THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to what action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hua Lien International (Holding) Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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 CONTINUING CONNECTED TRANSACTIONS IN RELATION TO 2012-2014 SUPPLY AND SERVICE AGREEMENTS

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Donvex 富域資本

Donvex Capital Limited
富域資本有限公司

Resolutions will be proposed at the EGM of Hua Lien International (Holding) Company Limited to be held at Dragon II, 2/F., The Kowloon Hotel, 19-21 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 10 January 2012 at 12:00 noon for the Independent Shareholders to consider and, if they think fit, approve the matters referred to in this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy enclosed with in this circular in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at Unit 2513A, 25th Floor, 113 Argyle Street, Mongkok, Kowloon, Hong Kong no later than 48 hours before the time for holding the EGM or any adjournment thereof. Completion and delivery of the enclosed form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish.

* *For identification purpose only*

21 December 2011

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In this circular, the following expressions have the meanings set out below unless the context requires otherwise.

"2012-2014 Supply and Service Agreements"	(i) the five 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 as well as Zheng Da respectively on 5 December 2011 in respect of the provision of E&M and service exclusively by SATT for an initial term of three years commencing from 1 January 2012; and (ii) a legally binding supply and service agreement entered into between China Complant and SATT on 5 December 2011 in respect of the provision of E&M and service by China Complant for an initial term of three years commencing from 1 January 2012 and Supply and Service Agreement mean one of these agreements
"2012-2014 Proposed Annual Caps"	a maximum aggregate annual value of the transaction contemplated under the 2012-2014 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 (中成馬達加斯加糖業股份有限公司), a company incorporated in Republic of Madagascar
"African Company 2"	COMPLANT Magbass Sugar Complex Company Limited (中成馬格巴斯糖業有限責任公司), a company incorporated in Republic of Sierra Leone
"African Company 3"	La Sucrerie de COMPLANT du Benin (中成貝寧糖業股份有限公司), a company incorporated in Republic of Benin
"African Company 4"	Sucrerie Cote Ouest de COMPLANT de Madagascar (中成馬達加斯加西海岸糖業股份有限公司), 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 20 February 2009 and 8 December 2010

"associate(s)"	has the meaning ascribed to it under the listing rules
"Benin PC"	a wholly-owned subsidiary company intended to be established by Zheng Da and based in Benin to engage in the Ethanol Biofuel Business and the trading in related products
"Board"	the board of directors of the Company
"Business Day"	any day from 9 am to 5 pm on which licensed banks are open in Hong Kong for general banking business, other than Saturdays, Sundays and public holidays in Hong Kong and days on which a tropical cyclone warning no. 8 or above or a black rainstorm warning signal is issued in Hong Kong at any time between 9 am and 5 pm
"BVI"	British Virgin Islands
"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
"Company"	Hua Lien International (Holding) Company Limited, 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）, a company incorporated in the Cayman Islands with limited liability and a substantial shareholder of the Company
"connected person"	has the meaning ascribed to it under the Listing Rules
"Continuing Connected Transactions"	the transactions contemplated under the 2012-2014 Supply and Service Agreements
"Director(s)"	director(s) of the Company
"E&M"	equipments, machineries, parts and raw materials with origin of source from the PRC, which include the chemicals, fertilizers, automobiles, steels, hardware materials and equipments, agricultural and industrial machineries as well as technical consulting and repairing services to be used for sugar cane/cassava, sugar/sweetener or ethanol and other related production

"EGM"	an extraordinary general meeting to be convened on Tuesday, 10 January 2012 at 12:00 noon by the Company to consider and, if thought fit, approve the Continuing Connected Transactions and the annual caps for the year 2012-2014 under the 2012-2014 Supply and Service Agreements
"Existing 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 and African Company 4 respectively on 15 December 2008 in respect of the provision of E&M and service exclusively by SATT for an initial term of three years commencing from 1 January 2009; and (ii) a legally binding supply and service agreement entered into between China Complant and SATT on 15 December 2008 in respect of the provision of E&M and service by China Complant for an initial term of three years commencing from 1 January 2009 and Supply and Service Agreement mean one of these agreements
"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 PRC
"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 2014 under the 2012-2014 Supply and Service Agreements
"Independent Financial Adviser"	Donvex Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) of the regulated activities under the SFO
"Independent Shareholders"	Shareholders other than COMPLANT and its associates

"Independent Third Party"	a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company
"Latest Practicable Date"	19 December 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"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 a wholly-owned subsidiary of the Company
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Future Ordinance Chapter 571 of the Laws of Hong Kong as amended and supplemented from time to time
"Share(s)"	the ordinary share(s) of HK$0.10 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)	substantial shareholder(s) of the Company, having the meanings ascribed to it in the Listing Rules
"US$"	United States dollars, the lawful currency of the United States of America
"Zheng Da"	Zheng Da Investments Limited (正達投資有限公司), a company incorporated under the law of BVI with limited liability and is 65% owned by the Company
"%"	Percentage

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)

Executive directors:
Mr. Han Hong
Mr. Xiao Longlong
Mr. Hu Yebi

Independent non-executive directors:
Dr. Zheng Liu
Mr. Yu Chi Jui
Ms. Li Xiao Wei

Principal place of business in Hong Kong:
Unit 2513A 25th Floor
113 Argyle Street
Mongkok
Kowloon
Hong Kong

Registered office:
P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

21 December 2011

To the Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO 2012-2014 SUPPLY AND SERVICE AGREEMENTS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 5 December 2011. The purpose of this circular is to provide the Independent Shareholders, among other things, (1) the information regarding the Continuing Connected Transactions under 2012-2014 Supply and Service Agreements; (2) the

* *For identification purpose only*

advice of the Independent Financial Adviser on the terms of the Continuing Connected Transactions; (3) the recommendations of the Independent Board Committee on the terms of the Continuing Connected Transactions; and (4) the notice of the EGM.

I. THE 2012-2014 SUPPLY AND SERVICES AGREEMENTS

1. Background

Reference is made to the announcement of the Company dated 16 December 2008 and the circular dated 23 January 2009 in relation to, among other things, the continuing connected transactions of the Company contemplated under (1) the Existing Supply and Service Agreements between SATT and African Companies and (2) the Existing Supply and Service Agreements between SATT and China Complant. At the extraordinary general meeting of the Company held on 20 February 2009, the Independent Shareholders approved, among other things, the above mentioned continuing connected transactions contemplated under the Existing Supply and Service agreement between SATT and African Companies and the Existing Supply and Service Agreement between SATT and China Complaint and their respective annual caps for the three financial years ending 31 December 2011.

Due to successive expansion of the business scale, the Company estimates that the existing annual caps for the year ending 31 December 2010 and 31 December 2011 will not be sufficient to satisfy the operational needs. Accordingly the Directors recommend that the existing annual caps in respect of Existing Supply and Services Agreements for the year ending 31 December 2010 and 31 December 2011 be increased with the terms and conditions of the Existing Supply and Service Agreements remaining effective and unchanged. All the resolutions set out in the notice of extraordinary general meeting of the Company set out in the circular dated 22 November 2010 were duly passed by way of poll at the extraordinary general meeting of the Company held 8 December 2010. The resolutions passed including among others the approval of the existing annual caps in respect of Existing Supply and Services Agreements for the year ending 31 December 2010 and 31 December 2011 to be increased.

The Approved Annual Caps for the Existing Supply and Service Agreement previously set for three years ending 31 December 2011 will expire on 31 December 2011 and in view of the transactions will continue on a recurring basis, SATT had entered into the 2012-2014 Supply and Service Agreement in accordance to Rule 14A.35(1) of the Listing Rules.

2. The 2012-2014 Supply and Services Agreements Between SATT and African Companies as well as Zheng Da

SATT had entered into the exclusive 2012-2014 New Supply Agreements each of the African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da (Zheng Da will assign this agreement to Benin PC once Benin PC is later incorporated) respectively, pursuant to which, each of them has agreed to order E&M and service exclusively from SATT for an initial term of three years commencing from 1 January 2012 in accordance with the following terms and conditions:

Date	5 December 2011
Parties	SATT; and African Company 1 SATT; and African Company 2 SATT; and African Company 3 SATT; and African Company 4 SATT; and Zheng Da
Terms:	Three years from 1 January 2012
Conditions precedent:	These agreements are all 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. The agreement with Zheng Da is further subject to and conditional upon China-Africa Xin Xing Investment Limited (an independent shareholder of Zheng Da under this agreement) having obtained the necessary consents and completed the approval procedures for the transaction contemplated by this agreement. If this condition is not satisfied or waived on or before 30 December 2011, the agreement with Zheng Da shall lapse.

Nature of transactions: The 2012-2014 Supply and Service Agreements are master agreements which set out the principles upon which the supply of E&M and service by SATT to the African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da are to be carried out.

Pursuant to the 2012-2014 Supply and Service Agreements, SATT will enter into definitive agreements with each of the African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da from time to time to provide for detailed terms of each single transaction in accordance with the principles set out in each of the 2012-2014 Supply and Service Agreements. Such detailed terms include but without limitation, prices, payment and settlement terms, quantities, qualities, delivery and inspection of products and other terms and conditions in relation to the provision of E&M and service required.

SATT and each of the African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da 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 the African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da shall be no less favourable to SATT than those offered by SATT to Independent Third Parties in the markets where each of the African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da are located.

Scope of services:	SATT will provide total procurement solution to African Companies and Zheng Da of E&M and service.
	Purchasing and supply management services
	International trade department of SATT currently with a team of 19 persons will handle the order consolidation of orders for E&M from four African Companies and Zheng Da for carrying out bulk purchase, negotiation with suppliers for price, quality, time, mode and place of delivery, quality control and inspection in the PRC supplier's factory and African Countries as well as the delivery planning in way of route planning, packing requirements and minimum delivery cost planning.
	Purchase execution and overseas shipment
	As explained in section of "Reasons for and benefits of continuation of existing connected transactions with China Complant under 2012-2014 Supply and Service Agreement", SATT will rely on China Complant to execute purchase contracts with its selected suppliers for orders of E&M supplying to African Companies and Zheng Da and handle the shipment to African Companies and Zheng Da after the delivery by suppliers to specified PRC ports.
	Technical consulting, training and repairing services
	Technical service department of SATT currently with a team of 10 persons, four of them are specialist in sugar engineering, will provide all kinds of technical consulting services in area of sugar cane/cassava plantation, sugar/sweetener or ethanol and other related production and they will also provide on-site training for complete plant project implementation and some repairing services to African Companies and Zheng Da.
	Administrative and accounting services
	Administration department of SATT currently with a team of 5 persons and accounting department of SATT currently with a team of 9 persons will assist the international trade department of SATT to provide the trade related backup services to African Companies and Zheng Da, like invoicing, international trade documents preparation and other appropriate market intelligence supports.
Basis of consideration:	The consideration in respect of the supplies is determined by reference to the market prices of similar E&M and service required.

The Directors (including independent non-executive Directors), are of the view that the terms of the transactions contemplated under the 2012-2014 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 2012-2014 Proposed Annual Caps with African Companies and Zheng Da

Set out below is a summary of the historical transactions amounts between SATT and African Companies, the Approved Annual Caps for the three years ending 31 December 2011 and the 2012-2014 Proposed Annual Caps in respect of the 2012-2014 Supply and Service Agreements with African Companies and Zheng Da for the three years ending 31 December 2014.

Historical transactions amounts for the year/period ending			Proposed Annual caps for the year ending		
31 December 2009	**31 December 2010**	**30 June 2011**	**31 December 2012**	**31 December 2013**	**31 December 2014**
US$19,784,000 (approximately HK$154,317,000)	US$26,380,000 (approximately HK$205,767,000)	US$10,185,000 (approximately HK$79,442,000)	U$$48,760,000 (approximately HK$380,328,000)	U$$49,960,000 (approximately HK$389,688,000))	U$$29,560,000 (approximately HK$230,568,000)

Approved Annual caps for the year ending		
31 December 2009	**31 December 2010**	**31 December 2011**
US$21,899,000 (approximately HK$170,812,000)	US$26,931,000 (approximately HK$210,062,000)	US$32,560,000 (approximately HK$253,968,000)

The 2012-2014 Proposed Annual Caps with African Companies and Zheng Da are determined with reference to a number of factors, including (i) the historical figures for the two years ended 31 December 2010 and for the six months ended 30 June 2011; (ii) the forecasted new ad-hoc orders from the African Company 1 of approximately US$10 million for the year ending 31 December 2012 and of another approximately US$10 million for the year ending 31 December 2013 for the large scale repairing and upgrading on its sugar production facilities when the new lease term of this sugar complex begins next year; and (iii) the forecasted increase in new ad-hoc orders from Zheng Da of approximately US$13 million for year ending 31 December 2012 and of approximately US$14 million for the year ending 31 December 2013 for the construction of the new ethanol biofuel plant in Benin. The 2014 proposed annual caps is lower than the proposed caps for 2012 and 2013 because the forecasted decrease in ad-hoc orders of approximately US$24 million resulting from the large-scale repairing and upgrading of African Company 1 and the construction of new ethanol biofuel plant of Zheng Da will have finished by 2013 but such decrease will partly offset by increase in yearly recurring order of consumables of approximately US$4 million from Zheng Da when the ethanol biofuel plant begins its full-scale production in 2014.

On the above basis, the Directors (including the independent non-executive Directors), are of the view that the 2012-2014 Proposed Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Reasons for and benefits of continuation of existing connected transactions with African Companies and new Continuing Connected Transactions with Zheng Da under 2012-2014 Supply and Service Agreements

Due to the historical connection and long-term cooperation relationship between the Group and African Companies, the Directors (including the independent non-executive Directors) considers 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 2012-2014 Supply and Service Agreements with African Companies, as the transactions with African Companies will help to maintain existing business scale and generate satisfactory cash flow for operation of the Group. As at the Latest Practicable Date, African Companies are the only four customers of the SATT. While, the new Continuing Connected Transactions with Zheng Da will widen SATT's customer base and enable SATT to supply Zheng Da with the necessary E&M and service in reasonable time and quality enabling the construction of the ethanol biofuel project to be completed on schedule. The terms offered by SATT to the African Companies and Zheng Da under the 2012-2014 Supply and Service Agreements will still be no less favourable to SATT than those offered by SATT to independent third parties in countries where African Companies and Zheng Da are located. This term has been or will continue to ensure the transactions between SATT and African Companies as well as future transactions with Zheng Da to be carried on normal commercial terms in such a way that African Companies and Zheng Da will compare the quotation from their local African or other oversea suppliers and they will only purchase through SATT when they determine the supply of E&M from SATT is at price similar to their independent suppliers whereas SATT will only provide E&M to African Companies or Zheng Da if their price is similar to the price SATT can alternatively sell to other customers (if any) in African Countries. Even SATT presently does not have other customers in African Countries but the final transaction prices between SATT and African Companies are both referring to quoted prices from local independent suppliers and adjust them with factors like bulk purchase, order in advance and difference in quality and the final transaction prices are similar to local supply prices and therefore this terms has been and will continue to govern the transactions between SATT and African Companies to be carried on normal commercial terms. As the selling prices of those E&M and service to African Companies are much higher than that in the PRC market due to limitation in supply there, the 2012-2014 Supply and Service Agreement will enable SATT to continue to achieve an "arbitrage" profit by selling the E&M and service at higher price to African Companies while African Companies and Zheng Da obtain their stable, adequate and quality supply at prices similar to their other independent suppliers.

The Directors (including the independent non-executive Directors) are of the view that (i) 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 under normal commercial terms (or better to the Group) or on terms not less favorable than those offered to Independent Third Parties under comparable market conditions, and (ii) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. The 2012-2014 Supply and Services Agreement Between SATT and China Complant

SATT had also entered into 2012-2014 supply and service agreement with China Complant, pursuant to which, China Complant has agreed to supply E&M and service to SATT so as to enable SATT to provide the same to African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da and other independent customers for an initial term of three years commencing from 1 January 2012. However, SATT is not obliged to source E&M and service exclusively from China Complant. SATT shall source E&M and service from China Complant only if (i) SATT and the African Companies as well as Zheng Da have entered into definitive agreement in respect of the supply of materials and services; (ii) the relevant E&M and service have to be sourced from the PRC; and (iii) China Complant is able to supply the relevant E&M and service to SATT within reasonable time in accordance with the supply and service agreement between SATT and China Complant.

The major terms and conditions of the Supply and Service Agreement are set out as below:

Date	5 December 2011
Parties	China Complant and SATT
Terms:	Three years from 1 January 2012
Conditions precedent:	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

Nature of transactions:	The 2012-2014 Supply and Service Agreement with China Complant is the master agreement which set out the principles upon which the supply of E&M and service by China Complant to SATT are to be carried out. Pursuant to the 2012-2014 Supply and Service Agreement with 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 2012-2014 Supply and Service agreement. Such detailed terms include but without limitation, prices, payment and settlement terms, quantities, qualities, delivery and inspection of products and other terms and conditions in relation to the provision of E&M and service required. 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.
Basis of consideration:	The consideration in respect of the supplies is determined by reference to the market prices of similar E&M and service required.

The 2012-2014 Proposed Annual Caps with China Complant

Set out below is a summary of the historical transactions amounts between SATT and China Complant, the Approved Annual Caps for the three years ending 31 December 2011 and the Proposed Annual Caps in respect of the 2012-2014 Supply and Service Agreement with China Complant for the three years ending 31 December 2014.

Historical transactions amounts for the year/period ending			Proposed Annual caps for the year ending		
31 December 2009	**31 December 2010**	**30 June 2011**	**31 December 2012**	**31 December 2013**	**31 December 2014**
US$8,381,000 (approximately HK$65,372,000)	US$14,533,000 (approximately HK$113,360,000)	US$5,013,000 (approximately HK$39,100,000)	US$35,550,000 (approximately HK$277,290,000)	US$36,550,000 (approximately HK$285,090,000)	US$19,550,000 (approximately HK$152,490,000)

Approved Annual caps for the year ending		
31 December 2009	**31 December 2010**	**31 December 2011**
US$13,140,000 (approximately HK$102,492,000)	US$16,722,000 (approximately HK$130,432,000)	US$22,048,000 (approximately HK$171,974,000)

The 2012-2014 Proposed Annual Caps with China Complant is determined with reference to a number of factors, including (i) the historical figures for the two years ended 31 December 2010 and for the six months ended 30 June 2011; (ii) the 2012-2014 Proposed Annual Caps between SATT and the African Companies as well as Zheng Da; (iii) the average normal historical gross profit margin that will be earned by SATT on yearly recurring orders (the latest figure of the gross margin as shown by the latest published unaudited interim financial statements for the six months ended 30 June 2011 of the Group was approximately 49%); and (iv) the forecasted gross margin that will be earned by SATT on ad-hoc orders of E&M and service for the large-scale repairing and upgrading project of African Company 1 and for the construction of new ethanol biofuel plant in Benin by Zheng Da (the gross profit margin on those ad-hoc orders is estimated to be approximately 20%).

The increase in proposed caps with China Complant for the year ending 31 December 2012 and 2013 is explained by the increase of forecasted purchase from China Complant of approximately US$8 million for each of year ending 31 December 2012 and 2013 to meet ad-hoc orders from African Company 1 for its large-scale repairing and upgrading for 2012 and 2013 and the approximately US$11 million and US$12 million increase in forecasted purchase from China Complant for 2012 and 2013 respectively to meets ad-hoc orders from Zheng Da for its construction of new ethanol biofuel plant in Benin. The decrease in 2014 proposed caps with China Complant comparing with that of 2012 and 2013 is due the forecasted decrease in ad-hoc orders of approximately US$20 million from African Company 1 and Zheng Da when the large-scale repairing and upgrading of African Company 1 and the construction work for new ethanol biofuel plant will have completed by 2013 and such decrease will partly offset by the increase in recurring order of consumables of approximately US$3 million when the new ethanol biofuel plant of Zheng Da begins full-scale production in 2014.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the above 2012-2014 Proposed Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Reasons for and benefits of continuation of existing connected transactions with China Complant under 2012-2014 Supply and Service Agreement

China Complant has been supplying, among other things, E&M and service to SATT for its supply in turn to African Companies since 1 January 2009. China Complant has been and is currently the supplier of all items of SATT, except for the automobiles that China Complant is not an authorized automobile dealer under Ministry of Commerce to carry out automobiles sale in the PRC. The Chinese automobiles sourcing will be under cash purchase directly between SATT and authorized automobile dealers which will directly arrange the automobiles from China to African Companies, however, this kind of direct purchase only represented approximately 2.4%, 6.3% and 3.5% of the total purchase respectively for the years ended 31 December 2009, 2010 and for the six months ended 30 June 2011. 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 2012-2014 Supply and Services 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 order execution and logistic supports. SATT will continue to provide the full range of value added services of purchasing and supply management to African Companies and to Zheng Da next year, in way of, among others, consolidation of purchase orders from different African Companies as well as Zheng Da, selection of appropriate suppliers in term of quality and production capacity, negotiation with suppliers for bulk purchase discount and appropriate delivery schedule as well as on-site quality inspection in the PRC and African Countries. But in consideration of (i) tax planning; (ii) credit standing, long history and expertise that enable China Complant to obtain the best trading terms for supply to SATT and (iii) China Complant with its own leading international freight forwarder can guarantee SATT's shipment to African Companies all the year round, SATT therefore does not set up a permanent business establishment in China to conduct direct purchasing and exporting activities and SATT needs to continue current practice under 2012-2014 Supply and Service Agreement to rely on China Complant to provide SATT with the necessary purchasing support by executing the purchase orders of SATT with its selected suppliers and exporting those E&M to African Companies and Zheng Da in accordance to shipment instructions from SATT. The 2012-2014 Supply and Service Agreement will continue to govern the trading terms offered by China Complant to SATT shall be no less favourable to SATT than those offered by China Complant to other Independent Third Parties and will make sure the transactions between SATT and China Complant to be on normal commercial terms in way that China Complant will supply E&M and service to SATT at price no higher than it obtained from its independent suppliers (the reason is that PRC market is transparent and competitive, China Complant can only sell at its purchase price if the same items go to other customers because the other independent customers can go directly with the suppliers to transact at similar purchase price of China Complant) and the export freight charged by China Complant to SATT is no higher than it will charge to other independent customers. Overall, the 2012-2014 Supply and Service Agreement will govern that China Complant will only achieve a thin profit mainly in area of exporting service extended to SATT and the 2012-2014 Supply and Service Agreement with China Complant will be beneficial to SATT.

All the existing continuing connected transactions and transactions under 2012-2014 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 under normal commercial terms (or better to the Group) or on terms not less favorable than those obtained from Independent Third Parties under comparable market conditions, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the 2012-2014 Proposed Annual Caps 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 2012-2014 Supply and Service Agreement with China Complant.

II. INFORMATION ON THE PARTIES

1. Information on the Group

The Group is principally engaged in provision of supporting services to sweetener and ethanol business.

2. Information on 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, is a wholly-owned subsidiary of State Development & Investment Corp.（國家開發投資公司）, and owns 70% equity interest in the COMPLANT. China Complant, one of the PRC central-government enterprises, is a comprehensive foreign trade conglomerate mainly engaging in import and export of complete plant and technology, general contracting, leasehold management and the relevant services.

3. Information on COMPLANT

COMPLANT is owned as to 70% by China Complant and as to 30% by Africa-Asia Investment Limited. It is a Substantial Shareholder holding 21.56% of the issued share capital of the Company. COMPLANT, through its subsidiaries, is principally engaged in sugar cane planting and production of sugar products and ethanol in Africa and Jamaica.

4. Information on African Company 1; African Company 2; African Company 3 and African Company 4 as well as Zheng Da

4.1 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.

4.2 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.

4.3 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.

4.4 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 Zheng Da is a company incorporated in BVI and its issued share capital is owned 65% by River Right Limited (a wholly-owned subsidiary of the Company), 25% owned by China-Africa Xin Xing Investment Limited (a wholly-owned subsidiary of the China-Africa Development Fund) and 10% by COMPLANT as vehicle to establish Benin PC in Benin to engage in the ethanol biofuel business and the trading of related products.

III. LISTING RULES IMPLICATION

1. Based on the reasons that:

1.1 the African Companies, Zheng Da 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, Zheng Da is owned 10% by COMPLANT and China Complant is the company holding 70% of the entire issued capital of COMPLANT;

1.2 COMPLANT is a connected person of the Company by virtue of being a substantial shareholder currently holding 300,000,000 Shares, which represent approximately 21.56% of the existing issued share capital of the Company as at the Latest Practicable Date; and

1.3 SATT is an indirect wholly-owned subsidiary of the Company;

the African Companies, Zheng Da and China Complant are connected persons of the Company and the 2012-2014 Supply and Service Agreements constitute Continuing Connected Transactions for the Company.

2. The 2012-2014 Supply and Service Agreements

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 2012-2014 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 2014, the 2012-2014 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 non-exempt Continuing Connected Transactions, the Company must re-comply with rules 14A.35(3) and (4) if the annual caps are exceeded, namely the reporting, announcement and Independent Shareholders' approval requirements.

IV. VOTES OF DIRECTORS AND CONNECTED PERSONS

Mr. Xiao Longlong and Mr. Han Hong are Directors and are therefore controllers under rule 14A.10 of the Listing Rules. Mr. Xiao Longlong is a director of COMPLANT, while Mr. Han Hong is the deputy general manager of COMPLANT. By virtue of such relationships with COMPLANT, Mr. Xiao Longlong and Mr. Han Hong are considered to have a material interest in the Continuing Connected Transactions. Pursuant to Rule 14A.59(18) of the Listing Rules and to the Company's memorandum and articles of association, Mr. Xiao Longlong and Mr. Han Hong abstained from voting on the resolutions approving the Continuing Connected Transactions.

Save as disclosed above, no other Director has material interests in the Continuing Connected Transactions disclosed herein.

COMPLANT is a connected person of the Company with material interest in the Continuing Connected Transactions. COMPLANT has control or is entitled to exercise control over the voting rights in respect of its Shares and will abstain from voting at the EGM.

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Continuing Connected Transactions and 2012-2014 Proposed Annual Caps. The Company has appointed Donvex Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of Continuing Connected Transactions and 2012-2014 Proposed Annual Caps.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save and except COMPLANT, no other Shareholder is required to abstain from voting on the resolution in relation to the Continuing Connected Transactions and 2012-2014 Proposed Annual Caps to be approved at the EGM.

V. THE EGM

A notice convening the EGM to be held at Dragon II, 2/F., The Kowloon Hotel, 19-21 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 10 January 2012 at 12:00 noon is set out on pages 46 to 47 of this circular for the purpose of considering and, if thought fit, passing the resolution set out therein.

You will find enclosed a form of proxy for use at the EGM. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the principal place of business of the Company in Hong Kong at Unit 2513A, 25th Floor, 113 Argyle Street, Mongkok, Kowloon, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, should you so wish.

Under the Listing Rules, the connected persons of the Company with a material interest in the transaction and any Shareholder with a material interest in the transaction and its associates, will be required to abstain from voting on the resolution approving the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2014 under the 2012-2014 Supply and Service Agreements at the EGM. COMPLANT holding approximately 21.56% of the issued shares of the Company will abstain from voting on the resolutions approving the Continuing Connected Transactions under 2012-2014 Supply and Service Agreements at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Independent Shareholders at the EGM will be taken by poll and the Company will announce the results of the poll by issuing formal announcement in accordance with the Listing Rules.

VI. RECOMMENDATION

The Directors (including the Independent non-executive Directors) consider that the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2014 under the 2012-2014 Supply and Service Agreements are in the interests of the Group and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the relevant resolutions in respect of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2014 under the 2012-2014 Supply and Service Agreements to be proposed at the EGM.

VII. FURTHER INFORMATION

Your attention is drawn to (1) the letter from the Independent Board Committee as set out on pages 20 to 21 to this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2014 under the 2012-2014 Supply and Service Agreements; (2) the letter from the Independent Financial Adviser as set on pages 22 to 41 to this circular which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2014 under the 2012-2014 Supply and Service Agreements; and (3) additional general information as set out in appendix to this circular.

You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser mentioned above before deciding as to how to vote at the EGM in respect of the Continuing Connected Transactions under the 2012-2014 Supply and Service Agreements.

Yours faithfully,
By Order of the Board
Hua Lien International (Holding) Company Limited
Hu Yebi
Executive Director

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)

Executive directors:
Mr. Han Hong
Mr. Xiao Longlong
Mr. Hu Yebi

Independent non-executive directors:
Dr. Zheng Liu
Mr. Yu Chi Jui
Ms. Li Xiao Wei

Principal place of business in Hong Kong:
Unit 2513A 25th Floor
113 Argyle Street
Mongkok
Kowloon
Hong Kong

Registered office:
P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

21 December 2011

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular (the "Circular") dated 21 December 2011 despatched to the Shareholders of which this letter forms a part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings in this letter.

We have been appointed to advise the Independent Shareholders on whether the proposed terms of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2014 under the 2012-2014 Supply and Service Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Donvex Capital Limited has been appointed to advise the Independent Board Committee and Independent Shareholders in respect of the abovementioned matters.

* *For identification purpose only*

We wish to draw your attention to the letter from the Board set out on pages 5 to 19 of the Circular and the letter from Donvex Capital Limited set out on pages 22 to 41 of the Circular.

Having considered the advice given by Donvex Capital Limited, we are of the opinion that, so far as the Independent Shareholders are concerned, the proposed terms of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2014 under the 2012-2014 Supply and Service Agreements are in the ordinary and usual course of business of the Group and on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully,
Independent Board Committee of
Hua Lien International (Holding) Company Limited
Dr. Zheng Liu
Mr. Yu Chi Jui
Ms. Li Xiao Wei

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

Donvex
富域資本
Donvex Capital Limited
富域資本有限公司

Unit 1305, 13th Floor,
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

21 December 2011

The Independent Board Committee and the Independent Shareholders of
Hua Lien International (Holding) Company Limited

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTION IN RELATION TO 2012-2014 SUPPLY AND SERVICE AGREEMENTS

I. INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2014 under the 2012-2014 Supply and Service Agreements, details of which are set out in the letter from the Board contained in the circular of the Company dated 21 December 2011 to the Shareholders (the "Circular"), of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

Based on the reasons that:

(i) the African Companies, Zheng Da 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, Zheng Da is owned by 10% 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 21.56% of the existing issued share capital of the Company; and

(iii) SATT is an indirect wholly-owned subsidiary of the Company;

the African Companies, Zheng Da and China Complant are connected persons of the Company, the 2012-2014 Supply and Service Agreements constitute Continuing Connected Transactions of 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 2012-2014 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 2014, the 2012-2014 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 Rule. As non-exempt Continuing Connected Transactions, the Company must re-comply with Rules 14A.35(3) and (4) if the annual caps are exceeded, namely the reporting, announcement and Independent Shareholders' approval requirements.

II. THE INDEPENDENT BOARD COMMITTEE

Doctor Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei, the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether the 2012-2014 Supply and Service Agreements together with the proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of Independent Shareholders as a whole; and to advise the Independent Shareholders as to whether to vote in favour of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2014 under the 2012-2014 Supply and Service Agreements.

Donvex Capital Limited is independent of and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give an independent advice in respect of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2014 under the 2012-2014 Supply and Service Agreements.

III. BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the information and representations supplied, and the opinion expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and continue as such at the date of the EGM. The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular. The Directors also confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We have no reasons to suspect that any material information has been withheld by the Directors or the management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any independent investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

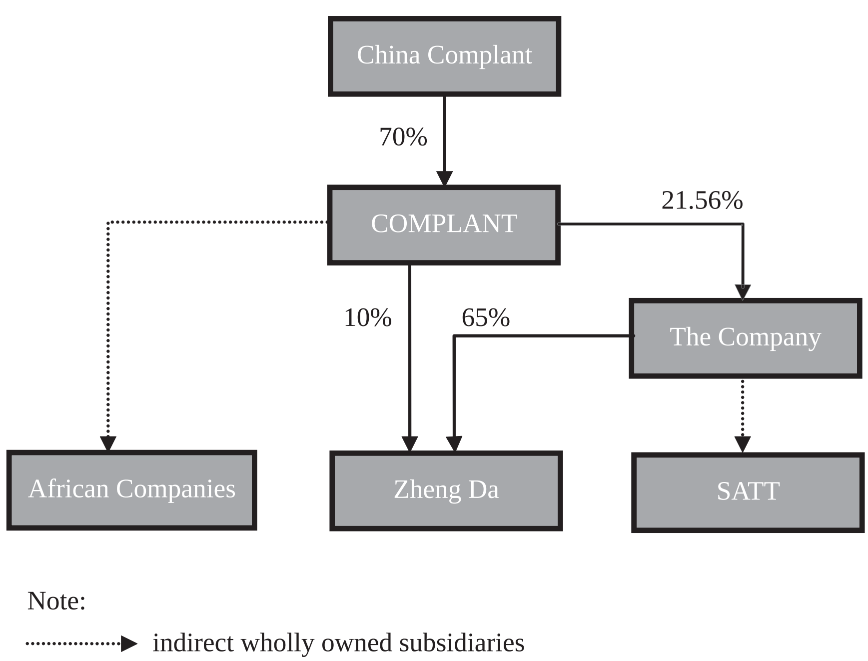
This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the 2012-2014 Supply and Service Agreements and the proposed annual caps and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Continuing Connected Transactions and the proposed annual caps, we have considered the following principal factors and reasons:

1. Background of the 2012-2014 Supply and Service Agreements and the Proposed Annual Caps

The following diagram below illustrates the corporate structure among the Company and COMPLANT, China Complant, SATT and the African Companies as well as Zheng Da:



The diagram may not represent the exhaustive shareholding structure of the Company and COMPLANT, China Complant, SATT and the African Companies as well as Zheng Da.

Information of the Group

The Group is principally engaged in the provision of supporting services to sweetener and ethanol business.

Information of China Complant

China National Complete Plant Import & Export Corporation (Group) ("China Complant") (中國成套設備進出口(集團)總公司), a state-owned company incorporated in the PRC, is a wholly-owned subsidiary of the State Development & Investment Corp. (國家開發投資公司), and owns 70% equity interest in the COMPLANT. China Complant, one of the PRC central-government enterprises, is a comprehensive foreign trade conglomerate mainly engaging in import and export of complete plant and technology, general contracting, leasehold management and the relevant services.

In accordance with the website of China Complant (http://www.complant.com/ejituan1.htm), China Complant is responsible for organizing and implementing China-aided projects in foreign countries. China Complant has also established good relations, through economic and technical cooperation, with government bodies and industrial and commercial circles in more than 100 countries and regions, and accomplished a large number of various complete plant projects while winning widespread praise. Based on the business relations between China and Africa, according to the China Africa Forum (www.focac.org/chn/), the extent of co-operations between China and Africa is showing an increasing trend. As such, it is reasonable to believe that the business of China Complant will be benefited from the stably growing trading business between China and Africa.

Information of COMPLANT

COMPLANT is owned as to 70% by China Complant and as to 30% by Africa-Asia Investment Limited. It is a Substantial Shareholder holding 21.56% of the issued share capital of the Company. COMPLANT, through its subsidiaries, is principally engaged in sugar cane planting and production of sugar products and ethanol in Africa and Jamaica.

Information of African Company 1; African Company 2; African Company 3 and African Company 4

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.

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.

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.

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.

Information of Zheng Da

Zheng Da is a company incorporated in BVI and its issued share capital is owned 65% by River Right Limited (a wholly-owned subsidiary of the Company), 25% owned by China-African Xin Xing Investment Limited (a wholly-owned subsidiary of China-Africa Development Fund) and 10% by COMPLANT as vehicle to establish Benin PC in Benin to engage in the Ethanol Biofuel Business and the trading of related products.

Information of SATT

SATT is engaged in the provision of supporting services to the African Company 1, African Company 2, African Company 3 and African Company 4 and other companies in respect of sweetener business including, but not limited to, (i) facilities, raw materials and goods supply services; (ii) management and technical staff; (iii) related consulting services on construction and contract manufacturing services.

Reference is made to the announcement and circular of the Company dated 16 December 2008 and 23 January 2009 respectively in relation to, among other things, the continuing connected transactions of the Company contemplated under (1) the Existing Supply and Service Agreements between SATT and African Companies and (2) the Existing Supply and Service Agreements between SATT and China Complant. At the extraordinary general meeting of the Company held on 20 February 2009, the Independent Shareholders approved, among other things, the above-mentioned continuing connected transactions contemplated under the Existing Supply and Service Agreements between SATT and African Companies and the Existing Supply and Service Agreements between SATT and China Complant and their respective annual caps for the three financial years ending December 2011.

Given that (i) the Existing annual caps for the year ending 31 December 2010 and 31 December 2011 will be insufficient to satisfy the operational needs as a result of the increasing business activities and extent of cooperation between China and Africa; (ii) the successive expansion of the business scale; and (iii) the Existing Supply and Service Agreement will be expired for the year ending 31 December 2011, the following agreements have been entered into by the Group:

The 2012-2014 Supply and Service Agreements between SATT and African Companies as well as Zheng Da

SATT had entered into the exclusive 2012-2014 Supply and Service Agreements with each of the African Company 1, African Company 2, African Company 3 and African Company 4 respectively as well as Zheng Da (Zheng Da will assign this agreement to Benin PC once Benin PC is later incorporated), pursuant to which each of them has agreed to order E&M and service exclusively from SATT for an initial term of three years commencing from 1 January 2012.

The 2012-2014 Supply and Services Agreement between SATT and China Complant

SATT had also entered into the 2102-2014 Supply and Service Agreement with China Complant, pursuant to which, China Complant has agreed to supply E&M and service to SATT so as to enable SATT to provide the same to African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da and other independent customers for an initial term of three years commencing from 1 January 2012. However, SATT is not obliged to source E&M and service exclusively from China Complant. SATT shall source E&M and service from China Complant only if (i) SATT and the African Companies as well as Zheng Da have entered into definitive agreements 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 service to SATT within reasonable time in accordance with the supply and service agreement between SATT and China Complant.

2. Reasons for and benefits of continuation of existing connected transactions with African Companies and new Continuing Connected Transactions with Zheng Da under 2012-2014 Supply and Service Agreements

Due to the historical connection and long-term cooperation relationship between the Group and African Companies, the Directors considers 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 2012-2014 Supply and Service Agreements with African Companies, as the transactions with African Companies will help to maintain existing business scale and generate satisfactory cash flow for operation of the Group. As at the Latest Practicable Date, African Companies are the only four customers of the SATT.

While, the new Continuing Connected Transactions with Zheng Da will widen SATT's customer base and enable SATT to supply Zheng Da with the necessary E&M and service in reasonable time and quality enabling the construction of the Biofuel project to be completed on schedule.

The terms offered by SATT to the African Companies and Zheng Da under the 2012-2014 Supply and Service Agreements will still be no less favourable to SATT than those offered by SATT to independent third parties in countries where African Companies and Zheng Da are located. This term has been or will continue to ensure the transactions between SATT and African Companies as well as future transactions with Zheng Da to be carried on normal commercial terms in such a way that African Companies and Zheng Da will compare the quotation from their local African or other oversea suppliers and they will only purchase through SATT when they determine the supply of E&M from SATT is at price similar to their independent suppliers whereas SATT will only provide E&M to African Companies or Zheng Da if their price is similar to the price SATT can alternatively sell to other customers (if any) in African Countries. Even SATT presently does not have other customers in African Countries but the final transaction prices between SATT and African Companies are both referring to quoted prices from local independent suppliers and adjust them with factors like bulk purchase, order in advance and difference in quality and the final transaction prices are similar to local supply prices and therefore this terms has been and will continue to govern the transactions between SATT and African Companies to be carried on normal commercial terms. As the selling prices of those E&M and service to African Companies are much higher than that in the PRC market due to limitation in supply there, the 2012-2014 Supply and Service Agreement will enable SATT to continue to achieve an "arbitrage" profit by selling the E&M and service at higher price to African Companies while African Companies and Zheng Da obtain their stable, adequate and quality supply at prices similar to their other independent suppliers.

The Directors are of the view that (i) 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 under normal commercial terms (or better to the Group) or on terms not less favorable than those offered to Independent Third Parties under comparable market conditions, and (ii) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. Reasons for and benefits of continuation of existing connected transactions with China Complant under 2012-2014 Supply and Service Agreement

China Complant has been supplying, among other things, E&M and service to SATT for its supply in turn to African Companies since 1 January 2009. China Complant has been and is currently the supplier of all items of SATT, except for the automobiles that China Complant is not an authorized automobile dealer under Ministry of Commerce to carry out automobiles sale in the PRC. The Chinese automobiles sourcing will be under cash purchase directly between SATT and authorized automobile dealers which will directly arrange the automobiles from China to African Companies, however, this kind of direct purchase only represented approximately 2.4%, 6.3% and 3.5% of the total purchase respectively for the years ended 31 December 2009, 2010 and for the six months ended 30 June 2011. 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 2012-2014 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 order execution and logistic supports.

SATT will continue to provide the full range of value added services of purchasing and supply management to African Companies and to Zheng Da next year, in way of, among others, consolidation of purchase orders from different African Companies as well as Zheng Da, selection of appropriate suppliers in term of quality and production capacity, negotiation with suppliers for bulk purchase discount and appropriate delivery schedule as well as on-site quality inspection in the PRC and African Countries. But in consideration of (i) tax planning; (ii) credit standing, long history and expertise that enable China Complant to obtain the best trading terms for supply to SATT and (iii) China Complant with its own leading international freight forwarder can guarantee SATT's shipment to African Companies all the year round, SATT therefore does not set up a permanent business establishment in China to conduct direct purchasing and exporting activities and SATT needs to continue current practice under 2012-2014 Supply and Service Agreement to reply on China Complant to provide SATT with the necessary purchasing support by executing the purchase orders of SATT with its selected suppliers and exporting those E&M to African Companies and Zheng Da in accordance to shipment instructions from SATT. The 2012-2014 Supply and Service Agreement will continue to govern the trading terms offered by China Complant to SATT shall be no less favourable to SATT than those offered by China Complant to other Independent Third Parties and will make sure the transactions between SATT and China Complant to be on normal commercial terms in way that China Complant will supply E&M and service to SATT at price no higher than it obtained from its independent suppliers (the reason is that PRC market is transparent and competitive, China Complant can only sell at its purchase price if the same items go to other customers because the other independent customers can go directly with the suppliers to transact at similar purchase price of China Complant) and the export freight charged by China Complant to SATT is no higher than it will charge to other independent customers. Overall, the 2012-2014 Supply and Service Agreement will govern that China Complant will only achieve a thin profit mainly in area of exporting service extended to SATT and the 2012-2014 Supply and Service Agreement with China Complant will be beneficial to SATT.

All the existing continuing connected transactions and transactions under 2012-2014 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 under normal commercial terms (or better to the Group) or on terms not less favorable than those obtained from Independent Third Parties under comparable market conditions, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the 2012-2014 proposed annual caps are fair and reasonable. Therefore, the Directors consider that it is beneficial to continue the Continuing Connected Transactions by way of entering into the 2012-2014 Supply and Service Agreement with China Complant.

Taking into account of the above-mentioned and (i) the principal business of the Group; (ii) the Continuing Connected Transactions are of the type that are entered into in the ordinary and usual course of business of the Group and expected to be a recurring basis and bring benefits to the Group; (iii) the 2012-2014 Supply and Service Agreements is a renewal of the Existing Supply and Service Agreements with an intention to ensure continuation of the existing business transactions between SATT and African Companies and the existing business transactions between SATT and China Complant; and (iv) the entering of 2012-2014 Supply and Service Agreement between SATT and Zheng Da enables to widen SATT's customer base, we concur with the view of the Directors that the entering of the 2012-2014 Supply and Service Agreements is in the interests of the Company and the Shareholders as a whole.

4. Basis of determination

The 2012-2014 Supply and Service Agreements are master agreements which set out the principles upon which (i) the supply of E&M and service by SATT to each of the African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da are to be carried out; and (ii) the supply of E&M and service by China Complant to SATT are to be carried out.

Principal terms of the 2012-2014 Supply and Service Agreements between SATT and each of the African Companies as well as Zheng Da

As stated in the Letter from the Board, SATT had entered into the exclusive 2012-2014 New Supply Agreement with each of the African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da (Zheng Da will assign this agreement to Benin PC once Benin PC is later incorporated) have agreed to order E&M and service exclusively from SATT for an initial term of three years commencing from 1 January 2012. SATT will provide a total procurement solution to African Companies and Zheng Da of E&M and service which covered the following aspects:

Purchasing and supply management services

International trade department of SATT currently with a team of 19 persons will handle the order consolidation of orders for E&M from four African Companies and Zheng Da for carrying out bulk purchase, negotiation with suppliers for price, quality, time, mode and place of delivery, quality control and inspection in the PRC supplier's factory and African Countries as well as the delivery planning in way of route planning, packing requirements and minimum delivery cost planning.

Purchase execution and overseas shipment

As explained in section of "Reasons for and benefits of continuation of existing connected transactions with China Complant under 2012-2014 Supply and Service Agreement", SATT will rely on China Complant to execute purchase contracts with its selected suppliers for orders of E&M supplying to African Companies and Zheng Da and handle the shipment to African Companies and Zheng Da after the delivery by suppliers to specified PRC ports.

Technical consulting, training and repairing services

Technical service department of SATT currently with a team of 10 persons, four of them are specialist in sugar engineering, will provide all kinds of technical consulting services in area of sugar cane/cassava plantation, sugar/ sweetener or ethanol and other related production and they will also provide on-site training for complete plant project implementation and some repairing services to African Companies and Zheng Da.

Administrative and accounting services

Administration department of SATT currently with a team of 5 persons and accounting department of SATT currently with a team of 9 persons will assist the international trade department of SATT to provide the trade related backup services to African Companies and Zheng Da, like invoicing, international trade documents preparation and other appropriate market intelligence supports.

Pursuant to the 2012-2014 Supply and Service Agreements, SATT will enter into definitive agreements with each of the African Company 1, African Company 2, African Company 3 and African 4 as well as Zheng Da from time to time to provide for detailed terms of each single transaction in accordance with the principles set out in each of the 2012-2014 Supply and Service Agreements. Such detailed terms include but without limitation, prices, payment and settlement terms, quantities, qualities, delivery and inspection of products and other terms and conditions in relation to the provision of E&M and service required.

SATT and each of the African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da 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 the African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da shall be no less than favorable to SATT than those offered by SATT to Independent Third Parties in the markets where each of the African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da are located. The consideration in respect of the suppliers is determined by reference to the market prices of similar E&M and service required.

Principal terms of the 2012-2014 Supply and Service Agreement between SATT and China Complant

China Complant had entered into 2012-2014 Supply and Service Agreement, pursuant to which China Complant has agreed to supply E&M and service to SATT so as to enable SATT to provide the same to African Company 1, African Company 2, African Company 3 and African Company 4 as well as Zheng Da and other independent customers for an initial term of three years commencing from 1 January 2012. However, SATT is not obliged to source E&M and service exclusively from China Complant. SATT shall source E&M and service from China Complant only if (i) SATT and the African Companies as well as Zheng DA have entered into definitive agreement in respect of the supply of E&M and service; (ii) the relevant E&M and service have to be sourced from the PRC; and (iii) China Complant is able to supply the relevant E&M and service to SATT within reasonable time in accordance with the supply and service agreement between SATT and China Complant.

Pursuant to the 2012-2014 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 2012-2014 Supply and Service agreement. Such detailed terms include but without limitation, prices, payment and settlement terms, quantities, qualities, delivery and inspection of products and other terms and conditions in relation to the provision of E&M and service required.

China Complant and SATT 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. China Complant has also supplied the E&M and services of similar nature to other independent third parties. 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. The consideration in respect of the supplies is determined by reference to the market prices of similar E&M and service required.

To assess the fairness and reasonableness of the terms of the 2012-2014 Supply and Service Agreements, we have discussed with the management of the Company regarding the internal procedures on the determination of terms in accordance with the principles set out in each of (i) the 2012-2014 Supply and Service Agreements entered between SATT and the African Companies as well as Zheng Da; and (ii) the 2012-2014 Supply and Service Agreement entered into between SATT and China Complant.

Pricing Policy for 2012-2014 Supply and Service Agreements between SATT and the African Companies as well as Zheng Da

The management of the Company confirmed the following pricing policies:

(i) Each of the African Companies will ask for quotations from independent suppliers in Africa for the E&M and service with similar nature and quality, pursuant to the 2012-2014 Supply and Service Agreements and compare with the quotations offered by SATT in order to ascertain the prices offered by SATT are fair; and

(ii) Zheng Da will compare the prices of E&M and service of similar nature and quality quoted by SATT with the quotations from independent suppliers where Zheng Da is located in order to ascertain the pricing terms are fair.

The management of the Company further confirmed that:

(i) The historical prices quoted by SATT to African Companies are no less favorable to SATT than the prices quoted by independent suppliers in general;

(ii) The historical prices quoted by SATT are with reference to the market prices quoted to independent customers where the African Companies located; and

(iii) Pursuant to the Existing Supply and Service Agreements, the African Companies have been continuously purchased from SATT since January 2009 given that the prices offered by SATT are relatively competitive though the prices offered by SATT are similar to the prices offered by local independent suppliers in terms of (i) the comprehensive logistics and support services provided by SATT through China Complant's own international freight forwarder which are not available from the local independent suppliers, (ii) the stable delivery of E&M and service from SATT that has been backed-up by the Existing Supply and Service Agreement previously entered between SATT and China Complant, and (iii) the acceptance of bulk purchase orders and other requests by SATT while such requests are less preferred by the local independent suppliers.

The management of the Company advised that the aforesaid internal procedures will be continuously and strictly executed for the 2012-2014 Supply and Service Agreements between SATT and the African Companies as well as Zheng Da in order to ascertain the pricing terms are fair and of normal commercial basis.

We have also reviewed the price list provided by the management of the Company and notice that the prices quoted by SATT are no less favourable to SATT than the prices quoted by independent suppliers in general. We were also advised by the management of the Company that the prices quoted by SATT are with reference to the market prices quoted to independent customers where the African Companies as well as Zheng Da are located. In this regard, based on (i) the pricings offered by SATT to the African Companies as well as Zheng Da are with reference to the market prices offered to the independent customers, (ii) the pricings offered by SATT are no less favourable to SATT than those offered to independent customers and (iii) the historical price terms offered by SATT to the African Companies are fair, we are of the view that the terms of 2012-2014 Supply and Service Agreements between SATT and the African Companies as well as Zheng Da are fair and of normal commercial basis.

Pricing Policy for 2012-2014 Supply and Service Agreement between SATT and China Complant

As advised by the management of the Company, SATT regularly reviews pricing from both China Complant and other independent suppliers. SATT compared price quotations on sugar manufacturing machineries, raw materials with similar nature and quality obtained from different suppliers at first. These quotations are then compared with the principles set out in the Existing Supply and Service Agreement between SATT and China Complant. In addition, we are advised by the management that SATT will, from time to time, make counter quotation in order to ensure the pricing is fair and reasonable. SATT will place orders with China Complant only when the quotations submitted by China Complant are (i) in accordance with the principles set out in the 2012-2014 Supply and Service Agreement between SATT and China Complant and (ii) fair and reasonable as compared to those of the independent suppliers. We have reviewed the price quotations obtained by SATT from independent suppliers and compared the same to the price quotations offered by China Complant to SATT and we noted that the pricing terms of E&M offered by China Complant to SATT are not less favorable to SATT than the price quotations of E&M with similar nature obtained by SATT from independent suppliers.

As confirmed by the management of the Company, SATT only sourced the E&M and Service, as prescribed under the Existing Supply and Service Agreements with China Complant since January 2009 and the amounts of purchase of other E&M and service from other independent parties only represented approximately 2.4%, 6.3% and 3.5% of the total purchase of raw materials respectively for the years ended 31 December 2009, 2010 and for the six months ended 30 June 2011. In this regard, we have requested and reviewed the sample sale documents (i.e. invoices and purchase orders) regarding the E&M and Service obtained (i) by China Complant from the Independent Third Parties; and (ii) by SATT from China Complant with respect to the terms of each transaction and we noticed that the pricing terms offered to SATT from China Complant are similar to those offered to China Complant from other Independent Third Parties.

As advised by the management of the Company, the historical pricings of E&M and Service provided by China Complant to SATT are no less favourable to SATT than the pricings provided to China Complant by independent suppliers in light that China Complant only placed orders on behalf of SATT upon its request without charging any additional costs on the E&M requested by SATT. The reason as to why China Complant does not mark up on the cost of the E&M is due to the fact that all sourcing, logistics functions and after-sale services were handled by SATT itself by its own sale representatives. However, being a normal commercial business transaction, China Complant has charged SATT the delivery services it provided to SATT by way of freight charges, which is consistent with the normal business transactions between China Complant and other independent customers. We have reviewed the sample invoices issued by China Complant to SATT and noted that the freight charges are included in the total amounts charged to SATT. SATT elects not to purchase directly from those independent suppliers of China Complant as SATT elects not to have the permanent business establishment in China to conduct purchasing and exporting business, considering the tax planning and Existing supply and service agreement with China Complant. The orders are initiated by China Complant on behalf of SATT while all the relevant sourcing functions, including but not limited to obtain price quotations from independent suppliers are handled by SATT itself by its own purchase staff. As such, the E&M offered to China Complant from independent suppliers only represented the E&M initiated by China Complant on behalf of SATT.

Given that (i) the pricing terms offered to SATT by China Complant are no less favourable to SATT than those offered to China Complant by other Independent Third Parties as the orders are actually initiated by China Complant on behalf of SATT; (ii) China Complant has charged the markups for the delivery services it provided to SATT by way of freight charges, which is consistent with its commercial practice with other independent suppliers; and (iii) the pricing terms offered to SATT from China Complant are on normal commercial terms, we consider that the pricing bases and the terms of the 2012-2014 Supply and Service Agreements are fair and reasonable.

Views

Based on the foregoing, we concur with the Directors' view that the terms of the 2012-2014 Supply and Service Agreements are (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Group and the Shareholders as a whole.

5. Other Major Terms of the 2012-2014 Supply and Service Agreements

We have reviewed the other major terms of the 2012-2014 Supply and Service agreements and are not aware of any terms which are exceptional to normal market practice.

In light of the foregoing, we are of the opinion that the terms of the 2012-2014 Supply and Service Agreements are fair and reasonable so far as the Independent Shareholders are concerned, on normal commercial terms and in the interests of the Independent Shareholders as a whole.

6. The Proposed Annual Caps

Proposed annual caps of the 2012-2014 Supply and Service Agreements between SATT and African Companies as well as Zheng Da

As set out in the Letter from the Board, the proposed annual caps in connection to the proposed Annual Caps in connection to the 2012-2014 Supply and Service Agreements between SATT and African Companies as well as Zheng Da is summarized as below:

	Proposed Annual Caps for the year ending 31 December		
	2012	**2013**	**2014**
	000'	*000'*	*000'*
Growth rate	US$48,760 (approximately HK$380,328)	US$49,960 (approximately HK$389,688)	US$29,560 (approximately HK$230,568)
	49.8%	2.4%	(40.8%)

As stated in the Letter from the Board, the proposed Annual Caps of the 2012-2014 Supply and Service Agreements for the two years ending 31 December 2013 between SATT and the African Companies as well as Zheng Da are determined with reference to a number of factors, including (i) the historical figures for the two years ended 31 December 2010 and for the six months ended 30 June 2011; (ii) the forecasted new ad-hoc orders from the African Company 1 of approximately US$10 million for the year ending 31 December 2012 and of another approximately US$10 million for the year ending 31 December 2013 for the large scale repairing and upgrading on its sugar production facilities when the new lease term of this sugar complex begins next year; and (iii) the forecasted increase in new ad-hoc orders from Zheng Da of approximately US$13 million for year ending 31 December 2012 and of approximately US$14 million for the year ending 31 December 2013 for the construction of the new ethanol biofuel plant in Benin.

In respect for the 2014 proposed annual caps which is lower than the proposed caps for 2012 and 2013, this is due to the reason that the forecasted decrease in ad-hoc orders of approximately US$ 24 million resulting from the large-scale repairing and upgrading of African Company 1 and the construction of new ethanol biofuel plant of Zheng Da will have finished by 2013. Such decrease will partly offset by increase in yearly recurring order of consumables of approximately US$4 million from Zheng Da when the ethanol biofuel plant begins its full-scale production in 2014.

To assess the fairness and reasonableness of the proposed Annual Caps of the 2012-2014 Supply and Service Agreements between SATT and the African Companies as well as Zheng Da, we have taken into consideration the following aspects:

(i) The historical transaction amounts between African Companies and SATT during the years ended 31 December 2009 and 2010 and during the six months ended 30 June 2011. The historical transaction amounts and the approved Annual Caps as well as the utilization rate of the approved Annual Caps under the Existing Supply and Service Agreements for the year ending 31 December 2011 are set out as below:

Historical transaction amounts for the period/ year ending		
31 December 2009	**31 December 2010**	**30 June 2011**
'000	*'000*	*'000*
US$19,784 (approximately HK$154,317)	US$26,380 (approximately HK$205,767)	US$10,185 (approximately HK$79,442)
Approved Annual Caps for the year ending		
31 December 2009	**31 December 2010**	**31 December 2011**
'000	*'000*	*'000*
US$21,899 (approximately HK$170,812)	US$26,931 (approximately HK$210,062)	US$32,560 (approximately HK$253,968)
Rate of utilization of Approved Annual Caps		
90.3%	98.0%	

Based on the aforementioned, the actual utilization of the Approved Annual Caps ranged from 90% to 98% which indicated that the approved Annual Caps of the Existing Supply and Service Agreements are reasonable and in line with the business scale of the Group.

(ii) As confirmed by the management of the Company that as of today the major principles regarding the large scale repairing and upgrading on the sugar production facilities have been preliminary agreed by the relevant government department of Africa. In addition, according to the announcement of the Company dated 11 October 2011, the Benin Government conditionally allows Zheng Da to invest and to construct new bioethanol production facilities in Benin. As such, it is reasonable to believe that the estimation of forecasted new ad-hoc orders from the African Company 1 and Zheng Da for the two years ending 31 December 2013 is fair and reasonable.

(iii) The market research reports available in the public domains that estimated the growth rate of the global sugar market and biofuel market for the three years ending 31 December 2014

According to research report, "Global Biofuel Market Analysis" published by RNCOS, a market research and information analysis company, the global production of ethanol and biodiesel is expected to grow at a CAGR of around 8% and 11%, respectively during 2011-2014. In addition, according to the "Asia Pacific Biofuel Market Forecast" published by RNCOS, (i) the world biofuel market's value is likely to attain a CAGR of around 14.7% during 2006-2016; and (ii) the global ethanol production is expected to reach 26,071 Million Gallon in 2014 while the global biodiesel production is projected to accelerate at a CAGR of 4.5% during 2007-2015.

Also, based on a report published by Pike Research, a market research and consulting firm, the global market for biofuels will increase from $82.7 billion in 2011 to $185.3 billion by 2021. According to press reporting of Czarnikow, which has been in the sugar business since 1861, Africa is expected to expand its sugar consumption from 10% to 13% of global consumption.

(iv) We have also taken into consideration the continuous expanding business relationship between China and Africa. According to the speech by Shen Danyang, spokesman for the Ministry of Commerce, China-Africa trade volume rose 30% year-on-year to reach US$122.2 billion during the first three quarters of 2011, compared with the US$126.9 billion U.S. dollars recorded in 2010. China has become Africa's biggest trading partner, with bilateral trade growing at an annual rate of 28% over the past 10 years. China invested US$1.08 billion in non-financial sectors in Africa during the first three quarters of 2011, increased by 87% compared with the last year.

Having considered the foregoing reasons, we are of the view that the proposed annual caps of the 2012-2014 Supply and Service Agreements between SATT and African Companies as well as Zheng Da are in line with SATT's historical turnovers and the Company's future business development and the growing Sino-African business scale. As such, we are of the view that the proposed annual caps of the 2012-2014 Supply and Service Agreements between SATT and African Companies as well as Zheng Da are fairly and reasonably determined.

Proposed annual caps of the 2012-2014 Supply and Service Agreements between SATT and China Complant

The proposed Annual Caps in connection to the 2012-2014 Supply and Service Agreements between SATT and China Complant is summarized as below:

	Proposed Annual Caps for the year ending 31 December		
	2012	**2013**	**2014**
	'000	*'000*	*'000*
Growth rate	US$35,550 (approximately HK$277,290)	US$36,550 (approximately HK$285,090)	US$19,550 (approximately HK$152,490)
	61.2%	2.8%	(46.5%)

As stated in the Letter from the Board, the 2012-2014 Proposed Annual Caps with China Complant is determined with reference to a number of factors, including (i) the historical figures for the two years ended 31 December 2010 and for the six months ended 30 June 2011; (ii) the 2012-2014 Proposed Annual Caps between SATT and the African Companies as well as Zheng Da, of which the details are set out before; and (iii) the average normal historical gross profit margin that will be earned by SATT on yearly recurring orders (the latest figure of the gross margin as shown by the latest published unaudited interim financial statements for the six months ended 30 June 2011 of the Group was approximately 49%); and (iv) the forecasted gross margin that will be earned by SATT on ad-hoc orders of E&M and service for the large-scale repairing and upgrading project of African Company 1 and for the construction of new ethanol biofuel plant in Benin by Zheng Da (the gross profit margin on those ad-hoc orders is estimated to be approximately 20%).

In assessing the fairness and reasonableness of the proposed annual caps of the 2012-2014 Supply and Service Agreements between SATT and China Complant, we have taken into consideration the followings:

The historical transaction amounts between SATT and China Complant during the years ended 31 December 2009 and 2010 and for the six months ended 30 June 2011, and the approved Annual Caps as well as the utilization rate of the approved Annual Caps under the Existing Supply and Service Agreements for the year ending 31 December 2011 are set out as below:

Historical transaction amounts for the period/ year ending		
31 December 2009	**31 December 2010**	**30 June 2011**
'000	*'000*	*'000*
US$8,381 (approximately HK$65,372)	US$14,533 (approximately HK$113,360)	US$5,013 (approximately HK$39,100)
Approved Annual Caps for the year ending		
31 December 2009	**31 December 2010**	**31 December 2011**
'000	*'000*	*'000*
US$13,140 (approximately HK$102,492)	US$16,722 (approximately HK$130,432)	US$22,048 (approximately HK$171,974)
Rate of utilization of Approved Annual Caps		
63.8%	86.9%	22.7% (as at June 2011)

Based on the aforementioned, the rate of utilization of the Approved annual caps increased from approximately 64% to 87% and the management of the Company confirmed that the purchase amount from China Complant is expected to be increased in view of the estimated recurring orders from the African Companies and Zheng Da during the year ending 31 December 2014 and the anticipated increased purchase from the African Company 1 and Zheng Da according to the aforesaid reasons,.

We have also reviewed the financial information of SATT for the years ended 31 December 2009 and 2010 and for the six months ended 30 June 2011 provided by the Company and the gross profit margin of SATT ranged from approximately 41% to 56% during the aforesaid periods.

As advised by the management of the Company, the forecast gross profit margin on the ad-hoc orders from the African Company 1 and Zheng Da is estimated at 20% for sake of prudence. As set out above, the gross profit margin generated by SATT for the years ended 31 December 2009, 2010 and for the six months ended 30 June 2011 ranged from approximately 41% to 56% and the gross profit margin for the ad-hoc orders is estimated at 20% given the estimated higher volume of purchases from the African Company 1 and Zheng Da and the management of the Company intended to estimate the forecasted gross profit margin adopting a lower end.

Having considered the aforesaid factors, we consider that the proposed annual caps of the 2012-2014 Supply and Service Agreements between SATT and China Complant are in line with the historical turnover of SATT, the background of China Complant and the future business prospect of the Group by virtue of the Sino-African relations. We are of the view that the proposed annual caps of the 2012-2014 Supply and Service Agreements between SATT and China Complant are fairly and reasonably determined.

Views

Having reviewed the information and discussed with the management of the Company regarding the bases and assumptions for determining the proposed annual caps which include, among other things, (i) the historical amounts in sales of E&M and service; (ii) the positive prospect of the sugar industry in terms of increasing global demand for biofuel; (iii) the estimated ad-hoc orders from the African Company 1 and Zheng Da; and (iv) the historical profit margin and revenue generated by SATT, we are of the view that the bases for determining the proposed annual caps of the 2012-2014 Supply and Service Agreements are fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the principal factors and reasons referred to the above, we consider that the 2012-2014 Supply and Service Agreements are entered into within the usual and ordinary course of business of the Company and the Proposed Annual Caps, are of normal commercial terms and fair and reasonable so far as the Company and the independent shareholders of the Company are concerned. Accordingly, we consider that the 2012-2014 Supply and Service Agreements is in the interests of the Company and the Shareholders as a whole. We advise the Independent Board Committee to recommend the independent shareholders of the Company to vote in favor of the ordinary resolutions of the Company to approve the 2012-2014 Supply and Service Agreements and the Proposed Annual Caps for the three years ending 31 December 2014, as detailed in the notice of EGM as set out at the end of this Circular.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

(a) the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and

(b) there are no other matters the omission of which would make any statement in this circular misleading.

II. DISCLOSURE OF INTERESTS

Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of Director	Capacity	Number of ordinary shares held	Approximate % of the issued share capital of the Company as at the Latest Practicable Date
Mr. Hu Yebi *(Note)*	Controlled corporation & Spouse	340,943,083	24.51%

Note: Mr. Hu Yebi is deemed (by virtue of the SFO) to be interest in 340,942,083 Shares of the Company. The totally 340,942,083 Shares held by Mr. Hu Yebi consists of 3,448,000 Shares held by Ms. Li Ling Xiu (spouse of Mr. Hu Yebi), 212,495,083 Shares held by Hollyview International Limited (a company beneficially owned by Mr. Hu Yebi) and an interest in 125,000,000 underlying shares under the convertible note held by Hollyview International Limited of a principal amount of HK$75,000,000 which can be convertible into 125,000,000 Shares during its conversion period.

Save as disclosed above, as at the Latest Practicable Date, no Director or chief executive officer of the Company had any other interest or short position in the Shares and underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO) or are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or are required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Directors who are Directors or Employees of Companies with Interests in Shares and Underlying Shares

As at the Latest Practicable Date, Mr. Xiao Longlong and Mr. Han Hong, both Directors, are respectively a director and the deputy general manager of COMPLANT which currently holds approximately 21.56% of the existing issued share capital of the Company.

Save as aforesaid, as at the Latest Practicable Date, none of the Directors are directors or employees of a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Directors' Interests in Assets and Contracts

As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which had been, since 31 December 2010 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Mr. Xiao Longlong and Mr. Han Hong, both Directors, are respectively a director and the deputy general manager of COMPLANT which currently holds approximately 21.56% of the existing issued share capital of the Company, Mr. Han Hong and Mr. Xiao Longlong were therefore deemed to have material interest in the Existing Supply and Service Agreements and the 2012-2014 Supply and Service Agreements. Save as aforesaid, no other Director was materially interested in any other contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

III. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

IV. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in businesses, which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

V. CONSENT AND QUALIFICATION OF EXPERT

The following is the qualification of the expert which has given advice contained in this circular:

Name	Qualification
Donvex Capital Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) of the regulated activities under the SFO

The Independent Financial Adviser was not beneficially interested in the share capital of any member of the Group and had no right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and had no interest, either directly or indirectly, in any assets which have been, since 31 December 2010, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

The letter given by the Independent Financial Adviser is given as of the date of this circular for incorporation herein. The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name and letter in the form and context in which it appears.

VI. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.

VII. MISCELLANEOUS

The English text of this document shall prevail over the Chinese text.

VIII. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at Unit 2513A, 25th Floor, 113 Argyle Street, Mongkok, Kowloon, Hong Kong for 14 days from the date of this circular :

(a) the letter dated 21 December 2011 from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 20 to 21 of this circular;

(b) the letter of advice dated 21 December 2011 from Donvex Capital Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 22 to 41 of this circular;

(c) the written consent of Donvex Capital Limited referred to in paragraph V of this Appendix; and

(d) the 2012-2014 Supply and Service Agreements in respect of the Non-Exempt Continuing Connected Transactions.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of Hua Lien International (Holding) Company Limited (the "**Company**") will be held at Dragon II, 2/F., The Kowloon Hotel, 19-21 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 10 January 2012 at 12:00 noon for the purpose of considering and, if thought fit, passing with or without modification the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTION

"**THAT** the five supply and service agreements all dated 5 December 2011 entered into between Sino-Africa Technology & Trading Limited (中非技術貿易有限公司, "**SATT**") and La Sucrerie de COMPLANT de Madagascar, COMPLANT Magbass Sugar Complex Company Limited, La Sucrerie de COMPLANT du Benin, Sucrerie Cote Ouest de COMPLANT de Madagascar (Ouest Sucre) as well as Zheng Da Investments Limited (正達投資有限公司) respectively, together with the 2012-2104 supply and service agreement dated 5 December 2011 entered into between SATT and China National Complete Plant Import & Export Corporation (Group) (中國成套設備進出口(集團)總公司) (the "**2012-2014 Supply and Service Agreements**") (copies of which are marked "A" and produced to the meeting and signed by the chairman of the meeting for identification purpose), and the relevant 2012-2014 Proposed Annual caps be and are hereby generally and unconditionally approved and the Directors of the Company be and are hereby authorized to do all such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by any two Directors or any Director together with the secretary of the Company) and to take such steps as the Directors consider necessary, appropriate, desirable or expedient for implementation of and giving effect to the 2012-2014 Supply and Service Agreements and the transactions contemplated thereunder."

Yours faithfully,
For and on behalf of the Board of
Hua Lien International (Holding) Company Limited
Hu Yebi
Executive Director

Hong Kong, 21 December 2011

* *For identification purpose only*

Principal Place of Business in Hong Kong:
Unit 2513A, 25th Floor
113 Argyle Street
Mongkok, Kowloon
Hong Kong

Notes:

(1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

(2) Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto. But if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding. Seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of the relevant joint holding.

(3) In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed must be deposited at the Company's principal place of business in Hong Kong at Unit 2513A, 25th Floor, 113 Argyle Street, Mongkok, Kowloon, Hong Kong not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.

(4) Delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.