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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)

RENEWAL OF CAPS OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO 2015-2017 SUPPLY AND SERVICE AGREEMENTS

THE 2015-2017 SUPPLY AND SERVICE AGREEMENTS

Reference is made to the announcement and circular of the Company dated 5 December 2011 and 21 December 2011 respectively on among other things the continuing connected transactions in respect of the 2012-2014 Supply and Service Agreements for an initial term of three years commencing from 10 January 2012 and the announcement and circular of the Company dated 6 February 2013 and 4 March 2013 respectively on increased caps for the continuing connected transactions in respect of the 2012-2014 Supply and Service Agreements. At the extraordinary general meetings of the Company held on 10 January 2012 and 22 March 2013, the Independent Shareholders approved, among other things, the 2012-2014 Supply and Service Agreements and the relevant original and the increased annual caps respectively.

The Approved Annual Caps previously set for the 2012-2014 Supply and Service Agreements have expired on 31 December 2014 and the Company would continue the continuing connected transactions after 31 December 2014 and therefore will, in accordance with the Listing Rules, comply with the provisions of Chapter 14A of the Listing Rules in relation to the Continuing Connected Transactions for about three years (i.e. from approval by the Independent Shareholders at the EGM to 31 December 2017). In compliance with Rule 14A.51 to 14A.53 of the Listing Rules, on 6 May 2015, SATT entered into (i) the 2015-2017 Supply and Service Agreements with each of the African Companies, CBB and PCSC; and (ii) the 2015-2017 Supply and Service Agreement with China Complant, to renew the terms of the 2012-2014 Supply and Service Agreements for a period of about three years commencing on approval by the Independent Shareholders at the EGM to 31 December 2017.

LISTING RULES IMPLICATIONS

Based on the reasons that:

- (i) the African Companies, CBB, PCSC and China Complant are associates of COMPLANT by virtue of the fact that each of the African Companies is the indirect wholly-owned subsidiary of COMPLANT, CBB is 10% indirectly owned by COMPLANT, PCSC is 30% indirectly owned by COMPLANT and China Complant is the company holding 70% of the entire issued capital of COMPLANT;

* For identification purpose only

- (ii) COMPLANT is a connected person of the Company by virtue of being a Substantial Shareholder currently holding 300,000,000 Shares, which represent approximately 13.69% of the existing issued share capital of the Company as at the date of this announcement;
- (iii) China Complant is a connected person of the Company by virtue of being a Controlling Shareholder currently holding 800,000,000 Shares, which represent approximately 36.51% of the existing issued share capital of the Company as at the date of this announcement; and
- (iv) SATT is an indirect wholly-owned subsidiary of the Company;

the African Companies, CBB, PCSC and China Complant are connected persons of the Company, the transactions contemplated under the 2015-2017 Supply and Service Agreements therefore constitute Continuing Connected Transactions for the Company.

As the applicable percentage ratios of the Company as defined under Rule 14.07 of the Listing Rules in respect of the transactions under the 2015-2017 Supply and Service Agreements will exceed 5% on an annual basis and the annual consideration will exceed HK\$10,000,000 for the three years ending 31 December 2017, the 2015-2017 Supply and Service Agreements and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The 2015-2017 Supply and Service Agreements are subject to approval by the Independent Shareholders at the EGM. China Complant, COMPLANT and its associates will abstain from voting at the EGM. The Independent Board Committee has been formed to advise the Independent Shareholders on the terms of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2017 for the Continuing Connected Transactions under the 2015-2017 Supply and Service Agreements. The Company has appointed an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of terms of the Continuing Connected Transactions and the 2015-2017 Proposed Annual Caps.

CIRCULAR

A circular containing, among other things,

- (i) information on the 2015-2017 Supply and Service Agreements;
- (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 later than 28 May 2015 in accordance with the relevant requirements of the Listing Rules.

1. BACKGROUND

Reference is made to the announcement and circular of the Company dated 5 December 2011 and 21 December 2011 respectively on among other things the Continuing Connected Transactions in respect of the 2012-2014 Supply and Service Agreements. The extraordinary general meeting of the Company on 10 January 2012 duly passed by way of poll of resolutions to approve, among others, the 2012-2014 Supply and Service Agreements and the annual caps for the three years ended 31 December 2014. Reference is also made to announcement and circular of the Company dated 6 February 2013 and 4 March 2013 on among other things the Approved Annual Caps in respect of 2012-2014 Supply and Service Agreements for the two years ended 31 December 2014 be increased with the terms and conditions of the 2012-2014 Supply and Service Agreements remaining effective and unchanged. At the extraordinary general meeting of the Company on 22 March 2013 duly passed by way of poll of resolutions to approve, among others, the increase of annual caps for the two years ended 31 December 2014.

The Company would continue such continuing connected transactions after 31 December 2014 and therefore will, in accordance with the Listing Rules, comply with the provisions of Chapter 14A of the Listing Rules in relation to the Continuing Connected Transactions for the three years ending 31 December 2017, including disclosing further information thereof in this announcement and seeking approvals from the Independent Shareholders for the Continuing Connected Transactions (including the 2015-2017 Proposed Annual Caps).

2. THE 2015-2017 SUPPLY AND SERVICE AGREEMENTS BETWEEN SATT AND EACH OF THE AFRICAN COMPANIES, CBB AND PCSC

The SATT and each of the African Company 1, African Company 2, African Company 3, African Company 4, CBB and PCSC entered into exclusive 2015-2017 Supply and Service Agreement on 6 May 2015. This agreement is subject to and conditional upon the approval by the Independent Shareholders at the EGM to be held in accordance with the requirements under the Listing Rules, which is effective from approval from Independent Shareholders at the EGM and valid for a term of about three years ending 31 December 2017.

2.1. E&M and Services to be provided by SATT

The E&M and Services to be provided by SATT to African Companies, CBB and PCSC are expected to be numerous, both in terms of quantity and variety. As defined below, E&M and Services are categorised into three categories for determination of the 2015-2017 Proposed Annual Caps.

2.1.1. Consumables Procurement and Technical Support Services

The consumables procurement includes but not limited to procurement for general supplies for daily operations including labour protection products, supplies for yearly factory overhauls including consumptive spare parts for plant and machinery and fixture, steels pipes and plates as well as other hardware accessories for replacement, etc. (the “Consumables Procurement”), while technical support services include but not limited to technical consulting services, engineering contracting services, construction and installation services, repair and maintenance services, training services and labour supply services, etc. (the “Technical Support Services”).

2.1.2. Chemicals and Fertilizer Procurement

The chemicals procurement includes but not limited to procurement for lime, sulfuric acid, biocides etc. for industrial and agricultural operations (the “Chemicals Procurement”), while fertilizer procurement includes but not limited to procurement for Nitrogen, Phosphorous, Potassium, Calcium, Sulfur, Magnesium, etc. for agricultural operations (the “Fertilizer Procurement”).

2.1.3. Fixed Asset Procurement

The fixed asset procurement includes but not limited to procurement for EPC (Engineering, Procurement and Construction), motor vehicle as well as agricultural and industrial machinery, etc. (the “Fixed Asset Procurement”).

2.2. General Principles

The 2015-2017 Supply and Service Agreements with African Companies, CBB and PCSC are the master agreements which set out the principles upon which the supply of E&M and Services by SATT to African Companies, CBB and PCSC are to be carried out.

2.2.1. Exclusivity

Pursuant to which, each of the African Company 1, African Company 2, African Company 3, African Company 4, CBB and PCSC has agreed to order E&M and Services exclusively from SATT for a term of about three years ending 31 December 2017.

2.2.2. Detailed Terms on Definitive Agreements

Pursuant to the 2015-2017 Supply and Service Agreements, SATT will enter into definitive agreements with each of the African Company 1, African Company 2, African Company 3, African Company 4, CBB and PCSC from time to time to provide for detailed terms of each single transaction in accordance with the principles set out in each of the 2015-2017 Supply and Service Agreements. Such detailed terms include but not limited to prices, payment terms, quantities, qualities, delivery and inspection of products and other terms and conditions in relation to the provision of E&M and Services required.

2.2.3. Normal Commercial Terms

SATT and each of the African Companies, CBB and PCSC agree that such detailed terms shall be on normal commercial terms or, if there is no sufficient comparable transactions to judge whether they are on normal commercial terms, fair and reasonable to the Company, the terms offered to each of the African Companies, CBB and PCSC shall be no less favourable to SATT than those offered by SATT to independent third parties in the market where those companies are located.

Below paragraphs 2.3. to 2.6. set forth further particulars on pricing determination, payment terms, and quantity and quality mechanism.

2.3. Pricing determination

The prices at which E&M and Services are to be provided must be fair and reasonable. The 2015-2017 Supply and Service Agreements detail specific pricing principles of E&M and Services. The pricing determination of the 2015-2017 Supply and Service Agreements primarily remains consistent with that of the 2012-2014 Supply and Service Agreements, except for those provisions required to be detailed pursuant to the guidance letters of the Stock Exchange. The price will be determined in accordance with the following order:

2.3.1. Where same or similar local price available, determining on basis of local market price

The local market price is defined as the price of same E&M and Services prevail in the local market.

(1) Situation where local price of same E&M and Services obtainable

Local market price shall be determined according to normal commercial terms based on the price at which the same or similar type of E&M and Services are to be provided by independent third parties on normal commercial terms in the ordinary course of their businesses in the same area or in the vicinity. For country like Jamaica where PCSC enjoy tax-free import, the local imported price will further adjust the import duty tax. The local imported price will first adjust import duty free. The local market price of PCSC will adjust import duty in accordance with the below formula.

$$\text{Consideration} = \text{Local market price of same E\&M and Services} * \text{Imported duty adjustment (only applicable to PCSC)}$$

(2) Situation where only local price of similar E&M and Services obtainable

If, for any reason, the local market prices of same E&M and Services prevail in the local market cannot be obtained. Then, the average price offered by at least one independent third party in the local market price of similar E&M and Services will be used to determine the price for a particular E&M and Services. The local price, if it is in Jamaica it will adjust the import duty tax as described in above paragraph first and then will further adjust it with the percentage difference in quality attributes which include, among others, the difference in durability of consumables, the chemical composition of chemicals and fertilizer, and the estimated useful life, processing capacity, operation efficiency and repair, maintenance and fuel requirement for fixed assets. Below is the formula used for similar E&M and Services.

$$\text{Consideration} = \text{Local market price of similar E\&M and Services} * \text{Imported duty adjustment (only applicable to PCSC)} * \text{Percentage difference in quality attributes}$$

For example, the local price quote for heavy duty tractor head is US\$120,000 in Jamaica with estimated useful life of 10 years. If similar heavy duty tractor head, having all the same quality attributes except shorter estimated useful life of 7 years, can source through SATT without import duty of 20%, the consideration for this, after taken the local market price, import duty and difference in quality attributes into consideration, is US\$70,000 (i.e. US\$120,000 * 1/1.20 * 7/10).

(3) Internal control measures for determination of local market price

The sales department of SATT and its designated persons are mainly responsible for coordinating with African Companies, CBB and PCSC for checking the average price offered by at least one independent third party, in local country generally through obtaining quotations via emails, fax or phone and tenders by publishing tender notice via various media resources such as local newspapers to determine the local market price in the local areas where such type of service is provided and on normal commercial terms in the local area where the service of comparable scale is being provided at that time; or with reference to the price charged, by at least one independent third parties, in nearby areas where such type of service is provided on normal commercial terms in the area or country adjacent to the local area where the service of comparable scale is being provided at that time. The local market price shall be calculated and estimated before each accounting year end and the sales department of SATT will update the relevant information from time to time according to the procurement demand and will continue to monitor the local market price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

2.3.2. Where 2.3.1. not applicable, determining on basis of cost-plus profit margin

(1) Cost-plus profit margin in the PRC

Where the local market price principle is not applicable as there is no same or similar E&M and Services in local market, it is determined on the basis of the principle of “cost plus” as the profit margin of same or similar type of E&M and Services are to be provided by independent third parties on normal commercial terms in the ordinary course of their businesses in the PRC.

Under cost-plus pricing term, it is determined based on the cost of the E&M and Services purchased from the China Complant and the margin to be obtained by SATT. Those margins will make reference to average margin earned by the PRC listed companies engaged in the trading of same or similar E&M and Services. The selection of PRC listed companies for benchmarks is because they are in same habitat at which SATT is operating.

(2) Internal control measures for determination of profit margin

The margin shall be calculated and estimated before each accounting year end and the sales department of the SATT will update the relevant information yearly (to avoid the seasonal effect) in accordance to the most recent published annual financial statements of the listed companies in the PRC.

The guiding principles for the cost-plus profit margin shall be that the price should not be higher than the prices available for the provision of similar products and services in the international market.

(3) Profit margin of each category

For year 2015, the profit margin which agreed between the SATT and the African Companies, CBB and PCSC to add on the cost of the E&M and Services from China Complant will fall within below percentage range of each category. The gross margins vary among product lines in each category, e.g. about 3% for steel and about 13% for spare parts for category in Consumables Procurement.

<i>Transaction categories</i>	<i>Profit margin %</i>
Consumables Procurement	3%-13%
Chemicals and Fertilizer Procurement	3%-8%
Fixed Asset Procurement	3%-14%

These percentages would receive annual updates when applying to year 2016 and year 2017.

2.3.3. Where 2.3.1. and 2.3.2. not applicable, determining on basis of cost

For the Technical Support Services, it will be determined at actual cost incurred for such services. In light of fact that it is the ancillary services provided with the Consumables or Fixed Asset Procurements, therefore reasonable profit should have obtained from sale of those related E&M and Services and the Technical Support Services will therefore transact at cost.

2.4. Payment terms

Invoices will be issued after the E&M and Services reached designated port and passed the quality inspection. Payment should be made in 180 days following the invoice date by bank transfer, bank draft or other mutually agreed methods. The payment terms under 2015-2017 Supply and Service Agreements are after due consideration of the bearing capability of financial cost for the credit period on the profit margin generating from those transactions.

2.5. Quantity of E&M and Services

In last quarter of each year, African Companies, CBB and PCSC will provide to SATT an annual assessment of the E&M and Services that they require for coming year and both parties shall agree on quantity of E&M and Services under this yearly plan.

2.6. Quality of E&M and Services

The quality of E&M and Services to be provided should be satisfactory to the recipient.

2.7. The 2015-2017 Proposed Annual Caps with African Companies, CBB and PCSC

The Board has considered and proposed that the following proposed maximum values in respects of each of the three categories of E&M and Services will serve as the annual caps of the relevant category for the period from approval by Independent Shareholders at the EGM to 31 December 2017. The historical amounts and Approved Annual Caps that were approved by the Independent Shareholders in yearly lump-sum total has been reallocated into three categories of E&M and Services for below historical utilization rate analysis purpose.

Transaction categories	Historical amounts			Approved Annual Caps			2015-2017 Proposed Annual Caps		
	Historical utilisation rate			Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	Year ending 31 December 2015	Year ending 31 December 2016	Year ending 31 December 2017
	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014						
Consumables Procurement and Technical Support Services	US\$14,218,000 (approximately HK\$110,248,000)	US\$16,105,000 (approximately HK\$124,879,000)	US\$12,181,000 (approximately HK\$94,453,000)	US\$21,616,000 (approximately HK\$167,613,000)	US\$32,542,000 (approximately HK\$252,334,000)	US\$20,026,000 (approximately HK\$155,284,000)	US\$18,556,000 (approximately HK\$143,885,000)	US\$19,305,000 (approximately HK\$149,693,000)	US\$20,085,000 (approximately HK\$155,741,000)
	65.8%	49.5%	60.8%						
Chemicals and Fertilizer Procurement	US\$8,045,000 (approximately HK\$62,382,000)	US\$12,269,000 (approximately HK\$95,135,000)	US\$10,588,000 (approximately HK\$82,100,000)	US\$10,635,000 (approximately HK\$82,465,000)	US\$19,102,000 (approximately HK\$148,119,000)	US\$21,716,000 (approximately HK\$168,388,000)	US\$13,222,000 (approximately HK\$102,525,000)	US\$13,756,000 (approximately HK\$106,665,000)	US\$14,312,000 (approximately HK\$110,977,000)
	75.6%	64.2%	48.8%						
Fixed Asset Procurement	US\$4,327,000 (approximately HK\$33,552,000)	US\$27,302,000 (approximately HK\$211,702,000)	US\$42,166,000 (approximately HK\$326,959,000)	US\$16,509,000 (approximately HK\$128,012,000)	US\$52,656,000 (approximately HK\$408,300,000)	US\$80,198,000 (approximately HK\$621,863,000)	US\$39,959,000 (approximately HK\$309,846,000)	US\$41,574,000 (approximately HK\$322,369,000)	US\$43,253,000 (approximately HK\$335,388,000)
	26.2%	51.8%	52.6%						
Total	US\$26,590,000 (approximately HK\$206,182,000)	US\$55,676,000 (approximately HK\$431,716,000)	US\$64,935,000 (approximately HK\$503,512,000)	US\$48,760,000 (approximately HK\$378,090,000)	US\$104,300,000 (approximately HK\$808,753,000)	US\$121,940,000 (approximately HK\$945,535,000)	US\$71,737,000 (approximately HK\$556,256,000)	US\$74,635,000 (approximately HK\$578,727,000)	US\$77,650,000 (approximately HK\$602,106,000)

2.7.1. Consumables Procurement and Technical Support Services

The 2015-2017 proposed annual caps for Consumables Procurement and Technical Support Services to be provided by SATT to African Companies, CBB and PCSC were determined with reference to (i) the historical amount of transactions; (ii) the estimated business growth of the African Companies, CBB and PCSC; (iii) the potential price fluctuations in both the international and domestic markets; and (iv) a buffer of one-half of one standard deviation added for the inherent volatility of business.

As indicated in above table of the historical utilisation rate of 65.8%, 49.5% and 60.8% for the years ended 31 December 2012, 2013 and 2014 respectively, the unutilised amounts were approximately 34.2%, 50.5% and 39.2% of the Approved Annual Caps respectively. The differences were mainly representing certain buffers which reserved for the uncertainty in demand from the huge upheaval in sugar price when applying for the annual caps has not been used as well as the reduction in Consumables Procurement as a result of adoption of substantial cost-cutting measures to reduce the consumption of consumptive spare parts to preserve working capitals since the fall in global sugar price. An example of this, the commodity future price of contract no. 11 of the Coffee, Sugar and Cocoa Exchange (the "CSCE") has trembled down from the historical highest point of average monthly price in year 2011 of about US26 cents a pound to average monthly price in year 2014 of about US17 cents a pound, or a decrease of about 35% in past three years (source: <http://www.indexmundi.com/commodities/?commodity=sugar&months=360>). The decrease in sugar price has reduced the available fund from operations for the Consumables Procurement.

2.7.2. Chemicals and Fertilizer Procurement

The 2015-2017 proposed annual caps for Chemicals and Fertilizer Procurement to be provided by SATT to African Companies, CBB and PCSC were determined with reference to (i) the historical amount of transactions; (ii) the estimated business growth in agricultural and industrial production of the African Companies, CBB and PCSC; (iii) the potential price fluctuations in both the international and domestic markets for Chemicals and Fertilizer Procurement; and (iv) a buffer of one-half of one standard deviation added for the inherent volatility of business.

As indicated in above table of the historical utilisation rate of 75.6%, 64.2% and 48.8% for the years ended 31 December 2012, 2013 and 2014 respectively, the unutilized amounts were approximately 24.4%, 35.8% and 51.2% of the Approved Annual Caps respectively. The differences were mainly representing certain buffers reserved for the volatile international price and for the uncertain demand resulting from competition from independent third parties in local countries when applying for the annual caps as well as the trembled down sugar prices has resulted in lower cash flow for Chemicals and Fertilizer Procurement.

2.7.3. Fixed Asset Procurement

The 2015-2017 proposed annual caps for Fixed Asset Procurement were determined with reference to (i) the anticipated fixed assets replacement in 2015 to 2017; (ii) additional plans of African Companies and PCSC; and (iii) the buffer of one-half of one standard deviation added for the possible delay in completion of installation between individual years.

As indicated in above table of the historical utilisation rate of 26.2%, 51.8% and 52.6% for the years ended 31 December 2012, 2013 and 2014 respectively, the unutilized amounts were approximately 73.8%, 48.2% and 47.4% of the Approval Annual Caps respectively. The differences were due to the fact that when forecasting the caps, the Group must consider the possibility that SATT will participate in all the Fixed Asset Procurement, however, in reality, SATT might not be able to participate in all the Fixed Asset Procurement that year due to the unexpected delay in fixed asset investment of African Companies, CBB and PCSC. As detailed in circular of the Company dated 4 March 2013, the shortfall in 2012 was mainly due to the postponement of the ethanol construction project of CBB of US\$13.2 million (approximately HK\$102.4 million). The shortfall in 2013 and 2014 was mainly due to the postponement of part of fixed assets investment of PCSC of US\$19.4 million (approximately HK\$150.4 million) for year 2013 and of approximately US\$30.1 million (approximately HK\$233.4 million) for year 2014 respectively as well as the postponement of US\$9.7 million (approximately HK\$75.2 million) for year 2013 of part of the fixed assets investment of CBB for reason of suspension of its ethanol construction project. The postponement of the fixed assets investment of PCSC was due to the increase in working capital investment and the increase in fund used for operations have reduced the available fund for capital expenditure. While, the suspension of the construction of ethanol plant of CBB because 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 and construction has suspended pending for appropriate alternate business plan.

In light of the above, the proposed annual caps of the Company set out in the Continuing Connected Transactions with African Companies, CBB and PCSC is in line with the estimated development of the business of the African Companies and PCSC, and is determined based on principles of fairness and reasonableness. The Directors are of the view that the above 2015-2017 proposed annual caps in relation to the E&M and Services to be provided by SATT to African Companies, CBB and PCSC are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

2.8. Reasons for and benefits of continuation of Continuing Connected Transactions with African Companies, CBB and PCSC under 2015-2017 Supply and Service Agreements

Due to the historical connection and long-term cooperation relationship between the Group and African Companies, CBB and PCSC, the Directors (including the independent non-executive Directors) consider that the transactions will continue on a recurring basis and it is beneficial to continue the Continuing Connected Transactions by way of entering into the 2015-2017 Supply and Service Agreements with African Companies, CBB and PCSC, as the transactions with African Companies, CBB and PCSC will help to maintain existing business scale and generate satisfactory cash flow for operation of the Group. As at the date of the announcement, African Companies, CBB and PCSC are the only six customers of the SATT. Also, the Continuing Connected Transactions with African Companies, CBB and PCSC enable SATT to supply African Companies, CBB and PCSC with the necessary E&M and Services in a reasonable time and at a reasonable price with satisfactory quality.

All the above Continuing Connected Transactions are and will continue to be agreed on an arm's length basis with terms that are fair and reasonable to the Company and conducted in the ordinary and usual course of business on normal commercial terms (or better to the Group) or on terms no less favourable to SATT than those offered to independent third parties under comparable market conditions, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

3. THE 2015-2017 SUPPLY AND SERVICE AGREEMENT BETWEEN SATT AND CHINA COMPLANT

SATT entered into 2015-2017 Supply and Service Agreement with China Complant on 6 May 2015. This agreement is subject to and conditional upon the approval by the Independent Shareholders at the EGM to be held in accordance with the requirements under the Listing Rules, which is effective from approval from Independent Shareholders at the EGM and valid for a term of about three years ending 31 December 2017.

3.1. E&M and Services to be provided by China Complant

The E&M and Services to be provided by China Complant to SATT are the same three categories of E&M and Services to be provided by SATT to African Companies, CBB and PCSC as described in above paragraph, namely, Consumables Procurement and Technical Support Services; Chemicals and Fertilizer Procurement; and Fixed Asset Procurement.

3.2. General Principles

The 2015-2017 Supply and Service Agreement with China Complant is the master agreement which set out the principles upon which the supply of E&M and Services by China Complant to SATT are to be carried out.

3.2.1. Non-Exclusivity

Pursuant to the 2015-2017 Supply and Service Agreements which, China Complant has agreed to supply E&M and Services to SATT so as to enable SATT to provide the same to African Company 1, African Company 2, African Company 3, African Company 4, CBB and PCSC and other independent customers for a term of three years commencing from the approval by Independent Shareholders at the EGM. However, SATT is not obliged to source E&M and Services exclusively from China Complant. SATT shall source E&M and Services from China Complant only if (i) SATT and the African Companies, CBB and PCSC have entered into definitive agreement in respect of the supply of materials and services; (ii) the relevant E&M and Services have to be sourced from the PRC; and (iii) China Complant is able to supply the relevant E&M and Services to SATT within a reasonable time in accordance with the 2015-2017 Supply and Service Agreement between SATT and China Complant.

3.2.2. Detailed Terms on Definitive Agreements

Pursuant to the 2015-2017 Supply and Service Agreement between SATT and China Complant, China Complant will enter into definitive agreements with SATT from time to time to provide for detailed terms of each single transaction in accordance with the principles set out in the 2015-2017 Supply and Service Agreement. Such detailed terms include but not limited to prices, payment terms, quantities, qualities, delivery and inspection of products and other terms and conditions in relation to the provision of E&M and Services required.

3.2.3. Normal Commercial Terms

China Complant and SATT agree that such detailed terms shall be on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, fair and reasonable to the Company, the terms offered to SATT shall be no less favourable to SATT than those offered by China Complant to independent third parties in the markets where SATT is located.

Below paragraphs 3.3. to 3.6. are further particulars on pricing determination, payment terms, and quantity and quality mechanism.

3.3. Pricing determination

The price at which the E&M and Services are to be provided must be fair and reasonable. The 2015-2017 Supply and Service Agreement entered between SATT and China Complant details specific pricing principles for the E&M and Services. The pricing determination of the 2015-2017 Supply and Service Agreements primarily remains consistent with that of the 2012-2014 Supply and Service Agreements, except for those provisions required to be detailed pursuant to the guidance letters of the Stock Exchange. The price will be determined in accordance with the following order:

3.3.1. Where PRC market price available, determining on basis of the PRC market price

The E&M and Services provided by China Complant are at market prices of same E&M and Services prevail in the PRC.

The PRC market price shall be determined at which the same or similar type of E&M and Services are to be provided by average price of at least one independent third party on normal commercial terms in the ordinary course of their businesses in the PRC.

3.3.2. Where 3.3.1 is not applicable, determining on basis of the cost of those custom-made E&M and Service

In absence of prevailing PRC market prices of those custom-made E&M and Services, the price will then be determined with reference to China Complant's actual cost payable to its PRC or overseas suppliers for the sale of such E&M and Services to SATT.

3.3.3. Internal controls adopted by SATT

- (1) The sales department of SATT and its designated persons are mainly responsible for checking the pricing offered by China Complant with the average price of at least one independent third party generally through obtaining quotations via emails, fax or phone and obtaining tenders by publishing tender notice via various media resources such as local newspapers to determine the local market price in the PRC; or
- (2) If prevailing PRC market price cannot be obtained for comparison for those custom-made E&M and Services, the price will then be justified with reference to average price of at least one independent third party, in overseas countries where same or similar E&M and Services are provided and on normal terms or with reference to third party supplier invoices provided by China Complant.

The prevailing PRC market price of each type of E&M and Services shall be calculated and estimated before each accounting year end and the sales department of SATT will monitor the prevailing PRC market price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

3.4. Payment terms

3.4.1. Invoices will be issued after the E&M and Services reached designated port and passed the quality inspection. Payment should be made following the invoice date by bank transfer, bank draft or other mutually agreed methods. Even though China Complant will stop granting credit period to SATT under 2015-2017 Supply and Service Agreement, China Complant, subject to request by SATT, will provide trade credit in way detailed in paragraph 3.4.2..

3.4.2. In consideration of obtaining timely repayment of its trade receivables from SATT, China Complant agrees in principle in the 2015-2017 Supply and Service Agreement that, subject to the negotiation, execution of definitive agreements and availability of offering(s) from bank(s), may at the request of SATT solely for purpose of refinancing trade payable of SATT with China Complant acting as guarantor under "off-shore loan against domestic guarantee" within the term of 2015-2017 Supply and Service Agreement. If the guarantee was executed, it would be carried out under the framework of Rule 14A.90 of Listing Rules as exempt connected transaction. China Complant will charge SATT a guarantee fee on normal commercial terms and will not request SATT or its related companies for any assets as security.

In relation to the above (except the terms agreed in principle with China Complant set forth in the 2015-2017 Supply and Service Agreement), there is no definitive agreement with other parties whatsoever has been signed by SATT and/or China Complant at the date of announcement.

3.5. Quantity of E&M and Services

In last quarter of each year, SATT will provide to the China Complant an annual assessment of the E&M and Services that SATT require for coming year and both parties shall agree on quantity of E&M and Services under this yearly plan.

3.6. Quality of E&M and Services

The quality of products and services to be provided should be satisfactory to the recipient.

3.7. The 2015-2017 Proposed Annual Caps with China Complant

The Board has considered and proposed that the following proposed maximum values in respects of each of the three categories of E&M and Services will serve as the annual caps of the relevant category for the period from approval by Independent Shareholders at the EGM to 31 December 2017. The historical amounts and Approved Annual Caps that were approved by Independent Shareholders in yearly lump-sum total have been reallocated into three categories of E&M and Services for below historical utilization rate analysis purpose.

Transaction categories	Historical amounts			Approved Annual Caps			2015-2017 Proposed Annual Caps		
	Historical utilisation rate			Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	Year ending 31 December 2015	Year ending 31 December 2016	Year ending 31 December 2017
	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014						
Consumables Procurement and Technical Support Services	US\$5,612,000 (approximately HK\$43,516,000)	US\$8,532,000 (approximately HK\$66,158,000)	US\$6,669,000 (approximately HK\$51,712,000)	US\$13,007,000 (approximately HK\$100,857,000)	US\$22,669,000 (approximately HK\$175,778,000)	US\$13,506,000 (approximately HK\$104,727,000)	US\$9,633,000 (approximately HK\$74,695,000)	US\$10,022,000 (approximately HK\$77,712,000)	US\$10,427,000 (approximately HK\$80,852,000)
	43.1%	37.6%	49.4%						
Chemicals and Fertilizer Procurement	US\$5,794,000 (approximately HK\$44,927,000)	US\$9,126,000 (approximately HK\$70,764,000)	US\$9,167,000 (approximately HK\$71,082,000)	US\$9,243,000 (approximately HK\$71,671,000)	US\$16,121,000 (approximately HK\$125,004,000)	US\$17,654,000 (approximately HK\$136,891,000)	US\$10,736,000 (approximately HK\$83,248,000)	US\$11,170,000 (approximately HK\$86,613,000)	US\$11,621,000 (approximately HK\$90,110,000)
	62.7%	56.6%	51.9%						
Fixed Asset Procurement	US\$2,491,000 (approximately HK\$19,316,000)	US\$23,087,000 (approximately HK\$179,019,000)	US\$39,174,000 (approximately HK\$303,759,000)	US\$13,300,000 (approximately HK\$103,130,000)	US\$43,179,000 (approximately HK\$334,814,000)	US\$67,050,000 (approximately HK\$519,912,000)	US\$36,520,000 (approximately HK\$283,180,000)	US\$37,996,000 (approximately HK\$294,625,000)	US\$39,531,000 (approximately HK\$306,528,000)
	18.7%	53.5%	58.4%						
Total	US\$13,897,000 (approximately HK\$107,759,000)	US\$40,745,000 (approximately HK\$315,941,000)	US\$55,010,000 (approximately HK\$426,553,000)	US\$35,550,000 (approximately HK\$275,658,000)	US\$81,969,000 (approximately HK\$635,596,000)	US\$98,210,000 (approximately HK\$761,530,000)	US\$56,889,000 (approximately HK\$411,123,000)	US\$59,188,000 (approximately HK\$458,950,000)	US\$61,579,000 (approximately HK\$477,490,000)

3.7.1. Consumables Procurement and Technical Support Services

The 2015-2017 proposed annual caps for Consumables Procurement and Technical Support Services with China Compliant were determined with reference to a number of factors, including (i) the historical amount of transactions for the three years ended 31 December 2014; (ii) the 2015-2017 proposed annual caps between SATT and the African Companies, CBB and as well as PCSC; (iii) the average normal historical gross profit margin that was earned by SATT on Consumables Procurement and Technical Support Services which is about 45% for the year ended 31 December 2014; and (iv) the forecasted change in gross margin that will be earned by SATT on Consumables Procurement and Technical Support Services.

As indicated in above table of the historical utilisation rate of 43.1%, 37.6% and 49.4% for the years ended 31 December 2012, 2013 and 2014 respectively, the unutilised amounts were approximately 56.9%, 62.4% and 50.6% of the Approved Annual Caps respectively. The differences were mainly representing certain buffers which reserved for the uncertainty in demand from the huge upheaval in sugar price when applying for the annual caps has not been used as well as the reduction in Consumables Procurement as a result of adoption of substantial cost-cutting measures to reduce the consumption of consumptive spare parts to preserve working capitals since the fall in global sugar price.

3.7.2. Chemicals and Fertilizer Procurement

The 2015-2017 proposed annual caps for Chemicals and Fertilizer Procurement with China Compliant were determined with reference to a number of factors, including (i) the historical figures for the three years ended 31 December 2014; (ii) the 2015-2017 proposed annual caps between SATT and the African Companies, CBB and as well as PCSC; (iii) the average normal historical gross profit margin that was earned by SATT on Chemicals and Fertilizer Procurement which is about 13% for the year ended 31 December 2014; and (iv) the forecasted change in gross margin that will be earned by SATT on Chemicals and Fertilizer Procurement.

As indicated in above table of the historical utilisation rate of 62.7%, 56.6% and 51.9% for the years ended 31 December 2012, 2013 and 2014 respectively, the unutilised amounts were approximately 37.3%, 43.4% and 48.1% of the Approved Annual Caps respectively. The differences were mainly representing certain buffers reserved for the volatile international price and for the uncertain demand resulting from competition from independent third parties in local countries when applying for the annual caps as well as the trembled down sugar prices has resulted in lower cash flow for Chemicals and Fertilizer Procurement.

3.7.3. Fixed Asset Procurement

The 2015-2017 proposed annual caps for Fixed Asset Procurement with China Compliant were determined with reference to a number of factors, including (i) the historical figures for the three years ended 31 December 2014; (ii) the 2015-2017 proposed annual caps between SATT and the African Companies, CBB and as well as PCSC; (iii) the average normal historical gross profit margin that will be earned by SATT on Fixed Asset Procurement which is about 7% for the year ended 31 December 2014; and (iv) the forecasted change in gross margin that will be earned by SATT on Fixed Asset Procurement.

As indicated in above table of the historical utilisation rate of 18.7%, 53.5% and 58.4% for the years ended 31 December 2012, 2013 and 2014 respectively, the unutilized amounts were approximately 81.3%, 46.5% and 41.6% of Approved Annual Caps respectively. The differences were due to the fact that when forecasting the caps, the Group must consider the possibility that China Complant will participate in all the Fixed Asset Procurement of SATT, however, in reality, China Complant might not be able to participate in all the Fixed Asset Procurement due to the unexpected delay in fixed asset investment of customers of SATT. As detailed in circular of the Company dated 4 March 2013, the shortfall in 2012 was due to the postponement of the ethanol construction project of CBB of US\$11.0 million (approximately HK\$85.3 million). The shortfall in 2013 and 2014 was mainly due to the postponement of part of fixed assets investment of PCSC of US\$16.8 million (approximately HK\$130.3 million) for year 2013 and of approximately US\$21.5 million (approximately HK\$166.7 million) for year 2014 respectively as well as the postponement of US\$6.7 million (approximately HK\$59.9 million) for year 2013 of the part of fixed asset investment of CBB for reason of suspension of its ethanol construction project. The postponement of the fixed asset investment of PCSC was due to the increase in working capital investment and the increase in fund used for operations have reduced the available fund for capital expenditure. The suspension of the construction of ethanol plant of CBB due to 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 and construction has suspended pending for appropriate alternate business plan.

In light of the above, the proposed annual caps of the Company set out in the Continuing Connected Transactions with China Complant is in line with the estimated development of the business of the SATT with reference to business development of its customers and is determined based on principles of fairness and reasonableness. The Directors are of the view that the above 2015-2017 proposed annual caps in relation to the E&M and Services to be provided by China Complant to SATT are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

3.8. Reasons for and benefits of continuation of Continuing Connected Transactions with China Complant under 2015-2017 Supply and Service Agreement

China Complant has been supplying, among other things, E&M and Services to SATT for its supply in turn to African Companies, CBB and PCSC since 1 January 2009. Although the Group is at liberty to purchase similar items from other independent suppliers, it has decided to continue the purchase from China Complant under 2015-2017 Supply and Service Agreement with China Complant as China Complant has offered a competitive price and has been able to consistently meet the Group's requirement in terms of quality of E&M and Services, efficiency of order execution and logistic supports.

All the above Continuing Connected Transactions and transactions under 2015-2017 Supply and Service Agreement with China Complant are and will continue to be agreed on an arm's length basis with terms that are fair and reasonable to the Company and conducted in the ordinary and usual course of business on normal commercial terms (or better to the Group) or on terms no less favourable to SATT than those obtained from independent third parties under comparable market conditions, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole, and that the above 2015-2017 proposed annual caps with China Complant are fair and reasonable. Therefore, the Directors (including the independent non-executive Directors) consider that it is beneficial to continue the Continuing Connected Transactions by way of entering into the 2015-2017 Supply and Service Agreement with China Complant.

The independent non-executive Directors constituting the Independent Board Committee will give their view on the Continuing Connected Transactions and the proposed annual caps in respect of the Continuing Connected Transactions after considering the advice from the Independent Financial Adviser, and their view will be given in the circular to be despatched to the Shareholders.

4. GENERAL INFORMATION

4.1. Information on the Group

The Group is principally engaged in the provision of supporting services for sweeteners business as well as sugar cane plantation and sugar manufacturing in Jamaica.

4.2. Information on the SATT

SATT is company incorporated in BVI and is an indirect wholly-owned subsidiary of the Company. SATT engaged in provision of supporting services to sweetener and ethanol business.

4.3. Information on the China Complant

China Complant, a state-owned company incorporated in the PRC, is a wholly-owned subsidiary of State Development & Investment Corp (國家開發投資公司). China Complant is a Controlling Shareholder holding 36.51% of the existing issued share capital of the Company and owns 70% equity interest in the COMPLANT. China Complant, through its subsidiaries, is principally engaged in international cooperation projects (including China-aided foreign projects, international contracting projects, labor services, complete plant export and other related business) and offshore investment and lease operation in sugar industry.

4.4. Information on the COMPLANT

COMPLANT is a company incorporated in the Cayman Islands and its issued share capital is owned as to 70% by China Complant and as to 30% by Africa-Asia Investment Limited. COMPLANT, through its subsidiaries, is principally engaged in sugar cane planting and production of sugar products and ethanol in Africa and Jamaica. COMPLANT is a Substantial Shareholder holding 13.69% of the existing issued share capital of the Company.

4.5. Information on the African Company 1; African Company 2; African Company 3 and African Company 4, CBB and PCSC

4.5.1. African Company 1 is a company incorporated in the Republic of Madagascar and its issued share capital is owned by two wholly-owned subsidiaries of COMPLANT. It is principally engaged in manufacturing of sugar/sweetener products in Africa.

4.5.2. African Company 2 is a company incorporated in the Republic of Sierra Leone and its issued share capital is owned by two wholly-owned subsidiaries of COMPLANT. It is principally engaged in manufacturing of sugar/sweetener products in Africa.

4.5.3. African Company 3 is a company incorporated in the Republic of Benin and its issued share capital is owned by two wholly-owned subsidiaries of COMPLANT. It is principally engaged in manufacturing of sugar/sweetener products in Africa.

4.5.4. African Company 4 is a company incorporated in the Republic of Madagascar and its issued share capital is owned by two wholly-owned subsidiaries of COMPLANT. It is principally engaged in manufacturing of sugar/sweetener products in Africa.

4.5.5. CBB is a company incorporated in Republic of Benin and is a 90% indirectly subsidiary of the Company. It is the project company to engage in the development of the ethanol biofuel business in Republic of Benin.

4.5.6. PCSC is a company incorporated in Jamaica and a 70% indirectly owned subsidiary of the Company. It is principally engaged in sugar cane plantation and sugar manufacturing in Jamaica.

5. IMPLICATIONS UNDER THE LISTING RULES

Based on the reasons that:

- (i) the African Companies, CBB and PCSC as well as China Complant are associates of COMPLANT by virtue of the fact that each of the African Companies is the indirect wholly-owned subsidiary of COMPLANT, CBB is owned 10% by COMPLANT, PCSC is owned 30% by COMPLANT and China Complant is the company holding 70% of the entire issued capital of COMPLANT;
- (ii) COMPLANT is a connected person of the Company by virtue of being a Substantial Shareholder currently holding 300,000,000 Shares, which represent approximately 13.69% of the existing issued share capital of the Company as at the date of this announcement;
- (iii) China Complant is a connected person of the Company by virtue of being a Controlling Shareholder currently holding 800,000,000 Shares, which represent approximately 36.51% of the existing issued share capital of the Company as at the date of this announcement; and
- (iv) SATT is an indirect wholly-owned subsidiary of the Company;

the African Companies, CBB, and PCSC as well as China Complant are connected persons of the Company, the transactions contemplated under the 2015-2017 Supply and Service Agreements therefore constitute Continuing Connected Transactions for the Company.

As the applicable percentage ratios of the Company as defined under Rule 14.07 of the Listing Rules in respect of the transactions under the Supply and Service Agreements will exceed 5% on an annual basis and the annual consideration will exceed HK\$10,000,000 for the three years ending 31 December 2017, the 2015-2017 Supply and Service Agreements and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As China Complant and COMPLANT are interested in 800,000,000 and 300,000,000 Shares respectively as at the date of this announcement, representing approximately 36.51% and 13.69% respectively of the issued share capital of the Company, China Complant and COMPLANT is a Controlling Shareholder and a Substantial Shareholder of the Company respectively and shall therefore abstain from voting in respect of the resolutions approving the 2015-2017 Supply and Service Agreements, the Continuing Connected Transactions and the 2015-2017 Proposed Annual Caps at the EGM.

6. APPROVAL BY THE BOARD

The Directors (including independent non-executive Directors), other than Mr. Liu Xueyi and Mr. Han Hong by virtue of both also being the director of COMPLANT as well as Mr. Wang Zhaohui by virtue of also being the finance manager of COMPLANT and they are considered to have material interest in the 2015-2017 Supply and Service Agreements and have abstained from voting on the board resolution for approving the 2015-2017 Supply and Service Agreements, the Continuing Connected Transactions and the 2015-2017 Proposed Annual Caps, are of the view that the terms of the transactions contemplated under the 2015-2017 Supply and Service Agreements are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The independent non-executive Directors constituting the Independent Board Committee will give their view on the Continuing Connected Transactions and the 2015-2017 Proposed Annual Caps in respect of the Continuing Connected Transactions after considering the advice from the Independent Financial Adviser, and their view will be given in the circular to be despatched to the Shareholders.

7. EGM

An extraordinary general meeting will be convened to obtain the approval of Independent Shareholders regarding, among other things, the proposed terms of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2017 under the 2015-2017 Supply and Service Agreements.

For the purpose of the EGM, the Board will appoint (1) an Independent Board Committee to consider and advise the Independent Shareholders on the terms of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2017 under the 2015-2017 Supply and Service Agreements; and (2) an independent financial adviser to advise the Independent Board Committee on the terms of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2017 under the 2015-2017 Supply and Service Agreements.

China Complant, COMPLANT and its associates will abstain from voting on the ordinary resolutions to be proposed at the EGM.

8. CIRCULAR

A circular containing, among other things, (1) details relating to the Continuing Connected Transactions and the 2015-2017 Proposed Annual Caps in respect thereof for the three financial years ending 31 December 2017 under the 2015-2017 Supply and Service Agreements; (2) a letter of recommendation on the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2017 under the 2015-2017 Supply and Service Agreements from the Independent Board Committee to the Independent Shareholders; and (3) a letter of advice on the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2017 under the 2015-2017 Supply and Service Agreements from the Independent Financial Adviser to the Independent Shareholders and the Independent Board Committee, will be despatched to the shareholders of the Company on or before 28 May 2015 in accordance with the relevant requirements of the Listing Rules.

9. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“2012-2014 Supply and Service Agreements” (i) the four legally binding supply and service agreements entered into between SATT and each of the African Company 1, African Company 2, African Company 3 African Company 4 respectively on 5 December 2012 and two legally binding supply and service agreements entered into between SATT and each of the Zheng Da Investments Limited (正達投資有限公司) and PCSC in respect of the provision of E&M and Services exclusively by SATT for an initial term of three years commencing from 1 January 2012 up to 31 December 2014;

and

(ii) a legally binding supply and service agreement entered into between China Complant and SATT on 5 December 2012 in respect of the provision of E&M and Services by China Complant for an initial term of three years commencing from 1 January 2012 up to 31 December 2014

and 2012-2014 Supply and Service Agreement mean one of these agreements

“2015-2017 Supply and Service Agreements” (i) the six legally binding supply and service agreements entered into between SATT and each of the African Company 1, African Company 2, African Company 3, African Company 4, CBB and PCSC respectively on 6 May 2015 in respect of the provision of E&M and Services exclusively by SATT for an initial term of about three years commencing from approval at the EGM;

and

(ii) a legally binding supply and service agreement entered into between China Complant and SATT on 6 May 2015 in respect of the provision of E&M and Services by China Complant for an initial term of about three years commencing from approval at the EGM

and 2015-2017 Supply and Service Agreement mean one of these agreements

“2015-2017 Proposed Annual Caps” a maximum aggregate annual value of the transaction contemplated under the 2015-2017 Supply and Service Agreements

“African Companies” African Company 1, African Company 2, African Company 3 and African Company 4; all of which are subsidiaries of COMPLANT

“African Company 1”	La Sucrerie de COMPLANT de Madagascar, a company incorporated in Republic of Madagascar
“African Company 2”	COMPLANT Magbass Sugar Complex Company Limited, a company incorporated in Republic of Sierra Leone
“African Company 3”	La Sucrerie de COMPLANT du Benin, a company incorporated in Republic of Benin
“African Company 4”	Sucrerie Cote Ouest de COMPLANT de Madagascar (Ouest Sucre), a company incorporated in Republic of Madagascar
“Approved Annual Cap(s)”	annual cap(s) approved at the extraordinary general meetings of the Company held on 10 January 2012 and 22 March 2013
“associate(s)”	has the meaning ascribed to it under the listing rules
“Board”	the board of directors of the Company
“BVI”	British Virgin Islands
“CBB”	Compagnie Beninoise De Bioenergie SA, a company incorporated under the Republic of Benin with limited liability and is a 90% indirectly owned subsidiary of the Company
“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) and owns 70% equity interest in COMPLANT and is a Controlling Shareholder holding 36.51% issued share capital of the Company.
“Company”	Hua Lien International (Holding) Company Limited, a company incorporated in the Cayman Islands and the issued Shares of which 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), a company incorporated in the Cayman Islands with limited liability and is a Substantial Shareholder holding 13.69% issued share capital of the Company
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the 2015-2017 Supply and Service Agreements
“Controlling Shareholder(s)”	controlling shareholder(s) of the Company, having the meanings ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company

“E&M and Services”	consumables, chemicals, fertilizers and fixed assets with origin of source from the PRC as well as ancillary services for engineering, for construction, for repair and maintenance, for training and for technical supports
“EGM”	an extraordinary general meeting to be convened by the Company to consider and, if thought fit, approve the Continuing Connected Transactions and the proposed annual caps for the three financial years ending 2017 under the 2015-2017 Supply and Service Agreements
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board comprising three independent non-executive Directors, namely, Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei, which has been formed for the purpose of advising the Independent Shareholders in respect of the Continuing Connected Transactions and the proposed annual cap for three financial years ending 31 December 2017 under the 2015-2017 Supply and Service Agreements
“Independent Financial Adviser”	Donvex Capital Limited, a registered institution licensed to carry on Type 6 (advising on corporate finance) of the regulated activities under the Securities and Future Ordinance.
“Independent Shareholders”	Shareholders other than, China Complant, COMPLANT and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PCSC”	Pan-Caribbean Sugar Company Limited, a company incorporated in Jamaica with limited liability and a 70% indirectly owned subsidiary of the Company
“PRC”	the People’s Republic of China
“SATT”	Sino-Africa Technology & Trading Limited (中非技術貿易有限公司), a company incorporated in BVI with limited liability and is an indirect wholly owned subsidiary of the Company
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Substantial Shareholder(s)”	substantial shareholder(s) of the Company, having the meanings ascribed to it in the Listing Rules
“US\$” and “cents”	United States dollars and cents respectively, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 6 May 2015

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.

For the purpose of illustration only and unless otherwise stated, conversions of USD to Hong Kong dollars in this announcement is based on the exchange rate of USD1.00 to HK\$7.7541. Such conversions should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.