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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE 2012

The board of directors (the "**Board**") of Hua Lien International (Holding) Company Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30th June 2012 together with the comparative figures as follow:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2012

		Six months ended 30th June	
		2012	2011
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*(3)*	**60,372**	79,442
Cost of sales		**(27,469)**	(40,519)
Gross profit		**32,903**	38,923
Other operating income		**418**	629
Distribution costs		**—**	—
Administrative expenses		**(10,872)**	(8,561)
Other expenses	*(4)*	**(10,575)**	(10,575)
Profit from operations		**11,874**	20,416
Finance costs	*(5)*	**(23,628)**	(22,068)
Loss before tax		**(11,754)**	(1,652)
Income tax expense	*(7)*	**—**	—
Loss and total comprehensive expense for the period	*(6)*	**(11,754)**	(1,652)
(Loss) profit for the period attributable to:			
Owners of the Company		**(11,769)**	(1,652)
Non-controlling interests		**15**	—
		(11,754)	(1,652)

* *For identification purpose only*

	Notes	Six months ended 30th June 2012 (unaudited) HK$'000	2011 (unaudited) HK$'000
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(11,769)**	(1,652)
Non-controlling interests		**15**	—
		(11,754)	(1,652)
Dividend	*(9)*	**—**	—
Loss per share	*(8)*		
— Basic (cents per share)		**(0.85)**	(0.13)
— Diluted (cents per share)		**(0.85)**	(0.13)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June 2012

	Notes	30th June 2012 (unaudited) HK$'000	31st December 2011 (audited) HK$'000
Non-current assets			
Property, plant and equipment	(10)	**338**	195
Goodwill		**226,511**	226,511
Intangible asset		**352,500**	363,075
		579,349	589,781
Current assets			
Trade and other receivables	(11)	**244,492**	250,195
Bank balances and cash		**379,177**	373,710
		623,669	623,905
Current liabilities			
Trade and other payables	(12)	**80,584**	103,125
Net current assets		**543,085**	520,780
Total assets less current liabilities		**1,122,434**	1,110,561
Non-current liability			
Convertible notes		**560,892**	537,264
Net assets		**561,542**	573,297
Capital and reserves			
Share capital	(13)	**139,118**	139,118
Reserves		**422,403**	434,173
Equity attributable to owners of the Company		**561,521**	573,291
Non-controlling interests		**21**	6
Total equity		**561,542**	573,297

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30th June 2012 have been prepared in accordance with Hong Kong Accounting Standard (the "**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. This should be read in conjunction with the annual financial statements of the Group for the year ended 31st December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRS**").

2. PRINCIPAL ACCOUNTING POLICIES

The significant accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in preparing the annual financial statements for the year ended 31st December 2011 except for the adoption of HKFRS 7 (Amendment) "Disclosures — Transfer of Financial Assets" which is relevant and mandatory for the Group's accounting period beginning on 1st January 2012. The adoption of the amendment has had no material effect on the interim financial statements of the Group.

The following relevant new standards and amendments to existing standards have been issued but are not effective for the year ending 31st December 2012 and have not been early adopted:

HKAS 1 (Amendment)	Presentation of Items at Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 28 (2011)	Investment in Associates and Joint Ventures
HKAS 32 (Amendment)	Presentation — Offsetting Financial Assets and Financial Liabilities
HKFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 9	Financial Instruments
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Annual Improvements 2009-2011 Cycle	Amendments to a Number of HKFRSs Contained in Annual Improvements 2009-2011 Cycle Issued in June 2012

3. SEGMENT INFORMATION

The Group only has one operating segment of supporting services to sweetener and ethanol business for the six month ended 30th June 2012 and 30th June 2011, based on information reported to the chief operating decision maker (the Group's board of directors) for the purposes of resources allocation and performance assessment, which is the aggregated results of the Group, including all income, expenses and tax charges.

As a result, there is only one reportable segment for the Group for the six month ended 30th June 2012 and 30th June 2011. For information regarding this segment, reference can be made to the condensed consolidated financial statements as a whole.

The segment result of the Group represents loss after taxation set out in the condensed consolidated statement of comprehensive income.

4. OTHER EXPENSES

	Six months ended 30th June	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Amortisation of intangible assets	**10,575**	10,575
	10,575	10,575

5. FINANCE COSTS

	Six months ended 30th June	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Effective interest expense on convertible notes wholly repayable within five years	**23,628**	22,068

6. LOSS FOR THE PERIOD

	Six months ended 30th June	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**80**	72

7. INCOME TAX EXPENSE

No provision for income tax has been made in the consolidated financial statements as loss sustained during the period and no taxation in relevant jurisdictions where it operates.

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30th June	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share	**(11,769)**	(1,652)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**—**	—
Loss for the purposes of diluted loss per share	**(11,769)**	(1,652)

	2012	2011
	(unaudited)	(unaudited)
	'000	*'000*
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,391,180**	1,251,871
Effect of dilutive potential ordinary shares:		
Convertible notes	**—**	—
Weighted average number of ordinary shares for the purpose of diluted loss per share	**1,391,180**	1,251,871

The diluted loss per share for the period ended 30th June 2012 and 30th June 2011 are the same as basic loss per share as there is no dilutive effect from the assumed exercise of the conversion of the Company's outstanding convertible notes on the loss attributable to owners of the Company.

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the period ended 30th June 2012 (six months ended 30th June 2011: Nil).

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK$224,000 (six months ended 30th June 2011: HK$13,000) on acquisition of property, plant and equipment.

11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, of approximately HK$243,431,000 as at 30th June 2012 (31st December 2011: HK$249,074,000). The Group allows a credit period of 365 days for trade customers of supporting services to sweetener and ethanol business.

	30th June 2012 (unaudited) ***HK$'000***	31st December 2011 (audited) *HK$'000*
Not yet due	**166,030**	192,290
Overdue 1 — 90 days	**30,708**	48,024
Overdue 91 — 180 days	**45,278**	4,275
Overdue 181 — 365 days	**1,415**	4,485
Overdue > 365 days	**—**	—
	243,431	249,074

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$59,592,000 as at 30th June 2012 (31st December 2011: HK$84,346,000). The following is an analysis of trade payables by age based on the invoice date.

	30th June 2012 (unaudited) ***HK$'000***	31st December 2011 (audited) *HK$'000*
Not yet due	**59,592**	84,346
Overdue 1 — 90 days	**—**	—
Overdue 91 — 180 days	**—**	—
Overdue 181 — 365 days	**—**	—
Overdue > 365 days	**—**	—
	59,592	84,346

13. SHARE CAPITAL

	Number of shares ***'000***	**Value** ***HK$'000***
Ordinary share of HK$0.1 each		
Authorised:		
As at 31st December 2011 (audited) and 30th June 2012 (unaudited)	6,000,000	600,000
Issued and fully paid:		
As at 31st December 2011 (audited) and 30th June 2012 (unaudited)	1,391,180	139,118

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the period ended 30th June 2012, the Group recorded turnover of approximately HK$60,372,000 (six months ended 30th June 2011: HK$79,442,000). The decrease in turnover of approximately HK$19 million was mainly due to the decrease in ad hoc orders of approximately HK$12 million for mechanical and electrical equipments since their construction and rehabilitation projects of customers in Madagascar had completed together with approximately HK$8 million decrease in sale of fertilizers due to the delay in regular orders for fertilizers in first half of the year. The orders for fertilizers are expected to improve in second half of the year when the customers start to restock their inventory.

Gross profit for the six months ended 30 June 2012 declined by approximately HK$6 million to approximately HK$32.9 million (six months ended 30th June 2011: HK$38.9 million) but with gross profit margin increased by approximately 5.6% to 54.5% (six months ended 30th June 2011: 48.9%). The change was mainly due to the decrease in sales of approximately HK$12 million of lower gross margin products of mechanical and electrical equipments during the period.

The profit from operations decreased by approximately HK$8.5 million to approximately HK$11.9 million for the six months ended 30th June 2012 (six months ended 30th June 2011: HK$20.4 million). The drop in profit from operations was resulting from the approximately HK$6 million decrease in gross profit and approximately HK$2 million increase in staff cost in administrative expenses.

The net loss for the period was approximately HK$11.7 million (six months ended 30th June 2011: HK$1.7 million). Basic loss per share for the period ended 2011 was HK0.85 cents (six months ended 30th June 2011: HK0.13 cents). The net loss for the period mainly came from the profit from operations of approximately HK$11.9 million was lower than the finance cost on the effective interest expense on convertible notes of approximately HK$23.6 million and a net loss of approximately HK$11.7 million resulted.

Excluding those non-cash items of amortization of intangible assets and finance costs, the Group is trading profitably and this indicated by positive net cash inflow from operation of approximately HK$5.3 million during the period.

During the period under review, the Group only had one identified segment activities of supporting services to sweetener and ethanol business and all the customers were located in Africa, which recorded a revenue of approximately HK$60.4 million (six months ended 30th June 2011: HK$79.4 million) and the operating profit of this segment was approximately HK$11.9 million (six month ended 30th June 2011: HK$20.4 million). The review of performance of this segment had already covered in above sections.

FINANCIAL REVIEW

The Group achieved a positive cash inflow from operation of approximately HK$5.3 million during the period. Bank deposits and cash balances as at 30th June 2012 amounted to approximately HK$379,177,000 (31st December 2011: HK$373,710,000), mainly denominated in Hong Kong Dollars and US Dollars.

Total equity of the Group as at 30th June 2012 amounts to approximately HK$561,521,000 (31st December 2011: HK$573,291,000).

The Group financed its operation with cash flow generated internally. The bank balances were placed in short term deposits with major banks in Hong Kong.

As at 30th June 2012, the Group's total borrowings consisted of the outstanding five-year zero-coupon Hong Kong-dollar convertible notes of approximately HK$560.9 million (31st December 2011: HK$537.3 million). The debt to equity ratio of the Group as at 30th June 2012 calculated as a ratio of total borrowings (including convertible notes) to total equity was approximately 99.9% (31st December 2011: 93.7%). The increase in ratio was mainly due to decrease in net equity as a result of net loss of HK$11.7 million. All the Group's borrowings as at 30th June 2012 and 31st December 2011 are denominated in Hong Kong Dollars.

Pledge of assets

As at 30th June 2012 and 31st December 2011, River Right Limited (the "**River Right**", a wholly-owned subsidiary of the Company) had pledged its interest in 65 shares in Zheng Da Investments Limited (the "**Zheng Da**"), representing 65% of issued capital, as security for the five-years zero-coupon convertible notes of principal amount of HK$24,000,000 issued to China-Africa Xin Xing Investment Limited (the "**CAXX**", a wholly-owned subsidiary of China-Africa Development Fund "**CAD Fund**").

EMPLOYEE REMUNERATION POLICY

At 30th June 2012, the Group employed 57 full time management, administrative and operation staff in Hong Kong and the PRC (31st December 2011: 56).

The Group's emolument policies are formulated on the bases of individual performance and the salary trend in the various regions, and are reviewed every year. The Company has set up share options plan as an incentive to directors and eligible employees.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no material acquisition or disposal of subsidiaries, associates or jointly-controlled entities during the period under review.

Future plans for material investments and capital assets

The Company signed the MOU on 31st January 2010 in respect of the Possible Transactions.

Definitions used in the Announcement on 1st February 2010 are adopted herein unless the context requires otherwise.

The Board is currently considering entering into joint ventures with CADFund and COMPLANT for long term strategic cooperation to develop Ethanol Biofuel Business in various African countries.

The initial phase under consideration would be to incorporate Benin JV and use it as a vehicle to establish a Benin PC in the Republic of Benin, a country in West Africa, for engaging in Ethanol Biofuel Business. In order to finance the possible joint venture, the Company is considering to raise approximately HK$78 million (before deducting related expenses) by way of (i) issue of new Shares for approximately HK$54 million (before deducting related expenses) and (ii) issue of the first batch of Convertible Notes for approximately HK$24 million (before deducting related expenses) to CADFund for funding its share of capital contribution for the incorporation of Benin JV and the operation of Benin PC. Further information concerning the progress on the Benin JV is shown in "**Prospects**" section.

Other than Benin JV, the Company is considering incorporating companies with CADFund and COMPLANT under Other JV as holding companies to set up companies in other African countries for developing business in the generation of renewable energy. For the purpose of funding such Other JV, the Company also considers to issue the remaining batch of Convertible Notes to CADFund in the ensuing 3 years to raise approximately HK$312 million (before deducting related expenses). The terms and conditions (including but not limited to the amounts of investments and the forms of cooperation) have not yet been finalized and further negotiations are necessary.

For further particulars on other future plans for material investments and capital assets made after 30th June 2012, please review the "**Event after the end of Interim Period**" and "**Prospects**" sections.

Capital Structure

On 12th April 2012, China National Complete Plant Import & Export Corporation (Group) (中國成套設備進出口(集團)總公司) as 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. At the date of this announcement, all the conditions precedent have fulfilled and completion expects to take place in September 2012.

Treasury Policies

The Group continues to adhere to prudent treasury policies. The Group's overall financial and funding policies were aimed to control credit risk to lower the risk of credit sales, the liquidity risk to ensure that funds would be recovered on a timely basis to fulfill the requirement of debt repayment and to closely monitor the overall currency and interest rate exposures to minimize risks in their fluctuation. When considered appropriate the Group will hedge against currency exposure as well as interest rate exposure.

The Group did not use any derivative financial instruments to hedge for its risk exposure during the period ended 30th June 2012.

Foreign Exchange exposure

The sales and purchases of the Group during the period are mainly denominated in same currency of United States Dollars. Hence, the Group's exposure to foreign exchange risk arising from sales and purchases is expected to be minimal. The use of financial instruments for hedging purposes is not considered necessary.

Currency exposure arising from net assets of the foreign operations of the Group is managed primarily through financing denominated in the relevant foreign currencies. The Group did not use any derivative financial instruments to hedge for its foreign exchange risk exposure on net assets during the period ended 30th June 2012.

Contingent Liabilities

At the end of reporting period, the Company had not provided any guarantees in favour of any third party nor were there any significant contingent liabilities.

Significant Investment Held

The Group had not made any significant investment during the period ended 2012 and 2011.

PROSPECTS

Looking ahead, the turnover from supporting services for sweetener and ethanol business currently show a slight increase as compared to the same period last year and the momentum expects to improve when the orders of fertilizers start to deliver later this year.

For the recent development of ethanol biofuel project in Benin, agreement has been reached on the land zone for biofuel project with Benin Government and we are working with suppliers for the specification of plant and machinery and formal orders will place around fourth quarter of the 2012 and the construction of factory expect to finish and test run can start around the end of 2013.

Reference is made to capitalized terms defined in the announcement dated 3rd August 2012, after the end of the reporting period, the Company entered into the Joint Venture Agreement with COMPLANT and the Joyful Right Limited (the "**JV Company**") on 3rd August 2012, pursuant to which (i) the Company has conditionally agreed to purchase and COMPLANT has conditionally agreed to sell the Sale JV Company Shares after the issue and allotment of the New JV Company Shares to COMPLANT by the JV Company at par value, representing 70% of the equity interest in the JV Company after the issue and allotment of the New JV Company Shares to COMPLANT, for the Consideration of US$3,270,000 (approximately HK$25,375,000) which will be satisfied by the payment in cash to COMPLANT; and (ii) the Company and COMPLANT have undertaken to contribute capital amounting to US$88,760,000 (approximately HK$688,778,000) and US$38,040,000 (approximately HK$295,190,000) respectively into the JV Group by way of share capital and/or shareholders' loan, in the proportion of 70% and 30%. Upon completion, the Board considers that the Jamaica Sugar Industry Projects would allow the Group to expand its business into the Jamaican sugar industry, which in the Directors' opinion would be strategic beneficial to the Group by extending the width and depth of the existing business and would bring synergy to existing business.

EVENTS AFTER THE END OF INTERIM PERIOD

Except the Joint Venture Agreement dated 3rd August 2012 that mentioned in "**Prospects**" section, no other material events after the end of interim period.

CODE ON CORPORATE GOVERNANCE PRACTICES

Hong Kong Stock Exchanges and Clearing Limited has issued the amendments on Corporate Governance Code in Appendix 14 to the Main Board Listing Rules (the "**CG Code**") effective on 1st April 2012.

To fully comply with the new code provisions and, where applicable, the recommended best practices set out in the CG Code, relevant amendments and adoptions has been adopted by the Company on 1st April 2012.

The Company had complied with the Code on Corporate Governance Practices (effective until 31st March 2012) and the CG Code (effective from 1st April 2012) throughout the Period with the following major deviations:—

Code Provision A.2.1 and 2.4

Under the code provision A.2.1, the roles of chairman and chief executive officer (the "**CEO**") should be separate people and should not be performed by the same individual. The divisions of responsibilities between the chairman and CEO should be clearly established and set out in writing. Under the new code provision A.2.4, the chairman should provide leadership for the board. The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner.

The Company segregates the role of Chairman from the Managing Director who also assumes the responsibilities of chief executive officer. Mr. Shih Chian Fang was the Chairman of the Board till his resignation on 2nd August 2011 and Mr. Liaw Yuan Chian was the Managing Director till his resignation on 16th December 2010. The Company has not refilled these positions yet that calls for an exhaustive scrutiny in the selection. The Board considered the balance of power between the Board members and the balance of authority between the Board and the management have not been impaired after the resignation of Chairman of Board and the Managing Director, given that half of the Board members are independent non-executive and a clear division of responsibilities are in place for the running of the business of the Group. The Company remains structured to ensure appropriate segregation of duties so that power is not concentrated in any one individual.

Code Provision A.4.1

Under the code provision A.4.1, non-executive Directors should be appointed for a specific term, subject to re-election. None of the existing independent non-executive Directors (the "**INEDs**") of the Company is appointed for a specific term. This constitutes a deviation from the code provision A.4.1 during the period. However, one-third of the Directors (including executive and non-executive) are subject to retirement by rotation at each annual general meeting under the Company's articles of association (the "**Articles**"). As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Code Provision A.6.7

Under the new code provision A.6.7, independent non-executive directors and other non executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and development a balanced understanding of the views of shareholders. Due to other business commitment, Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei, INEDs of the Company, did not attend the annual general meeting held on 1st June 2012 and, which constitutes a deviation from the code provision A.6.7 during the period.

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the Board should attend the annual general meeting. The chairman of the independent board committee should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. As the office of chairman of Board is still vacant, no chairman of Board has attended the annual general meeting held on 1st June 2012. Due to other business engagements, Dr. Zheng Liu, the chairman of the independent board committee, did not attend the extraordinary general meeting held on 10th January 2012 for approving the continuing connected transactions, which constitutes a deviation from the code provision E.1.2 during the period.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee comprises three independent non-executive directors has held meetings to review with management the accounting principles and practices adopted by the Group and discussing internal controls and financial reporting matters including a review of the unaudited condensed interim financial statements for the six months ended 30th June 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules (the "**Model Code**"). Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of Hong Kong Exchange and Clearing Limited (www.hkexnews.hk) and the Company (http://www.irasia.com/listco/hk/hualien). The 2012 interim report of the Company will be despatched to the shareholders of the Company and will be available on both websites in due course.

By Order of the Board
Hu Yebi
Executive Director

Hong Kong, 30th August 2012

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.