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HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 969)

(1) PLACING OF NEW SHARES UNDER GENERAL MANDATE

(2) UNUSUAL PRICE AND VOLUME MOVEMENTS

AND

(3) RESUMPTION OF TRADING

Placing Agent



匯金（證券）有限公司
Vision Finance (Securities) Limited

Placing of new Shares

The Board is pleased to announce that the Company and the Placing Agent entered into the Placing Agreement on 16 July 2007 pursuant to which the Company has conditionally agreed to place, through the Placing Agent and on a best effort basis, 137,280,000 new Shares to independent investors at the Placing Price of HK\$0.262 per Placing Share.

The Placing Shares represent 20 per cent. of the issued share capital of the Company as at the date of this announcement and approximately 16.67 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing is conditional and may or may not proceed. Accordingly Shareholders and prospective investors are reminded to exercise caution when trading in the Shares.

The gross proceeds from the Placing will be approximately HK\$35.97 million. The net proceeds from the Placing of approximately HK\$34.97 million (being a net placing price of approximately HK\$0.255 per Share) are intended to be used as general working capital of the Group.

The Placing Price of HK\$0.262 per Share represents: (i) a discount of approximately 19.38 per cent. to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on the last trading day of the Shares immediately before the date of this announcement; (ii) a discount of approximately 18.13 per cent. to the average closing price of HK\$0.32 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately before the date of the Placing Agreement; and (iii) a discount of approximately 19.88 per cent. to the average closing price of HK\$0.327 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares immediately before the date of this announcement.

Unusual Price and Volume Movements

The Board has noted that the increase in price and trading volume of the Shares on 16 July 2007. The Board wishes to state that the Company is not aware of any reasons for such increases. Save for the abovementioned Placing, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Resumption of trading

Trading in the Shares has been suspended on the Stock Exchange with effect from 9:30 a.m. on 17 July 2007 at the request of the Company pending the release of this announcement. The Company has applied for a resumption of trading in the Shares with effect from 9:30 a.m. on 18 July 2007.

THE PLACING AGREEMENT

On 16 July 2007, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, 137,280,000 Placing Shares to independent investors at the Placing Price of HK\$0.262 per Placing Share.

Date

16 July 2007

Issuer

The Company

Placing Agent

The Placing Agent and its ultimate owners are all:

- (i) independent of, and not acting in concert with, any Shareholder and parties acting in concert with it; and
- (ii) independent third parties not connected with the Company or its subsidiaries or any of their respective associates, or any of the connected persons of the Company or its subsidiaries or any of their respective associates.

The Placing Shares

The 137,280,000 Placing Shares under the Placing Agreement represent (i) 20 per cent. of the issued share capital of the Company of 686,400,000 Shares as at the date of this announcement; and (ii) approximately 16.67 per cent. of the issued share capital of the Company of 823,680,000 Shares as enlarged by the allotment and issue of the Placing Shares.

Ranking of the Placing Shares

The Placing Shares, when fully-paid and issued, will rank pari passu in all respects with the issued Shares and will receive all dividends and distributions declared, made or paid on or after the date of allotment.

Placees

The Placing Shares will be placed to not less than six professional, institutional and/or private investors. All the placees and their respective ultimate owners are all:

- (i) independent of, and not acting in concert with, any Shareholder and parties acting in concert with it; and
- (ii) independent third parties not connected with the Company or its subsidiaries or any of their respective associates, or any of the connected persons of the Company or its subsidiaries or any of their respective associates.

None of such placees is expected to become a substantial shareholder (within the meaning of the Listing Rules) of the Company as a result of the Placing.

Placing Price

HK\$0.262 per Placing Share.

The Placing Price represents:

- (i) a discount of approximately 19.38 per cent. to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on the last trading day of the Shares immediately before the date of this announcement;
- (ii) a discount of approximately 18.13 per cent. to the average closing price of HK\$0.32 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately before the date of the Placing Agreement; and
- (iii) a discount of approximately 19.88 per cent. to the average closing price of HK\$0.327 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares immediately before the date of this announcement.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Placing commission

Subject to Completion, a placing commission of 2.5% on the gross proceeds of the Placing will be payable the Placing Agent. The placing commission is arrived at after arm's length negotiations between the Company and the Placing Agent.

General Mandate

The Placing Shares under the Placing will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by the resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM (i.e. 686,400,000 Shares). As at the date of this announcement, none of the Shares has been issued under the General Mandate.

Conditions of the Placing

The Placing and the obligations of the Placing Agent under the Placing Agreement are conditional upon:

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares; and
- (ii) there not having been, at any time before the end of the Placing Period: (a) any adverse change or any development reasonably likely to involve an adverse change in the condition (financial or otherwise) of the Company which is material in the context of the Placing; (b) the occurrence of any event or the existence of any circumstances which would render any of the warranties in the Placing Agreement untrue or inaccurate in any material respect.

The Company shall use its best endeavors to procure the fulfillment of the conditions on or before 5:00 p.m. on 10 August 2007. If the conditions are not fulfilled on or before the timeframe, the Placing Agreement shall (unless otherwise agreed in writing by the parties) terminate and none of the parties will have any claim against the other in respect of the Placing Agreement save among others any antecedent breach of any obligations under the Placing Agreement.

Termination events

The Placing Agreement contains provisions granting the Placing Agent the right to terminate the Placing Agreement by notice in writing to the Company at any time on or prior to 5:00 p.m. on the date of Completion on the occurrence of certain events including force majeure, any adverse change in the trading, business or financial position of the Company or its subsidiaries taken as a whole, any breach of any of the representations, warranties and undertakings in the Placing Agreement.

If the Placing Agent exercises such right to terminate the Placing Agreement, the Placing will not proceed and further announcement will be made by the Company.

As at the date of this announcement, the Directors are not aware of the occurrence of any of the above-mentioned events.

Completion of the Placing

Completion of the Placing is expected to take place on the third Business Day after the day on which the conditions of the Placing are satisfied, or such later date as may be agreed by the Company and the Placing Agent in writing.

As the Placing may or may not proceed, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The Company will issue a further announcement if the Placing does not proceed or the Placing Shares are not fully subscribed for.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

The Board considers that the Placing offers the Company a good opportunity to raise funds and to enlarge the shareholders base of the Company and strengthen the Group's financial position. The Board considers the Placing is in the interest of the Company and the Shareholders as a whole. The gross proceeds from the Placing will amount to approximately HK\$35.97 million. The net proceeds from the Placing of approximately HK\$34.97 million (being a net placing price of approximately HK\$0.255 per Share) will be applied by the Group as general working capital.

EFFECT OF THE PLACING ON THE SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and the shareholding structure of the Company upon issue of the Placing Shares are set out below:

	Approximate shareholding percentage in the Company			
	As at the date of this announcement		Immediately after completion of the Placing	
	Shares	%	Shares	%
Mr. Liaw Yuan Chian ⁽¹⁾	363,500,039	52.96	363,500,039	44.13
Public – Placees	–	–	137,280,000	16.67
Public – other Shareholders	322,899,961	47.04	322,899,961	39.20
Total	<u>686,400,000</u>	<u>100.00</u>	<u>823,680,000</u>	<u>100.00</u>

Notes:

- (1) Mr. Liaw Yuan Chian, an executive Director, was deemed to be interested in 363,500,039 ordinary shares in the Company, where were held by Joyce Services Limited, a company in which Mr. Liaw Yuan Chian has a 58.87% beneficial interest.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company has not conducted any fund raising exercise in the past 12 months preceding the date of this announcement.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

GENERAL

The Group is principally engaged in the manufacture of raw hides into leather and sale of wet blue and crust, and finished leather.

As at the date of this announcement, the Board comprises Mr. Shih Chian Fang, Mr. Liaw Yuan Chian, Ms. Zhou Yan Xia and Mr. Kuang Yong as executive Directors, Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei as independent non-executive Directors.

UNUSUAL PRICE AND VOLUME MOVEMENTS

The Board has noted that the increase in price and trading volume of the Shares on 16 July 2007. The Board wishes to state that the Company is not aware of any reasons for such increases. Save for the abovementioned Placing, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

RESUMPTION OF TRADING

Trading in the Shares has been suspended on the Stock Exchange with effect from 9:30 a.m. on 17 July 2007 at the request of the Company pending the release of this announcement. The Company has applied for a resumption of trading in the Shares with effect from 9:30 a.m. on 18 July 2007.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“AGM”	the annual general meeting of the Company held on 21 June 2007
“associate(s)”	has the meaning as defined in the Listing Rules
“Board”	the board of Directors

“Business Day”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong
“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”	completion of the Placing
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Vision Finance (Securities) Limited, a licensed person registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 (dealing in securities) activity
“Placing Agreement”	the conditional agreement entered into by the Company and the Placing Agent on 16 July 2007 in relation to the Placing

“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on the Business Day immediately following the date on which the conditions of the Placing are satisfied
“Placing Price”	HK\$0.262 per Placing Share under the Placing Agreement
“Placing Shares”	an aggregate of 137,280,000 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Shareholder(s)”	shareholder(s) of the Company
“Shares”	ordinary share(s) of nominal value of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 17 July 2007

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.