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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)

### **(1) CONNECTED TRANSACTION RELATING TO THE SUBSCRIPTION FOR NEW SHARES; AND (2) APPLICATION FOR WHITEWASH WAIVER**

**Financial Adviser to the Company**



**招商證券(香港)有限公司**  
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

**Joint Independent Financial Advisers**  
Donvex Capital Limited and Nuada Limited

#### **THE SUBSCRIPTION**

On 12 April 2012, the Subscriber entered into the Subscription Agreement with the Company pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 800,000,000 Subscription Shares at the price of HK\$0.60 per Subscription Share in cash. The Subscription Shares represent approximately 57.51% of the issued share capital of the Company as at the date of the Subscription Agreement and, assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the date of the Subscription Agreement up to Completion, approximately 36.51% of the issued share capital of the Company as enlarged by the Subscription.

#### **LISTING RULES IMPLICATIONS**

COMPLANT currently holds 300,000,000 Shares, which represent approximately 21.56% of the existing issued share capital of the Company as at the date of this announcement. As the Subscriber owns 70% equity interest in COMPLANT, a substantial Shareholder (as defined under the Listing Rules), the Subscriber is accordingly a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under the Listing Rules. The Subscription is therefore subject to the reporting, announcement, and Independent Shareholders' approval at general meeting requirements under the Listing Rules.

The Subscriber and its associates will abstain from voting at the EGM in respect of the resolution approving the Subscription and the issue of the Subscription Shares. The Directors have confirmed that so far as they are aware, save for COMPLANT, no other Shareholder is interested in the Subscription.

### **TAKEOVERS CODE IMPLICATIONS**

As at the date of the Subscription Agreement, COMPLANT, being a party acting in concert with the Subscriber, held 300,000,000 Shares, representing approximately 21.56% of the voting rights of the Company. As at the date hereof, COMPLANT also holds the COMPLANT Convertible Notes in the principal amount of HK\$533,700,000 which can be converted into 889,500,000 Shares during their conversion period. Save for the aforesaid, as at the date of this announcement, the Subscriber and parties acting in concert with it do not hold any other Shares, warrants, options or other convertible or exchangeable securities of the Company. Upon Completion, 800,000,000 Subscription Shares will be issued to the Subscriber. Thus, the interest of the Subscriber and parties acting in concert with it, including COMPLANT, in the voting rights of the Company will be increased from approximately 21.56% to approximately 50.20% (assuming that no additional Shares other than the Subscription Shares will be issued since the date of the Subscription Agreement up to Completion) and 64.57% (assuming that the entire outstanding amount under the COMPLANT Convertible Notes are converted into Shares and no additional Shares other than the Subscription Shares will be issued since the date of the Subscription Agreement up to Completion). Accordingly, the Subscriber would be obliged to make an unconditional mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by it, unless the Whitewash Waiver is granted.

An application to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeover Code will be made as a result of the Subscription. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. The Subscriber and parties acting or presumed to be acting in concert with it, their respective associates and those involved or interested in the Subscription and the Whitewash Waiver shall abstain from voting at the EGM in respect of the resolutions approving the Whitewash Waiver and the Subscription.

### **GENERAL**

Pursuant to the Listing Rules, the Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder. In compliance with Note 1 on Dispensations from Rule 26 of the Takeovers Code, an Independent Board Committee comprising all the non-executive Directors has been established to, inter alia, make a recommendation to the Independent Shareholders as to whether the Whitewash Waiver and the terms of the Subscription Agreement are fair and reasonable and on how to vote in respect of such arrangement.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Subscription Agreement or the Whitewash Waiver.

Pursuant to Rule 2.1 of the Takeovers Code, the Board has appointed Donvex Capital Limited and Nuada Limited as Joint Independent Financial Advisers to advise the Independent Board Committee and Independent Shareholders as to, inter alia, the fairness and reasonableness of the terms of the Subscription and the Whitewash Waiver and give their recommendation on how to vote in respect of such arrangement. The appointment of the Joint Independent Financial Advisers has been approved by the Independent Board Committee.

Pursuant to Rule 8.2 of the Takeovers Code, the Circular containing, among other things, (i) further details of the Subscription Agreement; (ii) further details of the Whitewash Waiver; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver; (iv) a letter of advice from the Joint Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (v) a notice of the EGM; and (vi) other information as required under the Listing Rules and the Takeovers Code shall be dispatched to the Shareholders within 21 days from the date of this announcement, i.e. on or before 3 May 2012. However, additional time will be required to prepare and finalize certain information to be included in the Circular and to obtain the relevant approval, consents and authorization from the necessary governmental, quasi-governmental, statutory or regulatory body in the PRC, which is one of the conditions to Completion, an application will therefore be made to the Executive for a waiver from the strict compliance with Rule 8.2 of the Takeovers Code and an extension of time for despatch of the Circular to a date no later than 14 June 2012, a date before which all the above approval, consents and authorization are expected to have been obtained.

**Shareholders and potential investors should note that the Subscription, which is subject to a number of conditions precedent, may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **THE SUBSCRIPTION AGREEMENT**

### **Date:**

12 April 2012

### **Parties:**

- (i) the Subscriber, a state-owned company incorporated in the PRC and owns 70% equity interest in COMPLANT, where COMPLANT is a company incorporated in the Cayman Islands with limited liability, which currently holds 300,000,000 Shares, which represent approximately 21.56% of the existing issued share capital of the Company as at the date of this announcement. As COMPLANT is a substantial Shareholder (as defined under the Listing Rules), the Subscriber is a connected person of the Company; and
- (ii) the Company.

## **The Subscription Shares:**

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 800,000,000 Subscription Shares with aggregate nominal value of HK\$80,000,000 to the Subscriber. As at the date of the Subscription Agreement, there were 1,391,180,000 Shares in issue and the Subscription Shares respectively represent approximately 57.51% of the issued share capital of the Company as at the date of this Announcement and, assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the date of the Subscription Agreement up to Completion, approximately 36.51% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. Taking into account the Shares already owned by COMPLANT, immediately after the completion of the Subscription, the Subscriber and other parties acting in concert with it including COMPLANT will hold approximately 50.20% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that no additional Shares other than the Subscription Shares will be issued since the date of the Subscription Agreement up to Completion) and approximately 64.57% thereof (assuming that the entire outstanding amount under the COMPLANT Convertible Notes are converted into Shares and no additional Shares other than the Subscription Shares will be issued since the date of the Subscription Agreement up to Completion).

An application will be made by the Company for the listing of, and permission to deal in, the Subscription Shares.

The Subscription Shares will be allotted and issued under a specific mandate to be sought for approval from the Independent Shareholders at the EGM.

## **Subscription Price:**

The Subscription Price for the Subscription Shares is HK\$0.6 per Subscription Share. The Subscription Price represents:

- (i) the same as the closing price of HK\$0.6000 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 1.35% to the average closing price of HK\$0.5920 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- (iii) the same as the average closing price of HK\$0.6000 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 1.09% to the average closing price of HK\$0.6066 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- (v) a premium of approximately 62.2% over and above the Group's unaudited consolidated net asset value attributable to the Shareholders per Share as at 30 June 2011 of approximately HK\$0.370 (based on a total of 1,391,180,000 Shares as at the date of this announcement and the Group's unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$514,877,000 as at 30 June 2011); and

- (vi) a premium of approximately 45.60% over and above the Group's audited consolidated net asset value attributable to the Shareholders per Share as at 31 December 2011 of approximately HK\$0.412 (based on a total of 1,391,180,000 Shares as at the date of this announcement and the Group's audited consolidated net asset value attributable to the Shareholders of approximately HK\$573,291,000 as at 31 December 2011).

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, among other factors, the financial position of the Group, the historical trading volume of the Shares on the Stock Exchange and the recent trading prices of the Shares as quoted on the Stock Exchange. The total consideration for the Subscription Shares in the sum of HK\$480,000,000 will be financed by internal resources available to the Subscriber.

**Ranking:**

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all the Shares in issue at the date of allotment and issue of the Subscription Shares, including the right to any dividends or distributions made or declared on or after the date of allotment and issue of the Subscription Shares. In addition, the Subscription Shares will not be subject to any lock-up or restrictions on disposal requirements.

**Conditions of the Subscription:**

Completion of the Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing approval in respect of, and permission to deal in, the Subscription Shares;
- (ii) the Executive having granted the Whitewash Waiver (subject to the approval of the Independent Shareholders and there being no disqualifying transactions);
- (iii) the passing of a resolution by the Independent Shareholders at the EGM approving the Subscription Agreement and the transactions contemplated thereunder, including the specific mandate relating to the allotment and issue of the Subscription Shares to the Subscriber pursuant to the Subscription Agreement;
- (iv) the passing of a resolution by the Independent Shareholders at the EGM approving the Whitewash Waiver;
- (v) approval, consents and authorization by the necessary governmental, quasi-governmental, statutory or regulatory body in both the PRC and Hong Kong having been obtained and remaining in force for the purpose of entering, implementing and completing the Subscription;
- (vi) the Company's representations and warranties being true and accurate and not misleading on the date of the Subscription Agreement and on the Completion Date; and
- (vii) the Subscriber having completed and being reasonably satisfied with the results of the due diligence exercise on the Group and other matters incidental thereto.

None of the Conditions can be waived by either party save and except for the Conditions set out in (vi) and (vii) above. In the event that not all the Conditions have been fulfilled or waived, as the case may be, by 30 June 2012, the Subscription Agreement will be automatically terminated and be of no further effect, and the parties shall be released from all obligations under the Subscription Agreement and neither party shall have any claim against the other for any costs or losses save in respect of any antecedent breaches of the Subscription Agreement

### Completion:

Subject to fulfillment of all the Conditions, Completion shall take place on the Completion Date.

### EFFECTS OF THE SUBSCRIPTION

The shareholdings in the Company as at the date of this announcement and immediately after Completion (assuming that there is no change in the issued share capital of the Company since the date of the Subscription Agreement up to Completion other than (i) the issue of the Subscription Shares; and (ii) the issue of the Subscription Shares and the conversion of all the COMPLANT Convertible Notes) are summarised as follows:

	Immediately after completion of the Subscription					
	Immediately before completion of the Subscription		assuming COMPLANT has not exercised the conversion rights under the COMPLANT Convertible Notes		assuming COMPLANT having exercised the conversion rights under the COMPLANT Convertible Notes	
	Shares	Per cent. (Approx.)	Shares	Per cent. (Approx.)	Shares	Per cent. (Approx.)
The Subscriber	0	0	800,000,000	36.51	800,000,000	25.96
COMPLANT	300,000,000	21.56	300,000,000	13.69	1,189,500,000	38.61
<i>Subtotal of the Subscriber and parties acting in concert with it:</i>	300,000,000	21.56	1,100,000,000	50.20	1,989,500,000	64.57
China-Africa Xin Xing Investment Limited (Note 1)	90,000,000	6.46	90,000,000	4.10	90,000,000	2.92
HU Yebi (Note 2)	215,943,083	15.52	215,943,083	9.85	215,943,083	7.00
Public Shareholders	785,236,917	56.45	785,236,917	35.84	785,056,917	25.49
<b>Total</b>	<b>1,391,180,000</b>	<b>100</b>	<b>2,191,180,000</b>	<b>100</b>	<b>3,080,680,000</b>	<b>100</b>

Notes:

1. 國家開發銀行股份有限公司 holds 100% of 國開金融有限責任公司 which holds 100% of 中非發展基金有限公司 which in turn holds 100% in China-Africa Xin Xing Investment Limited. Besides these 90,000,000 Shares, China-Africa Xin Xing Investment Limited also holds convertible notes of principal amount of HK\$24,000,000 which can be converted into 40,000,000 Shares and there is no conversion of such convertible notes; and

2. *Mr. HU Yebi and his spouse, Ms. LI Ling Xiu are deemed (by virtue of the Securities and Futures Ordinance) to be interested in 340,943,083 Shares, among these 340,943,083 Shares, as to 3,448,000 Shares held by Ms. LI Ling Xiu and as to 212,495,083 Shares and also as to 125,000,000 Shares convertible from convertible notes of principal amount of HK\$75,000,000 held by Hollyview International Limited, a company beneficially owned by Mr. HU Yebi s and there is no conversion of such convertible notes.*

## **CONVERSION OF THE COMPLANT CONVERTIBLE NOTES BY COMPLANT**

The COMPLANT Convertible Notes were issued by the Company to COMPLANT on 27 February 2009 as part of the consideration for the acquisition of Sino-Africa Technology & Trading Limited (中非技術貿易有限公司) (further details of the acquisition are set out in the circular of the Company dated 23 January 2009). As a term of the COMPLANT Convertible Notes, its holders shall not have the right to convert the whole or part of the outstanding principal amount of the COMPLANT Convertible Notes into Shares to the extent that immediately after such conversion, the holders of the COMPLANT Convertible Notes together with parties acting in concert with them, taken together, will, directly or indirectly, control or be interested in 30% or more of the voting rights of the Company (or in such percentage as may from time to time be specified in the Takeovers Code being the level for triggering a mandatory general offer) or otherwise: (i) a general offer shall be given; or (ii) a whitewash waiver should be obtained in accordance with the requirement of the Takeovers Code. Immediately after completion of the Subscription, the aggregate shareholding of the Subscriber and parties acting in concert with it, including COMPLANT, in the Company will exceed 50% and therefore, the Subscriber and COMPLANT would be obliged to make an unconditional mandatory general offer for all securities of the Company not already owned by them and their concert parties unless the Whitewash Waiver is granted. After completion of the Subscription, the Subscriber and parties acting in concert with it including COMPLANT may further increase their shareholdings in the Company by, among others, exercising the conversion rights under the COMPLANT Convertible Notes.

**Shareholders and public investors should note that immediately upon issue of the Subscription Shares, the shareholding of the Subscriber and parties acting in concert with it including COMPLANT in the Company will exceed 50% of the voting rights of the Company and that the Subscriber may increase its shareholding without incurring further obligations under Rule 26 of the Takeovers Code to make a general offer for the securities of the Company. However, there may be circumstances where there are changes in the make-up of the concert group consisting of the Subscriber and COMPLANT and the holdings of each party in this concert group may change from time to time. This being the case, any party in this concert group holding less than 50% of the issued share capital of the Company may incur further obligation to make a general offer under Rule 26.1 of the Takeovers Code upon further acquisition of the Shares by any of them unless a waiver from the Executive is granted.**

## **INFORMATION ON THE SUBSCRIBER AND THE GROUP**

The Subscriber is a PRC state-owned corporation established in November 1959 and a wholly-owned subsidiary of a state-owned investment company, namely, the State Development & Investment Corp. (“SDIC”)(国家开发投资公司), with a strategic mission to be responsible for organizing, completing and implementing China-aided projects, primarily sugar cane cultivation, manufacture and development of sugar products and other sugar-related projects and building and construction projects, in foreign countries mainly in Africa and participates in the international economic co-operation projects.

The Company is an investment holding company. The Group is principally engaged in sugar-related business, including provision of supporting services to sugar sweetener and ethanol business to African countries, trading of raw materials and goods related to the sugar business, management and technical staff related to the sugar business in African countries.

## **INTENTION OF THE SUBSCRIBER REGARDING THE GROUP**

Upon Completion, the Subscriber will become the controlling shareholder of the Company under the Listing Rules. The Subscriber intends to continue the principal businesses of the Group after Completion and will maintain the listing status of the Company on the Stock Exchange following Completion. Meanwhile, the Subscriber will conduct a review on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Subscriber may consider expanding the business of the Group with the objectives to broaden its income source and to achieve accretion in the return to the Shareholders. However, none of the Subscriber and its subsidiaries had entered into any agreement or fixed any terms with the Group as at the date of this announcement in relation to any possible expansion of the Group's businesses. The Subscriber has no intention to re-deploy the employees or the fixed assets of the Group after Completion other than in its ordinary and usual course of business. The Subscriber and the Company will comply with the relevant requirements under the Listing Rules and the Takeovers Code in the event any possible expansion of the Group's business operations materializes after Completion.

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

It is expected that a gross amount of HK\$480 million will be raised from the Proposed Subscription. It is the intention of the Company to apply the net proceeds from the Subscription for (i) funding part of capital contribution requirement into the existing ethanol biofuel business in Benin of the Company; (ii) acquiring assets relating to the Group's principal business (including but not limited to the Jamaica Sugar Industry Projects mentioned in the announcement of the Company dated 1 June 2011 (the "**June 2011 Announcement**")); and (iii) the Group's general working capital.

Insofar as the Jamaica Sugar Industry Projects are concerned, as stated in the June 2011 Announcement, the Company had entered into a novation agreement with COMPLANT to the effect that COMPLANT's respective interests under the sale and purchase agreement and the leases with the Government of Jamaica will be novated to the Company entirely. The novation agreement was subsequently terminated on 20 July 2011 and details of the termination agreement are set out in the Company's announcement dated 20 July 2011. Despite the aforesaid, the Company still intends to acquire from COMPLANT all or part of the Jamaica Sugar Manufacturing Business by acquiring shareholding interest in the investment holding company and the negotiation between the Company and COMPLANT with respect to the Company's proposed acquisition of the Jamaica Sugar Manufacturing Business is still under way though no memorandum of understanding, letter of intent, fixed terms, agreement whatsoever had been entered into between the parties up to and including the date of this announcement. Upon signing of the Subscription Agreement, the Company will proceed to further negotiate with COMPLANT with respect to the Jamaica Sugar Industry Projects on a more concrete basis. The Subscriber and the Company will comply with the relevant requirements under the Listing Rules and the Takeovers Code if the acquisition of the Jamaica Sugar Industry Projects takes place.



Apart from the Subscription, the Board has considered various other means of fund raising, including debt financing, placement of new Shares to independent investors and rights issue (or open offer) as described below:

(i) Debt financing

Taking into account the current trading and business operations of the Group, which recorded loss for the period of HK\$4,869,000 for the year ended 31 December 2011, it will be not practicable for the Group to arrange for any bank loans from local banks with terms and amounts which are commercially acceptable to the Group without any guaranties or pledges. In addition, even if the additional bank loans were made available, additional finance charges would be incurred, particularly under the situation where there is an increase in the interest rates during the tenure of the bank loans.

(ii) Placement of new Shares in Hong Kong to independent investors

Regarding the viability of other means of equity financing, the Directors advised that, given the trading volume of the Shares has been relatively low, the Company has encountered difficulties in finding a commercial placing agent in Hong Kong for a placement of new Shares.

(iii) Rights issue or open offer

The Directors note that a rights issue or an open offer of the Company will give an opportunity to all Shareholders to participate in the subscription for new Shares to be issued by the Company. Pursuant to Chapter 7 of the Listing Rules, a rights issue or an open offer of a listed issuer on the Stock Exchange may not require underwriting. However, the Directors consider that, in the absence of a underwriter, the Company would have difficulties to complete a rights issue or an open offer, given that certain public Shareholders may not be interested to participate in a rights issue or an open offer, taking into account the trading volume of the Shares has been relatively low. On the other hand, the Company has encountered difficulties in finding an independent underwriter in Hong Kong which is interested to underwrite a rights issue or open offer of the Company.

Overall, the Subscription will strengthen the capital base and financial position of the Group, and would enable the Company to raise funds in a timely manner for its future development. In light of the above, the Directors are of the view that it is in the interests of the Group and the Independent Shareholders as a whole to raise funds by the Subscription. As the Subscription Price represents a significant premium over and above the Group's net asset value attributable to the Shareholders, the Directors consider that it is in the interests of the Company to increase its share capital. The Directors also consider that the Subscription will enlarge the capital base of the Company and will reduce the gearing level of the Group thereby strengthening the financial position of the Group for its ongoing business development.

Based on the above, the Directors (other than the independent non-executive Directors who will express their view after considering the advice from the Joint Independent Financial Advisers) consider that the Subscription represents a straightforward and cost-effective means of financing for the Group, and is fair and reasonable and on normal commercial terms, and the entering into of the Subscription Agreement is in the interests of the Group and the Shareholders as a whole.

The net proceeds from the Subscription are estimated to be approximately HK\$478.5 million and based on the estimated net proceeds, the net subscription price would be approximately HK\$0.598 per Subscription Share.

Application will be made to the Stock Exchange for the listing of, and permission to deal in the Subscription Shares.

The executive Directors are of the view that the Subscription would be beneficial for the Company and in the interest of the Shareholders as a whole given the Subscriber has a strong capital base and extensive experience and expertise in cane cultivation, sugar manufacturing and ethanol biofuel businesses in developing countries in Africa and Caribbean countries. Further, the Subscription provides a good opportunity for the Company to raise additional capital. The executive Directors are of the view that the terms of the subscription of new Shares pursuant to the Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The opinion of the independent non-executive Directors will be contained in the Circular after considering the advice and recommendation of the Joint Independent Financial Advisers to the Independent Board Committee.

## **LISTING RULES IMPLICATIONS**

COMPLANT currently holds 300,000,000 Shares, which represent approximately 21.56% of the existing issued share capital of the Company as at the date of this announcement. As the Subscriber owns 70% equity interest in COMPLANT, a substantial Shareholder (as defined under the Listing Rules), the Subscriber is accordingly a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under the Listing Rules. The Subscription is therefore subject to the reporting, announcement, and Independent Shareholders' approval at general meeting requirements under the Listing Rules.

The Subscriber and its associates will abstain from voting at the EGM in respect of the resolution approving the Subscription and the issue of the Subscription Shares. The Directors have confirmed that so far as they are aware, save for COMPLANT, no other Shareholder is interested in the Subscription.

## **TAKEOVERS CODE IMPLICATIONS**

As at the date of the Subscription Agreement, COMPLANT held 300,000,000 Shares, representing approximately 21.56% of the voting rights of the Company. As at the date hereof, COMPLANT also holds the COMPLANT Convertible Notes in the principal amount of HK\$533,700,000 which can be converted into 889,500,000 Shares during their conversion period. Save for the aforesaid, as at the date of this announcement, the Subscriber and parties acting in concert with it do not hold any other Shares, warrants, options or other convertible or exchangeable securities of the Company. Upon Completion, 800,000,000 Subscription Shares will be issued to the Subscriber. Thus, the interest of the Subscriber and parties acting in concert with it including COMPLANT in the voting rights of the Company will be increased from approximately 21.56% to approximately 50.20% (assuming that no additional Shares other than the Subscription Shares will be issued since the date of the Subscription Agreement up to Completion) and 64.57% (assuming that the entire outstanding amount under the COMPLANT Convertible Notes are converted into Shares and no additional Shares other than the Subscription Shares will be issued since the date of the Subscription Agreement up to Completion). As advised by the COMPLANT, COMPLANT does not intend to transfer, sell or dispose of or convert the COMPLANT Convertible Notes before the Completion. Accordingly, the Subscriber would be obliged to make an unconditional mandatory general offer under Rule 26 of the Takeovers Code for all the

securities of the Company not already owned or agreed to be acquired by it and the parties acting in concert with it including COMPLANT, unless the Whitewash Waiver is granted.

An application to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeover Code will be made as a result of the Subscription. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. The Subscriber and parties acting or presumed to be acting in concert with it including COMPLANT, their respective associates and those involved or interested in the Subscription and the Whitewash Waiver shall abstain from voting at the EGM in respect of the resolution approving the Whitewash Waiver and the Subscription.

As at the date of this announcement, neither the Subscriber nor any party acting in concert with it including COMPLANT has received any irrevocable commitment from any Independent Shareholder as to whether that they will vote for or against the resolutions approving the Subscription and the Whitewash Waiver at the EGM.

**If the Subscription and the Whitewash Waiver is approved by the Independent Shareholders, the aggregate shareholding of the Subscriber and parties acting in concert with it including COMPLANT in the Company will exceed 50%. The Subscriber and parties acting in concert with it including COMPLANT may further increase their shareholdings in the Company by, among other things, exercising the conversion rights under the COMPLANT Convertible Notes.**

**Shareholders and public investors should note that immediately upon issue of the Subscription Shares, the shareholding of the Subscriber and parties acting in concert with it including COMPLANT in the Company will exceed 50% of the voting rights of the Company and that the Subscriber may increase its shareholding without incurring further obligations under Rule 26 of the Takeovers Code to make a general offer for the securities of the Company. However, there may be circumstances where there are changes in the make-up of the concert group consisting of the Subscriber and COMPLANT and the holdings of each party in this concert group may change from time to time. This being the case, any party in this concert group holding less than 50% of the issued share capital of the Company may incur further obligation to make a general offer under Rule 26.1 of the Takeovers Code upon further acquisition of the Shares by any of them unless a waiver from the Executive is granted.**

The Subscriber has undertaken to the Company that apart from the Subscription Agreement, neither the Subscriber nor parties acting in concert with it will from the date of the Subscription Agreement until the Completion Date acquire or dispose of or enter into any agreement or arrangement to acquire or dispose of any voting rights in the Company.

#### **INFORMATION REQUIRED UNDER THE TAKEOVERS CODE**

As at the date of this announcement, save for the Outstanding Convertible Notes which are convertible into 1,084,500,000 Shares, the Company does not have any options, warrants or convertible securities in issue.

The Subscriber has confirmed that neither the Subscriber nor any parties acting in concert with it including COMPLANT:

- (i) apart from 800,000,000 new Shares under the Subscription Agreement, have acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of

any voting rights in the Company within the six months prior to the date of the Subscription Agreement and up to the date of this announcement;

- (ii) apart from 300,000,000 Shares and the COMPLANT Convertible Notes in the principal amount of HK\$533,700,000 which can be converted into 889,500,000 Shares during their conversion period owned by COMPLANT, own any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (iii) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Subscriber and which might be material to the transactions contemplated under the Subscription Agreement or the Whitewash Waiver;
- (iv) has any agreements or arrangements to which the Subscriber or parties acting in concert with it/they is/are a party which relate to the circumstances in which the Subscriber or parties acting in concert with it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement or the Whitewash Waiver, nor any such agreements or arrangements the consequences of the Subscriber or parties acting in concert with it so invoking or seeking to invoke a precondition or a condition to such transactions would result in any break fees being payable.

As at the date of this announcement, there are not any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Subscriber or any person acting in concert with it has borrowed or lent.

## **FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

The Company did not conduct any fund raising activities during the past 12 months immediately preceding the date of this announcement.

## **GENERAL**

Pursuant to the Listing Rules, the Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder. In compliance with Note 1 on Dispensations from Rule 26 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors has been established to, inter alia, make a recommendation to the Independent Shareholders as to whether the Whitewash Waiver and the terms of the Subscription Agreement are fair and reasonable and on how to vote in respect of such arrangement.

Pursuant to Rule 2.1 of the Takeovers Code, the Board has appointed Donvex Capital Limited and Nuada Limited as Joint Independent Financial Advisers to advise the Independent Board Committee and Independent Shareholders, as to, inter alia, the fairness and reasonableness of the terms of the Subscription and the Whitewash Waiver and give their recommendation on how to vote in respect of such arrangement. The appointment of the Joint Independent Financial Advisers has been approved by the Independent Board Committee.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Subscription Agreement or the Whitewash Waiver.

Pursuant to Rule 8.2 of the Takeovers Code, the Circular containing, among other things, (i) further details of the Subscription Agreement; (ii) further details of the Whitewash Waiver; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver; (iv) a letter of advice from the Joint Independent Financial Advisers to the Independent Board Committee and the Joint Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (v) a notice of the EGM; and (vi) other information as required under the Listing Rules and the Takeovers Code shall be dispatched to the Shareholders within 21 days from the date of this announcement, i.e. on or before 3 May 2012. However, additional time will be required to prepare and finalize certain information to be included in the Circular and to obtain the relevant approval, consents and authorization from the necessary governmental, quasi-governmental, statutory or regulatory body in the PRC, which is one of the conditions to Completion, an application will be made to the Executive for a waiver from the strict compliance with Rule 8.2 of the Takeovers Code and an extension of time for despatch of the Circular to a date no later than 14 June 2012, a date before which all the above approval, consents and authorizations are expected to have been obtained.

**Shareholders and potential investors should note that the Subscription, which is subject to a number of conditions precedent, may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	board of Directors
“Circular”	the circular to be dispatched by the Company to the Shareholders which will contain, among other things, (i) further details of the Subscription Agreement; (ii) further details of the Whitewash Waiver, for the purpose of the EGM
“Company”	Hua Lien International (Holding) Company Limited (華聯國際(控股)有限公司*), a company incorporated in the Cayman Islands with limited liability whose issued Shares 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), which is a substantial Shareholder (as defined under the Listing Rules)
“COMPLANT Convertible Notes”	redeemable tranche 1 convertible notes issued by the Company on 27 February 2009 with an outstanding principal amount HK\$227,100,000, redeemable tranche 2 convertible notes issued on 27 February 2009 with an

	outstanding principal amount of HK\$306,600,000
“Completion”	completion of the Subscription
“Completion Date”	the date when Completion shall take place, being the second business day after all the Conditions have been fulfilled, or such other date as may be agreed in writing between the Company and the Subscriber
“Conditions”	the conditions precedent to Completion, as more particularly set out under the section headed “Conditions of the Subscription” in this announcement
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver, respectively
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee comprising three independent non-executive Directors, namely Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei, which has been established by the Company to advise the Independent Shareholders on the terms of the Subscription Agreement, the transactions contemplated thereunder and the Whitewash Waiver
“Independent Shareholders”	(i) for the purpose of the Subscription Agreement, Shareholders other than the Subscriber and its associates and any other Shareholders who are involved in or interested in the Subscription Agreement and the transactions contemplated thereunder; (ii) for the purpose of the Whitewash Waiver, Shareholders other than the Subscriber and parties acting or presumed to be acting in concert with it and any other Shareholders who are involved in, or interested in the Whitewash Waiver

“Jamaica Sugar Industry Projects”	the projects relating to the developments and investments in the Jamaica sugar industry which, involve, inter alia, cultivation of sugar cane, manufacturing, development, sale and distribution of sugar, molasses and any other related business in the sugar estates in Jamaica
“Joint Independent Financial Advisers”	Donvex Capital Limited and Nuada Limited, being the joint independent financial advisers to the Independent Board Committee and Independent Shareholders regarding the Subscription and the Whitewash Waiver
“Last Trading Day”	12 April 2012, being the last trading day of the Shares on the Stock Exchange before the signing of the Subscription Agreement
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange
“PRC”	the People’s Republic of China, which, solely for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Outstanding Convertible Notes”	redeemable tranche 1 convertible notes issued by the Company on 27 February 2009 with an outstanding principal amount HK\$320,100,000, redeemable tranche 2 convertible notes issued on 27 February 2009 with an outstanding principal amount of HK\$306,600,000 and redeemable convertible notes issued on 26 August 2011 with an outstanding principal amount of HK\$24,000,000, which include the COMPLANT Convertible Notes
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	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 owns 70% equity interest in the COMPLANT
“Subscription”	the subscription by the Subscriber for the Subscription Shares pursuant to the Subscription Agreement

“Subscription Agreement”	the conditional subscription agreement dated 12 April 2012 between the Subscriber and the Company relating to the Subscription
“Subscription Price”	means the subscription price of HK\$0.60 per Subscription Share
“Subscription Share(s)”	new Share(s) to be subscribed by the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Whitewash Waiver”	the waiver by the Executive under Note 1 on Dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Subscriber to make a general offer to the shareholders of the Company for all issued shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber as a result of the issue and allotment of the Subscription Shares to the Subscriber
“%”	per cent.

By order of the Board  
**Hua Lien International (Holding) Company Limited**  
**Hu Yebi**  
*Executive Director*

Hong Kong, 12 April 2012

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Subscriber and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Subscriber and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*The directors of the Subscriber jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

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



*As at the date of this announcement, the board of directors of the Subscriber is comprised of five directors, namely Mr. Li Zhimin, Mr. Tang Jianguo, Mr. Guo Baojun, Mr. Cui Guodong and Mr. Deng Tianyang.*

*\* For identification purposes only*