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)

ANNOUNCEMENT ON THE PROVISION FOR IMPAIRMENT LOSSES ON ETHANOL BIOFUEL BUSINESS IN BENIN AND PROFIT WARNING

This announcement is made by the Company pursuant to the provisions of inside information under Part XIVA of the SFO and Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders and potential investors of the Company that based on the preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the financial year ended 31 December 2013, the Group expects to record a substantial increase in loss attributable to the equity holders of the Company for the financial year ended 31 December 2013 as compared with the loss for the financial year ended 31 December 2012. The increase in loss was due to a substantial impairment loss on assets of Ethanol Biofuel Business in Benin for reason of the forecast of a significant decline in the long-term profitability and the substantial operating loss for the newly acquired sugar business in Jamaica continued for the second half of 2013.

The information contained in this announcement is only a preliminary assessment by the Board based on the information currently available to the Company, and save for the impairment loss on assets of Ethanol Biofuel Business in Benin, which has not been reviewed or confirmed by the Company's audit committee, and has not been reviewed or audited by the Company's auditors.

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

The announcement is made pursuant to provisions on inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO") and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The board (the "Board") of directors (the "Directors") of Hua Lien International (Holding) Company Limited (the "Company" and together with its subsidiaries, the "Group") wishes to inform the shareholders and potential investors of the Company that based on the preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the financial year ended 31 December 2013, the Group expects to record a substantial increase in loss attributable to the equity holders of the Company for the financial year ended 31 December 2013 as compared with the loss for the financial year ended 31 December 2012.

* *For identification purpose only*

Based on the information currently available, such a loss of the Group was mainly attributable to a substantial impairment loss on assets of Ethanol Biofuel Business in Benin for reason of forecast of a significant decline in the long-term profitability and the substantial operating loss for the newly acquired sugar business in Jamaica continued for the second half of 2013.

A. PROVISION FOR IMPAIRMENT LOSS ON ASSETS OF ETHANOL BIOFUEL BUSINESS IN BENIN

1. Overview on the provision

Reference is made to the announcement of the Company dated 11 October 2011 in relation to the latest development of the Ethanol Biofuel Business in Benin. Terms used in this announcement shall have the same meanings as those defined in the announcement dated 11 October 2011 unless otherwise defined herein.

Zheng Da Investments Limited ("Zheng Da", an indirect subsidiary of the Company) entered into the cooperation agreement with the Government of the Republic of Benin (the "Benin Government") for a project on the Ethanol Biofuel Business in Benin on 3 October 2011 (the "Cooperation Agreement"). Pursuant to the Cooperation Agreement, the Benin Government conditionally agrees to lease 4,800 hectare of land at annual rental of 11,875 FCFA (approximately HK$185) per hectare for the cultivation of cassava and/or sugar cane for the project of the production of bioethanol in Benin (the "Leased Land"), for a term of 25 years and renewable for another 10 years. However, until today, Benin Government still fails to grant the Leased Land to Compagine Beninoise De Bioenergie SA ("CBB" the project company of Zheng Da in Benin) because Benin Government encountered difficulties in recovering the relevant land from the cacique of tribe and farmers which led to disturbance events, which fall within the scope of the force majeure provision under the Cooperation Agreement, in the Leased Land. The Board expects that the Benin Government will not be able to execute the Leased Land provision in the Cooperation Agreement and Leased Land will not be available for CBB for cultivation of cassava and/or sugar cane to supply raw materials of its production of bioethanol. The Board expects CBB will need to shift to local purchase of cassava and molasses for raw materials when it starts operation and this change will inevitably lower production output below the break-even level as existing local supply of this raw materials are low. The directors obtained opinions from lawyers on this matter and formed the view that if this event is treated as force majeure event by the Benin Government, Zheng Da may not be able to seek relevant compensation from Benin Government. The expected reduction in production output below the break-even point combined with the unlikelihood to have compensation from Benin Government indicated the need of impairment assessment under Hong Kong Financial Reporting Standards, CBB made provisions for the impairment of relevant assets based on an asset valuation report as such result.

2. Basis of, and the amount for, the provision

According to the relevant requirements set out in the Hong Kong Financial Reporting Standards, where there is any indication that an asset is impaired, its recoverable amount should be estimated. Where the recoverable amount as estimated is lower than its carrying amount, the carrying amount of such asset should be written down to its recoverable amount. The reduced amount is recognised as an asset impairment loss and charged to current profit or loss, with corresponding provision for such asset impairment.

Based on an asset valuation report prepared by market data and data from comparable companies in Benin and discount rate calculated by an independent valuation company, it forecasts a significant decline in the long-term profitability of the asset and the recoverable amount as indicated by the value in use of the Ethanol Biofuel Business in Benin was estimated to be decreasing to approximately 2,184,000,000 FCFA (approximately HK$35,577,000). In view of this, the Group made a provision for the impairment loss of CBB of approximately 8,989,000,000 FCFA (approximately HK$146,431,000) for the construction in progress.

3. Impact on the financial position of the provision

The provision for impairment loss will result in an increase of approximately 8,090,000,000 FCFA (approximately HK$131,786,000) loss for attributable to the equity holders of the Company and loss for non-controlling interests of approximately 899,000,000 FCFA (approximately HK$14,645,000) for the financial year ended 31 December 2013.

4. Opinions of independent non-executive Directors and auditors on the provision

The independent non-executive Directors are of the view that the provision in 2013 of approximately 8,989,000,000 FCFA (approximately HK$146,431,000) for the impairment loss of assets is in compliance with the requirements of Hong Kong Financial Reporting Standards, and thus have agreed to such provision.

The auditors of the Company, HLM CPA Limited, Certified Public Accountants, is of the view that the provision for the impairment loss of assets is in compliance with the Hong Kong Financial Reporting Standards.

B. THE OPERATING LOSS OF SUGAR BUSINESS IN JAMAICA

In relation to the newly acquired sugar business in Jamaica, it is expected to continue to record a substantial loss for the second half of 2013. The Board believes that the main reasons for anticipated additional substantial operating losses in second half of 2013 were mainly due to (i) the heavy foreign exchange loss from the U.S. dollar-denominated debts continued in second half as the exchange rate between Jamaican dollars and US dollars fell by another approximately 5% in second half of 2013; and (ii) the persistent high in operating cost in second half of 2013 caused by (a) the drought conditions and hurricane resulted in the reduction in the quantity of harvested canes and the decrease in supply of the key raw material leading to a reduction in the production scale, which together caused an increase in the per unit production cost for current harvest season; (b) the persistent high energy cost and low efficiency because of the insufficiency of electricity and stream generated from the outdated and old bagass boiler and turbine; and (c) the depreciation of the Jamaican dollars against other major currencies has pushed up the prices of all major local production inputs such as labour.

The financial information and the profit warning contained in this announcement is only a preliminary assessment by the Board based on the information currently available, and save for the impairment loss on assets of Ethanol Biofuel Business in Benin, which have not been received or confirmed by the Company's audit committee, and have not been reviewed or audited by the Company's auditors. Further details of the Group's performance will be disclosed when the Group's annual results for the year ended 31 December 2013 are announced.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company, and should read the annual results announcement for the year ended 31 December 2013 carefully which is expected to be published by the Company in March 2014.

By order of the Board
Hua Lien International (Holding) Company Limited
Liu Xueyi
Chairman

Hong Kong, 3 March 2014

As at the date of this announcement, the Board comprises eight directors, of which five are executive directors, namely Mr. Liu Xueyi, Mr. Han Hong, Mr. Hu Yebi, Mr. Hu Zhirong and Mr. Wang Zhaohui and three are independent non-executive directors, namely Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei.