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HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED

華聯國際（控股）有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 969)

**RENEWAL OF CAPS OF CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO 2018-2020 SUPPLY AND SERVICE AGREEMENTS WITH
CUSTOMERS AND SUPPLIER**

The 2018-2020 Supply and Service Agreements with Customers and Supplier

Reference is made to the announcement and circular of the Company dated 6 May 2015 and 28 May 2015 respectively on among other things the continuing connected transactions in respect of the 2015-2017 Supply and Service Agreements with Customers and Supplier for an initial term of three years commencing from the approval at the extraordinary general meeting. At the extraordinary general meetings of the Company held on 26 June 2015, the Independent Shareholders approved, among other things, the 2015-2017 Supply and Service Agreements with Customers and Supplier and the relevant annual caps respectively.

The Approved Annual Caps with Customers and Supplier previously set for the 2015-2017 Supply and Service Agreements with Customers and Supplier for the three years ended 31 December 2017 have expired on 31 December 2017 and the Company would continue the continuing connected transactions after 31 December 2017 and therefore will, in accordance with the Listing Rules, comply with the provisions of Chapter 14A of the Listing Rules in relation to the Continuing Connected Transactions for about three years (i.e. from approval by the Independent Shareholders at the EGM to 31 December 2020).

Since the customers, African Company 3, African Company 4 and CBB, are still suspending their operations, the 2018-2020 Supply and Service Agreements with Customers and Supplier will not enter with these three parties. In compliance with Rule 14A.51 to 14A.53 of the Listing Rules, SATT had entered into the 2018-2020 Supply and Service Agreements with Customers between SATT and African Company 1, African Company 2 and PCSC and 2018-2020 Supply and Service Agreement with Supplier between SATT and China Complant for the extension of the 2015-2017 Supply and Service Agreements with Customers and Supplier for a further term of about three years commencing on approval by the Independent Shareholders at the EGM to 31 December 2020.

LISTING RULES IMPLICATIONS

Based on the reasons that:

- (i) the African Company 1, African Company 2, and PCSC and China Complant are associates of COMPLANT by virtue of the fact that each of the African Company 1 and African Company 2 are the indirect wholly-owned subsidiary of COMPLANT, PCSC is 30% indirectly owned by COMPLANT and China Complant is holding 30% of the entire issued capital of COMPLANT;
- (ii) COMPLANT is a connected person of the Company by virtue of being a Substantial Shareholder currently holding 300,000,000 Shares, which represent approximately 13.69% of the existing issued share capital of the Company as at the date of this announcement;
- (iii) China Complant is a connected person of the Company by virtue of being a Controlling Shareholder currently holding 800,000,000 Shares, which represent approximately 36.51% of the existing issued share capital of the Company as at the date of this announcement; and
- (iv) SATT is an indirect wholly-owned subsidiary of the Company;

the African Company 1, African Company 2, PCSC and China Complant are connected persons of the Company, the transactions contemplated under the 2018-2020 Supply and Service Agreements with Customers and Supplier therefore constitute Continuing Connected Transactions for the Company.

As the applicable percentage ratios of the Company as defined under Rule 14.07 of the Listing Rules in respect of the transactions under the 2018-2020 Supply and Service Agreements with Customers and Supplier will exceed 5% on an annual basis and the annual consideration will exceed HK\$10,000,000 for the three years ending 31 December 2020, the 2018-2020 Supply and Service Agreements with Customers and Supplier and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The 2018-2020 Supply and Service Agreements with Customers and Supplier are subject to approval by the Independent Shareholders at the EGM. China Complant, COMPLANT and its associates will abstain from voting at the EGM. The Independent Board Committee has been formed to advise the Independent Shareholders on the terms of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2020 for the Continuing Connected Transactions under the 2018-2020 Supply and Service Agreements with Customers and Supplier. The Company has appointed an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of terms of the Continuing Connected Transactions and the 2018-2020 Proposed Annual Caps with Customers and Supplier.

CIRCULAR

A circular containing, among other things,

- (i) information on the 2018-2020 Supply and Service Agreements with Customers and Supplier;
- (ii) a letter from the Independent Board Committee to the Independent Shareholders; and
- (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders will be despatched to the Shareholders not later than 28 November 2018 in accordance with the relevant requirements of the Listing Rules.

1. BACKGROUND

Reference is made to the announcement and circular of the Company dated 6 May 2015 and 28 May 2015 respectively on among other things the Continuing Connected Transactions in respect of the 2015-2017 Supply and Service Agreements with Customers and Supplier. The extraordinary general meeting of the Company on 26 June 2015 duly passed by way of poll of resolutions to approve, among others, the 2015-2017 Supply and Service Agreements with Customers and Supplier and the annual caps for three years ending 31 December 2017.

The Company would continue such continuing connected transactions after 31 December 2017 and therefore will, in accordance with the Listing Rules, comply with the provisions of Chapter 14A of the Listing Rules in relation to the Continuing Connected Transactions for about three years (i.e. from date of approval at EGM to 31 December 2020), including disclosing further information thereof in this announcement and seeking approvals from the Independent Shareholders for the Continuing Connected Transactions (including the 2018-2020 Proposed Annual Caps with Customers and Supplier).

2. THE 2018-2020 SUPPLY AND SERVICE AGREEMENTS WITH CUSTOMERS BETWEEN SATT AND AFRICAN COMPANY 1, AFRICAN COMPANY 2 AND PCSC

Since three connected persons who are customers of SATT, African Company 3, African Company 4 and CBB, are still suspending their operations, the 2018-2020 Supply and Service Agreements with Customers will not enter with these three connected persons. In compliance with Rule 14A.51 to 14A.53 of the Listing Rules, SATT and each of remaining customers who are connected persons, the African Company 1, African Company 2 and PCSC, have entered into exclusive 2018-2020 Supply and Service Agreement with Customers on 7 November 2018. This agreement is subject to and conditional upon the approval by the Independent Shareholders at the EGM to be held in accordance with the requirements under the Listing Rules, which is effective from approval from Independent Shareholders at the EGM and valid for a term of about three years ending 31 December 2020.

2.1. Deliverables to be provided by SATT

The Deliverables to be provided by SATT to African Company 1, African Company 2 and PCSC are expected to be numerous, both in terms of quantity and variety. As defined below, Deliverables are categorised into three categories for determination of the 2018-2020 Proposed Annual Caps with Customers and Supplier.

2.1.1. Consumables Procurement and Technical Support Services

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

2.1.2. Chemicals and Fertilizer Procurement

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

2.1.3. Fixed Asset Procurement

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

2.2. General Principles

The 2018-2020 Supply and Service Agreements with Customers between SATT and the African Company 1, African Company 2 and PCSC are the master agreement which set out the principles upon which the supply of the Deliveries by SATT to African Company 1, African Company 2 and PCSC are to be carried out.

2.2.1. Exclusivity

Pursuant to which, each of the African Company 1, African Company 2 and PCSC has agreed to order Deliverables exclusively from SATT for a term of about three years ending 31 December 2020.

2.2.2. Detailed Terms on Definitive Agreements

Pursuant to the 2018-2020 Supply and Service Agreements with Customers, SATT will enter into definitive agreements with each of the African Company 1, African Company 2 and PCSC from time to time to provide for detailed terms of each single transaction in accordance with the principles set out in each of the 2018-2020 Supply and Service Agreements with Customers. Such detailed terms include but not limited to prices, payment terms, quantities, qualities, delivery and inspection of products and other terms and conditions in relation to the Deliverables required.

2.2.3. Normal Commercial Terms

SATT and African Company 1, African Company 2 and PCSC agree that such detailed terms shall be on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, fair and reasonable to the African Company 1, African Company 2 and PCSC. The terms offered to the African Company 1, African Company 2 and PCSC shall be no less favourable than those offered by SATT to independent third parties in the market where those companies are located.

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

2.3. Pricing determination

The prices at which the Deliverables are to be provided must be fair and reasonable. The 2018-2020 Supply and Service Agreements with Consumers detail specific pricing principles of the Deliverables. The pricing determination of the 2018-2020 Supply and Service Agreements with Customers primarily remains consistent with that of the 2015-2017 Supply and Service Agreements with Customers. The price will be determined in accordance with the following orders:

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

The local market price is defined as the price of the same Deliverables prevail in the local market.

(1) Situation where local price of the same Deliverables obtainable

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

Consideration = Local market price of the same Deliverables x
Imported duty adjustment (only applicable to
PCSC)

(2) Situation where only local price of the similar Deliverables obtainable

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

Consideration = Local market price of similar Deliverables x
Imported duty adjustment (only applicable
to PCSC) x Percentage difference in quality
attributes

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

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

The sales department of the SATT and its designated persons are mainly responsible for coordinating with African Company 1, African Company 2 and PCSC for checking the average price offered by at least one independent third party, in local country generally through obtaining quotations via email, fax or phone and tenders by publishing tender notice via various media resources such as local newspapers to determine the local market price in the local areas where such type of service is provided and on normal commercial terms in the local area where the service of comparable scale is being provided at that time; or with reference to the price charged, by at least one independent third party, in nearby areas where such type of service is provided on normal commercial terms in the area or country adjacent to the local area where the service of comparable scale is being provided at that time. The local market price shall be calculated and estimated before each accounting year and the sales department of the SATT will update the relevant information from time to time according to the procurement demand and will continue to monitor the local market price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

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

(1) *Cost-plus profit margin in the PRC*

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

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

(2) *Internal control measures for determination of profit margin*

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

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

(3) *Profit margin of each category*

For year 2018, the profit margin which agreed between the SATT and the African Company 1, African Company 2 and PCSC to add on the cost of the Deliverables from China Complant will fall within below percentage range of each category. The gross margins vary among product lines in each category, e.g. about 13.5% for steel and about 27.8% for spare parts for category in Consumables Procurement. These percentages would receive annual updates when applying to year 2019 and year 2020.

	Profit margin %
Consumables Procurement	13.5%-27.8%
Chemicals and Fertilizer Procurement	19.9%-21.2%
Fixed Asset Procurement	15.2%-36.9%

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

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

2.4. Payment terms

Invoices will be issued after the Deliverables reached designated port and passed the quality inspection. Payment should be made in 365 days following the invoice date by bank transfer, bank draft or other mutually agreed methods. The payment terms under 2018-2020 Supply and Service Agreements with Customers are after due consideration of the bearing capability of financial cost for the credit period on the profit margin generating from those transactions.

2.5. Quantity of Deliverables

In last quarter of each year, African Company 1, African Company 2, and PCSC will provide to SATT an annual assessment of the Deliverables that they require for coming year and both parties shall agree on quantity of Deliverables under this yearly plan.

2.6. Quality of Deliverables

The quality of the Deliverables to be provided should be satisfactory to the recipient.

2.7. The 2018-2020 Proposed Annual Caps With Customers of African Company 1, African Company 2 and PCSC

The Board has considered and proposed that the following proposed maximum values in respects of each of the three categories of the Deliverables will serve as the annual caps of the relevant category for the period from approval by Independent Shareholders at the EGM to 31 December 2020.

The table shown below the historical amounts, the 2015-2017 Approved Annual Caps with Customers and 2018-2020 Proposed Annual Caps with Customers under the three categories of the Deliverables together with the historical utilization rate analysis:

Transaction categories	Historical amounts			2015-2017			2018-2020		
	Historical utilisation rate			Approved Annual Cap with Customers			Proposed Annual Caps with Customers		
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ending	Year ending	Year ending
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2015	2016	2017	2015	2016	2017	2018	2019	2020
Consumables Procurement and Technical Support Services	US\$7,942,000 (approximately HK\$61,555,000)	US\$6,019,000 (approximately HK\$46,680,000)	US\$8,130,000 (approximately HK\$63,043,000)	US\$18,556,000 (approximately HK\$143,885,000)	US\$19,305,000 (approximately HK\$149,693,000)	US\$20,085,000 (approximately HK\$155,741,000)	US\$7,996,000 (approximately HK\$62,004,000)	US\$8,264,000 (approximately HK\$64,079,000)	US\$8,504,000 (approximately HK\$65,938,000)
	42.8%	31.2%	40.5%						
Chemicals and Fertilizer procurement	US\$2,919,000 (approximately HK\$22,625,000)	US\$3,934,000 (approximately HK\$30,507,000)	US\$5,298,000 (approximately HK\$41,084,000)	US\$13,222,000 (approximately HK\$102,525,000)	US\$13,756,000 (approximately HK\$106,665,000)	US\$14,312,000 (approximately HK\$110,977,000)	US\$7,267,000 (approximately HK\$56,347,000)	US\$7,678,000 (approximately HK\$59,533,000)	US\$8,020,000 (approximately HK\$62,189,000)
	22.1%	28.6%	37.0%						
Fixed Asset Procurement	US\$26,959,000 (approximately HK\$208,955,000)	US\$1,535,000 (approximately HK\$11,901,000)	US\$1,396,000 (approximately HK\$10,821,000)	US\$39,959,000 (approximately HK\$309,846,000)	US\$41,574,000 (approximately HK\$322,369,000)	US\$43,253,000 (approximately HK\$335,388,000)	US\$1,534,000 (approximately HK\$11,895,000)	US\$1,564,000 (approximately HK\$12,131,000)	US\$1,583,000 (approximately HK\$12,276,000)
	67.5%	3.7%	3.2%						
Total	US\$37,820,000 (approximately HK\$293,135,000)	US\$11,488,000 (approximately HK\$89,088,000)	US\$14,824,000 (approximately HK\$114,948,000)	US\$71,737,000 (approximately HK\$556,256,000)	US\$74,635,000 (approximately HK\$578,727,000)	US\$77,650,000 (approximately HK\$602,106,000)	US\$16,797,000 (approximately HK\$130,246,000)	US\$17,506,000 (approximately HK\$135,744,000)	US\$18,107,000 (approximately HK\$140,402,000)

2.7.1. Consumables Procurement and Technical Support Services

The 2018-2020 Proposed Annual Caps with Customers for consumables procurement and technical support services to be provided by SATT to African Company 1, African Company 2 and PCSC were determined with reference to (i) the historical amount of transactions; (ii) the estimated business growth of the African Company 1, African Company 2 and PCSC; and (iii) the potential price fluctuations in both the international and domestic markets.

As indicated in above table of the historical utilisation rate of 2015-2017 Approved Annual Caps with Customers for consumables procurement and technical support services were approximately 42.8%, 31.2% and 40.5% respectively for three years ended 31 December 2017, the unutilised percentage were approximately 57.2%, 68.8% and 59.5% respectively. The three-year average utilization rate was approximately 38.2% and the three-year average unutilized rate was approximately 61.8%. Out of this 61.8% shortfall, 26.5% was explained by the suspension of operation of African Company 3 and African Company 4 since 2015 due to local outbreak of labour strike and infectious disease there and the remaining 35.3% was explained by the reduction in scale of annual factory overhaul resulting in decrease in purchase of consumptive spare parts to preserve working capitals because of the decrease in global sugar price reduced their revenue.

2.7.2. Chemicals and Fertilizer Procurement

The 2018-2020 Proposed Annual Caps with Customers for chemicals and fertilizer procurement to be provided by SATT to African Company 1, African Company 2 and PCSC were determined with reference to (i) the historical amount of transactions; (ii) the estimated business growth in agricultural and industrial production of the African Company 1, African Company 2 and PCSC; and (iii) the potential price fluctuations in both the international and domestic markets for Chemicals and Fertilizer Procurement.

As indicated in above table of the historical utilisation rate of 2015-2017 Approved Annual Caps with Customers for chemicals and fertilizer procurement were approximately 22.1%, 28.6% and 37.0% respectively for three years ended 31 December 2017, the unutilised percentage were approximately 77.9%, 71.4% and 63.0% respectively. The three-year average utilization rate was approximately 29.2% and the three-year average utilized rate was approximately 70.8%. Out of this 70.8% shortfall, 20.7% was explained by the suspension of operation of African Company 3 and African Company 4 and the remaining 50.1% was explained by part of the annual purchases of customers of SATT had shifted to local procurement instead of purchasing through SATT. The reason is that the prices of chemicals and fertilizers fluctuate significantly yearly in local market and in the PRC market, the customers will compare prices offered from local suppliers and that from SATT. This higher shortfall rate indicated that the local selling price of some fertilizers and chemicals were lower domestically than price offered by SATT and so this had shrined the orders placed through SATT during the three years ended 2017.

2.7.3. Fixed Asset Procurement

The 2018-2020 Proposed Annual Caps with Customers for fixed asset procurement were determined with reference to the anticipated 2018-2020 fixed assets addition and replacement plans of African Company 1, African Company 2 and PCSC.

As indicated in above table of the historical utilisation rate of 2015-2017 Approved Annual Caps with Customers for fixed asset procurement was approximately 67.5%, 3.7% and 3.2% respectively for three years ended 31 December 2017, the unutilised percentage were approximately 32.5%, 96.3% and 96.8% respectively. The three-year average utilization rate was approximately 24.8% and the three-year average utilized rate was approximately 75.2%. Out of this 75.2% shortfall, 11.6% was explained by the suspension of operation of African Company 3 and African Company 4 and the remaining 63.6% was explained by the customers curtailed their expenditures on capital investment when the unfavorable sugar market conditions increased their business risk.

In determining the 2018-2020 Proposed Annual Caps with Customers, the Directors generally have taken into consideration the anticipated reductions in demand from customers in present market environment of African Company 1 and African Company 2 and the suspending operations which include the Bernard Lodge and Monymusk Sugar Estate and Monymusk Sugar Factory under PCSC and the African Company 3, African Company 4 as well as CBB (both of them have suspended the renewal the 2018-2020 Supply and Services with Customers until their operations resumed). This reflected in the reduction in the 2018-2020 Proposed Annual Caps for the Consumables Procurement and Technical Support Services, Chemicals and Fertilizer Procurement and Fixed Asset Procurement in yearly average by approximately 57.3%, 44.4% and 96.2% respectively as compared with yearly annual caps with the 2015-2017 Approved Annual Caps with Customers. In light of proper adjustment has been made to the 2018-2020 Proposed Annual Caps with Customers for the Continuing Connected Transactions with African Company 1, African Company 2 and PCSC, the Directors are of the view that the above 2018-2020 Proposed Annual Caps with Customers in relation to the Deliverables to be provided by SATT to African Company 1, African Company 2 and PCSC are fair and reasonable.

2.8. Reasons for and benefits of continuation of Continuing Connected Transactions with African Company 1, African Company 2 and PCSC under 2018-2020 Supply and Service Agreements with Customers

Due to the historical connection and long-term cooperation relationship between the Group and African Company 1, African Company 2 and PCSC, the Directors (including the independent non-executive Directors) consider that the transactions will continue on a recurring basis and it is beneficial to continue the Continuing Connected Transactions by way of entering into the 2018-2020 Supply and Service Agreements with Customers between SATT and African Company 1, African Company 2 and PCSC, as the transactions with African Company 1, African Company 2 and PCSC will help to maintain existing business scale and generate satisfactory cash flow for operation of the Group. As at the date of the announcement, African Company 1, African Company 2 and PCSC are the only three customers of the SATT. Also, the Continuing Connected Transactions with African Company 1, African Company 2 and PCSC enable SATT to supply African Company 1, African Company 2 and PCSC with the necessary Deliverables in reasonable time and at reason price and quality.

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

3. THE 2018-2020 SUPPLY AND SERVICE AGREEMENT WITH SUPPLIER BETWEEN SATT AND CHINA COMPLANT

SATT had entered into 2018-2020 Supply and Service Agreement with Supplier with China Complant on 7 November 2018. This agreement is subject to and conditional upon the approval by the Independent Shareholders at the EGM to be held in accordance with the requirements under the Listing Rules, which is effective from approval from Independent Shareholders at the EGM and valid for a term of about three years ending 31 December 2020.

3.1. Deliverables to be provided by China Complant

The Deliverables to be provided by China Complant to SATT are the same three categories of the Deliverables to be provided by SATT to African Company 1, African Company 2 and PCSC as described in above paragraph, namely, Consumables Procurement and Technical Support Services; Chemicals and Fertilizer Procurement and Fixed Asset Procurement.

3.2. General Principles

The 2018-2020 Supply and Service Agreement with Supplier between SATT and China Complant is the master agreement which set out the principles upon which the supply of Deliverables by China Complant to SATT are to be carried out.

3.2.1. Non-Exclusivity

Pursuant to the 2018-2020 Supply and Service Agreement with Supplier, China Complant has agreed to supply the Deliverables to SATT so as to enable SATT to provide the same to African Company 1, African Company 2 and PCSC and other independent customers for a term of three years commencing from the approval by Independent Shareholders at the EGM. However, SATT is not obliged to source Deliverables exclusively from China Complant. SATT shall source Deliverables from China Complant only if (i) SATT and the African Company 1, African Company 2 and PCSC have entered into definitive agreement in respect of the supply of materials and services; (ii) the relevant Deliverables have to be sourced from the PRC; and (iii) China Complant is able to supply the relevant Deliverables to SATT within reasonable time in accordance with the 2018-2020 Supply and Service Agreement with Supplier.

3.2.2. Detailed Terms on Definitive Agreements

Pursuant to the 2018-2020 Supply and Service Agreement with Supplier, China Complant will enter into definitive agreements with SATT from time to time to provide for detailed terms of each single transaction in accordance with the principles set out in the 2018-2020 Supply and Service Agreement with Supplier. Such detailed terms include but not limited to prices, payment terms, quantities, qualities, delivery and inspection of products and other terms and conditions in relation to the provision of the Deliverables required.

3.2.3. Normal Commercial Terms

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

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

3.3. Pricing determination

The price at which the Deliverables are to be provided must be fair and reasonable. The 2018-2020 Supply and Service Agreement with Supplier details specific pricing principles for the Deliverables. The pricing determination of the 2018-2020 Supply and Service Agreement with Supplier primarily remains consistent with that of the 2015-2017 Supply and Service Agreement with Supplier. The price will be determined in accordance with the following order:

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

The Deliverables provided by China Complant are at market prices of the same Deliverables prevail in the PRC.

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

3.3.2. Where 3.3.1 is not applicable, determining on basis of the cost of those customarily made Deliverables

In absence of prevailing PRC market prices of those customarily made Deliverables, the price will then be determined with reference to China Complant's actual cost payable to its PRC or overseas suppliers.

3.3.3. Internal controls adopted by SATT

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

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

3.4. Payment terms

Invoices will be issued after the Deliverables reached designated port and passed the quality inspection. Payment should be made in 365 days following the invoice date by bank transfer, bank draft or other mutually agreed methods. The payment terms under 2018-2020 Supply and Service Agreement with Supplier are after due consideration of the bearing capability of financial cost for the credit period on the profit margin generating from those transactions.

3.5. Quantity of Deliverables

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

3.6. Quality of Deliverables

The quality of the Deliverables to be provided should be satisfactory to the recipient.

3.7. The 2018-2020 Proposed Annual Caps with Supplier of China Compliant

The Board has considered and proposed that the following proposed maximum values in respects of each of the three categories of Deliverables will serve as the annual caps of the relevant category for the period from approval by Independent Shareholders at the EGM to 31 December 2020.

The table shown below the historical amounts, the 2015-2017 Approved Annual Caps with Supplier and 2018-2020 Proposed Annual Caps with Supplier with under the three categories of the Deliverables together with the historical utilization rate analysis:

Transaction categories	Historical amounts			2015-2017			2018-2020		
	Historical utilisation rate			Approved Annual Cap with Supplier			Proposed Annual Caps with Supplier		
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ending	Year ending	Year ending
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2015	2016	2017	2015	2016	2017	2018	2019	2020
Consumables Procurement and Technical Support Services	US\$4,912,000 (approximately HK\$38,075,000)	US\$2,633,000 (approximately HK\$20,423,000)	US\$4,244,000 (approximately HK\$32,908,000)	US\$9,633,000 (approximately HK\$74,695,000)	US\$10,022,000 (approximately HK\$77,712,000)	US\$10,427,000 (approximately HK\$80,852,000)	US\$4,292,000 (approximately HK\$33,284,000)	US\$4,343,000 (approximately HK\$33,674,000)	US\$4,394,000 (approximately HK\$34,073,000)
	51.0%	26.3%	40.7%						
Chemicals and Fertilizer procurement	US\$1,148,000 (approximately HK\$8,902,000)	US\$2,599,000 (approximately HK\$20,152,000)	US\$4,301,000 (approximately HK\$33,354,000)	US\$10,736,000 (approximately HK\$83,248,000)	US\$11,170,000 (approximately HK\$86,613,000)	US\$11,621,000 (approximately HK\$90,110,000)	US\$6,202,000 (approximately HK\$48,088,000)	US\$6,511,000 (approximately HK\$50,487,000)	US\$6,815,000 (approximately HK\$52,847,000)
	10.7%	23.3%	37.0%						
Fixed Asset Procurement	US\$21,800,000 (approximately HK\$168,964,000)	US\$769,000 (approximately HK\$5,964,000)	US\$816,000 (approximately HK\$6,329,000)	US\$36,520,000 (approximately HK\$283,180,000)	US\$37,996,000 (approximately HK\$294,625,000)	US\$39,531,000 (approximately HK\$306,528,000)	US\$941,000 (approximately HK\$7,298,000)	US\$961,000 (approximately HK\$7,448,000)	US\$973,000 (approximately HK\$7,548,000)
	59.7%	2.0%	2.1%						
Total	US\$27,860,000 (approximately HK\$215,941,000)	US\$6,001,000 (approximately HK\$46,539,000)	US\$9,361,000 (approximately HK\$72,591,000)	US\$56,889,000 (approximately HK\$441,123,000)	US\$59,188,000 (approximately HK\$458,950,000)	US\$61,579,000 (approximately HK\$477,490,000)	US\$11,435,000 (approximately HK\$88,669,000)	US\$11,815,000 (approximately HK\$91,610,000)	US\$12,182,000 (approximately HK\$94,468,000)

3.7.1. Consumables Procurement and Technical Support Services

The 2018-2020 Proposed Annual Caps with Supplier for consumables procurement and technical support services with China Complant were determined with reference to a number of factors, including (i) the historical amount of transactions for the three years ended 31 December 2017; (ii) the 2018-2020 Proposed Annual Caps with Customers between SATT and the African Company 1, African Company 2 and PCSC; (iii) the average normal historical gross profit margin that was earned by SATT on Consumables Procurement and Technical Support Services which is about 47.8% for the year ended 31 December 2017; and (iv) the forecasted change in gross margin that will be earned by SATT on Consumables Procurement and Technical Support Services.

As indicated in above table of the historical utilisation rate of 2015-2017 Approved Annual Caps with Supplier for consumables procurement and technical support services were approximately 51.0%, 26.3% and 40.7% for the years ended 31 December 2017, the unutilised percentage were approximately 49.0%, 73.7% and 59.3% respectively. The three-year average utilization rate was approximately 39.3% and the three-year average utilized rate was approximately 60.7%. This utilisation shortfall of 60.7% was mainly due to the 61.8% decline in sales transactions of consumables procurement and technical support services to customers of SATT (as explained in above paragraph 2.7.1) that led to similar percentage decrease in purchases from supplier, China Complant, by SATT.

3.7.2. Chemicals and Fertilizer Procurement

The 2018-2020 Proposed Annual Caps with Supplier for chemicals and fertilizer procurement with China Complant were determined with reference to a number of factors, including (i) the historical figures for the three years ended 31 December 2017; (ii) the 2018-2020 Proposed Annual Caps with Customers between SATT and the African Company 1, African Company 2 and PCSC; (iii) the average normal historical gross profit margin that was earned by SATT on Chemicals and Fertilizer Procurement which is about 18.9% for the year ended 31 December 2017; and (iv) the forecasted change in gross margin that will be earned by SATT on Chemicals and Fertilizer Procurement.

As indicated in above table of the historical utilisation rate of 2015-2017 Approved Annual Caps with Supplier for chemicals and fertilizer procurement were approximately were approximately of 10.7%, 23.3% and 37.0% for the three years ended 31 December 2017, the unutilised percentage were approximately of 89.3%, 76.7% and 63.0% respectively. The three-year average utilization rate was approximately 23.7% and the three-year average utilized rate was approximately 76.3%. This utilisation shortfall of 76.3% was mainly due to the 70.8% decline in sales transactions of Chemicals and Fertilizer Procurement to customers of SATT (as explained in above paragraph 2.7.2) that led to similar percentage fall in purchases from supplier, China Complant, by SATT.

3.7.3. Fixed Asset Procurement

The 2018-2020 Proposed Annual Caps with Supplier for fixed asset procurement with China Complant were determined with reference to a number of factors, including (i) the historical figures for the three years ended 31 December 2017; (ii) the 2018-2020 Proposed Annual Caps with Customers between SATT and the African Company 1, African Company 2, and as well as PCSC; (iii) the average normal historical gross profit margin that will be earned by SATT on Fixed Asset Procurement which is about 41.5% for the year ended 31 December 2017; and (iv) the forecasted change in gross margin that will be earned by SATT on fixed asset procurement.

As indicated in above table of the historical utilisation rate of 2015-2017 Approved Annual Caps with Supplier for fixed asset procurement were approximately 59.7%, 2.0% and 2.1% respectively for three years ended 31 December 2017, the unutilised percentage were approximately 40.3%, 98.0% and 97.9% respectively. The three-year average utilization rate was approximately 21.3% and the three-year average utilized rate was approximately 78.7%. This utilisation shortfall of 78.7% was mainly due to the 75.2% decline in sales transactions of Fixed Assets Procurement and technical support services to customers of SATT (as explained in above paragraph 2.7.3) that led to similar percentage drop in purchases from supplier, China Complant, by SATT.

In light of the above, the 2018-2020 Proposed Annual Caps with Supplier set out in the Continuing Connected Transactions with China Complant is in line with the estimated development of the business of the SATT with reference to business development of its customers and is determined based on principles of fairness and reasonableness. The Directors are of the view that the above 2018-2020 Proposed Annual Caps with Supplier in relation to the Deliverables to be provided by China Complant to SATT are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

3.8. Reasons for and benefits of continuation of Continuing Connected Transactions with China Complant under 2018-2020 Supply and Service Agreement with Supplier

China Complant has been supplying, among other things, Deliverables to SATT for its supply in turn to African Company 1, African Company 2 and PCSC. Although the Group is at liberty to purchase similar items from other independent suppliers, it has decided to continue the purchase from China Complant under 2018-2020 Supply and Service Agreement with China Complant as China Complant has offered a competitive price and has been able to consistently meet the Group's requirement in terms of quantity, quality control and logistic supports.

All the above Continuing Connected Transactions and transactions under 2018-2020 Supply and Service Agreement with China Complant are and will continue to be agreed on an arm's length basis with terms that are fair and reasonable to the Company and conducted in the ordinary and usual course of business on normal commercial terms (or better to the Group) or on terms not less favorable than those obtained from independent third parties under comparable market conditions, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole, and that the above 2018-2020 Proposed Annual Caps with Supplier between SATT and China Complant are fair and reasonable. Therefore, the Directors (including the independent non-executive Directors) consider that it is beneficial to continue the Continuing Connected Transactions by way of entering into the 2018-2020 Supply and Service Agreement with Supplier.

The independent non-executive Directors constituting the Independent Board Committee will give their view on the Continuing Connected Transactions and the 2018-2020 Proposed Annual Caps with Supplier in respect of the Continuing Connected Transactions after considering the advice from the Independent Financial Adviser, and their view will be given in the circular to be despatched to the Shareholders.

4 GENERAL INFORMATION

4.1 Information on the Group

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

4.2 Information on the SATT

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

4.3 Information on the China Complant

China Complant, a state-owned company incorporated in the PRC, is a wholly-owned subsidiary of State Development & Investment Corp., Ltd. 國家開發投資集團有限公司 (formerly known as State Development & Investment Corp. (國家開發投資公司)). China Complant is a Controlling Shareholder holding approximately 36.51% of the existing issued share capital of the Company and owns 30% equity interest in the COMPLANT. China Complant, through its subsidiaries, is principally engaged in international cooperation projects (including China-aided foreign projects, international contracting projects, labor services, complete plant export and other related business) and offshore investment and lease operation in sugar industry.

4.4 Information on the COMPLANT

COMPLANT is a company incorporated in the Cayman Islands and its issued share capital is owned as to 40% by Xin Jiang Bo Tai Energy Company Limited, 30% by Africa-Asia Investment Limited and 30% by China Complant. COMPLANT, through its subsidiaries, is principally engaged in sugar cane planting and production of sugar products and ethanol in Africa and Jamaica. COMPLANT is a Substantial Shareholder holding approximately 13.69% of the existing issued share capital of the Company.

4.5 Information on the African Company 1; African Company 2 and PCSC

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

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

4.5.3 PCSC is a company incorporated in Jamaica and a 70% indirectly owned subsidiary of the Company and 30% owned by COMPLANT. It is principally engaged in sugar cane plantation and sugar manufacturing in Jamaica.

5 IMPLICATIONS UNDER THE LISTING RULES

Based on the reasons that:

- (i) the African Company 1, African Company 2 and PCSC as well as China Complant are associates of COMPLANT by virtue of the fact that each of the African Company 1 and African Company 2 is the indirect wholly-owned subsidiary of COMPLANT, PCSC is owned 30% by COMPLANT and China Complant is holding 30% of the entire issued capital of COMPLANT;
- (ii) COMPLANT is a connected person of the Company by virtue of being a Substantial Shareholder currently holding 300,000,000 Shares, which represent approximately 13.69% of the existing issued share capital of the Company as at the date of this announcement;
- (iii) China Complant is a connected person of the Company by virtue of being a Controlling Shareholder currently holding 800,000,000 Shares, which represent approximately 36.51% of the existing issued share capital of the Company as at the date of this announcement; and
- (iv) SATT is an indirect wholly-owned subsidiary of the Company;

the African Company 1, African Company 2 and PCSC as well as China Complant are connected persons of the Company, the transactions contemplated under the 2018-2020 Supply and Service Agreements with Customers and Supplier therefore constitute Continuing Connected Transactions for the Company.

As the applicable percentage ratios of the Company as defined under Rule 14.07 of the Listing Rules in respect of the transactions under the Supply and Service Agreements will exceed 5% on an annual basis and the annual consideration will exceed HK\$10,000,000 for the three years ending 31 December 2020, the 2018-2020 Supply and Service Agreements with Customers and Supplier and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As China Complant and COMPLANT are interested in 800,000,000 and 300,000,000 Shares respectively as at the date of this announcement, representing approximately 36.51% and 13.69% respectively of the issued share capital of the Company, China Complant and COMPLANT is a Controlling Shareholder and a Substantial Shareholder of the Company respectively and shall therefore abstain from voting in respect of the resolutions approving the 2018-2020 Supply and Service Agreements with Customers and Supplier, the Continuing Connected Transactions and the 2018-2020 Proposed Annual Caps with Customers and Supplier at the EGM.

6 APPROVAL BY THE BOARD

The Directors (including independent non-executive Directors), other than Ms. Liu Yan, Mr. Liu Xueyi, Mr. Han Hong and Mr. Wang Zhaohui, by virtue of their relationships with China Complant and COMPLANT, Ms. Liu Yan being the present director and Mr. Liu Xueyi and Mr. Han Hong being the past directors of China Complant, Mr. Han Hong being the present director and Mr. Liu Xueyi being the past director of COMPLANT as well as Mr. Wang Zhaohui being the finance manager of COMPLANT, are considered to have material interest in the 2018-2020 Supply and Service Agreements with Customers and Supplier and have abstained from voting on the board resolution for approving the 2018-2020 Supply and Service Agreements with Customers and Supplier, the Continuing Connected Transactions and the 2018-2020 Proposed Annual Caps with Customers and Supplier, are of the view that the terms of the transactions contemplated under the 2018-2020 Supply and Service Agreements with Customers and Supplier are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The independent non-executive Directors constituting the Independent Board Committee will give their view on the Continuing Connected Transactions and the 2018-2020 Proposed Annual Caps with Customers and Supplier in respect of the Continuing Connected Transactions after considering the advice from the Independent Financial Adviser, and their view will be given in the circular to be despatched to the Shareholders.

7 EGM

An extraordinary general meeting will be convened to obtain the approval of Independent Shareholders regarding, among other things, the proposed terms of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2020 under the 2018-2020 Supply and Service Agreements with Customers and Supplier.

For the purpose of the EGM, the Board will appoint (1) an Independent Board Committee to consider and advise the Independent Shareholders on the terms of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2020 under the 2018-2020 Supply and Service Agreements with Customers and Supplier; and (2) an independent financial adviser to advise the Independent Board Committee on the terms of the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2020 under the 2018-2020 Supply and Service Agreements with Customers and Supplier.

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

8 CIRCULAR

A circular containing, among other things, (1) details relating to the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2020 under the 2018-2020 Supply and Service Agreements with Customers and Supplier; (2) a letter of recommendation on the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2020 under the 2018-2020 Supply and Service Agreements with Customers and Supplier from the Independent Board Committee to the Independent Shareholders; and (3) a letter of advice on the Continuing Connected Transactions and the proposed annual caps in respect thereof for the three financial years ending 31 December 2020 under the 2018-2020 Supply and Service Agreements with Customers and Supplier from an independent financial adviser to the Independent Shareholders and the Independent Board Committee will be despatched to the shareholders of the Company on or before 28 November 2018 in accordance with the relevant requirements of the Listing Rules.

9 DEFINITIONS

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

“2015-2017 Supply and Service Agreements with Customers and Supplier” (i) the six legally binding supply and service agreements with customers entered into between SATT and each of the African Company 1, African Company 2, African Company 3, African Company 4, CBB and PCSC respectively on 6 May 2015 in respect of the provision of Deliverables exclusively by SATT for an initial term of about three years commencing from 26 June 2015 (“**2015-2017 Supply and Services Agreement with Customers**”);

and

(ii) a legally binding supply and service agreement with supplier entered into between China Complant and SATT on 6 May 2015 in respect of the provision of Deliverables by China Complant for an initial term of about three years commencing from 26 June 2015 (“**2015-2017 Supply and Services Agreement with Supplier**”);

and 2015-2017 Supply and Service Agreement(s) with Customers and Supplier mean all or one of these agreements

“2018-2020 Supply and Service Agreements with Customers and Supplier” (i) the three legally binding supply and service agreements entered into between SATT and each of the customers, African Company 1, African Company 2 and PCSC respectively on 7 November 2018 in respect of the provision of Deliverables exclusively by SATT for an initial term of about three years commencing from approval at the EGM (“**2018-2020 Supply and Services Agreement with Customers**”);

and

- (ii) a legally binding supply and service agreement with supplier entered into between China Complant and SATT on 7 November 2018 in respect of the provision of Deliverables by China Complant for an initial term of about three years commencing from approval at the EGM (**“2018-2020 Supply and Services Agreement with Supplier”**)

and 2018-2020 Supply and Service Agreement(s) with Customers and Supplier mean all or one of these agreements

“2018-2020 Proposed Annual Cap(s) with Customers and Supplier”

- (i) the maximum aggregate annual value of the transaction contemplated under the 2018-2020 Supply and Service Agreements with Customers (**“2018-2020 Proposed Annual Cap(s) with Customers”**);

and

- (ii) the maximum aggregate annual value of the transaction contemplated under the 2018-2020 Supply and Service Agreements with Supplier (**“2018-2020 Proposed Annual Cap(s) with Supplier”**)

and 2018-2020 Proposed Annual Cap(s) with Customers and Supplier mean the aggregate or a sub-category of these proposed annual cap(s)

“African Company 1”

La Sucrierie de COMPLANT du Benin, a company incorporated in Republic of Benin

“African Company 2”

Sucrierie Cote Ouest de COMPLANT de Madagascar (Ouest Sucre), a company incorporated in Republic of Madagascar

“African Company 3”

La Sucrierie de COMPLANT de Madagascar, a company incorporated in Republic of Madagascar

“African Company 4”

COMPLANT Magbass Sugar Complex Company Limited, a company incorporated in Republic of Sierra Leone

“Approved Annual Cap(s) with Customers and Supplier”	(i) 2015-2017 annual cap with customers approved at the extraordinary general meetings of the Company held on 26 June 2015 (“ 2015-2017 Approved Annual Cap(s) with Customers ”); and (ii) 2015-2017 annual cap with supplier approved at the extraordinary general meetings of the Company held on 26 June 2015 (“ 2015-2017 Approved Annual Cap(s) with Supplier ”) and Approved Annual Cap(s) with Customers and Supplier mean aggregate or a sub-category of these approved annual cap(s)
“associate(s)”	has the meaning ascribed to it under the listing rules
“Board”	the board of directors of the Company
“Business Day”	any day from 9:00 am to 5:00 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 9:00 am to 5:00 pm
“BVI”	British Virgin Islands
“CBB”	Compagnie Beninoise De Bioenergie SA, a company incorporated under the Republic of Benin with limited liability and is a 90% indirectly owned subsidiary of the Company and and 10% owned by COMPLANT

“China Complant”	China National Complete Plant Import & Export Corporation Limited (中國成套設備進出口(集團)有限公司 (formerly known as 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., Ltd. 國家開發投資集團有限公司 (formerly known as State Development & Investment Corp. (國家開發投資公司)) and owns 30% equity interest in COMPLANT and is a Controlling Shareholder holding approximately 36.51% issued share capital of the Company.
“Company”	Hua Lien International (Holding) Company Limited, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the Main Board of the Stock Exchange
“COMPLANT”	COMPLANT International Sugar Industry Co., Ltd. (中成國際糖業股份有限公司), a company incorporated in the Cayman Islands with limited liability and is a Substantial Shareholder holding approximately 13.69% issued share capital of the Company
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the 2018-2020 Supply and Service Agreements with Customers and Supplier
“Controlling Shareholder(s)”	controlling shareholder(s) of the Company, having the meanings ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Deliverables”	Consumables, technical support services, chemicals, fertilizers and fixed assets with origin of source from the PRC as well as ancillary services for engineering, for construction, for repair and maintenance, for training and for technical supports

“EGM”	an extraordinary general meeting to be convened by the Company to consider and, if thought fit, approve the Continuing Connected Transactions and the annual caps for the years 2018 to 2020 under the 2018-2020 Supply and Service Agreements with Customers and Supplier
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board comprising three independent non-executive Directors, namely, Mr. Cheng Tai Kwan Sunny, Mr. Shi Zhu and Dr. Lu Heng Henry, which has been formed for the purpose of advising the Independent Shareholders in respect of the Continuing Connected Transactions and the proposed annual cap for three financial years ending 31 December 2020 under the 2018-2020 Supply and Service Agreements with Customers and Supplier
“Independent Financial Adviser”	Donvex Capital Limited, a registered institution licensed to carry on Type 6 (advising on corporate finance) of the regulated activities under the Securities and Future Ordinance
“Independent Shareholders”	Shareholders other than, China Complant, COMPLANT and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PCSC”	Pan-Caribbean Sugar Company Limited, a company incorporated in Jamaica with limited liability and a 70% indirectly owned subsidiary of the Company and 30% owned by COMPLANT
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SATT”	Sino-Africa Technology & Trading Limited(中非技術貿易有限公司), a company incorporated in BVI with limited liability and is an indirect wholly owned subsidiary of the Company

“Share(s)”	the ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	substantial shareholder(s) of the Company, having the meanings ascribed to it in the Listing Rules
“US\$”	U.S. dollars, the lawful currency of the United States of America
“%”	Percentage

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

Hong Kong, 7 November 2018

As at the date of this announcement, the board of directors comprises eight directors, of which three are executive directors, namely Mr. Liu Xueyi, Mr. Han Hong, and Mr. Wang Zhaohui, two are non-executive directors, namely Ms. Liu Yan and Mr. Zhang Jian, and three are independent non-executive directors, namely Mr. Cheng Tai Kwan Sunny, Mr. Shi Zhu and Dr. Lu Heng Henry.

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

** For identification purpose only*