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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)

APPLICATION OF EXEMPTION UNDER RULES 14A.31(9) OF THE LISTING RULES IN RESPECT OF DISCLOSEABLE AND CONNECTED TRANSACTIONS RELATING TO THE ACQUISITION OF 25% EQUITY INTEREST IN ZHENG DA AND ISSUE OF CONVERTIBLE NOTES UNDER GENERAL MANDATE

ACQUISITION OF 25% EQUITY INTEREST IN ZHENG DA

On 31 May 2013, River Right, a direct wholly-owned subsidiary of the Company, as purchaser entered into the Acquisition Agreement with the Subscriber as seller, pursuant to which the Subscriber agreed to sell and River Right agreed to acquire 25% of equity interest in Zheng Da at a consideration of US\$25 (approximately HK\$193). Following completion of the Acquisition, River Right shall own 90% of the entire issued share capital of Zheng Da and shall take up the Subscriber's liability to make capital contribution to Zheng Da in the sum of US\$5,930,000 (approximately HK\$45,750,000), which shall mainly be satisfied by the proceeds from the issue of the Convertible Notes to the Subscriber. Hence, the completion of the Acquisition shall be subject to the completion of the Convertible Note Subscription Agreement.

ISSUE OF CONVERTIBLE NOTES

On 31 May 2013 (after trading hours), the Company and the Subscriber entered into the Convertible Note Subscription Agreement in respect of the issue of the Convertible Notes in the principal amount of HK\$45,750,000. Completion of the Subscription is subject to the conditions as set out in the paragraph headed "Conditions precedent" below. Detailed terms of the Convertible Notes are set out in the paragraph headed "Principal terms of the Convertible Notes" in this announcement.

The net proceeds from the Convertible Notes of approximately HK\$45,500,000 will be used for financing the Benin Ethanol Biofuel Business.

* For identification purpose only

As at the date of this announcement, the Company has a total of 2,191,180,000 Shares in issue. Assuming full conversion of the Convertible Notes at the Conversion Price of HK\$0.6 per Share, a total of 76,250,000 Conversion Shares will be allotted and issued, representing (i) approximately 3.48% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The Conversion Shares falling to be allotted and issued upon exercise of the conversion rights attached to the Convertible Note will be issued under the General Mandate. To the best of the Directors' information, belief and knowledge, save for the Subscriber and its associates, no other parties have material interest in relation to the issue of Convertible Note. No application will be made for the listing of the Convertible Note on the Stock Exchange or any other stock exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

Listing Rules Implications

As the Subscriber holds 25% shareholding interest in Zheng Da, a non-wholly owned subsidiary of the Company in relation to the Benin Ethanol Biofuel Business, the Subscriber is a connected person to the Company under Chapter 14A of the Listing Rule. The Company will apply with immediate effect the exemption under Rule 14A.31(9) of the Listing Rules to the Transaction entered into with the Subscriber .

Following the application, the Transaction will be exempted from the reporting and annual review requirements under Chapter 14A of the Listing Rules for so long as they remain to satisfy the requirements under Rule 14A.31(9) of the Listing Rules.

ACQUISITION AGREEMENT

Details of the Acquisition Agreement are described below.

Date:	31 May 2013 (after trading hours)
Purchaser:	River Right, a wholly-owned subsidiary of the Company
Seller:	The Subscriber, a wholly-owned subsidiary of the China-Africa Development Fund, which is a fund in China focusing on investments in Africa and is also a Shareholder holding approximately 4.11% of the issue capital of the Company as at the date of this announcement
Consideration:	US\$25 (approximately HK\$193), based on par value of Zheng Da Shares and shall be paid in cash on completion
Completion Date:	31 May 2013 or such later date as agreed by the parties
Subject of the transaction:	25 Zheng Da Shares, which represent 25% of the issued share capital of Zheng Da as at the date of the Acquisition Agreement and at Completion
Condition:	The completion of the Acquisition shall be subject to the completion of the Convertible Note Subscription Agreement

Zheng Da is an investment holding vehicle to establish, manage, and support the development of Benin PC, which was incorporated on 12 December 2012. Benin PC will base its operation in Benin, and engage in the Ethanol Biofuel Business and trading of related products. The construction site preparation works are still undergoing and there are no trading activities of Benin PC as at the date of this announcement.

Upon completion of the Acquisition, Zheng Da will be held as to 90% by River Right and 10% by COMPLANT and River Right shall take up the Subscriber's liability to make capital contribution to Zheng Da in the sum of US\$5,930,000 (approximately HK\$45,750,000) by execution of a deed of accession. The detailed breakdown of capital contribution by River Right and COMPLANT in Zheng Da is set out in the following table:—

Party	Percentage of total capital contribution %	Share capital contributed by each shareholder US\$	Shareholder's loan to Zheng Da US\$	Total capital contribution US\$
River Right	90	90	21,347,910	21,348,000
COMPLANT	10	10	2,371,990	2,372,000
Total	<u>100</u>	<u>100</u>	<u>23,719,900</u>	<u>23,720,000</u>

The capital contribution shall be made by stages after setting up of Benin PC and be satisfied by cash. River Right will satisfy the additional capital contribution originally to be contributed by the Subscriber in the sum of US\$5,930,000 (approximately HK\$45,750,000) mainly from the proceeds of the issue of Convertible Notes to the Subscriber.

Incorporation of Benin PC

The incorporation of Benin PC in Benin for engaging in Ethanol Biofuel Business has completed on 12 December 2012.

CONVERTIBLE NOTE SUBSCRIPTION AGREEMENT

On 31 May 2013 after trading hours, the Company entered into the Subscription Agreement with the Subscriber pursuant to which, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Notes of a principal amount of HK\$45,750,000 due five years from the date of issue at the Conversion Price of HK\$0.60 per Conversion Share. Details of the Subscription Agreement and terms of the Convertible Notes are described below.

1. Date and Parties

Date: 31 May 2013 (after trading hours)

Issuer: The Company

Subscriber: The Subscriber

The Subscriber, being an indirect wholly-owned subsidiary of CADFund, is currently the holder of 90,000,000 Shares and the 2011 Convertible Notes in the principal amount of HK\$24,000,000, which can be converted into 40,000,000 Shares.

The Subscriber also holds 25% shareholding interest in Zheng Da, a non-wholly owned subsidiary of the Company in relation to the Benin Ethanol Biofuel Business. Zheng Da is owned as to 65% by the Company, 25% by the Subscriber and 10% by Complant. As such, the Subscriber is a connected person to the Company under Chapter 14A of the Listing Rule. To the best of the Directors' information, belief and knowledge, save for the Subscriber and its associates, no other parties have material interest in relation to the issue of Convertible Note.

2. Principal terms of the Convertible Notes

The principal terms of the Convertible Notes are arrived at after arm's length negotiations between the Company and the Subscriber and are summarised as follows:

Principal amount: HK\$45,750,000

Interest rate: Zero coupon

Maturity date: Unless previously redeemed, repurchased and cancelled or converted, any outstanding Convertible Notes shall be redeemed on the date falling on 5th anniversary from the date of issue of the Convertible Note.

Status: The Convertible Notes are general and unsecured obligations of the Company and rank equally among themselves.

Conversion: The Noteholder will have the right to convert the whole or part of the principal amount of the Convertible Notes during the Conversion Period into Conversion Shares in amounts of not less than a whole multiple of HK\$750,000 on each conversion.

- (i) the holders of the Convertible Notes shall have obtained the written consent of the Subscriber (if the noteholder is not the Subscriber) 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 the Subscriber's written consent referred to in (i) above;
- (iii) the amount to be converted into Conversion Shares shall be at least HK\$750,000 or its integral multiples; and
- (iv) the amount to be converted is not already the subject of a proposed redemption by the Company.

Fractions of Conversion Shares will not be issued on conversion of the Conversion Note, however, a cash adjustment will be made in respect thereof.

- Conversion period:** The Noteholder(s) shall have the right to convert the whole or part of the principal amount of the Convertible Notes into Conversion Shares from the date of issue of the Convertible Notes up to the Maturity Date.
- Conversion Price:** The Conversion Price is initially HK\$0.6 per Share, subject to adjustments upon the happening of subdivision or consolidation of Shares, issue of Shares by way of capitalization of profits or reserve, capital distribution to its Shareholders, rights issues or issue of new Shares at a price less than 90% of their market price etc. Despite the adjustments of the Conversion Price in relation to share consolidation or share subdivision, the number of Conversion Shares to be issued under the Convertible Notes shall not be more than the limit under the General Mandate in any event.
- Conversion Restrictions:** The Noteholder shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Note into Shares to the extent that immediately after such conversion, the Noteholder 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, a general offer shall be given in accordance with the requirement of the Takeovers Code or where applicable, waiver from the shareholders of the Company is obtained in accordance with the Takeovers Code.
- Further, the Noteholder shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Note into 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.
- Ranking:** 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 Shares outstanding at the date of issue of the Conversion Shares.
- Redemption:** The Noteholder(s) shall not have any right to require the Company to redeem any portion of the outstanding Convertible Notes.
- (i) the holders of the Convertible Notes shall have obtained the written consent of the Subscriber (if the Noteholder is not the Subscriber) 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 the Subscriber's written consent referred to in (i) above;
 - (iii) the amount to be redeemed shall be at least HK\$750,000 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.

The Company may redeem any portion of the outstanding Convertible Notes at an amount equals the principal amount of the Convertible Notes at any time after the date of issue of the Convertible Notes up to and including the Maturity Date.

Voting:

The Noteholder(s) will not be entitled to attend or vote at any general meeting of the Company by reason only of it being the Noteholder(s).

Event of Default:

If, among others, any of the following events occurs, the holder(s) of the Convertible Note may give notice to the Company that the Convertible Note is due and payable at its principal amount:

- (i) the Company fails to pay any principal amount in respect of the Convertible Note when due; or
- (ii) the Company defaults in performance or observance or compliance with any of its other obligations set out in the Convertible Note which default will constitute a material adverse effect on the Group's business, operations, assets, financial condition; or
- (iii) an encumbrance takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its of the Company's major subsidiaries and, is not discharged within 7 Business Days after the occurrence of relevant default;
- (iv) the Company or any of the Company's major subsidiaries becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or any of the Company's major subsidiaries or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of the Company's major subsidiaries or takes any proceeding under any law for a readjustment or deferment of its respective obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its respective creditors and is not discharged within 7 Business Days after the occurrence of the relevant default;
- (v) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, administration or dissolution of the Company or any of the Company's major subsidiaries and is not set aside or withdrawn within 7 Business Days after the occurrence of the relevant default, except in the case of winding-up of any subsidiaries of the Company in the course of internal reorganisation without involving insolvency;

- (vi) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding-up, insolvency, administration or dissolution of the Company or any of its major subsidiaries which is not set aside or withdrawn within 7 Business Days or an administrator, liquidator or receiver of the Company is appointed which appointment is not set aside or withdrawn within 7 Business Days after the occurrence of the relevant default; or
- (vii) a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its major subsidiaries or any governmental authority or agency condemns, seizes, executes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its major subsidiaries or a distress, attachment, execution, seizure or other legal process is levied, enforced or sued out on or against all or any substantial assets or turnover of the Company or any of its major subsidiaries and is not discharged within 7 Business Days after the occurrence of the relevant default; or
- (viii) the trading in the Shares are suspended by the Stock Exchange for a period of 30 consecutive trading days unless it is suspended pending for the release of disclosures of any transactions; or
- (ix) the listing of the Shares on the Stock Exchange are being revoked or withdrawn; or
- (x) there is not a sufficient number of authorised but unissued Shares of the Company available for the fulfilment of the obligations regarding the conversion of the Convertible Note; or
- (xi) any breach of the Company's Warranties and Representations.

Listing:

No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

Transferability:

The Convertible Notes may be transferred to any transferee provided that any proposed transfer to a connected person of the Company or its associates shall be subject to the prior consent of the Company and in compliance with the Listing Rules.

Based on the Conversion Price of HK\$0.60 per Conversion Share, a total number of 76,250,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes in full, which represent: (i) approximately 3.48% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.36% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Notes in full.

The Conversion Shares will rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

The Conversion Price of HK\$0.60 per Conversion Share was arrived at after arm's length negotiation between the Company and the Subscriber with reference to the recent performance of the Shares and current market conditions. The Conversion Price of HK\$0.60 per Conversion Share represents:

- (i) a premium of approximately 11.11% to the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 10.70% to the average of the closing prices per Share of HK\$0.542 for the last five consecutive trading days prior to the date of the Subscription Agreement;
- (iii) a premium of approximately 10.70% to the average of the closing prices per Share of HK\$0.542 for the last ten consecutive trading days prior to the date of the Subscription Agreement; and
- (iv) a premium of approximately 25% to the unaudited consolidated net assets value per Share of approximately HK\$0.48 as at 31 December 2012 (as calculated by the consolidated net assets of approximately HK\$1,043,767,000 as at 31 December 2012 and the number of Shares in issue of 2,191,180,000).

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 Subscription Agreement was entered into.

3. Conditions precedent

Completion is conditional upon the fulfillment (or waiver) of the following conditions precedent:

- (A) all necessary government and regulatory consents and approvals in respect of the Subscription Agreement, the issue of Convertible Note, the issue and allotment of Conversion Shares and other transactions contemplated thereunder having been obtained; and
- (B) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in the Conversion Shares falling to be issued on the exercise of the conversion rights attached to the Convertible Notes.
- (C) 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 Subscription Agreement;
- (D) 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 Subscription Agreement up to (and including) the date of completion of the Subscription Agreement (save for any temporary suspension not exceeding five (5) consecutive trading days, and any suspension pending the publication of this announcement);
- (E) 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;

- (F) the Company's warranties having remained true and accurate and not misleading in all respects as at the completion of the Subscription Agreement; and
- (G) the Subscriber's warranties remaining true and accurate and not misleading in all respects as at the completion of the Subscription Agreement.

If any of the conditions has not been fulfilled or waived by the Subscriber (other than conditions (A), (B) and (E) which cannot be waived by the Subscriber) on or before the Long Stop Date, the Subscription Agreement shall lapse and none of the parties to the Subscription Agreement shall have any obligations and liabilities towards each other save for any prior breaches of the terms of the Subscription Agreement.

4. Completion

Completion shall take place following the fulfillment of the above conditions and within thirty Business Days following the date of the Subscription Agreement (or such other date as the parties to the Subscription Agreement may agree).

REASON FOR ENTERING INTO THE ACQUISITION AGREEMENT AND THE ISSUE OF CONVERTIBLE NOTES AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in sugar-related business, including, inter alia, provision of facilities, raw materials and supporting services to sugar sweetener and ethanol business to African countries, trading of raw materials and goods related to the sugar business, provision of management and technical staff related to the sugar business in African countries and provision of related consulting services on construction and contract manufacturing services. On 12 April 2012, the Company completed its acquisition of 70% equity interest in a joint venture company, which holds the entire interest in a project company in Jamaica, namely, Pan-Caribbean Sugar Company Limited and the business of which involves cane products manufacturing and distributing self-produced sugar products in Jamaica and other countries.

Benin Ethanol Biofuel Business is still in the preliminary stage. As set out in the Company's annual report for the year ended 31 December 2012, the Company is currently considering entering into joint ventures with CADFund and COMPLANT for long term strategic cooperation to develop Ethanol Biofuel Business in various African countries. The initial phase was to establish Benin PC in the Republic of Benin, a country in West Africa, for engaging in Ethanol Biofuel Business, by Zheng Da.

By acquiring the Subscriber's 25% shareholding in Zheng Da, the Company's shareholding interest in Zheng Da will increase from 65% to 90%, which would enhance the Company's control in both Zheng Da and Benin PC and in the progress of development of Ethanol Biofuel Business. At the same time, by issue of Convertible Note to the Subscriber, the Company can receive an up fund of HK\$45,500,000, being the net proceeds from the issue of Convertible Note, from the Subscriber for the development of the Benin Ethanol Biofuel Business. As the capital contribution to Zheng Da and Benin PC is to be made by stages, the Company would have more flexibility in its cash flow with the proceeds from the issue of the Convertible Notes.

On the other hand, the Directors consider that the issue of the Convertible Notes will provide the Company with immediate funding without immediate dilution of the shareholding of the existing Shareholders and, if the conversion rights attached to the Convertible Notes are exercised, the capital base of the Company will be enlarged.

The Directors further consider that the terms of the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The entire net proceeds from the issue of the Convertible Notes of approximately HK\$45,500,000 will be used to develop the Benin Ethanol Biofuel Business.

The Directors (including the independent non-executive Directors) consider that the terms of the Convertible Notes, which were arrived at after arm's length negotiation between the Company and the Subscriber, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and immediately after the full conversion of the Convertible Notes is as follows (assuming there being no other change in the share capital of the Company):

Shareholders	As at the date of this announcement		Upon full conversion of the Convertible Notes		Upon full conversion of the Convertible Notes and 2011 Convertible Notes	
	Shares	%	Shares	%	Shares	%
The Subscriber (Note 1)	90,000,000	4.11	166,250,000	7.33	206,250,000	8.94
China Complant (Note 2)	800,000,000	36.51	800,000,000	35.28	800,000,000	34.67
COMPLANT (Note 3)	300,000,000	13.69	300,000,000	13.23	300,000,000	13.00
Hu Yebi (Note 4)	215,943,083	9.85	215,943,083	9.52	215,943,083	9.36
Public Shareholders	785,236,917	35.84	785,236,917	34.64	785,236,917	34.03
Total	<u>2,191,180,000</u>	<u>100.00</u>	<u>2,267,430,000</u>	<u>100.00</u>	<u>2,307,430,000</u>	<u>100.00</u>

Notes:

1. 國家開發銀行股份有限公司 holds 100% of 國開金融有限責任公司 which holds 100% of 中非發展基金有限公司 which in turn holds 100% in the Subscriber. Besides these 90,000,000 Shares, the Subscriber also holds 2011 Convertible Notes of principal amount of HK\$24,000,000 which can be converted into 40,000,000 Shares and there is no conversion of 2011 Convertible Notes; and
2. 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.
3. 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 40.59% of the existing issued capital of the Company) and there is no conversion of such convertible notes.

4. Mr. Hu Yebi and his spouse, Ms. Li Ling Xiu are deemed (by virtue of the Securities and Futures Ordinance) to be interested in 340,943,083 Shares, among these 340,943,083 Shares, as to 3,448,000 Shares held by Ms. Li Ling Xiu and as to 212,495,083 Shares and also as to 125,000,000 Shares convertible from convertible notes of principal amount of HK\$75,000,000 (representing approximately 3.42% of the existing issued capital of the Company) held by Hollyview International Limited, a company beneficially owned by Mr. Hu Yebi and there is no conversion of such convertible notes.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

The following table summarizes the fund raising activity of the Group for the 12 months immediately preceding the date of this announcement.

Date of Announcement	Event	Net proceeds raised	Intended use of proceeds
12 April 2012	Placing of new Shares under Specific Mandate	Approximately HK\$478.5 million	(i) as to HK\$50 million for funding part of capital contribution requirement into the existing ethanol biofuel business in Benin of the Company; (ii) as to HK\$390 million for acquiring assets relating to the Group's principal business (including but not limited to the Jamaica Sugar Industry Projects mentioned in the announcement of the Company dated 1 June 2011); and (iii) as to HK\$38.5 million for the Group's general working capital.

GENERAL MANDATE

The Conversion Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Company is authorized to issue 278,236,000 Shares. As at the date of this announcement, the Company has not issued any share under the General Mandate. Accordingly, the Company is allowed to further issue up to 278,236,000 Shares under the General Mandate. The Conversion Shares will utilise 76,250,000 Shares that are allowed to be allotted and issued under the General Mandate (approximately 27.40% thereof).

The Conversion Shares, being a maximum of 76,250,000 Shares to be issued upon the exercise in full of the conversion rights attaching to the Convertible Notes based on the Conversion Price, will be issued under the General Mandate and not subject to the Shareholders' approval.

APPLICATION OF EXEMPTION UNDER LISTING RULE 14A.31(9)

As at the date of this announcement, the Subscriber, being an indirect wholly-owned subsidiary of China Cadfund, is currently the holder of 90,000,000 Shares, which represent approximately 4.11% of the issued share capital of the Company and the holder of the 2011 Convertible Notes in the principal amount of HK\$24,000,000, which can be converted into 40,000,000 Shares.

The Subscriber also holds 25% shareholding interest in Zheng Da, a non-wholly owned subsidiary of the Company in relation to the Benin Ethanol Biofuel Business. Zheng Da is owned as to 65% by the Company, 25% by the Subscriber and 10% by Complant. By virtue of its shareholding in Zheng Da, the Subscriber is a connected person to the Company under Chapter 14A of the Listing Rule.

On the basis that (i) the Subscriber is a connected person of the Company within the meaning of the Listing Rules solely by virtue of its being a substantial shareholder of Zheng Da, a subsidiary of the Company; (ii) the aggregate value of each of the total assets, profits and revenue ratio of such subsidiary of the Company satisfies the requirements under Rule 14A.31(9)(b) of the Listing Rules and the consideration ratio related to the subject of the Transaction is less than 10% under Rule 14A.31(9)(c) of the Listing Rules; and (iii) the Transaction is on normal commercial terms, the Company will apply with immediate effect the exemption under Rule 14A.31(9) of the Listing Rules to the Transaction.

Following the application, the Transaction will be exempted from the reporting and annual review requirements under Chapter 14A of the Listing Rules for so long as they remain to satisfy the requirements under Rule 14A.31(9) of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Acquisition”	the acquisition of 25% shareholding interest in Zheng Da by River Right from the Subscriber pursuant to the Acquisition Agreement
“Acquisition Agreement”	The acquisition agreement entered into between River Right as purchaser and the Subscriber as seller on 31 May 2013 in respect of the Acquisition
“AGM”	the annual general meeting of the Company held on 1 June 2012
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Benin Ethanol Biofuel Business”	a business to develop and produce renewable energy by utilising sugar cane and cassava as raw materials in Republic of Benin
“Benin PC”	Compagnie Beninoise De Bioenergie SA, a wholly owned subsidiary established by Zheng Da and based in Benin to engage in Benin Ethanol Biofuel Business and trading in related products
“Board”	board of the Directors
“Business Day(s)”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for business
“Company”	Hua Lien International (Holding) Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange

“2011 Convertible Notes”	5-year redeemable convertible notes issued by the Company to the Subscriber on 26 August 2011 with an outstanding principal amount of HK\$24,000,000
“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 and a controlling shareholder of the Company
“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
“Completion”	completion of the Subscription Agreement in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	the date following the fulfillment of the Conditions Precedent and within thirty Business Days following the date of Subscription Agreement (or such other date as may be agreed between the Subscriber and the Company)
“Conditions”	the terms and conditions endorsed on the Convertible Notes in definitive form as they may from time to time be modified in accordance with their provisions
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.60 (subject to adjustment) per Conversion Share upon exercise of the conversion rights attaching to the Convertible Notes
“Conversion Share(s)”	the new Share(s) which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Notes, at the then effective conversion price
“Convertible Note(s)”	the zero coupon unsecured convertible notes due in the year 2013 in an aggregate principal amount of HK\$45,750,000 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Director(s)”	director(s) of the Company
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities The Stock Exchange

“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the board committee comprising all the independent non-executive Directors to advise the Independent Shareholders as to fairness and reasonableness of the issue of the Convertible Bond, the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than the Subscriber and its associates
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company
“Last Trading Day”	31 May 2013, being the last trading day prior to publication of this announcement
“Long Stop Date”	30 June 2013, (or such other date as may be agreed between the Subscriber and the Company)
“Maturity Date”	the date falling on 5th anniversary from the date of issue of the Convertible Notes
“Noteholder(s)”	holder(s) of the Convertible Note(s)
“River Right”	River Right Limited (正川有限公司), a company incorporated under the law of the BVI with limited liability and is directly and wholly owned by the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	China-Africa Xin Xing Investment Limited, a limited liability company incorporated in Hong Kong, which is a wholly-owned subsidiary of CADFund
“Subscription”	the subscription for the Convertible Notes by the Subscriber pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 31 May 2013 and entered into between the Company and the Subscriber in relation to the Subscription

“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Takeover Code”	the Code on Takeovers and Mergers issued by The Securities and Futures Commission of Hong Kong
“Transaction”	including both Acquisition and the issue of Convertible Note
“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 and is a joint venture company among the Subscriber, COMPLANT and River Right as a vehicle to establish Benin PC in Benin to engage in the Benin Ethanol Biofuel Business and the trading of related product
“Zheng Da Shares”	the ordinary shares of US\$1 each issued by Zheng Da
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Hua Lien International (Holding)
Tang Jianguo
Chairman

Hong Kong, 31 May 2013

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

This announcement, 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 enquires, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.