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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)

**AMENDMENTS OF THE TERMS AND CONDITIONS OF
THE CAXX CONVERTIBLE NOTE 2011**

DEED OF AMENDMENT

Reference is made to the announcement of the Company dated 25 October 2010 and the circular of the Company dated 22 November 2010 in respect of, among other things, the issue of the CAXX Convertible Note 2011 by the Company. As at the date of this announcement, the CAXX Convertible Note 2011 in the entire principal amount of HK\$24,000,000 remains outstanding.

On 14 October 2016, the Company and CAXX entered into the Deed of Amendment to extend the Maturity Date of the CAXX Convertible Note 2011 from the fifth anniversary of the date of the issue of the CAXX Convertible Note 2011 to 31 December 2016 or if such date is not a business day, the business day immediately following such date. Save for the abovementioned Amendments, no other terms and conditions of the CAXX Convertible Note 2011 have been amended.

LISTING RULES IMPLICATIONS

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. On 28 September 2016, an application was made to the Stock Exchange for approval of the Amendments in accordance with Rule 28.05 of the Listing Rules.

** For identification purposes only*

IMPLICATIONS UNDER RULE 4 OF THE TAKEOVERS CODE

As disclosed in the Joint Announcement, the Company, Tai United and the Subscriber entered into a subscription agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 3,700,000,000 subscription Shares at the subscription price of HK\$0.16 per subscription Share. On even date, the Company and the Placing Agent also entered into a placing agreement, pursuant to which the Placing Agent has conditionally agreed to procure not less than six placees to subscribe for, or failing which, itself to subscribe for, 800,000,000 placing Shares on a fully underwritten basis at the placing price of HK\$0.16 per placing Share.

Based on the existing issued shares of the Company, the Subscriber will be interested in approximately 58.52% of the Company upon the simultaneous completion of the aforesaid subscription and placing. Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer unless the Subscriber has obtained a whitewash waiver from the Executive. The Company was given to understand that the Subscriber intends to make an application to the Executive for the whitewash waiver pursuant to Note 1 on Dispensation from Rule 26 of the Takeovers Code. Pursuant to Rule 4 of the Takeovers Code, the entering into of the Deed of Amendment may constitute a frustrating action and hence, may be subject to the approval of the Shareholders in general meeting. The Subscriber has consented in writing to the entering into of the Deed of Amendment and the Company has applied to the Executive for a ruling that the entering into of the Deed of Amendment will not constitute a frustrating action and if the Executive is of the view that such constitutes a frustrating action, a waiver from the Executive from the requirement for the Company to obtain the Shareholders' approval for the entering into of the Deed of Amendment in a general meeting of the Company pursuant to Note 1 to Rule 4 of the Takeovers Code. The Executive has waived the requirement for the Company to obtain the Shareholders' approval in a general meeting of the Company in relation to the Deed of Amendment pursuant to Note 1 to Rule 4 of the Takeovers Code.

BACKGROUND

Reference is made to the announcement of the Company dated 25 October 2010 and the circular of the Company dated 22 November 2010 in respect of, among other things, the issue of the CAXX Convertible Note 2011 by the Company.

On 26 August 2011, the Company issued the CAXX Convertible Note 2011 in the amount of HK\$24,000,000. As at the date of this announcement, the CAXX Convertible Note 2011 in the entire principal amount of HK\$24,000,000 remains outstanding and CAXX is the registered holder of the CAXX Convertible Note 2011.

The existing principal terms of the CAXX Convertible Note 2011 are summarised below for the Shareholders' ease of reference:

Principal amount	HK\$24,000,000
Interest rate	Zero coupon
Existing Maturity Date	The business day falling on the fifth anniversary of the issue date of the CAXX Convertible Note 2011
Final redemption	The outstanding principal amount of the CAXX Convertible Note 2011 shall be automatically due and payable on the Maturity Date
Events of default	Upon occurrence of events of defaults, all outstanding principal amount of the CAXX Convertible Note 2011 shall be mandatorily redeemed by the Company at the request of the holders of the CAXX Convertible Note 2011
Transferability	The CAXX Convertible Note 2011 is freely transferable
Redemption price	100% of the amount of the CAXX Convertible Note 2011
Conversion	The holder(s) of the CAXX Convertible Note 2011 have the right to convert the whole or part of the outstanding principal amount of the CAXX Convertible Note 2011 (which shall be in the principal amount of HK\$300,000 or its integral multiples) into Shares at any time and from time to time during the Conversion Period
Conversion price	HK\$0.60 per Conversion Share, subject to adjustment for, among other things, upon the occurrence of certain events including share subdivision or consolidation, capitalisation issue, capital distribution, rights issues and other dilutive events

Conversion restrictions

The holder(s) of the CAXX Convertible Note 2011 shall not have the right to convert the whole or part of the outstanding principal amount of the CAXX Convertible Note 2011 into Conversion Shares to the extent that immediately after such conversion, the holders of the CAXX Convertible Note 2011 together with parties acting in concert with it, taken together, will, directly or indirectly, control or be interested in 30% or more of the voting rights of the Company (or in such percentage as may from time to time be specified in the Takeovers Code being the level for triggering a mandatory general offer) or otherwise:

- (i) a general offer shall be given; or
- (ii) a waiver should be obtained in accordance with the requirement of the Takeovers Code.

The holder(s) of the CAXX Convertible Note 2011 shall not have the right to convert the whole or part of the outstanding principal amount of the CAXX Convertible Note 2011 into Conversion Shares to the extent that immediately after such conversion, there will not be sufficient public float of the Shares as required under the Listing Rules

Conversion period

The period commencing from the issue date of the CAXX Convertible Note 2011 and ending on the Maturity Date

Voting right

The holder(s) of the CAXX Convertible Note 2011 will not be entitled to attend or vote at any general meeting of the Company by reason only of it being the holder of the CAXX Convertible Note 2011

DEED OF AMENDMENT

On 14 October 2016, the Company and CAXX entered into the Deed of Amendment to amend the existing term(s) of the CAXX Convertible Note 2011 held by CAXX.

The proposed amendments

The proposed amendments of the terms and conditions of the CAXX Convertible Note 2011 pursuant to the Deed of Amendment is as follows:

The Existing Maturity Date is proposed to be extended from the fifth anniversary of the date of the issue of the CAXX Convertible Note 2011 to 31 December 2016 or if such date is not a business day, the business day immediately following such date. Taking into account that the Conversion Period of the CAXX Convertible Note 2011 is the period commencing from the date of issue of the CAXX Convertible Note 2011 and ending upon the Maturity Date, the Conversion Period will accordingly be extended to 31 December 2016 as contemplated under the Deed of Amendment.

Save for the abovementioned Amendments above, the terms and conditions of the CAXX Convertible Note 2011 remain intact and unchanged.

Condition precedents to the Deed of Amendment

The parties to the Deed of Amendment have agreed that the Deed of Amendment is conditional upon all relevant approvals in connection with the amendments of the terms and conditions of the CAXX Convertible Note 2011 pursuant to the Deed of Amendment under the Listing Rules having been obtained and hence, the proposed amendment will take effect on and from the date on which all such relevant approvals have been approved.

On 28 September 2016, an application was made to the Stock Exchange for approval of the proposed amendments in accordance with Rule 28.05 of the Listing Rules.

As the condition precedents will not take place before the Existing Maturity Date, CAD Fund (being the direct holding company of CAXX) had (i) waived the terms regarding the immediate repayment of the CAXX Convertible Note 2011 being 26 August 2016; and (ii) agreed to extend the repayment date of the CAXX Convertible Note 2011 to 31 December 2016.

REASONS FOR THE PROPOSED AMENDMENT

The CAXX Convertible Note 2011 was due on 26 August 2016. In August 2016, the Company had commenced negotiation with CAD Fund, being the direct holding company of CAXX, and CAXX regarding the extension of the Existing Maturity Date. As a result of the negotiation, CAD Fund (i) waived the terms regarding the immediate repayment of the CAXX Convertible Note 2011 being 26 August 2016; and (ii) agreed to extend the repayment date of the CAXX Convertible Note 2011 to 31 December 2016. In October 2016, CAXX agreed on the extended Maturity Date and entered into the Deed of Amendment with the Company.

The Board believes that the proposed extension is beneficial to the Company and the Shareholders as a whole in the following ways:

1. It will help to enhance the flexibility in its working capital management and in particular, can alleviate the Company's working capital requirement in the third and fourth quarters of 2016, during which the working capital requirement for its operation is generally higher throughout a calendar year. Further, the Group is also in need of fund for its off-season labour expense, the purchase of spare parts for repair and maintenance of plants of the sugar business as well as investment in biological assets for the sugar business segment in Jamaica before the commencement of the crushing season in January 2017, and the repayment of trade and other payables for the supporting services and ethanol business segments in the third and fourth quarters of 2016.
2. Out of the bank and cash balances in the amount of approximately HK\$131.8 million as at 30 June 2016, only approximately HK\$8.1 million was retained at the Company level. The remaining balance was retained at the subsidiary level and for specific use as specified above and hence, is not readily available for the repayment of HK\$24 million to CAXX in August 2016. The Company believes that it will be in a better financial position to settle the outstanding principal amount of the CAXX Convertible Note 2011 by the end of December 2016 after passing the peak in working capital usage in the third and fourth quarters of 2016.
3. As at 30 June 2016, the Group was in a net current liability position of approximately HK\$171.5 million. No additional interest will be incurred as a result of the proposed extension and hence, in substance, the Company will have the benefit of an interest-free loan for another four months.

In light of the above, the Board (including the independent non-executive Directors) considers that the terms and conditions of the Deed of Amendment are fair and reasonable and the Amendments are of the interest of the Company and the Shareholders as a whole. The Directors are of the view that the Amendments will not pose any significant impact on the operations of the Group.

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IMPLICATIONS UNDER RULE 4 OF THE TAKEOVERS CODE

As disclosed in the Joint Announcement, the Company, Tai United and the Subscriber entered into a subscription agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 3,700,000,000 subscription Shares at the subscription price of HK\$0.16 per subscription Share. On even date, the Company and the Placing Agent also entered into a placing agreement, pursuant to which the Placing Agent has conditionally agreed to procure not less than six placees to subscribe for, or failing which, itself to subscribe for, 800,000,000 placing Shares on a fully underwritten basis at the placing price of HK\$0.16 per placing Share.

Based on the existing issued shares of the Company, the Subscriber will be interested in approximately 58.52% of the Company upon the simultaneous completion of the aforesaid subscription and placing. Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer unless the Subscriber has obtained a whitewash waiver from the Executive. The Company was given to understand that the Subscriber intends to make an application to the Executive for the whitewash waiver pursuant to Note 1 on Dispensation from Rule 26 of the Takeovers Code. Pursuant to Rule 4 of the Takeovers Code, the entering into of the Deed of Amendment may constitute a frustrating action and hence, may be subject to the approval of the Shareholders in general meeting. The Subscriber has consented in writing to the entering into of the Deed of Amendment and the Company has applied to the Executive for a ruling that the entering into of the Deed of Amendment will not constitute a frustrating action and if the Executive is of the view that such constitutes a frustrating action, a waiver from the Executive from the requirement for the Company to obtain the Shareholders' approval for the entering into of the Deed of Amendment in a general meeting of the Company pursuant to Note 1 to Rule 4 of the Takeovers Code. The Executive has waived the requirement for the Company to obtain the Shareholders' approval in a general meeting of the Company in relation to the Deed of Amendment pursuant to Note 1 to Rule 4 of the Takeovers Code.

GENERAL

The Company is an investment holding company. Its subsidiaries are principally engaged in provision of supporting services to sweetener business, sugar cane growing and sugar manufacturing in Jamaica.

DEFINITIONS

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

“Amendments”	amendments to the terms and conditions of the CAXX Convertible Note 2011 pursuant to the Deed of Amendment
“Board”	the board of Directors
“CAD Fund”	China-Africa Development Fund (中非發展基金有限公司), a company wholly owned by China Development Bank Capital Corporation Ltd. (國開金融有限責任公司)
“CAXX”	China-Africa Xin Xing Investment Limited (中非新興投資有限公司), a wholly-owned subsidiary of CAD Fund
“CAXX Convertible Note 2011”	the convertible note due 26 August 2016 in the principal amount of HK\$24,000,000 issued by the Company
“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
“Conversion Period”	the period commencing from the issue date of the CAXX Convertible Note 2011 and ending upon the Maturity Date
“Conversion Share(s)”	the Share(s) issuable upon the conversion of the CAXX Convertible Note 2011
“Deed of Amendment”	the deed of amendment entered into by the Company and CAXX dated 14 October 2016 to extend the Existing Maturity Date of the CAXX Convertible Note 2011

“Director(s)”	the director(s) of the Company
“Existing Maturity Date”	26 August 2016, being the fifth anniversary of the date of the issue of the CAXX Convertible Note 2011
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Announcement”	the joint announcement issued by the Company and Tai United dated 21 July 2016
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date on which the CAXX Convertible Note 2011 become due
“Placing Agent”	AM Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Tai United Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Tai United
“Tai United”	Tai United Holdings Limited (formerly known as Bestway International Holdings Limited), whose issued shares are listed on the Main Board of the Stock Exchange (Stock code: 718)

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, issued by the Securities and Futures Commission (as amended from time to time)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

By order of the Board of
Hua Lien International (Holding) Company Limited
Mr. Han Hong
Executive Director

Hong Kong, 14 October 2016

As at the date of this announcement, the Board comprises Mr. Liu Xueyi, Mr. Han Hong, Mr. Hu Yebi, Mr. Wang Zhaohui and Dr. Xu Dandan as executive Hua Lien Directors and Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei as independent non-executive Hua Lien Directors.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.