



HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 969)

ANNOUNCEMENT SUSPENSION OF XIAN PRODUCTION PLANT

This announcement is made by the order of the Board pursuant to rule 13.09 of the Listing Rules.

The Board announces that the Xian Production Plant will suspend operation in September 2006 by reason of the Notice issued by 西安市人民政府 (Xian People's Government). Pursuant to the Notice, enterprises located in the area surrounding 大興路 (Daxing Road), Xian, the PRC, are encouraged to relocate to other new industrial zones or logistic zones in Xian to conform with the government's plan of town restructuring. Presently, the Group is negotiating with the relevant government authorities for the amount of compensation with respect to the relocation and is looking for another area in Xian for the construction of new production plant.

During the suspension period, the Group will use its best endeavours to transfer the customer orders of the Xian Production Plant to the other two production plants of the Group located in Guangdong Province, the PRC.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by the order of the board ("Board") of directors of Hua Lien International (Holding) Company Limited ("Company", together with its subsidiaries, "Group") pursuant to rule 13.09 of the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board announces that one of the Group's production plants ("Xian Production Plant"), which is situated at 71 Daxing East Road, Xian, the People's Republic of China ("PRC"), will suspend operation in September 2006 by reason of a notice ("Notice") issued by 西安市人民政府 (Xian People's Government) on 16th June 2006. Pursuant to the Notice, enterprises located in the area surrounding 大興路 (Daxing Road), Xian, the PRC, are encouraged to relocate to other new industrial zones or logistic zones in Xian to conform with the government's plan of town restructuring. Since the receipt of the Notice, the Group has actively discussed with the relevant government authorities for the possibility of non-relocation. However, no agreement can be reached between the parties. Presently, the Group is negotiating with the relevant government authorities for the amount of compensation with respect to the relocation and is looking for another area in Xian for the construction of new production plant.

In view of the relocation and the disturbance arising from the demolition and construction works in the nearby area, the Board decided to suspend the production activity of the Xian Production Plant in September 2006 until a new production plant is constructed. During the suspension period, the Group will use its best endeavours to transfer the customer orders of the Xian Production Plant to the other two production plants of the Group located in Guangdong Province, the PRC.

The Xian Production Plant is owned by Xian Hua Lien Tannery Company Limited ("Subject Subsidiary"), a 51% indirect subsidiary of the Company. For the year ended 31 December 2005, the Subject Subsidiary accounted for approximately 20% of the turnover of the Group and recorded a loss of approximately HK\$1.6 million.

Given that the relocation may temporarily affect the Group's production capacity, the Directors are of the view that it is necessary to inform the public and the shareholders of the Company and to enable them to appraise the position of the Group.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Shih Chian Fang, Mr. Liaw Yuan Chian and Ms. Chen Ling; and three independent non-executive directors, namely Mr. Fu Heng Yang, Mr. Yu Chi Jui and Ms Li Xiao Wei

By the order of the Board of
HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED
Shih Chian Fang
Chairman

Hong Kong, 10th August 2006

Please also refer to the published version of this announcement in The Standard.