THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in the Company, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker 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)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION RELATING TO FORMATION OF JOINT VENTURE, SPECIFIC MANDATE TO ISSUE NEW SHARES AND ISSUE OF CONVERTIBLE NOTES AND (2) PROPOSED INCREASED CAPS FOR CONTINUING CONNECTED TRANSACTIONS

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

MUFG Mitsubishi UFJ Securities (HK) Capital, Limited

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 Wednesday, 8 December 2010 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 only*

22 November 2010

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DEFINITIONS

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

"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 Benin
"African Company 4"	Sucrerie Cote Ouest de COMPLANT de Madagascar (Ouest Sucre) (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
"Announcement"	the announcement dated 25 October 2010 of the Company in respect of the Transaction and the granting of the Specific Mandate
"Approved Cap(s)"	the annual cap(s) approved at the extraordinary general meeting of the Company held on 20 February 2009
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Benin"	the Republic of Benin, a country in West Africa
"Benin PC"	a 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
"CADFund"	China-Africa Development Fund（中非發展基金有限公司）
"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
"CN Subscription Agreement"	the agreement entered into between the Company and CADFund on 22 October 2010, pursuant to which the Company has agreed to issue and CADFund has agreed to subscribe for the Convertible Notes in the principal amount of HK$24,000,000
"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
"Conversion Period"	the period commencing from the issue date of the Convertible Notes and ending upon the Maturity Date
"Conversion Price"	the price of HK$0.60 per Share at which the Convertible Notes may be converted into Shares upon exercise of the conversion rights attaching to the Convertible Notes if no adjustment is made
"Conversion Shares"	the Shares to be issued upon exercise of the conversion rights attaching to the Convertible Notes
"Convertible Notes"	the redeemable convertible notes in the principal amount of HK$24,000,000 to be issued to CADFund (or its nominees) pursuant to the CN Subscription Agreement
"Director(s)"	director(s) of the Company
"E&M"	equipments, machineries, parts and raw materials with origin of source from the PRC

"EGM"	an extraordinary general meeting of the Company which will be held for the purpose of approving, inter alia, the Transaction, the Increased Caps and the granting of the Specific Mandate
"Ethanol Biofuel Business"	a business to develop and produce renewable energy by utilising sugar cane and cassava as raw materials
"Further Convertible Note(s)"	additional convertible note(s) which CADFund shall be entitled, but not obligated, to require the Company to issue to it (or its nominee(s)) under the CN Subscription Agreement up to an aggregate principal amount of HK$312,000,000 at any time on or prior to the third anniversary of the date of the CN Subscription Agreement, subject to entering into a definitive joint venture agreement(s) among the Company, CADFund and COMPLANT in relation to the establishment of Other JVs
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Increased Caps"	the increased caps for the continuing connected transactions under the Supply and Service Agreements for the two years ending 31 December 2011 which are subject to approval by the Independent Shareholders at the EGM
"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 as to the Transaction and the Increased Caps
"Independent Financial Adviser"	Mitsubishi UFJ Securities (HK) Capital, Limited, a registered institution licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and 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

"JV Agreement"	the joint venture agreement entered into among CADFund, COMPLANT, River Right, Zheng Da and the Company on 22 October 2010, pursuant to which CADFund, COMPLANT and River Right have conditionally agreed to establish a joint venture business to carry out the Ethanol Biofuel Business and the trading of related products in Benin
"Last Trading Date"	22 October 2010, being the last trading date for the Shares before the date of the Announcement
"Latest Practicable Date"	17 November 2010, 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
"Maturity Date"	the date on which the Company shall repay such principal moneys as outstanding under the Convertible Notes to CADFund, which shall fall on the fifth (5th) anniversary from the date of issue of the Convertible Notes or if such date is not a Business Day, the Business Day immediately following such date
"MOU"	the memorandum of understanding signed on 31 January 2010 among CADFund, COMPLANT and the Company in respect of the possible transactions consisting of a joint venture among CADFund, COMPLANT and the Company to incorporate a joint venture company and to establish Benin PC, the allotment of new Shares by the Company to CADFund, the issue of Convertible Notes by the Company to CADFund, the formation of Other JVs and other related transactions
"Other JVs"	other possible joint ventures among CADFund, COMPLANT and the Company in Africa which are not yet finalised and subject to further negotiations as to the terms and conditions (including but not limited to the amounts of investments and the forms of cooperation)
"parties"	parties to the Transaction, and "party" shall mean any of them
"PRC"	The People's Republic of China
"River Right"	River Right Limited（正川有限公司）, a company incorporated under the law of the British Virgin Islands with limited liability and is directly and wholly owned by the Company

"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)
"Shares Subscription Agreement"	the shares subscription agreement entered into on 22 October 2010 between the Company and CADFund, pursuant to which the Company has conditionally agreed to issue and CADFund has conditionally agreed to subscribe for 90,000,000 Subscription Shares at the Subscription Price
"Specific Mandate"	a specific mandate to be granted to the Directors in relation to the issue and allotment of the Subscription Shares and the Conversion Shares by the Independent Shareholders at the EGM
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.60 per each of the Subscription Shares
"Subscription Shares"	90,000,000 new Shares to be issued pursuant to the Shares Subscription Agreement
"Substantial Shareholder(s)	substantial shareholder(s) of the Company, having the meanings ascribed to it in the Listing Rules

"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
"Takeovers Code"	the Code on Takeovers and Mergers issued by SFC as amended and supplemented from time to time
"Transaction"	all the transactions as a whole contemplated by the JV Agreement, the Shares Subscription Agreement and the CN Subscription Agreement
"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), the company incorporated under the law of BVI with limited liability currently wholly owned by River Right and intended to be the joint venture company among CADFund, COMPLANT and River Right as a vehicle to establish Benin PC in Benin to engage in the Ethanol Biofuel Business and the trading of related products
"%"	percentage

For the purpose of illustration only and unless otherwise stated, conversions of RMB and US$ to HK$ in this circular is based on the exchange rate of RMB1.00 to HK$1.16 and US$1.00 to HK$7.80. Such conversions should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.

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. Shih Chian Fang
Mr. Liaw Yuan Chian
Mr. Han Hong
Mr. Xiao Longlong

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

22 November 2010

To the Shareholders

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION RELATING TO FORMATION OF JOINT VENTURE, SPECIFIC MANDATE TO ISSUE NEW SHARES AND ISSUE OF CONVERTIBLE NOTES AND (2) PROPOSED INCREASED CAPS FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Discloseable and Connected Transaction relating to formation of Joint Venture, Specific Mandate to Issue New Shares and Issue of Convertible Notes

The Board announced on 25 October 2010 that on 22 October 2010 (after trading hours), the Company entered into the following agreements:

i. the JV Agreement with CADFund, COMPLANT, River Right and Zheng Da pursuant to which CADFund, COMPLANT and River Right have conditionally agreed to form a joint venture using

* *For identification only*

Zheng Da as the vehicle to carry on the Ethanol Biofuel Business in Benin, and that CADfund, COMPLANT and River Right shall contribute capital in an aggregate amount of US$23,720,000 by way of share capital and shareholders' loan in the proportion of 25%, 10% and 65% respectively;

ii. the Shares Subscription Agreement with CADFund pursuant to which the Company has conditionally agreed to issue and CADFund has conditionally agreed to subscribe for 90,000,000 Subscription Shares at the Subscription Price of HK$0.60 per Share, which represent approximately 7.21% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 6.72% of the entire issued share capital of the Company as enlarged by the issue of the Subscription Shares; and

iii. the CN Subscription Agreement with CADFund pursuant to which the Company has conditionally agreed to issue and CADFund has conditionally agreed to subscribe for the Convertible Notes in the principal amount of HK$24,000,000 convertible into Shares at a Conversion Price of HK$0.60 per Share. The outstanding principal amount of the Convertible Notes is repayable on the fifth (5th) anniversary from the date of issue of the Convertible Notes. The Conversion Shares represent approximately 3.20% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 3.10% of the entire issued share capital of the Company as enlarged by the issue of the Conversion Shares;

The issue and allotment of the Subscription Shares and the Conversion Shares will be made under the Specific Mandate.

The Transaction constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

Save for the MOU and the Transaction, CADFund is currently an Independent Third Party. COMPLANT currently holds 300,000,000 Shares, which represent approximately 24.03% of the existing issued share capital of the Company as at the Latest Practicable Date. By virtue of this shareholding interest, COMPLANT is a Substantial Shareholder, and is accordingly a connected person of the Company. The Transaction therefore constitutes a connected transaction for the Company under the Listing Rules.

The Transaction is conditional upon approval by the Independent Shareholders at the EGM.

Proposed Increased Caps for Continuing Connected Transactions

Reference is made to the announcement and circular of the Company dated 16 December 2008 and 23 January 2009 respectively on among other things the continuing connected transactions in respect of the Supply and Services Agreements for an initial term of three years commencing from 1 January 2009.

All the resolutions set out in the notice of extraordinary general meeting of the Company set out in the circular dated 23 January 2009 were duly passed by way of poll at the extraordinary general meeting of the Company held on 20 February 2009. The resolutions passed include among others the approval, ratification and confirmation of the Supply and Service Agreements and the relevant proposed annual caps.

Due to successive expansion of the business scale, the Company estimates that the Approved Caps in respect of the Supply and Services Agreements 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 Approved Caps in respect of Supply and Services Agreements for the year ending 31 December 2010 and 31 December 2011 be increased with the terms and conditions of the Supply and Service Agreements remaining effective and unchanged.

Based on the reasons that:

(i) the African Companies 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 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 24.03% of the existing issued share capital of the Company as at the Latest Practicable Date; and

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

the African Companies and China Complant are connected persons of the Company and the Supply and Service Agreements constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable percentage ratios of the Company as defined under Rule 14.07 of the Listing Rules in respect of the transactions under the Supply and Services Agreements will exceed 5% on an annual basis and the annual consideration will exceed HK$10,000,000 for the two years ending 31 December 2011, the Supply and Services 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. For these non-exempt continuing connected transactions, the Company must re-comply with rules 14A.35(3) and (4) of the Listing Rules if the Approved Caps are exceeded, namely the reporting, announcement and Independent Shareholders' approval requirements.

The purpose of this circular is to provide, among other things:

i. information on the Transaction and the Increased Caps;

ii. the letter from the Independent Board Committee to the Independent Shareholders;

iii. the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and

iv. the notice of EGM.

JV AGREEMENT

Date

22 October 2010

Parties

(1) CADFund;

(2) COMPLANT;

(3) River Right;

(4) Zheng Da; and

(5) the Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, CADFund is an Independent Third Party save for the MOU and the Transaction. CADFund confirmed that it has no prior transaction or relationship with any member of the Group.

COMPLANT currently holds 300,000,000 Shares, which represent approximately 24.03% of the existing issued share capital of the Company as at the Latest Practicable Date. By virtue of this shareholding interest, COMPLANT is a Substantial Shareholder, and is accordingly a connected person of the Company.

River Right is a direct wholly owned subsidiary of the Company.

Zheng Da is currently wholly owned by River Right, and is thus an indirectly and wholly owned subsidiary of the Company.

Subject of the transaction

Pursuant to the JV Agreement, CADFund, COMPLANT and River Right have conditionally agreed to form a joint venture using Zheng Da as the vehicle to carry on the Ethanol Biofuel Business in Benin. CADFund, COMPLANT and River Right will subscribe for 25, 10 and 65 shares in Zheng Da, which shall represent 25%, 10% and 65% respectively of the entire share capital of Zheng Da upon completion of the JV Agreement. It is intended that Zheng Da will serve as the investment holding vehicle to establish, manage, and support the development of Benin PC. Benin PC will be established and base its operations in Benin, and engage in the Ethanol Biofuel Business and the trading of related products.

Capital Contribution

Pursuant to the JV Agreement, CADFund, COMPLANT and River Right have conditionally agreed to contribute capital in an aggregate amount of US$23,720,000 into Zheng Da by way of share capital and shareholders' loan in the proportion of 25%, 10% and 65% respectively. The detailed breakdown of the capital contribution by the parties is set out in the table below:

Party	Percentage of total capital contribution	Subscription money for shares in Zheng Da	Shareholder's loan to Zheng Da	Total capital contribution
CADFund	25%	US$25	US$5,929,975	US$5,930,000
COMPLANT	10%	US$10	US$2,371,990	US$2,372,000
River Right	65%	US$65	US$15,417,935	US$15,418,000
Total	100%	US$100	US$23,719,900	US$23,720,000

Note: Each of CADFund and COMPLANT is entitled to nominate its wholly owned (whether directly or indirectly) subsidiary to take up the shares of Zheng Da that it is entitled to subscribe for upon completion of the JV Agreement, and such nominee shall be entitled to the benefits and shall bear the responsibilities of its nominating party under the JV Agreement.

The capital contribution will be satisfied by the parties on completion of the Transaction. CADFund and COMPLANT will satisfy their respective capital contribution obligation by cash. River Right will satisfy its capital contribution obligation by cash, which will be funded by the proceeds from the issue of the Subscription Shares and the issue of the Convertible Notes and the Group's internal resources.

Conditions Precedent

Completion of the JV Agreement is conditional upon:

(a) CADFund, COMPLANT and River Right having contributed capital into Zheng Da by means of subscription of shares in Zheng Da and advancement of shareholders' loan to Zheng Da;

(b) the Independent Shareholders having approved by poll at the EGM the JV Agreement, the Shares Subscription Agreement, the CN Subscription Agreement, the terms and conditions of the Convertible Notes and the related transactions contemplated by those agreements (if necessary);

(c) the Company having obtained all necessary consents and approvals, and having complied with and fully observed the relevant laws or regulations (including but not limited to the Listing Rules, the relevant Hong Kong laws and the approvals, consents, registration requirements and permits by the relevant authorities in the PRC) for the transactions contemplated by the JV Agreement PROVIDED THAT if the granting of such consents and approvals are subject to conditions, those conditions shall be reasonably acceptable by CADFund at its discretion;

(d) CADFund having completed the due diligence review on the business, assets, liabilities and financial position of the Group (including the properties owned by the Group), and the Company having not received notification from CADFund of its non-satisfaction with the result of the due diligence review;

(e) no material adverse change or prospective material adverse change in the Group's business, operation and financial condition having occurred since the signing of the JV Agreement;

(f) the Shares remaining listed and traded on the Main Board of the Stock Exchange (save for any temporary suspension not exceeding five (5) consecutive trading days and any suspension pending the publication of the Announcement);

(g) no delisting or suspension of the trading of the Shares having been imposed by the Stock Exchange or any other stock exchanges, and those stock exchanges having not indicated prior to completion of the JV Agreement verbally or in writing that the listing of the Company will be cancelled or suspended;

(h) the Listing Committee of the Stock Exchange having granted the listing of and the permission to deal in the Subscription Shares and the Conversion Shares;

(i) the warranties given by the parties under the JV Agreement having remained true and accurate in all material respects; and

(j) all the conditions precedent under the Shares Subscription Agreement and the CN Subscription Agreement having been fulfilled or waived (save for the conditions in those agreements relating to the signing of the JV Agreement and the fulfilment or waiver of the conditions precedent of the JV Agreement).

If any of the above conditions is not satisfied on or before 31 December 2011 (save for condition (a) above which can be fulfilled simultaneously upon completion of the JV Agreement), the JV Agreement shall lapse.

Completion

Completion of the JV Agreement will take place on the 10th Business Day after the fulfilment or wavier of all of the conditions precedent of the JV Agreement or such other date as agreed by the parties.

On completion of the JV Agreement, the parties shall, among other things, complete the following matters:

(a) the parties to the JV Agreement shall procure that the following shareholders' resolutions of Zheng Da be passed:

    i. the authorised share capital of Zheng Da shall be US$50,000 divided into 50,000 ordinary shares of a nominal value of US$1.00 each;

ii. the board of directors of Zheng Da shall comprise 5 directors, of which CADFund shall be entitled to nominate 2 directors, and River Right shall be entitled to nominate 3 directors. River Right shall be entitled to appoint one of the directors it nominates as the chairman of Zheng Da's board of directors;

iii. the financial year of Zheng Da shall end on 31 December; and

iv. HLM & Co. shall be appointed as the auditors of Zheng Da.

(b) CADFund, COMPLANT and River Right shall submit applications for shares to the board of directors of Zheng Da and pay its share of capital contribution.

Guarantee

The Company will guarantee River Right's performance of its obligations under the JV Agreement. Each of CADFund and COMPLANT is entitled to nominate its wholly owned (whether directly or indirectly) subsidiary to take up the shares of Zheng Da that it is entitled to subscribe for upon completion of the JV Agreement, and such nominee shall be entitled to the benefits and shall bear the responsibilities of its nominating party under the JV Agreement. In such event CADFund and COMPLANT will guarantee their respective nominee's performance of its obligations under the JV Agreement.

Incorporation of Benin PC

If approval of the incorporation of Benin PC has not been obtained from the relevant authorities in the PRC and Benin before 31 December 2011 (or such other date as agreed by the shareholders of Zheng Da), then the shareholders of Zheng Da shall, upon the recommendation of the board of directors of Zheng Da, pass a resolution to effectively wind up Zheng Da.

THE SHARES SUBSCRIPTION AGREEMENT

Date

22 October 2010

Parties

(1) CADFund; and

(2) the Company.

Subject of the transaction

Pursuant to the Shares Subscription Agreement, among other things, CADFund has conditionally agreed to subscribe for and the Company has conditionally agreed to issue 90,000,000 Subscription Shares free from all encumbrances and together with all rights attaching thereto on or after the completion of the Shares Subscription Agreement.

The 90,000,000 Subscription Shares represent approximately 7.21% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 6.72% of the entire issued share capital of the Company as enlarged by the issue of Subscription Shares.

The issue and allotment of the Subscription Shares will be made under the Specific Mandate.

The Subscription Shares to be issued will rank pari passu in all respects with all Shares in issue at the date of issue of the Subscription Shares.

Subscription Price

The total Subscription Price is HK$54,000,000 and will be satisfied in cash in Hong Kong dollars upon completion of the Shares Subscription Agreement. It will be directly paid to a bank account designated by Zheng Da in writing to satisfy the Company's capital contribution obligations under the JV Agreement.

The Subscription Price is HK$0.60 per each of the Subscription Shares, which represents:

(i) a discount of approximately 14.29% to the closing price of HK$0.70 per Share as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 14.29% to the average closing price of HK$0.70 per Share quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date;

(iii) a discount of approximately 16.67% to the average closing price of HK$0.72 per Share quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date;

(iv) a discount of approximately 23.08% to the closing price of HK$0.78 per Share quoted on the Stock Exchange on the Latest Practicable Date; and

(v) a premium of approximately 46.34% to the unaudited consolidated net assets value per Share of approximately HK$0.41 as at 30 June 2010 (as calculated from the total net assets of approximately HK$510,568,000 as at 30 June 2010 and the number of Shares in issue of 1,248,680,000).

The Subscription Price was determined after arm's length negotiations between the parties on normal commercial terms with reference to the market conditions at the time when the MOU was entered into.

Conditions Precedent

Completion of the Shares Subscription Agreement is conditional upon:

(a) CADFund, COMPLANT and the Company having entered into the JV Agreement and the JV Agreement having become unconditional (save for the condition precedent in the JV Agreement that the Shares Subscription Agreement having become unconditional);

(b) CADFund and the Company having entered into the CN Subscription Agreement and the CN Subscription Agreement having become unconditional;

(c) the Shareholders or (if necessary) the Independent Shareholders having passed resolutions at the EGM to approve the JV Agreement, the Shares Subscription Agreement and the CN Subscription Agreement, the terms and conditions of the Convertible Notes and the transactions contemplated by those agreements;

(d) the Listing Committee of the Stock Exchange having granted the listing of and the permission to deal in the Subscription Shares and the Conversion Shares;

(e) the Company having obtained all necessary consent and approval, and having complied with and fully observed relevant laws or regulations (including but not limited to the Listing Rules, the Hong Kong laws and the approvals, consents, registration requirements and permits by the relevant authorities in the PRC as well as the internal approval of CADFund and/or the subscriber) in relation to (i) the transactions contemplated by the Shares Subscription Agreement, (ii) the issue and subscription of the Convertible Notes; and (iii) the formation of Zheng Da PROVIDED THAT if such consents and approvals are granted subject to conditions, those conditions shall be reasonably acceptable by CADFund;

(f) the Company having not received any notification from CADFund of its non-satisfaction with the result of the due diligence review on the Group;

(g) (if applicable) the Cayman Islands Monetary Authority having consented to the issue of the Subscription Shares;

(h) the Shares remaining listed and traded on the Main Board of the Stock Exchange (save for any temporary suspension not exceeding five (5) consecutive trading days and the suspension pending the publication of the Announcement);

(i) no material adverse change or prospective material adverse change in the Group's business, operation and financial condition having occurred before the completion of the Shares Subscription Agreement; and

(j) the warranties given by the parties under the Shares Subscription Agreement having remained true and accurate in all material respects.

CADFund is entitled to waive conditions precedent (e), (f), (h), (i) and (j) above and where it so waives to impose such conditions as it deems fit.

If any of the above conditions is not satisfied or waived on or before 31 December 2011 (or such later date as the Company and CADFund shall mutually agree in writing), the Shares Subscription Agreement shall lapse.

Completion

Completion of the Shares Subscription Agreement will take place on the 10th Business Day after the fulfilment or wavier of all of the above conditions precedent (or such other date as agreed in writing by CADFund and the Company).

THE CN SUBSCRIPTION AGREEMENT

Date

22 October 2010

Parties

(1) CADFund; and

(2) the Company.

Subject of the transaction

Pursuant to the CN Subscription Agreement, among other things, the Company has conditionally agreed to issue and CADFund has conditionally agreed to subscribe for the Convertible Notes in the principal amount of HK$24,000,000 at the total subscription price of HK$24,000,000.

The Convertible Notes are zero coupon convertible notes. Subject as provided in the terms and conditions of the Convertible Notes, on the Maturity Date, the outstanding principal amount of the Convertible Notes shall be automatically due and payable. The Company shall pay to CADFund 100% of the outstanding principal amount of the Convertible Notes and all other sums payable pursuant to the terms of the Convertible Notes.

Upon occurrence of events of default, all outstanding principal amounts of the Convertible Notes shall be mandatorily redeemed by the Company at the request of the holders of the Convertible Notes.

The holders of the Convertible Notes shall have the right at any time before the Maturity Date to request the Company to redeem the whole or part of the outstanding principal amount of the Convertible Notes at a price equal to 100% of the amount to be redeemed, provided that:

(i) the holders of the Convertible Notes shall have obtained the written consent of CADFund in relation to the early redemption and the amount to be redeemed;

(ii) the holders of the Convertible Notes shall have given to the Company not less than 15 Business Days' prior written notice of its intention to request such redemption, specifying the amount to be redeemed and the date of the proposed redemption together with CADFund's written consent referred to in (i) above;

(iii) the amount to be redeemed shall be at least HK$300,000 or its integral multiples; and

(iv) the amount to be redeemed is not already the subject of a proposed conversion as stipulated in a conversion notice.

At the time of early redemption, the Company shall also pay, if any, all other sums then due and payable by the Company under the Convertible Notes.

Subject to the terms and conditions of the Convertible Notes, CADFund shall have the right to convert at the Conversion Price (subject to usual adjustment mechanism as contained in the Convertible Notes) the whole or part of the outstanding principal amount of the Convertible Notes (which shall be in the principal amount of HK$300,000 or its integral multiples) into Conversion Shares at any time and from time to time during the Conversion Period. The maximum number of Conversion Shares which may be converted is thus 40,000,000, which represents approximately 3.20% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 3.10% of the entire issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The issue and allotment of the Conversion Shares will be made under the Specific Mandate.

The Conversion Price is subject to adjustment provisions which are standard for convertible securities of similar type. The adjustment events will arise as a result of certain changes in the share capital of the Company including consolidation or sub-division of the Shares, capitalization of profits or reserves, capital distribution in cash or specie, offer of new Shares for subscription by way of rights, open offer, grant of options or warrants, issue of convertible securities, issue of Shares or other events ("Other Events") where the Company reasonably determines that an adjustment should be made. Should such Other Events occur, the Company shall request its auditors for the time being or an approved merchant bank to determine (acting as experts) what adjustment (if any) to the Conversion Price is fair and reasonable.

The holders of the Convertible Notes shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Notes into Conversion Shares to the extent that immediately after such conversion, the holders of the Convertible Notes together with parties acting in concert with it, taken together, will, directly or indirectly, control or be interested in 30% or more of the voting rights of the Company (or in such percentage as may from time to time be specified in the Takeovers Code being the level for triggering a mandatory general offer) or otherwise:

(i) a general offer shall be given; or

(ii) a waiver should be obtained in accordance with the requirement of the Takeovers Code.

The holders of the Convertible Notes shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Notes into Conversion Shares to the extent that immediately after such conversion, there will not be sufficient public float of the Shares as required under the Listing Rules.

No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange.

The holders of the Convertible Notes will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of any of them being a holder of the Convertible Notes.

The Convertible Notes are freely transferable.

Unless otherwise agreed by the CADFund in writing, the Company undertakes that the proceeds from the subscription of the Convertible Notes shall solely be used to (i) finance the Company's capital contribution to Zheng Da; and (ii) the operation of Zheng Da and/or Benin PC.

At any time on or prior to the third anniversary of the date of the CN Subscription Agreement, subject to entering into a definitive joint venture agreement(s) among the Company, CADFund and COMPLANT in relation to the establishment of Other JVs, CADFund shall be entitled, but not obligated, to require the Company to issue to it (or its nominee(s)) additional convertible note(s) up to an aggregate principal amount of HK$312,000,000 (the "**Further Subscription**"), which are to be secured by the Company's interest in Other JVs and any other securities requested by CADFund and agreed by the Company. If CADFund elects to participate in the Further Subscription, each of the Company and CADFund agrees that it shall enter into a subscription agreement substantially in the form of the CN Subscription Agreement to effectuate the Further Subscription. Save as aforesaid and for the Conversion Price as already agreed under the MOU, no legally binding agreement has been entered into on the Further Subscription or on any of its terms or conditions as at the Latest Practicable Date. The Company will comply with the applicable Listing Rules, including the requirement of Shareholders' approval, should the Further Subscription proceed.

To secure the Company's due performance of all its obligations under the Convertible Notes, the Company shall grant or cause to be granted security to CADFund by way of pledging all its interest in the entire issued share capital of Zheng Da and the other joint venture vehicles to CADFund pursuant to a share charge (a first mortgage) to be executed which will be expressed to be supplemental to the CN Subscription Agreement and the Convertible Notes.

The Conversion Shares to be issued as a result of the exercise of the conversion rights attaching to the Convertible Notes will rank pari passu in all respects with all other existing Shares in issue on the date of the conversion notice to be issued by CADFund on the exercise of its conversion rights.

Consideration

The total subscription price for the Convertible Notes is HK$24,000,000, which will be satisfied upon completion of the CN Subscription Agreement in cash in Hong Kong dollars. The Company and CADFund agree that the proceeds from the subscription of the Convertible Notes shall be paid directly to the designated bank account of Zheng Da to satisfy the Company's capital contribution obligations under the JV Agreement.

The Conversion Price of HK$0.60 per Share represents:

(i) a discount of approximately 14.29% to the closing price of HK$0.70 per Share as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 14.29% to the average closing price of HK$0.70 per Share quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date;

(iii) a discount of approximately 16.67% to the average closing price of HK$0.72 per Share quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date;

(iv) a discount of approximately 23.08% to the closing price of HK$0.78 per Share quoted on the Stock Exchange on the Latest Practicable Date; and

(v) a premium of approximately 46.34% to the unaudited consolidated net assets value per Share of approximately HK$0.41 as at 30 June 2010 (as calculated from the total net assets of approximately HK$510,568,000 as at 30 June 2010 and the number of Shares in issue of 1,248,680,000).

The Conversion Price was determined after arm's length negotiations between the parties on normal commercial terms with reference to the market conditions at the time when the MOU was entered into.

Conditions Precedent

The closing of the subscription for the Convertible Notes is conditional upon:

(a) the Company, CADFund and COMPLANT (or their respective nominees) having entered into the JV Agreement;

(b) CADFund and the Company having entered into the Shares Subscription Agreement;

(c) if necessary, all approvals by the Shareholders and the shareholders of CADFund, their respective holding companies, government and regulatory authorities (including but not limited to the Stock Exchange), corporate approvals and consents for the transactions contemplated under the CN Subscription Agreement, the JV Agreement and the Shares Subscription Agreement being obtained; and if any of such Shareholders' approvals, governmental and regulatory and/or corporate approvals and consents are given subject to conditions, then PROVIDED THAT such conditions are reasonably acceptable to CADFund;

(d) CADFund having completed the due diligence review on the business, assets, liabilities and financial position of the Group (including title investigation on the owned properties, if any) and having notified the Company that CADFund is fully or substantially satisfied with the result of the due diligence review;

(e) in relation to the transactions contemplated in the CN Subscription Agreement, all relevant regulatory requirements (including but not limited to those under the Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with and satisfied;

(f) no material adverse change or prospective material adverse change in the Group's business, operations, financial conditions or prospects has occurred since the date of signing of the CN Subscription Agreement;

(g) no moratorium, suspension or material restriction on trading in the Shares (and if applicable, the securities of other Group companies) has been imposed by the Stock Exchange and any stock exchange at all times from the date of the CN Subscription Agreement up to (and including) the date of completion of the CN Subscription Agreement (save for any temporary suspension not exceeding five (5) consecutive trading days, and any suspension pending the publication of the Announcement);

(h) the current listing of the Shares (and if applicable, the securities of other Group companies) not having been withdrawn or suspended and the Stock Exchange and any stock exchange not having indicated at any time prior to completion (whether verbally or in writing) that such listing is likely or being considered to be withdrawn or suspended;

(i) the Listing Committee of the Stock Exchange having granted:

i. the listing of and the permission to deal in the Conversion Shares;

ii. the listing of and the permission to deal in the Subscription Shares; and

iii. if required, approval for the issue of the Convertible Notes;

(j) the Company's warranties having remained true and accurate and not misleading in all respects as at the completion of the CN Subscription Agreement;

(k) CADFund's warranties remaining true and accurate and not misleading in all respects as at the completion of the CN Subscription Agreement; and

(l) each of the JV Agreement and the Shares Subscription Agreement having become unconditional.

Closing Date

Closing under the CN Subscription Agreement will take place on the completion date of the JV Agreement (or such other date as may be agreed between the parties) and subject nevertheless to the fulfilment or otherwise waiver of the conditions precedent of the CN Subscription Agreement.

If any of the conditions precedent of the CN Subscription Agreement is not fulfilled (or waived by the relevant party in writing, which waiver if granted may be subject to such conditions as such party deems fit) at or before 5:00 pm (Hong Kong time) on or before 31 December 2011 or such other time and/or date as the Company and CADFund shall mutually agree, the CN Subscription Agreement shall lapse.

INFORMATION ON ZHENG DA

Zheng Da is a company incorporated on 29 September 2010 under the law of BVI with limited liability. It is currently wholly owned by River Right and is intended to be the joint venture company under the JV Agreement as a vehicle to establish Benin PC in Benin to engage in the Ethanol Biofuel Business and the trading of related products. It has not carried out any business activities since its incorporation.

INFORMATION ON CADFUND

CADFund is an investment fund set up in the PRC with a view to encouraging and providing support to PRC enterprises in their initiatives and developments in Africa. As for now, CADFund is wholly owned by the China Development Bank Corporation (國家開發銀行股份有限公司) of the PRC, which is a development-oriented financial institution of the PRC under the direct jurisdiction of the State Council of the PRC. CADFund focuses its investments in Africa under the PRC government's new initiative to develop strategic partnership with African nations. It aims at forging bridges and ties in trade and commerce between the PRC and African nations.

INFORMATION ON COMPLANT

COMPLANT is a subsidiary of China Complant, a state-owned company incorporated in the PRC. COMPLANT, through its subsidiaries, is principally engaged in sugar cane planting and production of sugar products and ethanol in Africa. It is a Substantial Shareholder holding approximately 24.03% of the issued capital of the Company.

INFORMATION ON THE GROUP

The Group is principally engaged in provision of supporting services to sweetener and ethanol businesses in African and other countries.

River Right is a company incorporated on 29 September 2009 under the law of BVI with limited liability. It is directly and wholly owned by the Company. Since its incorporation, River Right has not carried out any business activities except for the incorporation and holding of the shareholding interest in Zheng Da.

REASONS FOR THE TRANSACTION

The Board considers that the Transaction would avail the Company of an opportunity to further develop its business in Africa taking advantage of the PRC government's policy in Africa under the current global political and economic conditions.

The Directors (including the independent non-executive Directors) consider that the Transaction has been entered into on normal commercial terms, and is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The net proceeds from the Shares Subscription Agreement and the CN Subscription Agreement is expected to be approximately HK$77,000,000 which will be used for financing (i) the Company's capital contribution to Zheng Da; and (ii) the operation of Zheng Da and/or Benin PC.

EFFECTS ON SHAREHOLDING

The effects of the Transaction on the shareholding structure of the Company is illustrated in the following table:

Shareholders	As at the Latest Practicable Date		Immediately after the issue of the Subscription Shares		Immediately after the issue of the Subscription Shares and the full exercise of the conversion rights attaching to the Convertible Notes		Immediately after the issue of the Subscription Shares and the full exercise of the conversion rights attaching to the Convertible Notes and the Further Convertible Notes	
	No. of Shares	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*
COMPLANT *(Note 1)*	300,000,000	24.03	300,000,000	22.41	300,000,000	21.76	300,000,000	15.80
CADFund	0	0.00	90,000,000 *(Note 2)*	6.72	130,000,000	9.43	650,000,000	34.24
Subtotal	300,000,000	24.03	390,000,000	29.13	430,000,000	31.19	950,000,000	50.04
Hu Yebi and Li Ling Xiu *(Note 3)*	215,943,083	17.29	215,943,083	16.13	215,943,083	15.66	215,943,083	11.37
Other Public shareholders	732,736,917	58.68	732,736,917	54.74	732,736,917	53.15	732,736,917	38.59
Total issued shares	1,248,680,000	100.00	1,338,680,000	100.00	1,378,680,000	100.00	1,898,680,000	100.00

Notes:

1. As at the Latest Practicable Date, in addition to the 300,000,000 Shares, COMPLANT holds convertible notes of principal amount of HK$533.7 million convertible into 889,500,000 Shares representing approximately 71.24% of the existing issued capital of the Company.

2. In addition to the 90,000,000 Shares, CADFund will hold the Convertible Notes of principal amount of HK$24 million convertible into 40,000,000 Shares representing approximately 3.20% of the existing issued capital of the Company as at the Latest Practicable Date.

3. Hu Yebi and his spouse, Li Ling Xiu are deemed (by virtue of the SFO) to be interested in 340,943,083 Shares. Their interests include 3,448,000 Shares held by Li Ling Xiu and convertible note of principal amount of HK$75,000,000 held by Hollyview International Limited, a company beneficially owned by Hu Yebi, which can be converted into 125,000,000 Shares during its conversion period. The above table is based on the assumption that Hollyview International Limited would not exercise the rights of conversion.

4. The shareholding interests of each of COMPLANT and CADFund in the Company as set out in the above shareholding table include shareholding interests held by persons acting in concert (as defined under the Takeovers Code) with such party.

LISTING RULES IMPLICATIONS

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

The Transaction constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

As at the Latest Practicable Date, COMPLANT holds 300,000,000 Shares, which represent approximately 24.03% of the issued share capital of the Company. By virtue of this shareholding interest, COMPLANT is a Substantial Shareholder and is accordingly a connected person of the Company. COMPLANT has control or is entitled to exercise control over the voting rights of its Shares.

The execution and implementation of the JV Agreement therefore constitutes a connected transaction for the Company under the Listing Rules. Since the Shares Subscription Agreement and the CN Subscription Agreement are closely linked to the JV Agreement and are inter-conditional with each other, and they altogether are parts of an integral transaction, the Transaction as a whole is considered a connected transaction under the Listing Rule.

Completion of the Transaction will be subject to, amongst other things, approval by the Independent Shareholders at the EGM.

TAKEOVERS CODE IMPLICATIONS

On 10 May 2010, the Company made an application to SFC for a ruling that, among other things, the presumption that CADFund, COMPLANT and their respective associates are parties acting in concert in respect of the Company pursuant to class (1) of the definition of acting in concert in the Takeovers Code as a result of the completion of the transactions under the MOU be rebutted.

The SFC ruled on 16 July 2010 that, among other things, the presumption that CADFund and COMPLANT and their respective associates are parties acting in concert under class (1) of the definition of acting in concert as a result of the completion of the transactions under the MOU is rebutted.

Based on the SFC's ruling, the Directors consider that CADFund and COMPLANT are not parties acting in concert in respect of the Transaction under the Takeovers Code, and the Transaction will not trigger a mandatory general offer in respect of the Shares under the Takeovers Code.

THE SUPPLY AND SERVICES AGREEMENTS

On 15 December 2008, each of African Companies entered into an exclusive Supply and Service Agreement with SATT, pursuant to which, each of them agreed to order E&M and service exclusively from SATT for an initial term of three years commencing from 1 January 2009. Furthermore, on 15 December 2008, China Complant entered into a Supply and Service Agreement with SATT, pursuant to which, China Complant agreed to supply E&M and service to SATT for an initial term of three years commencing from 1 January 2009.

THE SUPPLY AND SERVICES AGREEMENT BETWEEN SATT AND CHINA COMPLANT

Approved Caps

The Approved Caps in respect of the Supply and Service Agreement between SATT and China Compliant for each of the three years ending 31 December 2011 are US$13,140,000 (approximately HK$102,492,000), US$14,191,000 (approximately HK$110,690,000) and US$14,901,000 (approximately HK$116,228,000) respectively.

Historical Amounts

For the year ended 31 December 2009, the actual transaction amount under the Supply and Service Agreement between SATT and China Complant amounted to approximately HK$65,372,000, which was within the Approved Cap for the year ended 31 December 2009.

Based on the Group's latest published unaudited interim financial statements for the six months ended 30 June 2010, the purchase under the Supply and Service Agreement between SATT and China Complant from 1 January 2010 to 30 June 2010 amounted to approximately HK$75,211,000, representing approximately 68% of the Approved Cap for the current year.

As at the Latest Practicable Date, based on the Group's unaudited interim financial statements, the actual transaction amounts in relation to the Supply and Service Agreement between SATT and China Complant have not exceeded the Approved Cap.

Reasons for Proposed Increased Caps

Based on the Group's latest published unaudited interim financial statements for the six months ended 30 June 2010, the Company expects that the Approved Caps will not be sufficient for the expected purchases of the Group. The Board therefore proposes to increase the annual caps in relation to the Supply and Service Agreement between SATT and China Complant for the two years ending 31 December 2011.

The Board proposes to increase the cap by an amount of US$2,531,000 (approximately HK$19,742,000) for the year ending 31 December 2010 which is an approximately 17.84% increase of the Approved Cap for purchase from China Complant. In view of the increasing commodity price in the recent period, the customer in Madagascar has increased the orders for E&M to speed up the overhaul and refurbishment of one of its production facilities and subsequently increased orders for the commercial production of this production facility which started this year. Those orders came much earlier than the original estimation in respect of the Approved Caps in early 2009. The increase in demand caused the purchase from China Complant to increase and the Approved Cap therefore needed to increase.

The Board also proposes to increase the Approved Cap for an amount of US$7,147,000 (approximately HK$55,747,000) for the year ending 31 December 2011 which is an approximately 48% increase of the Approved Cap. The proposed increase in 2011 is mainly due to budgeted increase in purchase of E&M for Ethanol Biofuel Business contemplated under the JV Agreement. The Board expects the order from this joint venture may start next year if among other things the conditions precedent in the JV Agreement are fulfilled.

Proposed Increased Caps

	Approved Caps	Proposed increase	Proposed Increased Caps
For the year ending 31 December 2010	US$14,191,000 (approximately HK$110,690,000)	US$2,531,000 (approximately HK$19,742,000)	US$16,722,000 (approximately HK$130,432,000)
For the year ending 31 December 2011	US$14,901,000 (approximately HK$116,228,000)	US$7,147,000 (approximately HK$55,747,000)	US$22,048,000 (approximately HK$171,975,000)

Benefits

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. The Group intends to purchase more from China Complant under the Supply and Services Agreement given that China Complant has offered a competitive price and has been able to consistently meet the Group's requirement in terms of quantity, quality control and logistic supports. The increase in annual caps will allow the Group to have a reliable supply source to expand its business with the African Companies and other companies such as the joint venture company contemplated under the JV Agreement.

THE SUPPLY AND SERVICES AGREEMENTS BETWEEN SATT AND THE AFRICAN COMPANIES

Approved Caps

The Approved Caps in respect of the Supply and Service Agreements between SATT and the African Companies for each of the three years ending 31 December 2011 are US$21,899,000 (approximately HK$170,812,000), US$23,651,000 (approximately HK$184,478,000) and US$24,834,000 (approximately HK$193,705,000) respectively.

Historical Amounts

For the year ended 31 December 2009, the actual transaction amount under the Supply and Services Agreements between SATT and the African Companies amounted to approximately HK$154,317,000, which was within the Approved cap for the year ended 31 December 2009.

Based on the Group's latest published unaudited interim financial statements for the six months ended 30 June 2010, the sales under the Supply and Services Agreements between SATT and the African Companies from 1 January 2010 to 30 June 2010 amounted to approximately HK$131,635,000, representing approximately 71% of the Approved Cap for the current year.

As at the Latest Practicable Date, based on the Group's unaudited interim financial statements, the actual transaction amounts in relation to the Supply and Services Agreements between SATT and African Counties have not exceeded the Approved Cap.

Reasons for Proposed Increased Caps

Based on the Group's latest published unaudited interim financial statements for the six months ended 30 June 2010, the Company expects that the Approved Caps will not be sufficient for the expected sales of the Group. The Board therefore proposes to increase the annual caps in relation to the Supply and Services Agreements between SATT and the African Companies for the two years ending 31 December 2011.

The Board proposes to increase the cap by an amount of US$3,280,000 (approximately HK$25,584,000) for the year ending 31 December 2010 which is an approximately 13.86% increase of the Approved Cap. In view of the increasing commodity price in the recent period, the customer in Madagascar has increased the orders for E&M to speed up its overhaul and refurbishment of one of its production facilities and subsequently increased orders for the commercial production of this production facility which started this year. Those orders came much earlier than the original estimation in respect of the Approved Caps in early 2009. As a result, the sales has been significantly driven up and therefore the Approved Caps to the African Companies need to increase.

The Board also proposes to increase the Approved Cap for sales to the African Companies in the year ending 31 December 2011 for an amount of US$7,726,000 (approximately HK$60,263,000) which is an approximately 31.11% increase of the Approved Cap. The proposed increase was determined mainly based on the historical sales growth rate (with sales growth rate of 62.30% during the 2010 interim period) and the new 2011 sales target that is driven up by budgeted increase in sales of E&M to meet the needs of the Ethanol Biofuel Business contemplated under the JV Agreement.

Proposed Increased Caps

	Approved Caps	Proposed increase	Proposed Increased Caps
For the year ending 31 December 2010	US$23,651,000 (approximately HK$184,478,000)	US$3,280,000 (approximately HK$25,584,000)	US$26,931,000 (approximately HK$210,062,000)
For the year ending 31 December 2011	US$24,834,000 (approximately HK$193,705,000)	US$7,726,000 (approximately HK$60,263,000)	US$32,560,000 (approximately HK$253,968,000)

Benefits

In view of the increase in business co-operation between the Group and the African Companies and the Board being satisfied with the order quantity and payment history of the African Companies as well as the gross profit generated from the Supply and Services Agreements for the year ended 31 December 2009 and the six months ended 30 June 2010 of approximately HK$87,312,000 and HK$51,479,000 respectively, the increase in annual caps of the Supply and Services Agreements with the African Countries can allow SATT to accept more orders from them. This would boost the sales and may increase the profitability and cash flow of the Group.

DIRECTORS' VIEW ON THE INCREASED CAPS

The Directors (including the independent non-executive Directors) consider that the Supply and Service Agreements have been entered into on normal commercial terms in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the Increased Caps are for the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP

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

INFORMATION ON SATT

SATT, a company incorporated in BVI with limited liability, is a wholly owned subsidiary of the Company. It is principally engaged in provision of supporting services to sweetener and ethanol business.

INFORMATION ON CHINA COMPLANT

China Complant, a state-owned company incorporated in the PRC, is a wholly-owned subsidiary of State Development & Investment Corp (國家開發投資公司), and owns 70% equity interest in COMPLANT.

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 approximately 24.03% of the issued share capital of the Company.

INFORMATION ON 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/ethanol 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/ethanol products in Africa.

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

IMPLICATIONS UNDER THE LISTING RULES

Based on the reasons that:

(i) the African Companies and China Complant are associates of COMPLANT by virtue of the fact that each of the African Companies are the indirect wholly owned subsidiaries of COMPLANT and China Complant is 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 24.03% of the existing issued share capital of the Company as at the date of the Latest Practicable Date; and

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

the African Companies and China Complant are connected persons of the Company and the Supply and Service Agreements constitute continuing connected transactions for the Company.

As the applicable percentage ratios of the Company as defined under Rule 14.07 of the Listing Rules in respect of the transactions under the Supply and Services Agreements will exceed 5% on an annual basis and the annual consideration will exceed HK$10,000,000 for the two years ending 31 December 2011, the Supply and Services 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. For these non-exempt continuing connected transactions, the Company must re-comply with rules 14A.35(3) and (4) of the Listing Rules if the Approved Caps are exceeded, namely the reporting, announcement and Independent Shareholders' approval requirements.

Since there is no change to the Supply and Service Agreements which remain in full force and effect, only the Increased Caps are subject to approval by the Independent Shareholders at the EGM.

VOTES OF DIRECTORS AND CONNECTED PERSONS

Mr. Xiao Longlong and Mr. Han Hong are Directors and are therefore controllers of the Company as defined under rule 14A.10(3) 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 Transaction and the Increased Caps. Their votes have not been counted in respect of the resolutions in connection with the Transaction and the Increased Caps at the relevant board meetings of the Company.

Save as disclosed above, no other Director has material interests in the Transaction and the Increased Caps disclosed herein.

COMPLANT is a connected person of the Company with material interest in the Transaction and the Increased Caps. COMPLANT has control or is entitled to exercise control over the voting rights 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 Transaction and the Increased Caps. The Company has appointed Mitsubishi UFJ Securities (HK) Capital, Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction and the Increased 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 resolutions in relation to the Transaction and the Increased Caps to be approved at the EGM.

RECOMMENDATION

For the reasons stated under paragraphs headed "Reasons for the Transaction", "Reasons for Proposed Increased Caps" and "Directors' View on the Increased Caps" in this circular, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

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 Wednesday, 8 December 2010 at 12:00 noon for the purpose of considering and, if thought fit, passing the resolutions has been set out in this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM or any adjourned meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed on it and return it to the principal place of business of the Company in Hong Kong, no later than 48 hours before the time for holding the EGM or any adjournment thereof. Completion and return 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.

FURTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee which sets out its recommendation to the Independent Shareholders, the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders, the additional information set out in the appendix to this circular and the notice of EGM.

Yours faithfully,
For and on behalf of the Board of
Hua Lien International (Holding) Company Limited
Shih Chian Fang
Chairman

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. Shih Chian Fang
Mr. Liaw Yuan Chian
Mr. Han Hong
Mr. Xiao Longlong

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

22 November 2010

To the Independent Shareholders

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION RELATING TO FORMATION OF JOINT VENTURE, SPECIFIC MANDATE TO ISSUE NEW SHARES AND ISSUE OF CONVERTIBLE NOTES AND (2) PROPOSED INCREASED CAPS FOR CONTINUING CONNECTED TRANSACTIONS

We refer to the circular to the Shareholders dated 22 November 2010 (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

* *For identification only*

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in our opinion, the transactions contemplated in the Circular are in the interests of the Company and its Shareholders as a whole and the terms of which are fair and reasonable so far as the Independent Shareholders are concerned. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders.

We wish to draw your attention to the "Letter from Independent Financial Adviser" as set out on pages 32 to 52 of the Circular. We have considered the terms and conditions of the transactions, the advice of the Independent Financial Adviser and the other factors contained in the "Letter from the Board" as set out on pages 7 to 29 of the Circular.

In our opinion, so far as the Independent Shareholders are concerned, the terms of the transactions and the Increased Caps contemplated in the Circular are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed to approve the Transaction and the transactions contemplated thereunder and the Increased Caps and to grant the Specific Mandate.

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

Mitsubishi UFJ Securities (HK) Capital, Limited

22 November 2010

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION RELATING TO FORMATION OF JOINT VENTURE, SPECIFIC MANDATE TO ISSUE NEW SHARES AND ISSUE OF CONVERTIBLE NOTES AND (2) PROPOSED INCREASED CAPS FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transaction and the proposed Increased Caps for the Supply and Services Agreements, particulars of which are set out in the letter from the Board (the "Letter from the Board") of this circular to the Shareholders dated 22 November 2010 (the "Circular") and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

(1) On 22 October 2010, the Company entered into the following agreements:

   (i) the JV Agreement with CADFund, COMPLANT, River Right and Zheng Da pursuant to which CADFund, COMPLANT and River Right have conditionally agreed to form a joint venture using Zheng Da as the vehicle to carry on the Ethanol Biofuel Business in Benin;

   (ii) the Shares Subscription Agreement with CADFund pursuant to which the Company has conditionally agreed to issue and CADFund has conditionally agreed to subscribe for 90,000,000 Subscription Shares at the Subscription Price of HK$0.60 per Share; and

   (iii) the CN Subscription Agreement with CADFund pursuant to which the Company has conditionally agreed to issue and CADFund has conditionally agreed to subscribe for the Convertible Notes in the principal amount of HK$24,000,000 convertible into Shares at a Conversion Price of HK$0.60 per Share.

   COMPLANT is a Substantial Shareholder, and is accordingly a connected person of the Company. The Transaction therefore constitutes a connected transaction for the Company under the Listing Rules and is conditional upon approval by the Independent Shareholders at the EGM.

(2) On 8 November 2010, the Directors recommend that the Approved Caps in respect of Supply and Services Agreements for the year ending 31 December 2010 and 31 December 2011 be increased with the terms and conditions of the Supply and Service Agreements remaining effective and unchanged.

As the African Companies and China Complant are associates of COMPLANT by virtue of the fact that (1) each of the African Companies is the indirect wholly owned subsidiary of COMPLANT and (2) China Complant is the company holding 70% of the entire issued capital of COMPLANT, each of the African Companies and China Complant is also a connected person of the Company. The Supply and Service Agreements constitute non-exempt continuing connected transactions for the Company under the Listing Rules, and the Company must re-comply with rules 14A.35(3) and (4) of the Listing Rules if the Approved Caps are exceeded, namely the reporting, announcement and Independent Shareholders' approval requirements.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Group and the terms of the Transaction and the proposed Increased Caps for the Supply and Services Agreements, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, CADFund, COMPLANT, River Right, Zheng Da, China Complant, African Companies and their respective associates nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Transaction and the Increased Caps for the Supply and Services Agreements, we have considered the following principal factors and reasons:

1. Reasons for entering into the Transaction and the Increased Caps for the Supply and Services Agreements

➢ *the Transaction*

The Group is principally engaged in provision of supporting services to sweetener and ethanol businesses in African and other countries. In line with such business direction, we concur with the Board's view that the Transaction would avail the Company of an opportunity to further develop its business in Africa taking advantage of the PRC government's policy in Africa under the current global political and economic conditions. We consider it commercially justifiable for the Group to strengthen its investment in Ethanol Biofuel Business by way of entering into of the JV Agreement with the other two joint venture partners which are specialised in and experienced with investment/business in Africa.

We have enquired the Company as to why not considering to acquire an established company (already in operation in Africa) as an alternative to setting up of Zheng Da (being a new joint venture) to serve the same business purpose. As replied from the Company, the Group needs to build its own refinery factory (via Zheng Da and Benin PC) so as to utilise the proprietary technology developed by the PRC on cassava based ethanol. The raw material for ethanol of Benin PC is sugar cane and cassava. Therefore, most of the E&M will be sourced in the PRC and shipped to Benin (and it also the reason for the Increased Caps for continuing connected transactions for the year ending 31 December 2011).

In order to fund most of the Group's capital contribution as required under the JV Agreement, we understand that it is inter-conditional for the Group to also enter into of the Shares Subscription Agreement and the CN Subscription Agreement, which are expected to raise aggregate net proceeds of approximately HK$77,000,000. Such cash sum is intended for financing (i) the Company's capital contribution to Zheng Da; and (ii) the operation of Zheng Da and/or Benin PC.

➢ *the Increased Caps*

Reference is made to the announcement and circular of the Company dated 16 December 2008 and 23 January 2009 respectively on among other things the continuing connected transactions in respect of the Supply and Services Agreements for an initial term of three years commencing from 1 January 2009. The resolution in the notice of extraordinary general meeting of the Company held on 20 February 2009 on the approval, ratification and confirmation of the Supply and Service Agreements and the relevant proposed annual caps (as set out in the circular dated 23 January 2009) was duly passed.

Due to successive expansion of the business scale, the Company estimates that the Approved Caps in respect of the Supply and Services Agreements 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 Approved Caps in respect of Supply and Services Agreements for the year ending 31 December 2010 and 31 December 2011 be increased with the terms and conditions of the Supply and Service Agreements remaining effective and unchanged.

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. The Group intends to purchase more from China Complant under the Supply and Services Agreement given that China Complant has offered a competitive price and has been able to consistently meet the Group's requirement in terms of quantity, quality control and logistic supports. The increase in annual caps will allow the Group to have a reliable supply source to expand its business with the African Companies and other companies such as the joint venture company contemplated under the JV Agreement.

In view of the increase in business co-operation between the Group and the African Companies and the Board being satisfied with the order quantity and payment history of the African Companies as well as the gross profit generated from the Supply and Services Agreements for the year ended 31 December 2009 and the six months ended 30 June 2010 of approximately HK$87,312,000 and HK$51,479,000 respectively, the increase in annual caps of the Supply and Services Agreements with the African Countries can allow SATT to accept more orders from them. This would boost the sales and may increase the profitability and cash flow of the Group.

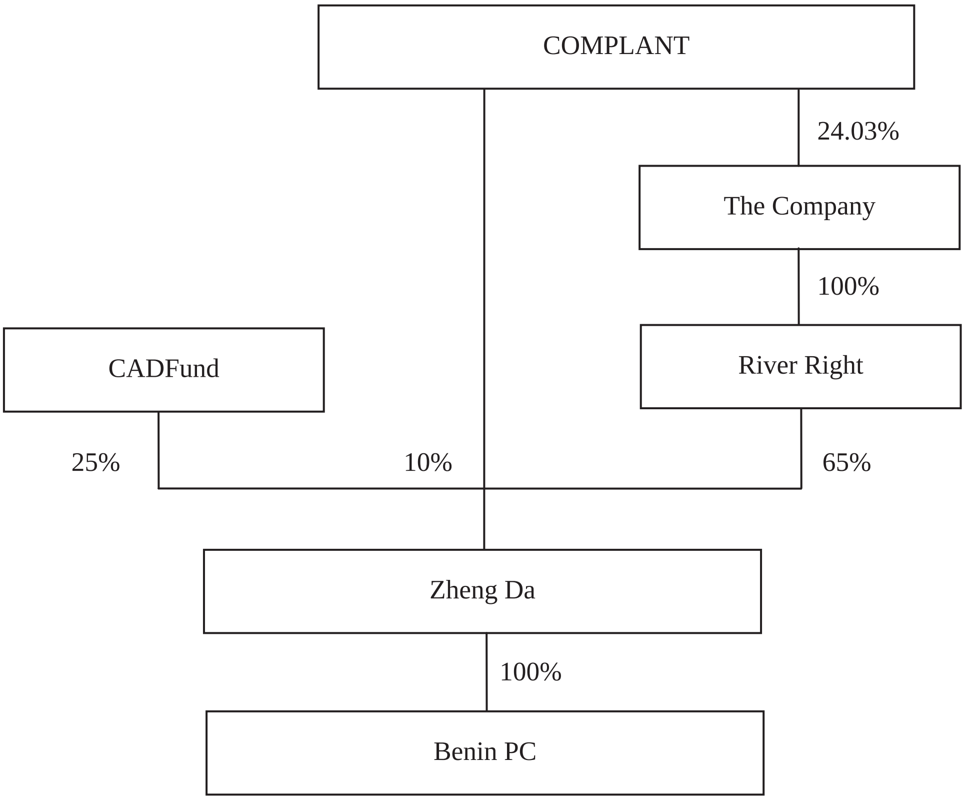
Based on the above background and reason, we consider that there is a commercial justification for the Company to revise the relevant annual caps, after taking into account of our further analysis to be discussed below.

2. Key terms of the Transaction and the Increased Caps for the Supply and Services Agreements

➢ *the Transaction*

(i) Shareholding (under the JV Agreement)

We summarise below the shareholding structure of Zheng Da, which is the joint venture to be established pursuant to the JV Agreement:



(ii) Capital (under the JV Agreement)

We summarise below the breakdown of the capital contribution by the joint venture parties in the table below pursuant to the JV Agreement:

Parties	**Percentage of total capital contribution**	**Subscription money for shares in Zheng Da**	**Shareholders' loan to Zheng Da**	**Total capital contribution**
CADFund	25%	US$25	US$5,929,975	US$5,930,000
COMPLANT	10%	US$10	US$2,371,990	US$2,372,000
River Right	65%	US$65	US$15,417,935	US$15,418,000
Total	100%	US$100	US$23,719,900	US$23,720,000

The capital contribution will be satisfied by the parties on completion of the Transaction. CADFund and COMPLANT will satisfy their respective capital contribution obligation by cash.

River Right will satisfy its capital contribution obligation by cash, which will be funded by the proceeds from the issue of the Subscription Shares and the issue of the Convertible Notes and internal resources.

(iii) Operation (under the JV Agreement)

It is intended that Zheng Da will serve as the investment holding vehicle to establish, manage, and support the development of Benin PC. Benin PC will be established and base its operations in Benin, and engage in the Ethanol Biofuel Business and the trading of related products.

We note that the three joint venture partners of Zheng Da share the common goal of endeavouring to support and develop the business of Benin PC based on viable commercial principles.

(iv) Management (under the JV Agreement)

The board of director of Zheng Da shall comprise 5 directors, of which CADFund shall be entitled to nominate 2 directors, and River Right shall be entitled to nominate 3 directors. River Right shall be entitled to appoint one of the directors it nominates as the chairman of Zheng Da's board of directors.

Upon review of the JV Agreement, we note that such chairman (to be nominated by River Right) shall not be entitled to any casting vote or second vote. Notwithstanding that, we consider that the Group (via River Right) has been offered an acceptable (60%) level of representation on the board of director of Zheng Da on a roughly pro rata basis of its (65%) share of total capital contribution.

(v) Guarantee (under the JV Agreement)

The Company will guarantee River Right's performance of its obligations under the JV Agreement. Each of CADFund and COMPLANT is entitled to nominate its wholly owned (whether directly or indirectly) subsidiary to take up the shares of Zheng Da that it is entitled to subscribe for upon completion of the JV Agreement, and such nominee shall be entitled to the benefits and shall bear the responsibilities of its nominating party under the JV Agreement. In such event CADFund and COMPLANT will guarantee their respective nominee's performance of its obligations under the JV Agreement.

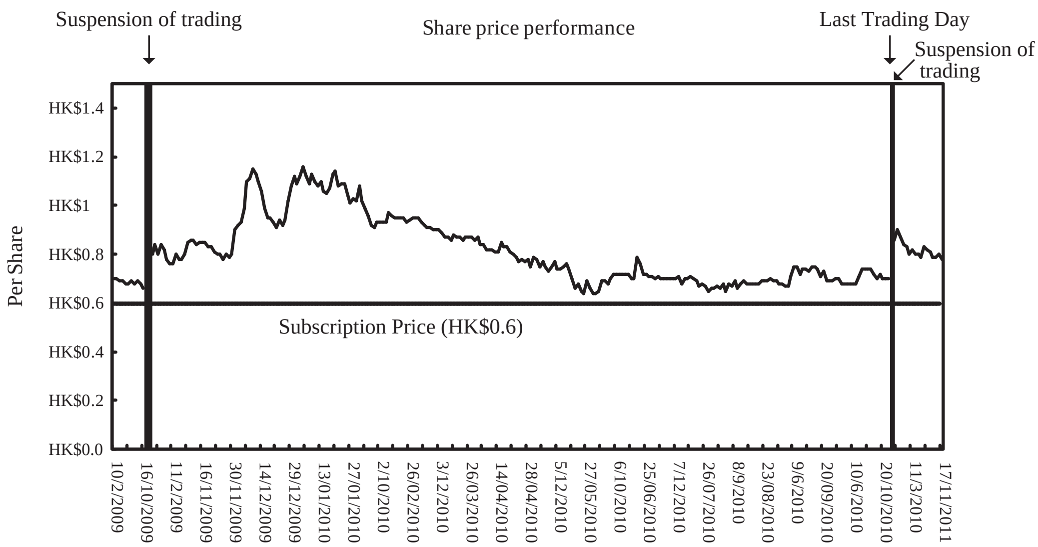
We note that the said arrangement serves to assign a pro-rata obligation on the part of each of the joint venture partners under the JV Agreement. We consider this to be acceptable to the Group as one of the joint venture partners (via River Right) under the JV Agreement.

(vi) Tenor (under the JV Agreement)

The JV Agreement shall be completed upon fulfillment of all the conditions precedent therein, and shall continue in full effect until termination by written agreement of all the parties or their respective legal successors.

(vii) Subscription Price (under the Shares Subscription Agreement)

For the purpose of comparing the Subscription Price with the market price of the Shares, we plot the closing price level of the Shares traded on the Stock Exchange from 1 October 2009 to the Last Trading Date and further up to the Latest Practicable Date (the "Review Period") as follows:



Source: Bloomberg

Notes:

1. Trading of Shares was suspended from 9:30 a.m. on 19 October 2009 to 20 October 2009, pending the release of an announcement in relation to a very substantial disposal transaction

2. Trading of Shares was suspended on 25 October 2010, pending the release of an announcement in relation to the Transaction

During the Review Period, the lowest closing price was HK$0.64 per Share recorded on 26 May 2010, 31 May 2010 and 1 June 2010 and the highest closing price was HK$1.16 per Share recorded on 5 January 2010. Each of the Subscription Price and the Conversion Price represents a discount of approximately 6.25% to the said lowest closing price per Share (and a discount of approximately 48.28% to the said highest closing price per Share) during the Review Period.

We note that the trading of the Shares was suspended in the morning trading session on 1 February 2010 pending the publication of the Company's announcement dated 1 February 2010 pursuant to Rule 13.09 regarding the memorandum of understanding signed on 31 January 2010 among CADFund, COMPLANT and the Company relating to the possible Transaction.

The table below summarises the premium/(discount) of the Subscription Price of HK$0.60 per Share over/(to) closing market prices per Share and net asset value per Share:

		(Closing) price per Share	Premium/ (Discount) of the Subscription Price over /(to) (closing) price per Share
(i)	On the Last Trading Day	HK$0.70	(14.3%)
(ii)	Average for the last five trading days up to the Last Trading Date	HK$0.70	(14.3%)
(iii)	Average for the last 10 trading days up to the Last Trading Date	HK$0.72	(16.7%)
(iv)	Average for the last 30 trading days up to the Last Trading Date	HK$0.71	(15.5%)
(iv)	Average for the last 60 trading days up to the Last Trading Date	HK$0.70	(14.3%)
(iv)	Average for the last 90 trading days up to the Last Trading Date	HK$0.70	(14.3%)
(iv)	Average for the last 180 trading days up to the Last Trading Date	HK$0.60	0.0%
(iv)	Average for the last 250 trading days up to the Last Trading Date	HK$0.82	(26.8%)
(v)	On the Latest Practicable Date	HK$0.78	(23.1%)
(vi)	Unaudited consolidated net assets value per Share of approximately HK$0.41 as at 30 June 2010 (as calculated by the net assets of approximately HK$510,568,000 as at 30 June 2010 and the number of Shares in issue of 1,248,680,000)	HK$0.41	46.3%

As illustrated in the above table, the Subscription Price represents a range of discounts of approximately 26.8% to 0% to (average) closing price per Share under a series of time spectrum. Despite such level of discounts, and for comparison purpose, we attempt to identify ‘direct’ comparable companies listed on the Stock Exchange which are engaged in ‘supporting services’ to sweetener and biofuel business in Africa (as in the case of the Group). With reference to a combined list of companies (as generated by ETnet, infocast and e-finet), we did not succeed in identifying any such ‘direct’ comparable companies. Accordingly, we have no better alternative but to resort to identify (to our best knowledge) a total of three ‘indirect’ comparable companies (the “Share Comparables”) listed on the Stock Exchange which are substantially engaged in the ‘processing/refining’ of sweetener/biofuel products in the PRC, details of which are set out below:

Name	**Stock code**	**Principal business**	**Market Capitalisation (HK$)[1] (1)**	**Net profit attributable to shareholders[2] (2)**	**P/E (3) = (1) / (2)**	**Net asset value[2] (4)**	**P/B (5) = (1) / (4)**
China Agri-Industries Holdings Ltd	606	Oil seeds processing, rice trading and processing, biofuel and biochemical, brewing materials and wheat processing	HK$ 46,197,940,224	HK$ 1,952,042,000	23.7	HK$ 17,119,241,000	2.7
Xiwang Sugar Holdings Co Ltd	2088	Refining corn to a variety of sweetener products and corn co-products that are widely applied in food and beverage, animal feed, and many other consumer and industrial products	HK$ 2,620,728,320	RMB 101,759,000	22.2	RMB 1,830,741,000	1.2
Global Sweeteners Holdings Ltd	3889	Manufacture and sale of corn refined products and corn based sweetener products	HK$ 1,862,154,368	HK$ 85,681,000	21.7	HK$ 1,866,269,000	1.0
		Median =			***22.2***		***1.2***
		Mean =			***22.5***		***1.6***
		Maximum =			***23.7***		***2.7***
		Minimum =			***21.7***		***1.0***
Hua Lien International (Holding) Co Ltd (at HK$0.6 per Share)	969	Provision of supporting services to sweetener and ethanol businesses in African and other countries	HK$ 749,208,000	(HK$ 179,113,000)	N/A	HK$ 510,568,000	1.5

Source: ETnet, infocast, e-finet, Bloomberg and www.hkex.com.hk

Notes:

1. Based on the latest closing share price as published by the Last Trading Date

2. Based on the latest financial data (net profit/net asset value) as published in the respective annual/interim reports by the Last Trading Date

As the Company was loss-making for the latest full financial year ended 31 December 2009, it would not be applicable for us to assess the Subscription Price by means of the price/earnings multiple approach.

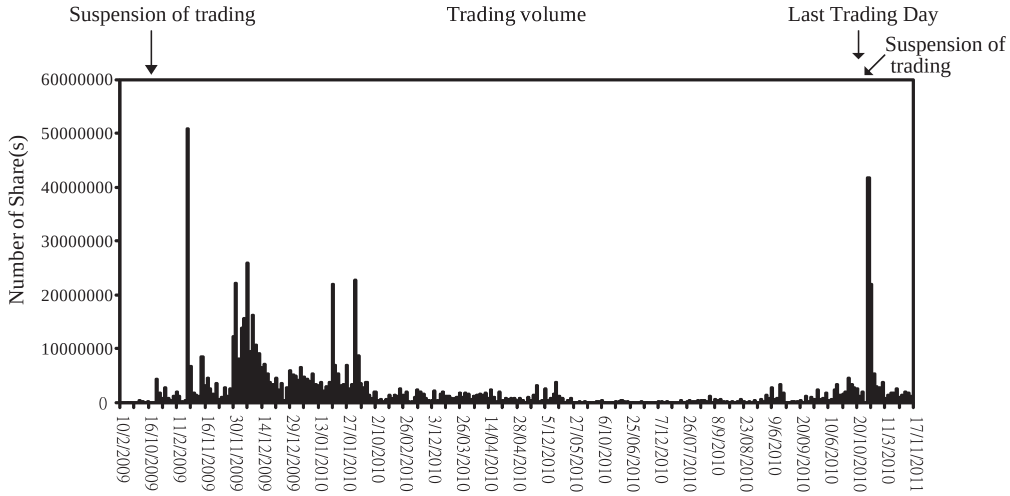
Taking into an overall account that:

(1) upon comparison, that the price/book multiple represented by the Consideration of approximately 1.5 times is within the range of the Share Comparables from about 1.0 times to about 2.7 times, and is higher than the median of the Share Comparables of about 1.2 times;

(2) notwithstanding that the Share Comparables are merely 'indirect' comparable companies of the Company and hence the said comparison may not be most appropriate, the Subscription Price of HK$0.60 per Share in itself already represents a 'premium' of approximately 46.34% over the unaudited consolidated net assets value per Share of approximately HK$0.41 as at 30 June 2010 (as calculated by the total net assets of approximately HK$510,568,000 as at 30 June 2010 and the number of Shares in issue of 1,248,680,000), in the context that the Company was loss-making for the latest full financial year ended 31 December 2009; and

(3) the substantial amount of the Subscription Shares to be issued under the Shares Subscription Agreement (representing approximately 7.21% of the issued share capital of the Company as at the date of the Shares Subscription Agreement), with particular reference to the liquidity of Shares recorded during the Review Period (with average daily turnover of about 2,284,927 Shares up to the Last Trading Date during the Review Period, representing only about 0.18% of a total of 1,248,680,000 Shares in issue as at the date of the Shares Subscription Agreement);

we consider that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned. For graphical presentation of data under point (2) above, we plot the trading volume of the Shares traded during the Review Period as follows:



Source: Bloomberg

(viii) Conversion Price and coupon rate (under the CN Subscription Agreement)

In order to assess the terms of the Convertible Notes, we have identified 15 companies listed on the Stock Exchange (the "CN Comparables") which proposed to issue convertible bonds/notes during the 1-month period prior to the Last Trading Day, based on published announcements on the website of the Stock Exchange. We have reviewed and tabulated below the (discount)/premium represented by the conversion prices of the respective convertible bonds/notes proposed to be issued by the CN Comparables (to)/over (i) their respective closing price as at the last trading date and (ii) their respective average closing price for the last 10 consecutive trading dates, both prior to their respective announcement on the proposed issue:

Date of announcement	Company	Stock Code	Principal	Coupon rate	Maturity	(Discount)/ premium (to)/ over the closing price on the last trading day	(Discount)/ premium (to)/over the average closing price for the last 10 trading days up to the last trading day
			approximate				
			(million)	*(%)*	*(year)*	*(%)*	*(%)*
19-Oct-10	Minmetals Resources Limited	1208	US$690	1.0	perpetual	45.1	n/a
18-Oct-10	Soluteck Holdings Limited	8111	HK$26	0.0	1	(7.4)	(4.9)
15-Oct-10	Goldin Properties Holdings Limited	283	HK$5,077	8.0	3	28.2	25.0
15-Oct-10	Netel Technology (Holdings) Limited	8256	HK$7.2+HK$28.8	0.0	5	18.2	9.2
14-Oct-10	Capital Estate Limited	193	HK$135	4.0	3	5.9	7.1
13-Oct-10	China HealthCare Holdings Limited	673	HK$3,316	0.0	10	(52.9)	(44.9)
8-Oct-10	GR Vietnam Holdings Limited	139	HK$200	0.0	3	7.8	5.9
8-Oct-10	Xing Lin Medical Information Technology Company Limited	8130	HK$150	0.0	5	(51.2)	(53.9)
8-Oct-10	Sino-Tech International Holdings Limited	724	HK$1,844.4	0.0	5	(16.7)	(7.5)
5-Oct-10	Chinasoft International Limited	354	RMB200	4.3	3	(2.9)	(9.5)
4-Oct-10	Vitop Bioenergy Holdings Limited	1178	HK$30	3.0	1.5	20.8	24.0
29-Sep-10	Sewco International Holdings Limited	209	HK$243	2.0	3	29.8	39.2
28-Sep-10	China Unicom (Hong Kong) Limited	762	US$1,838.8	0.8	5	35.5	33.8
27-Sep-10	Franshion Properties (China) Limited	817	US$500+US$100	6.8	perpetual	n/a	n/a
24-Sep-10	Pacific Plywood Holdings Limited	767	HK$48	0.0	1	(19.6)	n/a
	Median =			***0.8***	***3***	***6.8***	***6.5***
	Mean =			***2.0***	***4***	***2.9***	***2.0***
	Maximum =			***8.0***	***10***	***45.1***	***39.2***
	Minimum =			***0.0***	***1***	***(52.9)***	***(53.9)***
25-Oct-10	**the Company**		**HK$24**	**0.0**	**5**	**(14.3)**	**(16.7)**

Source: www.hkex.com.hk

Upon comparison, we note that the discount represented by the Conversion Price to the average closing price of HK$0.72 per Share on the last 10 trading days immediately preceding the Last Trading Date of approximately 16.7% is deeper than the median and the mean of the CN Comparables of premium of approximately 6.5% and 2.0% respectively. Solely on such basis, we consider that the Conversion Price is not attractive to the Company as issuer. However, taking into an overall account from a wide perspective that:

(1) the Company has further business co-operation potential with, and future fund raising source from, CADFund: at any time on or prior to the third anniversary of the date of the CN Subscription Agreement, subject to entering into a definitive joint venture agreement(s) among the Company, CADFund and COMPLANT in relation to the establishment of Other JVs, CADFund shall be entitled, but not obligated, to require the Company to issue to it (or its nominee(s)) additional convertible note(s) up to an aggregate principal amount of HK$312,000,000, which are to be secured by the Company's interest in Other JVs and any other securities requested by CADFund and agreed by the Company. If CADFund elects to participate in such further subscription, each of the Company and CADFund agrees that it shall enter into a subscription agreement substantially in the form of the CN Subscription Agreement to effectuate the Further Subscription. Save as aforesaid and for the Conversion Price as already agreed under the MOU, no legally binding agreement has been entered into on the Further Subscription or on any of its terms or conditions as at the Latest Practicable Date;

(2) the zero coupon rate of the Convertible Notes is lower than the median and the mean of the CN Comparables of approximately 0.8% and 2.0% respectively, and is at the low end of the range; and

(3) the tenor of the Convertible Notes of five years is higher than the median and the mean of the CN Comparables of approximately 3 years and 4 years (excluding perpetual data) and is in a position to offer a relatively long-term funding to the Company (unless otherwise redeemed early at the discretion of the holders of the Convertible Notes),

we consider that the Conversion Price is, on balance, acceptable so far as the Independent Shareholders are concerned. In any event, the Independent Shareholders should note that the business nature, financial positions and use of proceeds of the underlying companies issuing the comparable bonds/notes are different from those of the Company. Further, the principal amounts and the tenor of the comparable bonds/notes are different from those of the Convertible Notes.

(ix) Collateral (under the CN Subscription Agreement)

To secure the Company's due performance of all its obligations under the Convertible Notes, the Company shall grant or cause to be granted security to CADFund by way of pledging all its interest in the entire issued share capital of Zheng Da and the other joint venture vehicles to CADFund pursuant to a share charge (a first mortgage) to be executed which will be expressed to be supplemental to the CN Subscription Agreement and the Convertible Notes.

We consider such kind of collateral arrangement not uncommon for debt issue transaction. We envisage that the loan-to-collateral ratio of such issue of Convertible Notes is about 20% (representing HK$24 million over HK$120.2 million) immediately upon completion of the JV Agreement. We understand from the Company that such low level of loan-to-collateral ratio can be explained by the fact that the same creditor (CADFund) under the CN Subscription Agreement is also the investor in new Shares pursuant to the Shares Subscription Agreement, both use of proceeds are intended for the same purpose of funding a majority of the Group's capital contribution obligation (via River Right) by cash into Zheng Da.

➢ *the Increased Caps*

For the purpose of assessing whether the Increased Caps for the two years ending 31 December 2011 are justifiable, we summarise the table below each of the four Increased Caps to be sought:

<table>
<tr><th></th><th></th><th></th><th>The Approved Caps</th><th>Proposed increase</th><th>Proposed Increased Caps</th></tr>
<tr><td rowspan="2">BETWEEN SATT AND CHINA COMPLANT

(connected purchase)</td><td rowspan="4">For the year ending 31 December</td><td>2010</td><td>US$14,191,000 (approximately HK$110,690,000)</td><td>US$2,531,000 (approximately HK$19,742,000)

+17.84%[1]</td><td>US$16,722,000 (approximately HK$130,432,000)</td></tr>
<tr><td>2011</td><td>US$14,901,000 (approximately HK$116,228,000)</td><td>US$7,147,000 (approximately HK$55,747,000)

+48.00%[2]</td><td>US$22,048,000 (approximately HK$171,975,000)</td></tr>
<tr><td rowspan="2">BETWEEN SATT AND THE AFRICAN COMPANIES

(connected sale)</td><td>2010</td><td>US$23,651,000 (approximately HK$184,478,000)</td><td>US$3,280,000 (approximately HK$25,584,000)

+13.86%[3]</td><td>US$26,931,000 (approximately HK$210,062,000)</td></tr>
<tr><td>2011</td><td>US$24,834,000 (approximately HK$193,705,000)</td><td>US$7,726,000 (approximately HK$60,263,000)

+31.11%[4]</td><td>US$32,560,000 (approximately HK$253,968,000)</td></tr>
</table>

For each of the four Increased Caps as illustrated above,

1. we have discussed with the Company on the reasonableness of the proposed increase of +17.84% for the purchase by SATT from China Complant for the year ending 31 December 2010. The Company explains that in view of the increasing commodity price in the recent period, the Group's customer in Madagascar has increased the orders for E&M to speed up its overhaul and refurbishment of one of its production facilities and subsequently increased orders for the commercial production of this production facility which started in 2010. Those customer orders came much earlier than the original estimation in respect of the Approved Caps in early 2009. In this connection, according to the interim report of the Company for the six months ended 30 June 2010 and as advised by the Company, there was already an increase in the Group's sales in E&M of approximately HK$34 million. We understand from the Company that such sales increase was the entire driver causing the corresponding purchase by SATT from China Complant to increase for the same period.

   However, we note that only approximately 68% of the Approved Cap for the year ending 31 December 2010 is used up in the first half of 2010. In other words, 32% of the Approved Cap remains available for the second half of 2010. Notwithstanding that, we have been explained by the Company that it is still necessary to increase the Approved Cap, because the Group expects its sales increase to be continuing in the second half of 2010, thereby driving up corresponding purchase by SATT from China Complant to exceed the remaining 32% quota under the Approved Cap. For reference purpose, the Group has a track record to manage to record a roughly 50%:50% apportioning of total sales for the year ended 31 December 2009 of approximately HK$154 million (2009H1: HK$81 million; 2009H2: HK$73 million);

2. we have discussed with the Company on the reasonableness of the proposed increase of +48.00% for the purchase by SATT from China Complant for the year ending 31 December 2011. The Company explains that such proposed increase in 2011 is mainly due to budgeted increase in purchase of E&M for Ethanol Biofuel Business contemplated under the JV Agreement. The Board expects the order from this joint venture may start next year if among other things the conditions precedent in the JV Agreement are fulfilled.

   We understand from the Company that no purchase contract has actually been signed so far under the Ethanol Biofuel Business as contemplated under the JV Agreement. Notwithstanding that, we have reviewed a summary of breakdown on the proposed increase of the purchase by SATT from China Complant of US$7,147,000 for the year ending 31 December 2011 as provided by the Company. According to such breakdown, the proposed increase is attributable to (1) the budgeted purchase of approximately US$10 million for E&M for Ethanol Biofuel Business as contemplated under the JV Agreement, which sum is to be offset by (2) an approximately US$3 million worth of purchase for E&M as driven by the earlier than expected sales order from the Group's customer in Madagascar to speed up its overhaul and refurbishment of one of its production facilities and subsequently increased orders for the commercial production of this production facility which started in 2010 (as discussed in point 1 above).

As advised by the Company, the budgeted purchase of approximately US$10 million for E&M for Ethanol Biofuel Business as contemplated under the JV Agreement corresponds to the budgeted sale of approximately US$12 million for the same E&M, which in turn represents approximately 50% of the total investment of Zheng Da of US$23,720,000 under the JV Agreement. We have been explained by the Company that such 50% level of expectation is justifiable, given that

(1) the construction period of the Ethanol Biofuel Business is expected to take about 12 months, and

(2) the actual construction thereof is expected to commence from the second half of 2011, thereby roughly utilising 50% of the total construction expenses (to be fully derived from the total investment of Zheng Da) for the year ending 31 December 2011.

3. we have discussed with the Company on the reasonableness of the proposed increase of +13.86% for the sale by SATT to African Companies for the year ending 31 December 2010. The Company explains that in view of the increasing commodity price in the recent period, the Group's customer in Madagascar has increased the orders for E&M to speed up its overhaul and refurbishment of one of its production facilities and subsequently increased orders for the commercial production of this production facility which started in 2010. Those customer orders came much earlier than the original estimation in respect of the Approved Caps in early 2009. In this connection, according to the interim report of the Company for the six months ended 30 June 2010 and as advised by the Company, there was already an increase in the Group's sales in E&M of approximately HK$34 million.

   However, we note that only approximately 71% of the Approved Cap for the year ending 31 December 2010 is used up in the first half of 2010. In other words, 29% of the Approved Cap remains available for the second half of 2010. Notwithstanding that, we have been explained by the Company that it is still necessary to increase the Approved Cap, because the Group expects its sales increase to be continuing in the second half of 2010, thereby driving up the sale by SATT to African Companies to exceed the remaining 29% quota under the Approved Cap. For reference purpose, the Group has a track record to manage to record a roughly 50%:50% apportioning of total sales for the year ended 31 December 2009 of approximately HK$154 million (2009H1: HK$81 million; 2009H2: HK$73 million); and

4. we have discussed with the Company on the reasonableness of the proposed increase of +31.11% for the sale by SATT to African Companies for the year ending 31 December 2011. The Company explains that such proposed increase in 2011 is determined mainly based on the new 2011 sales target that is driven up by budgeted increase in sales of E&M for the Ethanol Biofuel Business contemplated under the JV Agreement.

We understand from the Company that no sales contract has actually been signed so far under the said Ethanol Biofuel Business. Notwithstanding that, we have reviewed a summary of breakdown on the proposed increase of the sale by SATT to African Companies of US$7,726,000 for the year ending 31 December 2011 as provided by the Company. According to such breakdown, the proposed increase is attributable to (1) the budgeted sales of approximately US$12 million for E&M for Ethanol Biofuel Business as contemplated under the JV Agreement, which sum is to be offset by (2) an approximately US$4 million worth of sales for E&M as driven by the earlier than expected sales order from the Group's customer in Madagascar to speed up its overhaul and refurbishment of one of its production facilities and subsequently increased orders for the commercial production of this production facility which started in 2010 (as discussed in point 3 above).

We note that the budgeted sale of approximately US$12 million for E&M for Ethanol Biofuel Business as contemplated under the JV Agreement represents approximately 50% of the total investment of Zheng Da of US$23,720,000 under the JV Agreement. We have been explained by the Company that such 50% level of expectation is justifiable, given that

(1) the construction period of the Ethanol Biofuel Business is expected to take about 12 months, and

(2) the actual construction thereof is expected to commence from the second half of 2011, thereby roughly utilising 50% of the total construction expenses (to be fully derived from the total investment of Zheng Da) for the year ending 31 December 2011.

For further comparison purpose, it comes to our attention that the premium of "connected sale" over "connected purchase" (which in a way correlates to the profit margin level as entitled by the Group) under the Increased Caps is approximately 61% in 2010 and 48% in 2011, which is not deviating wildly from that under the Approved Caps of approximately 67% in 2010 and 67% in 2011.

As far as industry overview is concerned, according to The Freedonia Group, Inc. (a business research firm based in Ohio, United Stated and founded in 1985) in September 2010, global biofuel demand will grow 10.3% annually through 2014. Bioethanol will experience the greatest gains, as continued steady growth in the large North American market will be accompanied by more rapid advances in the Asia/Pacific region and Europe.

Based on the foregoing analysis, we consider that the Increased Caps for the two years ending 31 December 2011 can be regarded to have been arrived at on a fair and reasonable basis.

3. Financial effects of the Transaction

(i) Cashflow

River Right will satisfy its capital contribution obligation under the JV Agreement by cash, which will be funded by the proceeds from the issue of the Subscription Shares and the issue of the Convertible Notes and internal resources. We summarise the intended mode of settlement by the Group (via River Right) below:

	(Approximate)	**US$' million**	**HK$' equivalent million**	**Percentage**
(1)	**Gross proceeds from issue of Subscription Shares**	6.9	54.0	45%
(2)	**Gross proceeds from issue of Convertible Notes**	3.1	24.0	20%
	Deduct approximate issuing expenses incidental to (1) and (2)	(0.1)	(1.0)	(0%)
(3)	**Internal cash resources**	5.5	43.3	35%
	Total	15.4	120.3	100

Solely on the above basis, the Transaction are expected to have a net negative impact on the cashflow position of the Group in an amount of internal cash resources tabulated above.

As set out in the latest published interim report of the Company, we note that the unaudited bank balance and cash of the Group amounted to approximately HK$208.7 million as at 30 June 2010, which itself was more than the capital contribution obligation payable by the Group under the JV Agreement. On such basis, and taking into account (i) the zero capital commitment of the Group as at 30 June 2010; and (ii) the new cash fundings to be raised from the issue of the Subscription Shares and the issue of the Convertible Notes, both of which are inter-conditional with completion of the JV Agreement, the Directors expect that the Group would have sufficient working capital for meeting its capital contribution obligation under the JV Agreement.

(ii) Net Asset

As discussed with the Company, the net assets of the Group shall be impacted

(1) positively by the issue of the Subscription Shares under the Shares Subscription Agreement;

(2) positively by the equity component of the Convertible Notes to be issued under the CN Subscription Agreement; and

(3) negatively by the estimated expenses for the Transaction.

Based on the foregoing, we consider that the Transaction is expected to have a net positive impact on the net assets of the Group immediately upon its completion. If any conversion of the Convertible Notes arises after Completion, the Transaction is expected to further impact positively on the net assets of the Group.

(iii) Gearing

As River Right will satisfy part of its capital contribution obligation under the JV Agreement by the proceeds from the issue of the Convertible Notes, the total indebtedness of the Group is expected to increase immediately upon completion of the Transaction. The exact extent of such increase shall depend on the recognition of the liability component of the Convertible Notes to be issued under the CN Subscription Agreement.

Zheng Da will become a 65%-owned subsidiary of the Group immediately upon completion of the Transaction. Hence, the Group will fully consolidate any future borrowings or other liabilities (if any) to be procured by Zheng Da and Benin PC after Completion.

(iv) Earnings

As Zheng Da will become a 65%-owned subsidiary of the Group immediately upon completion of the Transaction, the Group will fully consolidate the financial results (in terms of turnover and all relevant subsequent items of income statement) of Zheng Da (to be subsequently offset by 35% minority interests).

As discussed with the Company, we consider that the impact of the Transaction on the earnings of the Group will depend on

(1) the actual profit and loss performance of Zheng Da in future, in the context of full consolidation; and

(2) the imputed interest expenses on the liability component of the Convertible Notes (to be assessed).

In summary, notwithstanding that the Transaction is expected to have negative impact on the cashflow position of the Group, the Transaction has its own merits, such as enabling the Group to better capture the growth potential of the Ethanol Biofuel Business in Africa.

4. Dilution to shareholding interests of the Independent Shareholders

The following chart sets out the possible effects of completion of the Shares Subscription Agreement and the possible conversion of the Convertible Notes on the shareholding structure of the Company (assuming there are no other changes thereto):

Shareholders	As at the Latest Practicable Date		Immediately after the issue of the Subscription Shares		Immediately after the issue of the Subscription Shares and the full exercise of the conversion rights attaching to the Convertible Notes		Immediately after the issue of the Subscription Shares and the full exercise of the conversion rights attaching to the Convertible Notes and the Further Convertible Notes	
	No. of Shares	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*
COMPLANT *(Note 1)*	300,000,000	24.03	300,000,000	22.41	300,000,000	21.76	300,000,000	15.80
CADFund	0	0.00	90,000,000 *(Note 2)*	6.72	130,000,000	9.43	650,000,000	34.24
Subtotal	300,000,000	24.03	390,000,000	29.13	430,000,000	31.19	950,000,000	50.04
Hu Yebi and Li Ling Xiu *(Note 3)*	215,943,083	17.29	215,943,083	16.13	215,943,083	15.66	215,943,083	11.37
Other Public shareholders	732,736,917	58.68	732,736,917	54.74	732,736,917	53.15	732,736,917	38.59
Total issued shares	1,248,680,000	100.00	1,338,680,000	100.00	1,378,680,000	100.00	1,898,680,000	100.00

Upon issue of the Subscription Shares and conversion of the Convertible Notes in full, the aggregate shareholding of the other public Shareholders is expected to be diluted from approximately 58.68% to approximately 53.15% (yet to account for conversion of any Further Convertible Notes). Assuming a further conversion of the Further Convertible Notes in full at the Conversion Price (which however would in itself trigger a change in control of the Company and thereby triggering certain regulatory provisions under the Takeovers Code and/or the Listing Rules where applicable), the aggregate shareholding of the existing other public Shareholders will be further diluted to approximately 38.59%.

Despite such (potential) dilution to the shareholding of the Shareholders, the Company has (further) business co-operation potential with, and (future) fund raising source from, CADFund of HK$54 million under the Shares Subscription Agreement and of HK$24 million under the CN Subscription Agreement respectively (plus a further HK$312 million under the possible issue of the Further Convertible Notes). Taking into further account that the Company was itself loss-making for the latest full financial year ended 31 December 2009, we consider that the dilution to the shareholding of the Shareholders is acceptable.

RECOMMENDATION

Having considered the principal factors and reasons, we are of the opinion that the terms of the Transaction and the proposed Increased Caps for the Supply and Services Agreements are on normal commercial terms, in the ordinary course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and we recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM for approving the Transaction and the proposed Increased Caps for the Supply and Services Agreements.

Yours faithfully,
For and on behalf of
Mitsubishi UFJ Securities (HK) Capital, Limited
Harry Yu
Executive 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 ("Model Code") to be notified to the Company and the Stock Exchange are as follows:

Long position in the Shares

Name of Director	Capacity	Number of ordinary shares in the Company held	Approximate % of the issued share capital of the Company as at the Latest Practicable Date
Liaw Yuan Chian ("Mr. Liaw") *(Note)*	Controlled corporation	31,004,956	2.48%

Note: Mr. Liaw is deemed to have interests in 31,004,956 ordinary shares in the Company, which were held by Joyce Services Limited, a company in which Mr. Liaw has 58.87% beneficial interests.

Save as disclosed above, as at the Latest Practicable Date, no Director or chief executive officer of the Company has 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 are 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 24.03% of the existing issued share capital of the Company.

Save as aforesaid, as at the Latest Practicable Date, none of the Directors is director or employee 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 has any interest, either directly or indirectly, in any assets which have been, since 31 December 2009 (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 are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, save as disclosed herein, none of the Directors is materially interested in any 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 has 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 has 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. EXPERT

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

Name	**Qualification**
Mitsubishi UFJ Securities (HK) Capital, Limited	A registered institution licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO

The Independent Financial Adviser is not beneficially interested in the share capital of any member of the Group and has 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 has no interest, either directly or indirectly, in any assets which have been, since 31 December 2009, 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 2009, 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 memorandum and articles of association of the Company;

(b) The MOU;

(c) The JV Agreement;

(d) The Shares Subscription Agreement;

(e) The CN Subscription Agreement;

(f) The Supply and Service Agreements; and

(g) This Circular.

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 Wednesday, 8 December 2010 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 RESOLUTIONS

(1) "**THAT** the following agreements the Company entered into on 22 October 2010:

i. the agreement with China-Africa Development Fund ("**CADFund**"), COMPLANT International Sugar Industry Co., Ltd. ("**COMPLANT**"), River Right Limited ("**River Right**") and Zheng Da Investments Limited ("**Zheng Da**") pursuant to which CADFund, COMPLANT and River Right have conditionally agreed to form a joint venture using Zheng Da as the vehicle to carry on the ethanol biofuel business in the Republic of Benin, and that CADfund, COMPLANT and River Right shall contribute capital in an aggregate amount of US$23,720,000 by way of share capital and shareholders' loan in the proportion of 25%, 10% and 65% respectively;

ii. the agreement with CADFund pursuant to which the Company has conditionally agreed to issue and CADFund has conditionally agreed to subscribe for 90,000,000 new ordinary shares in the Company of par value HK$0.10 each credited as fully paid ("**Shares**") at the subscription price of HK$0.60 per Share; and

iii. the agreement ("**CN Subscription Agreement**") with CADFund pursuant to which the Company has conditionally agreed to issue and CADFund has conditionally agreed to subscribe for the redeemable convertible notes ("**Convertible Notes**") in the principal amount of HK$24,000,000 convertible into Shares at a conversion price of HK$0.60 per Share and the outstanding principal amount of the Convertible Notes is repayable on the fifth (5th) anniversary from the date of issue of the Convertible Notes

* *For identification only*

(collectively the "**Agreements**") (a copy of which is marked "A" and produced to the meeting and signed by the chairman of the meeting for identification purpose), the terms and conditions of the Convertible Notes in Schedule II attached to the CN Subscription Agreement and all the transactions contemplated under the Agreements including but not limited to:

(a) the allotment and issue of 90,000,000 Shares ("**Subscription Shares**") at an issue price of HK$0.60 per Share by the Company to CADFund;

(b) the issue of the Convertible Notes by the Company to CADFund; and

(c) the entering into the share charge by the Company or its wholly owned subsidiary to secure its obligations under the Convertible Notes

be and are hereby confirmed, approved and ratified, and the directors ("**Directors**") of the Company be and are hereby authorised 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 the implementation of and giving effect to the Agreements and all the transactions contemplated thereunder, and to agree to such variation, amendment, supplement or waiver of matters relating thereto as are, in the opinion of the Directors, in the interest of the Company and the shareholders of the Company as a whole."

(2) "**THAT** conditional upon the passing of resolution (1) above and the Agreements having become unconditional, the Directors be and are hereby granted a specific mandate to exercise the powers of the Company to allot, issue and deal with the Subscription Shares and the conversion shares contemplated under the Convertible Notes, which specific mandate can be exercised once or more than once and with a valid term of five years commencing from the issue date of the Convertible Notes."

(3) "**THAT** the proposed increased annual caps for the year ending 31 December 2010 and the year ending 31 December 2011 respectively as set out in the circular to the Shareholders dated 22 November 2010 ("**Increased Caps**") for the supply and services agreement dated 15 December 2008 entered into between Sino-Africa Technology & Trading Limited (中非技術貿易有限公司, "SATT") and China National Complete Plant Import & Export Corporation (Group) (中國成套設備進出口(集團)總公司), and the four supply and services agreements all dated 15 December 2008 entered into between SATT and La Sucrerie de COMPLANT de Madagascar, COMPLANT Magbass Sugar Complex Company Limited, La Sucrerie de COMPLANT du Benin and Sucrerie Cote Ouest de COMPLANT de Madagascar (Ouest Sucre) respectively (collectively the "Supply and Services Agreements") with the terms and conditions of the Supply and Service Agreements remaining fully effective and unchanged be and are hereby approved and the Directors of the Company be and are hereby authorised 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 Increased Caps."

Yours faithfully,
For and on behalf of the Board of
Hua Lien International (Holding) Company Limited
Shih Chian Fang
Chairman

Hong Kong, 22 November 2010

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.