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## **HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 969)**

### **SUBSCRIPTION OF NEW SHARES TO BE ISSUED UNDER GENERAL MANDATE AND RESUMPTION OF TRADING**

#### **SHARE SUBSCRIPTIONS**

On 5 June 2009 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to issue an aggregate of 100,000,000 Subscription Shares at a price of HK\$0.60 per Subscription Share.

The Subscription Shares represent approximately 8.90% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.172% of the issued share capital of the Company as enlarged by the Subscription Shares. The Subscription Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares.

Completion of the Share Subscriptions pursuant to the Subscription Agreements is conditional upon the Listing Committee agreeing to grant a listing of and permission to deal in the Subscription Shares.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended since 9:30 a.m. on 8 June 2009 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 9 June 2009.

## **SHARE SUBSCRIPTIONS**

### **Introduction**

On 5 June 2009 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to issue an aggregate of 100,000,000 Subscription Shares at a price of HK\$0.60 per Subscription Share.

### **The First Subscription Agreement dated 5 June 2009**

#### **Parties:**

- (i) Issuer : the Company
- (ii) First Subscriber : Atlantis Investment Management Limited

To the best knowledge of the Director's knowledge, information and belief having made all reasonable enquiries, each of the First Subscriber and its ultimate beneficial owner is an Independent Third Party.

- (iii) Shares to be subscribed : 80,000,000 First Subscription Shares, representing approximately 7.120% of the existing issued share capital of the Company as at the date of this announcement and approximately 6.538% of the issued share capital of the Company as enlarged by the Subscription Shares. The nominal value of the First Subscription Shares is HK\$8 million.

## **The Second Subscription Agreement dated 5 June 2009**

### **Parties:**

(i) Issuer : the Company

(ii) Second Subscriber : Li Juan (李娟)

To the best knowledge of the Director's knowledge, information and belief having made all reasonable enquiries, the Second Subscriber is an Independent Third Party.

(iii) Shares to be subscribed : 15,000,000 Second Subscription Shares, representing approximately 1.335% of the existing issued share capital of the Company as at the date of this announcement and approximately 1.226% of the issued share capital of the Company as enlarged by the Subscription Shares. The nominal value of the Second Subscription Shares is HK\$1.5 million.

## **The Third Subscription Agreement dated 5 June 2009**

### **Parties:**

(i) Issuer : the Company

(ii) Third Subscriber : Luk, Ching Sanna (陸晴)

To the best knowledge of the Director's knowledge, information and belief having made all reasonable enquiries, the Third Subscriber is an Independent Third Party.

(iii) Shares to be subscribed : 5,000,000 Third Subscription Shares, representing approximately 0.445% of the existing issued share capital of the Company as at the date of this announcement and approximately 0.409% of the issued share capital of the Company as enlarged by the Subscription Shares. The nominal value of the Third Subscription Shares is HK\$0.5 million.

## **Subscription Shares**

The Subscription Shares in an aggregate of 100,000,000 new Shares represent approximately 8.90% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.172% of the issued share capital of the Company as enlarged by the Subscription Shares.

## **Subscription Price**

The Subscription Price of HK\$0.60 per Subscription Share was arrived at after arm's length negotiation between the Company and the Subscribers with reference to the market condition and the prevailing market price of the Shares.

The Subscription Price represents:

- (a) 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 Day;
- (b) a discount of approximately 15.73% to the average closing price of HK\$0.712 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 15.49% to the average closing price of approximately HK\$0.71 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

Based on estimated expenses of about HK\$2 million for the Share Subscriptions, the Company will be able to receive about HK\$60 million gross proceeds and about HK\$58 million net proceeds from the Share Subscriptions. On this basis, the net price per Subscription Share is approximately HK\$0.58. The aggregate nominal value of the Subscription Shares is HK\$10 million.

The Subscription Price is determined at arm's length basis and the Directors consider that the terms of the Subscription Agreements are fair and reasonable and are in the interest of the Company. The Subscription Price of the Subscription Shares will be paid to the Company at completion of the Share Subscriptions. Either of the Subscription Agreements may proceed to completion regardless of whether or not the other Subscription Agreements will be completed in accordance with its terms and conditions.

## **General Mandate to issue the Subscription Shares**

The Subscription Shares will be issued under the General Mandate granted to the Directors pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 20 June 2008. Under the General Mandate, the Company is authorized to allot and otherwise deal with new Shares of up to 20% of the issued share capital of the Company as at the date of the aforesaid annual general meeting, which amounts to 164,736,000 new Shares. As at the date of this announcement, the Company has not allotted and issued any Shares under the General Mandate and the Subscription Shares to be allotted and issued will utilize as to approximately 60.70% of the General Mandate.

## **Ranking**

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the existing Shares in issue as at the date of issue of the Subscription Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **Conditions**

Completion is subject to and conditional upon the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares and all other consents (if necessary) of any applicable governmental or regulatory authorities for the entering into and the implementation of the Subscription Agreements having been obtained by the Company on or before 5:00 p.m. on 8 July 2009 (or such later date as may be agreed between the Company and the Subscribers in writing).

If the above conditions precedent are not fulfilled on or before 5:00 p.m. on 8 July 2009 (or such later date as may be agreed between the Company and the Subscribers in writing), the Subscription Agreements shall lapse and become null and void and the parties thereto shall be released from all obligations hereunder.

The Completion is expected to take place on or before the third Business Day after the above conditions precedent of the Subscription Agreements having been fulfilled (or such other date as the parties thereto the Subscription Agreements may agree in writing). The Completion of the First Subscription Agreement, the Second Subscription Agreement and the Third Subscription Agreement are not inter-conditional.

## EFFECTS OF THE SHARE SUBSCRIPTIONS

Assuming that other than the Subscription Shares, no Shares will be issued or purchased by the Company after the date of this announcement and up to the date of Completion of the Share Subscriptions, the shareholding structure of the Company immediately before and after the Share Subscriptions will be as follows:

Name of Shareholders	As at the date of this announcement		Immediately upon Completion	
	No. of Shares	Approximately %	No. of Shares	Approximately %
Mr. Liaw Yuan Chian ( <i>Note 1</i> )	363,500,039	32.350	363,500,039	29.705
COMPLANT International Sugar Industry Co., Ltd.	300,000,000	26.700	300,000,000	24.516
The First Subscriber	–	–	80,000,000	6.538
The Second Subscriber	–	–	15,000,000	1.226
The Third Subscriber	–	–	5,000,000	0.409
Public Shareholders	<u>460,179,961</u>	<u>40.950</u>	<u>460,179,961</u>	<u>37.606</u>
Total	<u><u>1,123,680,000</u></u>	<u><u>100</u></u>	<u><u>1,223,680,000</u></u>	<u><u>100</u></u>

*Note:* 1. Mr. Liaw Yuan Chian was deemed to be interested in 363,500,039 ordinary shares in the Company, which were held by Joyce Services Limited, a company in which Mr. Liaw Yuan Chian has a 58.87% beneficial interest.

The Company will be able to comply with the public float requirement under the Listing Rules immediately after the Completion of the Share Subscriptions.

## **REASONS FOR THE SHARE SUBSCRIPTIONS AND USE OF PROCEEDS**

The Board considers that the Share Subscriptions will further strengthen the capital base and financial position of the Company for the Group's future business developments. The net proceeds of the Share Subscriptions, after deduction of expenses, are estimated to be of approximately HK\$58 million (representing a net Subscription Price of approximately HK\$0.58 per Subscription Share). The Company intends to apply the net proceeds from the Share Subscriptions principally as general working capital.

The Board is of the view that the Subscription Agreements are entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscribers and that the terms of the Subscription Agreements are fair and reasonable and the Share Subscriptions are in the interests of the Company and the Shareholders as a whole.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activity during the past twelve months immediately preceding the date of this announcement.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended since 9:30 a.m. on 8 June 2009 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 9 June 2009.

## DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Business Day”	any day on which licensed banks in Hong Kong are generally open for business other than (i) a Saturday or Sunday or (ii) a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 09:00 a.m. and 12:00 noon or not cancelled before 12:00 noon
“Company”	Hua Lien International (Holding) Company Limited, a company incorporated in the Cayman Islands with limited liability, with its Shares listed on the main board of the Stock Exchange
“Completion”	the completion of the Subscription Agreements
“connected person(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“First Share Subscription”	the subscription for the First Subscription Shares by the First Subscriber pursuant to the First Subscription Agreement
“First Subscriber”	Atlantis Investment Management Limited, a company incorporated in United Kingdom
“First Subscription Agreement”	the subscription agreement entered into on 5 June 2009 between the First Subscriber and the Company in relation to the First Share Subscription

“First Subscription Shares”	80,000,000 new Shares to be issued under the First Subscription Agreement
“General Mandate”	the general mandate to issue a maximum of 164,736,000 new Shares granted by the Shareholders to the Directors at the annual general meeting of the Company held on 20 June 2008
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	such person(s) who is(are) independent of and not connected with the Company or its connected persons
“Last Trading Day”	5 June 2009, being the last full trading day of the Shares on the Stock Exchange prior to this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Second Share Subscription”	the subscription for the Second Subscription Shares by the Second Subscriber pursuant to the Second Subscription Agreement
“Second Subscriber”	Li Juan (李娟)
“Second Subscription Agreement”	the subscription agreement entered into on 5 June 2009 between the Second Subscriber and the Company in relation to the Second Share Subscription

“Second Subscription Shares”	15,000,000 new Shares to be issued under the Second Subscription Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Subscriptions”	the First Share Subscription, the Second Share Subscription and the Third Share Subscription
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the First Subscriber, the Second Subscriber and the Third Subscriber
“Subscription Agreements”	the First Subscription Agreement, the Second Subscription Agreement and the Third Subscription Agreement
“Subscription Price”	HK\$0.60 per Subscription Share
“Subscription Shares”	the First Subscription Shares, the Second Subscription Shares and the Third Subscription Shares (“Subscription Share” shall be construed accordingly)
“Third Share Subscription”	the subscription for the Third Subscription Shares by the Third Subscriber pursuant to the Third Subscription Agreement
“Third Subscriber”	Luk, Ching Sanna (陸晴)
“Third Subscription Agreement”	the subscription agreement entered into on 5 June 2009 between the Third Subscriber and the Company in relation to the Third Share Subscription

“Third Subscription Shares”	5,000,000 new Shares to be issued under the Third Subscription Agreement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 8 June 2009

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