by CADFund on the exercise of its conversion rights.

Consideration

The total subscription price for the Convertible Notes is HK\$24,000,000, which will be satisfied upon completion of the CN Subscription Agreement in cash in Hong Kong dollars. The parties agree that the proceeds from the subscription of the Convertible Notes shall be paid directly to the designated bank account of Zheng Da to satisfy the Company's capital contribution obligations under the JV Agreement.

The Conversion Price of HK\$0.60 per Share represents:

- (i) a discount of approximately 14.29% to the closing price of HK\$0.70 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 14.29% to the average closing price of HK\$0.70 per Share quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date;

- (iii) a discount of approximately 16.67% to the average closing price of HK\$0.72 per Share quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date; and
- (iv) a discount of approximately 31.03% to the unaudited consolidated net assets value per Share of approximately HK\$0.87 as at 30 June 2010 (as calculated by the total net assets of approximately HK\$1,090,977,000 as at 30 June 2010 and the number of Shares in issue of 1,248,680,000).

The Conversion Price was determined after arm's length negotiations between the parties on normal commercial terms with reference to the market conditions at the time when the MOU was entered into.

Conditions Precedent

The closing of the subscription for the Convertible Notes is conditional upon:

- (a) the Company, CADFund and COMPLANT (or their respective nominees) having entered into the JV Agreement;
- (b) CADFund and the Company having entered into the Shares Subscription Agreement;
- (c) if necessary, all approvals by the Shareholders and the shareholders of CADFund, their respective holding companies, government and regulatory authorities (including but not limited to the Stock Exchange), corporate approvals and consents for the transactions contemplated under the CN Subscription Agreement, the JV Agreement and the Shares Subscription Agreement being obtained; and if any of such Shareholders' approvals, governmental and regulatory and/or corporate approvals and consents are given subject to conditions, then PROVIDED THAT such conditions are reasonably acceptable to CADFund;
- (d) CADFund having completed the due diligence review on the business, assets, liabilities and financial position of the Group (including title investigation on the owned properties, if any) and having notified the Company that CADFund is fully or substantially satisfied with the result of the due diligence review;
- (e) in relation to the transactions contemplated in the CN Subscription Agreement, all relevant regulatory requirements (including but not limited to those under the Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with and satisfied;

- (f) no material adverse change or prospective material adverse change in the Group's business, operations, financial conditions or prospects has occurred since the date of signing of the CN Subscription Agreement;
- (g) no moratorium, suspension or material restriction on trading in the Shares (and if applicable, the securities of other Group companies) has been imposed by the Stock Exchange and any stock exchange at all times from the date of the CN Subscription Agreement up to (and including) the date of completion of the CN Subscription Agreement (save for any temporary suspension not exceeding five (5) consecutive trading days, and any suspension pending the publication of this announcement);
- (h) the current listing of the Shares (and if applicable, the securities of other Group companies) not having been withdrawn or suspended and the Stock Exchange and any stock exchange not having indicated at any time prior to completion (whether verbally or in writing) that such listing is likely or being considered to be withdrawn or suspended;
- (i) the Listing Committee of the Stock Exchange having granted:
 - i the listing of and the permission to deal in the Conversion Shares;
 - ii the listing of and the permission to deal in the Subscription Shares; and
 - iii if required, approval for the issue of the Convertible Notes;
- (j) the Company's warranties having remained true and accurate and not misleading in all respects as at the completion of the CN Subscription Agreement;
- (k) CADFund's warranties remaining true and accurate and not misleading in all respects as at the completion of the CN Subscription Agreement; and
- (l) each of the JV Agreement and the Shares Subscription Agreement having become unconditional.

Closing Date

Closing under the CN Subscription Agreement will take place on the completion date of the JV Agreement (or such other date as may be agreed between the parties) and subject nevertheless to the fulfilment or otherwise waiver of the conditions precedent of the CN Subscription Agreement.

If any of the conditions precedent of the CN Subscription Agreement is not fulfilled (or waived by the relevant party in writing, which waiver if granted may be subject to such conditions as such party deems fit) at or before 5:00 p.m. (Hong Kong time) on or before 31 December 2011 or such other time and/or date as the Company and CADFund shall mutually agree, the CN Subscription Agreement shall lapse.

INFORMATION ON ZHENG DA

Zheng Da is a company incorporated on 29 September 2010 under the law of the British Virgin Islands with limited liability. It is currently wholly owned by River Right and is intended to be the joint venture company under the JV Agreement as a vehicle to establish Benin PC in Benin to engage in the Ethanol Biofuel Business and the trading of related products. It has not carried out any business activities since its incorporation.

INFORMATION ON CADFUND

CADFund is an investment fund set up in the PRC with a view to encouraging and providing support to PRC enterprises in their initiatives and developments in Africa. As for now, CADFund is wholly owned by the China Development Bank Corporation (國家開發銀行股份有限公司) of the PRC, which is a development-oriented financial institution of the PRC under the direct jurisdiction of the State Council of the PRC. CADFund focuses its investments in Africa under the PRC government's new initiative to develop strategic partnership with African nations. It aims at forging bridges and ties in trade and commerce between PRC and African nations.

INFORMATION ON COMPLANT

COMPLANT is a subsidiary of China Complant, a state-owned company incorporated in the PRC. COMPLANT, through its subsidiaries, is principally engaged in sugar cane planting and production of sugar products and ethanol in Africa. It is a Substantial Shareholder holding 24.03% of the issue capital of the Company.

INFORMATION ON THE GROUP

The Group is principally engaged in provision of supporting services to sweetener and ethanol businesses in African and other countries.

River Right is a company incorporated on 29 September 2009 under the law of the British Virgin Islands with limited liability. It is directly and wholly owned by the Company. Since its incorporation, River Right has not carried out any business activities except for the incorporation and holding of the shareholding interest in Zheng Da.

REASONS FOR THE TRANSACTION

The Board considers that the Transaction would avail the Company of an opportunity to further develop its business in Africa taking advantage of the PRC government's policy in Africa under the current global political and economic conditions.

The Directors (save the independent non-executive Directors) consider that the Transaction has been entered into on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The view of the independent non-executive Directors will be expressed in the circular to be despatched to Shareholders after taking into account the advice from the independent financial adviser.

The net proceeds from the Shares Subscription Agreement and the CN Subscription Agreement is expected to be approximately HK\$77,000,000 which will be used for financing the Company's capital contribution to Zheng Da; and (ii) the operation of Zheng Da and/or Benin PC.

EFFECTS ON SHAREHOLDING

The effects of the Transaction on the shareholding structure of the Company is illustrated in the following table:

Shareholders	As at the date of this announcement		Immediately after the issue of the Subscription Shares		Immediately after the issue of the Subscription Shares and the full exercise of the conversion rights attaching to the Convertible Notes		Immediately after the issue of the Subscription Shares and the full exercise of the conversion rights attaching to the Convertible Notes and the Further Convertible Notes	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
COMPLANT (Note 1)	300,000,000	24.03	300,000,000	22.41	300,000,000	21.76	300,000,000	15.80
CADFund	0	0.00	90,000,000	6.72	130,000,000	9.43	650,000,000	34.24
			(Note 2)					
Subtotal	300,000,000	24.03	390,000,000	29.13	430,000,000	31.19	950,000,000	50.04
Cui Yong	138,800,000	11.12	138,800,000	10.37	138,800,000	10.07	138,800,000	7.31
Hu Yebi and Li Ling Xiu (Note 3)	95,943,083	7.68	95,943,083	7.17	95,943,083	6.96	95,943,083	5.05
Other Public shareholders	713,936,917	57.17	713,936,917	53.33	713,936,917	51.78	713,936,917	37.60
Total issued shares	<u>1,248,680,000</u>	<u>100.00</u>	<u>1,338,680,000</u>	<u>100.00</u>	<u>1,378,680,000</u>	<u>100.00</u>	<u>1,898,680,000</u>	<u>100.00</u>

Note:

1. As at the date of this announcement, in addition to the 300,000,000 Shares, COMPLANT holds convertible notes of principal amount of HK\$533.7 million convertible into 889,500,000 Shares representing approximately 71.24% of the existing issued capital of the Company.
2. In addition to the 90,000,000 Shares, CADFund will hold the Convertible Notes of principal amount of HK\$24 million convertible into 40,000,000 Shares representing approximately 3.20% of the existing issued capital of the Company as at the date of this announcement.
3. Hu Yebi and his spouse, Li Ling Xiu are deemed (by virtue of the SFO) to be interested in 220,943,083 Shares. It comprised 3,448,000 Shares held by Li Ling Xiu and convertible note of principal amount of HK\$75,000,000 held by Hollyview International Limited, a company beneficially owned by Hu Yebi, which can be converted into 125,000,000 Shares during its conversion period. It is assumed that Hollyview International Limited would not exercise the rights of conversion in the above table.
4. The shareholding interests of each of COMPLANT and CADFund in the Company as set out in the above shareholding table include shareholding interests held by persons acting in concert (as defined under the Takeovers Code) with such party.

LISTING RULES IMPLICATIONS

Application will be made to the Stock Exchange for the listing of and the permission to deal in the Subscription Shares and the Conversion Shares.

The Transaction constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

COMPLANT currently holds 300,000,000 Shares, which represent approximately 24.03% of the issued share capital of the Company. By virtue of this shareholding interest, COMPLANT is a Substantial Shareholder and is accordingly a connected person of the Company. The execution and implementation of the JV Agreement therefore constitutes a connected transaction for the Company under the Listing Rules. Since the Shares Subscription Agreement and the CN Subscription Agreement are closely linked to the JV Agreement and are inter-conditional with each other, and they altogether are parts of an integral transaction, the Transaction as a whole is considered a connected transaction under the Listing Rule.

Completion of the Transaction will be subject to, amongst other things, approval by the Independent Shareholders at the EGM. COMPLANT and its associates will abstain from voting at the EGM.

The Independent Board Committee will be formed to advise the Independent Shareholders in respect of the Transaction. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

A circular containing, among other things, (i) information on the Transaction; (ii) a letter from the Independent Board Committee to the Independent Shareholders; and (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders will be despatched to the Shareholders not more than 15 Business Days after the publication of this announcement in accordance with the relevant requirements of the Listing Rules.

TAKEOVERS CODE IMPLICATIONS

On 10 May 2010, the Company made an application to SFC for a ruling that, among other things, the presumption that CADFund, COMPLANT and their respective associates are parties acting in concert in respect of the Company pursuant to class (1) of the definition of acting in concert in the Takeovers Code as a result of the completion of the transactions under the MOU be rebutted.

The SFC ruled on 16 July 2010 that, among other things, the presumption that CADFund and COMPLANT and their respective associates are parties acting in concert under class (1) of the definition of acting in concert as a result of the completion of the transactions under the MOU is rebutted.

Based on the SFC's ruling, the Directors consider that CADFund and COMPLANT are not parties acting in concert in respect of the Transaction under the Takeovers Code, and the Transaction will not trigger a mandatory general offer in respect of the Shares under the Takeovers Code.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 25 October 2010 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 26 October 2010.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associate(s)”	have the meanings ascribed to it in the Listing Rules
“Benin”	the Republic of Benin, a country in West Africa
“Benin PC”	a company intended to be established by Zheng Da and based in Benin to engage in the Ethanol Biofuel Business and the trading in related products

“Board”	the board of Directors
“Business Day”	any day from 9 am to 5 pm on which licensed banks are open in Hong Kong for general banking business, other than Saturdays, Sundays and public holidays in Hong Kong and days on which a tropical cyclone warning no. 8 or above or a black rainstorm warning signal is issued in Hong Kong at any time between 9 am and 5 pm
“CADFund”	China-Africa Development Fund (中非發展基金有限公司)
“China Complant”	China National Complete Plant Import & Export Corporation (Group) (中國成套設備進出口(集團)總公司), a state-owned company incorporated in the PRC and is a wholly-owned subsidiary of State Development & Investment Corp (國家開發投資公司).
“CN Subscription Agreement”	the agreement entered into between the Company and CADFund on 22 October 2010, pursuant to which the Company has agreed to issue and CADFund has agreed to subscribe for the Convertible Notes in the principal amount of HK\$24,000,000
“Company”	Hua Lien International (Holding) Company Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“COMPLANT”	COMPLANT International Sugar Industry Co., Ltd. (中成國際糖業股份有限公司), which is a Substantial Shareholder
“connected person(s)”	have the meanings ascribed to it in the Listing Rules
“Conversion Period”	the period commencing from the issue date of the Convertible Notes and ending upon the Maturity Date
“Conversion Price”	the price of HK\$0.60 per Share at which the Convertible Notes may be converted into Shares upon exercise of the conversion rights attaching to the Convertible Notes if no adjustment is made
“Conversion Shares”	the Shares to be issued upon exercise of the conversion rights attaching to the Convertible Notes

“Convertible Notes”	the redeemable convertible notes in the principal amount of HK\$24,000,000 to be issued to CADFund (or its nominees) pursuant to the CN Subscription Agreement
“Directors”	directors of the Company
“EGM”	an extraordinary general meeting of the Company which will be held for the purpose of approving the Transaction
“Ethanol Biofuel Business”	a business to develop and produce renewable energy by utilising sugar cane and cassava as raw materials
“Further Convertible Note(s)”	additional convertible note(s) which CADFund shall be entitled, but not obligated, to require the Company to issue to it (or its nominee(s)) under the CN Subscription Agreement up to an aggregate principal amount of HK\$312,000,000 at any time on or prior to the third anniversary of the date of the CN Subscription Agreement, subject to entering into a definitive joint venture agreement(s) among the Company, CADFund and COMPLANT in relation to the establishment of Other JVs
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of independent non-executive directors of the Company which would be formed to advise the Independent Shareholders in respect of the Transaction
“Independent Shareholders”	Shareholders other than COMPLANT and its associates
“Independent Third Party”	a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company
“JV Agreement”	the joint venture agreement entered into among CADFund, COMPLANT, River Right, Zheng Da and the Company on 22 October 2010, pursuant to which CADFund, COMPLANT and River Right have conditionally agreed to establish a joint venture business to carry out the Ethanol Biofuel Business and the trading of related products in Benin
“Last Trading Date”	22 October 2010, being the last trading date for the Shares before the date of this announcement.

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date on which the Company shall repay such principal moneys as outstanding under the Convertible Notes to CADFund, which shall fall on the fifth (5th) anniversary from the date of issue of the Convertible Notes or if such date is not a Business Day, the Business Day immediately following such date
“MOU”	the memorandum of understanding signed on 31 January 2010 after trading hours among CADFund, COMPLANT and the Company in respect of the possible transactions consisting of a joint venture among CADFund, COMPLANT and the Company to incorporate a joint venture company and to establish Benin PC, the allotment of new Shares by the Company to CADFund, the issue of Convertible Notes by the Company to CADFund, the formation of Other JVs and other related transactions
“Other JVs”	other possible joint ventures among CADFund, COMPLANT and the Company in Africa which are not yet finalised and subject to further negotiations as to the terms and conditions (including but not limited to the amounts of investments and the forms of cooperation)
“parties”	parties to the Transaction, and “party” shall mean any of them
“PRC”	the People’s Republic of China
“River Right”	River Right Limited (正川有限公司), a company incorporated under the law of the British Virgin Islands with limited liability and is directly and wholly owned by the Company
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong as amended and supplemented from time to time
“Shareholder(s)”	holder(s) of the Share(s)

“Share(s)”	the ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shares Subscription Agreement”	the shares subscription agreement entered into on 22 October 2010 between the Company and CADFund, pursuant to which the Company has conditionally agreed to issue and CADFund has conditionally agreed to subscribe for 90,000,000 Subscription Shares at the Subscription Price
“Specific Mandate”	a specific mandate to be granted to the Directors in relation to the issue and allotment of the Subscription Shares by the Independent Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.60 per each of the Subscription Shares
“Subscription Shares”	90,000,000 new Shares to be issued pursuant to the Shares Subscription Agreement
“Substantial Shareholder(s)”	substantial shareholder of the Company, having the meanings ascribed to it in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by SFC as amended and supplemented from time to time
“Transaction”	all the transactions as a whole contemplated by the JV Agreement, the Shares Subscription Agreement and the CN Subscription Agreement (including by not limited to the granting of the Specific Mandate)
“Zheng Da”	Zheng Da Investments Limited (正達投資有限公司), the company incorporated under the law of the British Virgin Islands with limited liability currently wholly owned by River Right and is intended to be the joint venture company among CADFund, COMPLANT and River Right as a vehicle to establish Benin PC in Benin to engage in Ethanol Biofuel Business and the trading of related products
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

By order of the Board
Hua Lien International (Holding)
Company Limited
Shih Chian Fang
Chairman

Hong Kong, 25 October 2010

As at the date of this announcement, the Board comprises seven directors, of which four are executive directors, namely Mr. Shih Chian Fang, Mr. Liaw Yuan Chian, Mr. Han Hong and Mr. Xiao Longlong, and three are independent non-executive directors, namely Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei.

* *For identification purpose only*