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**BESTWAY INTERNATIONAL HOLDINGS LIMITED**  
百威國際控股有限公司\*  
(Incorporated in Bermuda with limited liability)  
(Stock code: 718)



**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)

**(I) MAJOR TRANSACTION AND APPLICATION FOR  
WHITEWASH WAIVER BY BESTWAY –  
PROPOSED SUBSCRIPTION OF NEW HUA LIEN SHARES;**

**(II) PROPOSED ISSUE OF NEW HUA LIEN SHARES AND PLACING SHARES  
UNDER SPECIFIC MANDATES OF HUA LIEN;**

**(III) CONNECTED TRANSACTION FOR HUA LIEN –  
PROPOSED AMENDMENTS OF THE COMPLANT CONVERTIBLE NOTES ISSUED  
BY HUA LIEN;**

**(IV) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF HUA LIEN;**

**(V) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER BY HUA LIEN;**

**(VI) RESUMPTION OF TRADING OF BESTWAY;**

**AND**

**(VII) RESUMPTION OF TRADING OF HUA LIEN**

**Financial adviser to Bestway**

  
**Optima Capital Limited**

**Financial adviser to Hua Lien**

  
**Essence Corporate Finance (Hong Kong) Limited**

**Placing Agent of Hua Lien**

  
**AM Capital Limited**

\* For identification purposes only

## **THE SUBSCRIPTION**

On 18 July 2016 (after trading hours of the Stock Exchange), Bestway, the Subscriber (being a wholly-owned subsidiary of Bestway) and Hua Lien entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for, and Hua Lien has conditionally agreed to allot and issue, 3,700,000,000 Subscription Shares at the Subscription Price of HK\$0.16 per Subscription Share.

Based on the existing issued shares of Hua Lien, the Subscriber will hold approximately 55.30% of the issued share capital of Hua Lien as enlarged by the allotment and issue of the Subscription Shares and the Placing Shares upon the simultaneous Subscription Completion and Placing Completion. Hua Lien will become a subsidiary of Bestway and its financial results will be consolidated into the financial statements of the Bestway Group.

The Subscription Shares will be subject to a one-year lock-up period that the Subscriber shall not, without the prior written consent of Hua Lien, transfer or otherwise dispose of or enter into any memorandum or agreement to transfer or otherwise dispose of the Subscription Shares. The Subscription Shares will be allotted and issued under the Subscription Mandate to be sought from the Hua Lien Independent Shareholders at the Hua Lien EGM.

## **THE PLACING**

On 18 July 2016 (after trading hours of the Stock Exchange), Hua Lien and the Placing Agent also entered into the 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 Hua Lien, the Placing Shares represent approximately 11.96% of the issued share capital of Hua Lien as enlarged by the allotment and issue of the Subscription Shares and the Placing Shares upon the simultaneous Subscription Completion and Placing Completion.

The Placing Shares will be allotted and issued under the Placing Mandate to be sought from the Hua Lien Independent Shareholders at the Hua Lien EGM.

**The Subscription Completion and Placing Completion are inter-conditional on each other.**

## **PROPOSED CN AMENDMENTS**

On 18 July 2016, Hua Lien entered into the Deeds of Amendment with COMPLANT (which is a substantial shareholder of Hua Lien holding approximately 13.69% of the issued share capital of Hua Lien), pursuant to which Hua Lien and COMPLANT have conditionally agreed to amend the maturity date of the COMPLANT Convertible Notes from 27 February 2019 to the later of (i) 27 February 2019 or (ii) the tenth Business Day after the date on which the Subscriber, together with parties acting in concert with it, cease to be the single largest shareholder of Hua Lien (or such other later date as agreed by Hua Lien and COMPLANT, and if such date is not a Business Day, the Business Day immediately following such date). Save and except for the aforesaid, all other terms of the COMPLANT Convertible Notes remain unchanged.

## **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF HUA LIEN**

As at the date of this joint announcement, Hua Lien has an authorised share capital of HK\$600,000,000 divided into 6,000,000,000 Hua Lien Shares, of which 3,808,820,000 Hua Lien Shares are unissued. Hua Lien proposes to increase the authorised share capital of Hua Lien to HK\$2,000,000,000 divided into 20,000,000,000 Hua Lien Shares by the creation of an additional 14,000,000,000 Hua Lien Shares, which shall, upon issue and fully paid, rank pari passu in all respects with the Hua Lien Shares in issue. The increase in the authorised share capital is subject to the approval of the Hua Lien Shareholders at the Hua Lien EGM.

## **TAKEOVERS CODE IMPLICATION TO BESTWAY**

Prior to the entering into of the Subscription Agreement, the Subscriber and Bestway were not interested in any shares, warrants, options, derivatives of Hua Lien or other securities that are convertible or exchangeable into shares of Hua Lien or other types of equity interest in Hua Lien. Mr. Hu is an executive Bestway Director and therefore is a party presumed acting in concert with the Subscriber. Mr. Hu is also an executive Hua Lien Director. Mr. Hu is deemed to be interested in an aggregate of 215,943,083 Hua Lien Shares, of which 212,495,083 Hua Lien Shares are held by Hollyview, a company beneficially wholly owned by him, and 3,448,000 Hua Lien Shares are held by his spouse, Ms. Li.

Upon the simultaneous Subscription Completion and Placing Completion, the Subscriber and parties acting in concert with it will be interested in a total of 3,915,943,083 Hua Lien Shares, representing approximately 58.52% of the issued share capital of Hua Lien as enlarged by the allotment and issue of the Subscription Shares and the Placing Shares. Under Rule 26.1 of the Takeovers Code, the Subscriber will be obliged to make the Possible Offer unless the Subscriber has obtained the Whitewash Waiver from the Executive. To this end, Bestway will make the application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

**The Whitewash Waiver may or may not be granted by the Executive and is subject to approval by Hua Lien Independent Shareholders at the Hua Lien EGM. The grant of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Hua Lien Independent Shareholders are conditions precedent to the Subscription Completion. If the Whitewash Waiver is not granted by the Executive or not approved by the Hua Lien Independent Shareholders, the Subscriber may elect to waive this condition and proceed with the Subscription in the absence of the Whitewash Waiver. Accordingly, if the Subscriber elects to proceed with the Subscription in the absence of the Whitewash Waiver, it will be obliged to make the Possible Offer. Relevant announcement(s) will be made by Bestway and Hua Lien in compliance with the Listing Rules and the Takeovers Code as and when appropriate.**

## **LISTING RULES IMPLICATION TO BESTWAY**

As certain applicable percentage ratios in respect of the Subscription are over 25% but below 100%, the Subscription constitutes a major transaction for Bestway under Chapter 14 of the Listing Rules and is therefore subject to the requirements of announcement, reporting and shareholders' approval under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Bestway Directors having made all reasonable enquiries, no Bestway Shareholder or any of their respective associates have any material interest in the Subscription. As such, no Bestway Shareholder is required to abstain from voting under the Listing Rules at the Bestway SGM for the approval of the Subscription Agreement and transactions contemplated thereunder.

## **TAKEOVERS CODE IMPLICATION TO HUA LIEN**

Under the Takeovers Code, the Whitewash Waiver and the underlying transactions are subject to the independent vote of the Hua Lien Shareholders. As at the date of this joint announcement, Mr. Hu is deemed to be interested in an aggregate of 215,943,083 Hua Lien Shares (of which 212,495,083 Hua Lien Shares are held by Hollyview, a company beneficially wholly owned by him, and 3,448,000 Hua Lien Shares are held by his spouse, Ms. Li), representing approximately 9.86% of the issued share capital of Hua Lien. Given Mr. Hu is a party presumed acting in concert with the Subscriber, he and his associates (including Hollyview and Ms. Li) are required to abstain from voting on the Whitewash Waiver together with the underlying transactions thereof. Given China Compliant and COMPLANT have been involved in the negotiations and discussions of the Subscription, they and their associates are required to abstain from voting on the Whitewash Waiver and the underlying transactions at the Hua Lien EGM.

Notwithstanding that Dr. Xu Dandan is an executive Hua Lien Director nominated by China Africa Investment to the Hua Lien Board, neither she nor any representative of China Africa Investment has taken part in any of the discussions or negotiations with Bestway and/or the Subscriber relating to the Subscription. Accordingly, China Africa Investment and its associates are not required to abstain from voting on the Whitewash Waiver and the underlying transactions at the Hua Lien EGM.

## **LISTING RULES IMPLICATION TO HUA LIEN**

### **The Subscription and the Placing**

Under the Subscription Agreement and the Placing Agreement, Hua Lien is required to obtain the Subscription Mandate and the Placing Mandate at the Hua Lien EGM. Given Mr. Hu is a party presumed acting in concert with the Subscriber, he and his associates required to abstain from voting on the Subscription Mandate and the Placing Mandate at the Hua Lien EGM. Further information regarding whether any other parties are required to abstain from voting in this regard will be disclosed in the circular of Hua Lien to be despatched to the Hua Lien Shareholders.

### **The Proposed CN Amendments**

As at the date of this joint announcement, COMPLANT is a substantial shareholder of Hua Lien holding 300,000,000 Hua Lien Shares which represents approximately 13.69% of the existing issued share capital of Hua Lien and is thus a connected person of Hua Lien. Accordingly, the entering into of the Deeds of Amendment constitutes a non-exempt connected transaction for Hua Lien under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Hua Lien Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Given COMPLANT is a party to the Deeds of Amendment and has material interests in the Proposed CN Amendments, COMPLANT and its associates (including China Compliant which holds 800,000,000 Hua Lien Shares, representing approximately 36.51% of the existing share capital of Hua Lien) will abstain from voting on the Proposed CN Amendments at the Hua Lien EGM.

In addition, as stipulated under the Listing Rules, any alteration in the terms of the convertible debt securities after issue must be approved by the Stock Exchange, Hua Lien will make an application to the Stock Exchange for the approval of the Proposed CN Amendments as soon as practicable.

## **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER BY HUA LIEN**

The Hua Lien IBC has been established to advise the Hua Lien Independent Shareholders in respect of the proposed resolution(s) to approve (i) the Subscription Agreement and the transactions contemplated thereunder, (ii) the Whitewash Waiver, (iii) the Placing Agreement and transactions contemplated thereunder; and (iv) the Deeds of Amendment and the transactions contemplated thereunder.

Proton Capital Limited has been appointed as the independent financial adviser to advise the Hua Lien IBC in respect of (i) the Subscription Agreement and the transactions contemplated thereunder, (ii) the Whitewash Waiver, (iii) the Placing Agreement and transactions contemplated thereunder; and (iv) the Deeds of Amendment and the transactions contemplated thereunder.

## **GENERAL**

### **Bestway**

As certain applicable percentage ratios in respect of the Subscription are over 25% but below 100%, the Subscription constitutes a major transaction for Bestway under Chapter 14 of the Listing Rules and is therefore subject to the requirements of announcement, reporting and shareholders' approval under Chapter 14 of the Listing Rules.

The Bestway SGM will be convened and held for the Bestway Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder by way of poll.

A circular of Bestway containing, among others, details of the Subscription, the financial information on Hua Lien, the financial information on the Bestway Group, the pro forma financial information of the enlarged Bestway Group and other information as required under the Listing Rules, is expected to be despatched to the Bestway Shareholders on 11 August 2016 as additional time is required for the preparation of the pro forma financial information of the enlarged Bestway Group and other information to be included in the circular of Bestway.

**Given the Subscription is subject to the fulfillment or waiver (as the case may be) of a number of conditions precedent as set out in the section headed "Conditions precedent to the Subscription" in this joint announcement, the Subscription Completion may or may not take place. Bestway Shareholders, and the potential investors of Bestway are advised to exercise caution when dealing in the Bestway Shares and other securities of Bestway and if they are in any doubt about their position, they should consult their professional adviser(s).**

## **Hua Lien**

The Hua Lien EGM will be convened and held for the Hua Lien Shareholders to consider and, if thought fit, approve (i) the Subscription Agreement, the transactions contemplated thereunder (including the Subscription Mandate) and the Whitewash Waiver; (ii) the Placing Agreement, the transactions contemplated thereunder (including the Placing Mandate); (iii) proposed increase of authorised share capital of Hua Lien; and (iv) the Deeds of Amendment, and the transactions contemplated thereunder.

A circular of Hua Lien containing, among other things, (i) details of the Subscription, the Whitewash Waiver, the Placing and the Proposed CN Amendments; (ii) recommendation of the Hua Lien IBC to the Hua Lien Independent Shareholders in relation to the Subscription, the Whitewash Waiver, the Placing and the Proposed CN Amendments Amendment; (iii) the letter of advice from an independent financial adviser to the Hua Lien IBC in relation to the Subscription, the Whitewash waiver, the Placing and the Proposed CN Amendments; (iv) the proposed increase in the authorised share capital of Hua Lien; and (v) a notice convening the Hua Lien EGM will be despatched to the Hua Lien Shareholders in accordance with the requirements of the Listing Rules and the Takeovers Code, and is expected to be despatched on or before 11 August 2016.

**Given the Subscription and the Placing are each subject to the fulfillment or waiver (as the case may be) of a number of conditions precedent as set out in the sections headed “Conditions precedent to the Subscription” and “Conditions precedent to the Placing” respectively in this joint announcement, the Subscription Completion and the Placing Completion may or may not take place. Hua Lien Shareholders, and the potential investors of Hua Lien are advised to exercise caution when dealing in the Hua Lien Shares and other securities of Hua Lien and if they are in any doubt about their position, they should consult their professional adviser(s).**

### **RESUMPTION OF TRADING IN THE BESTWAY SHARES**

At the request of Bestway, trading in the Bestway Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 19 July 2016 pending the publication of this joint announcement. Application has been made by Bestway to the Stock Exchange for the resumption of trading in the Bestway Shares respectively with effect from 9:00 a.m. on 22 July 2016.

### **RESUMPTION OF TRADING IN THE HUA LIEN SHARES**

At the request of Hua Lien, trading in the Hua Lien Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 19 July 2016 pending the publication of this joint announcement. Application has been made by Hua Lien to the Stock Exchange for the resumption of trading in the Hua Lien Shares respectively with effect from 9:00 a.m. on 22 July 2016.

## **BACKGROUND**

Reference is made to the MOU Announcement, in which it was announced that on 23 May 2016, Bestway and Hua Lien had entered into the Memorandum of Understanding in relation to the Subscription and the Placing with an exclusivity period of three months from the date of the MOU Announcement.

## THE SUBSCRIPTION

On 18 July 2016 (after trading hours of the Stock Exchange), Bestway, the Subscriber (being a wholly-owned subsidiary of Bestway) and Hua Lien entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for, and Hua Lien has conditionally agreed to allot and issue, 3,700,000,000 Subscription Shares at the Subscription Price of HK\$0.16 per Subscription Share.

Principal terms of the Subscription Agreement are set out as follows:

<b>Date:</b>	18 July 2016
<b>The subscriber:</b>	Tai United Investments Limited, a wholly-owned subsidiary of Bestway
<b>The guarantor:</b>	Bestway
<b>The issuer:</b>	Hua Lien

Mr. Hu is an executive Bestway Director and also an executive Hua Lien Director.

Save for the above, to the best of the Hua Lien Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Subscriber and Bestway is an independent third party of Hua Lien and its connected persons.

Save for the above, to the best of the Bestway Directors' knowledge, information and belief, having made all reasonable enquiries, Hua Lien is an independent third party of Bestway and its connected persons.

### The Subscription Shares

The 3,700,000,000 Subscription Shares represent:

- (i) approximately 168.86% of the existing issued share capital of Hua Lien as at the date of this joint announcement;
- (ii) approximately 62.81% of the issued share capital of Hua Lien as enlarged by the allotment and issue of the Subscription Shares upon the Subscription Completion (assuming no conversion or exercise of the outstanding Convertible Notes); and
- (iii) approximately 55.30% of the issued share capital of Hua Lien as enlarged by the allotment and issue of the Subscription Shares and the Placing Shares upon the simultaneous Subscription Completion and Placing Completion (assuming no conversion or exercise of the outstanding Convertible Notes).

The aggregate nominal value of the Subscription Shares under the Subscription will be HK\$370,000,000.

### Lock-up period

Under the Subscription Agreement, the Subscriber has undertaken that during a period of twelve months from the Subscription Completion Date, it shall not, without the prior written consent of Hua Lien, transfer or otherwise dispose of or enter into any memorandum or agreement to transfer or otherwise dispose of the Subscription Shares.

## **The Subscription Price**

The Subscription Price is HK\$0.16 per Hua Lien Shares, which represents:

- (i) a discount of 50.00% to the closing price of HK\$0.3200 per Hua Lien Share as quoted on the Stock Exchange on 23 May 2016, being the last day on which the Hua Lien Shares were traded on the Stock Exchange prior to the suspension of trading in the Hua Lien Shares pending the release of the MOU Announcement;
- (ii) a discount of approximately 46.67% to the closing price of HK\$0.3000 per Hua Lien Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 48.72% to the average of the closing prices of Hua Lien Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.3120 per Hua Lien Share;
- (iv) a discount of approximately 48.80% to the average of the closing prices of Hua Lien Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.3125 per Hua Lien Share; and
- (v) a premium of approximately 463.38% over the net asset value per Hua Lien Share of approximately HK\$0.0284 based on the net asset value and the number of issued Hua Lien Shares as at 31 December 2015.

The aggregate consideration for the Subscription Shares is HK\$592 million and is payable in cash by the Subscriber at the Subscription Completion.

The Subscription Price was arrived at after arm's length negotiations between Bestway and Hua Lien with reference to the liquidity, the recent trading performance of the Hua Lien Shares, and the audited consolidated net asset value of Hua Lien of approximately HK\$62.2 million as at 31 December 2015.

## **Waivers and undertakings of COMPLANT**

As at the date of this joint announcement, COMPLANT held two tranches of the non-interest bearing COMPLANT Convertible Notes in an aggregate principal amount of HK\$533,700,000, which are convertible into 889,500,000 new Hua Lien Shares at the prevailing conversion price of HK\$0.60 (subject to the adjustment). Pursuant to the instrument of the COMPLANT Convertible Notes, in the event that Hua Lien issues new Hua Lien Shares at a price lower than 90% of the market price as at the time of grant of the COMPLANT Convertible Notes, the conversion price shall be adjusted pursuant to the terms and conditions of the COMPLANT Convertible Notes. As the Subscription Price is below 90% of the market price of Hua Lien Shares, the Subscription will trigger the adjustment of the prevailing conversion price of the COMPLANT Convertible Notes. Under the Subscription Agreement, Hua Lien is required to obtain from COMPLANT a waiver from the right to the aforesaid adjustment as a condition precedent to the signing of the Subscription Agreement.



On 18 July 2016, COMPLANT has given to Hua Lien the following waiver and undertaking (the “**COMPLANT Undertaking**”) whereby COMPLANT has unconditionally and irrevocably:

- (i) waived its rights to any adjustment to be made to the conversion price of the COMPLANT Convertible Notes as a result of the Subscription, Placing or other anti-dilution clauses contained in the instrument of the COMPLANT Convertible Notes;
- (ii) agreed to refrain from exercising its redemption rights under instrument of the COMPLANT Convertible Notes, provided that such redemption right shall resume when the Subscriber and the parties acting in concert with it cease to be the single largest shareholder of Hua Lien subsequent to the Subscription Completion Date; and
- (iii) undertaken that during the period from the date of the Subscription Agreement until the Subscription Completion or, where applicable, until the date of the close of the Possible Offer, it shall not directly or indirectly transfer the COMPLANT Convertible Notes or exercise the relevant conversion rights thereunder, and shall not vote against any resolution at any of the general meetings of Hua Lien convened for the purpose of the transactions under the Subscription Agreement, and shall not accept the Possible Offer (if any).

#### **Undertaking of China Complant**

As at the date of this joint announcement, China Complant and COMPLANT (which is held as to 70% by China Complant) together held 1,100,000,000 Hua Lien Shares, representing approximately 50.20% of the issued share capital of Hua Lien.

On 18 July 2016, China Complant has given to Hua Lien an irrevocable and unconditional undertaking (the “**China Complant Undertaking**”) whereby during the period from the date of the Subscription Agreement until the Subscription Completion or, where applicable, until the date of the close of the Possible Offer, China Complant shall not directly or indirectly transfer the Hua Lien Shares held by it, and shall not vote against any resolution at any of the general meetings of Hua Lien convened for the purpose of the transactions under the Subscription Agreement, and shall not accept the Possible Offer (if any).

#### **Waiver from China Africa Investment**

As at the date of this joint announcement, China Africa Investment holds the CAXX Convertible Notes in an aggregate principal amount of HK\$69,750,000, which are convertible into 116,250,000 new Hua Lien Shares at the prevailing conversion price of HK\$0.60 per Hua Lien Share (subject to adjustment).

Pursuant to the instrument of CAXX Convertible Notes, in the event that Hua Lien issues new Hua Lien Shares at a price lower than 90% of the market price as at the time of grant of CAXX Convertible Notes, the conversion price shall be adjusted pursuant to the terms and conditions of the CAXX Convertible Notes. As the Subscription Price is below 90% of the market price of Hua Lien Shares, the Subscription will trigger the adjustment of the prevailing conversion price of the CAXX Convertible Notes.

As a condition precedent to the Subscription Completion, Hua Lien is required to obtain a waiver from China Africa Investment whereby China Africa Investment shall unconditionally and irrevocably waive its rights to any adjustment to be made to the conversion price of the CAXX Convertible Notes as a result of the Subscription, the Placing or other anti-dilution clauses contained in the instrument of the CAXX Convertible Notes (the “CAI Waiver”).

### **Undertakings of Hollyview and Ms. Li**

As at the date of this joint announcement, Hollyview and Ms. Li together held 215,943,083 Hua Lien Shares, representing approximately 9.86% of the issued share capital of Hua Lien.

Under the Subscription Agreement, Hua Lien is required to obtain the undertakings from Hollyview and Ms. Li as a condition precedent to the signing of the Subscription Agreement. On 18 July 2016, each of Hollyview and Ms. Li has unconditionally and irrevocably undertaken that during the period from the date of the Subscription Agreement until the Subscription Completion or, where applicable, until the date of the close of the Possible Offer, it/she shall not directly or indirectly transfer the ordinary shares in Hua Lien held by it/her, and shall not vote against any resolution at any of the general meetings of Hua Lien convened for the purpose of the transactions under the Subscription Agreement, and shall not accept the Possible Offer (if any) (the “**Hollyview and Li Undertakings**”).

### **Nomination of Hua Lien Directors**

Under the Subscription Agreement, the Subscriber is entitled to nominate a maximum of six (6) Hua Lien Directors as permitted under the Listing Rules.

### **Conditions precedent to the Subscription**

The Subscription Completion shall be conditional upon the satisfaction or, where relevant, the waiver by the Subscriber at its sole discretion of the following conditions precedent:

- (i) the Subscriber having been satisfied with the results of the due diligence conducted on Hua Lien and members of the Hua Lien Group in respect of its business and operations, legal and financial. The Subscriber shall confirm to Hua Lien whether it is satisfied with its due diligence on Hua Lien and members of the Hua Lien Group by the later of the date of the Hua Lien EGM or the 60th day after the date of the Subscription Agreement. If the Subscriber has not provided the written confirmation by the prescribed date, this condition shall be deemed to have been satisfied;
- (ii) the Subscriber having obtained the approval from the Bestway Shareholders of the Subscription Agreement and the transactions contemplated thereunder pursuant to the requirements under the Listing Rules;
- (iii) the Hua Lien Shareholders (or the Hua Lien Independent Shareholders, if appropriate) having passed the necessary resolution(s) at the Hua Lien EGM to be convened and held to approve the increase in the authorised share capital of Hua Lien from HK\$600,000,000 divided into 6,000,000,000 Hua Lien Shares to HK\$2,000,000,000 divided into 20,000,000,000 Hua Lien Shares;

- (iv) Hua Lien having obtained the approval from the Hua Lien Shareholders (or the Hua Lien Independent Shareholders, if appropriate) of the Subscription Agreement and the transactions contemplated thereunder pursuant to the requirements under the Listing Rules;
- (v) the Hua Lien Independent Shareholders having approved the necessary resolution in respect of the Whitewash Waiver under the Takeovers Code at the Hua Lien EGM;
- (vi) the Executive having granted the Whitewash Waiver, and the Whitewash Waiver remaining valid and subsisting;
- (vii) the Listing Committee of the Stock Exchange having approved the listing of and permission to deal in the Subscription Shares and such approval not being withdrawn on or before the Subscription Completion Date;
- (viii) the Placing Completion having taken place such that Hua Lien shall comply with the prescribed minimum public float requirement under the Listing Rules upon the Subscription Completion;
- (ix) the appointment of new Hua Lien Directors proposed by the Subscriber and the resignation of at least two existing Hua Lien Directors on the Subscription Completion Date (or the earliest date permitted under the Takeovers Code);
- (x) Hua Lien having obtained the CAI Waiver within 30 days after the date of the Subscription Agreement;
- (xi) Hua Lien having obtained the irrevocable and unconditional undertakings from the Placees that they will not transfer their holding of the Placing Shares from the date of Placing Completion until the date of closing of the Possible Offer (if any); nor accept the Possible Offer (if applicable);
- (xii) Hua Lien having obtained all relevant approvals as required under the Listing Rules in relation to the Deeds of Amendments;
- (xiii) Hua Lien having obtained the COMPLANT Undertaking, the China Compliant Undertaking, and the Hollyview and Li Undertakings and all of which remaining valid;
- (xiv) all warranties made by Hua Lien in the Subscription Agreement remain true, accurate and not misleading in all material aspects as at the date of the Subscription Agreement and the Subscription Completion Date;
- (xv) all undertakings made by Hua Lien in the Subscription Agreement in relation to the Hua Lien Group remaining valid in all material aspects;
- (xvi) from the date of the Subscription Agreement to the Subscription Completion Date, Hua Lien having maintained the listing status on the Stock Exchange (except trading halt or suspension as a result of the transactions contemplated under the Subscription Agreement and any other matters which lasts for not more than consecutive 10 Business Days), and before or at the Subscription Completion, not having received or SFC or Stock Exchange not having given any indications that the listing status of Hua Lien will or may be withdrawn or challenged;

- (xvii) as at the Subscription Completion Date, no ruling having been given by any regulatory authorities to restrict or forbid the parties to proceed to the Subscription Completion; and
- (xviii) Hua Lien having obtained all necessary consents, permits, registration or filing from the relevant regulatory authorities under all relevant rules and regulations in all relevant jurisdictions.

As at the date of this joint announcement, to the best of Hua Lien Directors' knowledge, information and belief having made all reasonable enquiries, no ruling has been given by any regulatory authorities to restrict or forbid the parties to proceed to the Subscription Completion as envisaged under condition (xvii) above, nor are there or will there be any consents, permits, registration or filing required by the regulatory authorities as envisaged under condition (xviii) above.

The Subscriber may at any time before the Long Stop Date by notice in writing to Hua Lien waive all or any conditions (save for conditions (ii), (iii), (iv), (vii) and (viii), (xvi) and (xvii) above). If conditions (i) to (vii), (ix), (x), (xi), (xii) and (xviii) are not fulfilled or waived (as the case may be) by the Long Stop Date, or all other conditions are not fulfilled or waived by the Subscription Completion Date, the Subscription Agreement shall lapse.

**In the event that Bestway waives conditions (v) and (vi) above, and elects to proceed with the Subscription in the absence of the Whitewash Waiver, Bestway will be obliged to make the Possible Offer. Announcement(s) will be made by Hua Lien and Bestway in this regard in compliance with the Listing Rules and the Takeovers Code as and when appropriate. In addition, in the event that the Hua Lien Independent Shareholders do not approve the Whitewash Waiver at the Hua Lien EGM, the intention of the Subscriber as to whether or not it will complete the Subscription in the absence of the Whitewash Waiver, and hence make the Possible Offer upon the Subscription Completion will be disclosed in the announcement of the results of the Hua Lien EGM.**

### **Ranking of the Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all the Hua Lien Shares in issue as at the Subscription Completion Date.

### **Application for listing of the Subscription Shares**

An application will be made by Hua Lien to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **Subscription Mandate for the Subscription Shares**

The Subscription Shares will be allotted and issued pursuant to the Subscription Mandate to be sought from the Hua Lien's Independent Shareholders at the Hua Lien EGM.

### **Subscription Completion**

The Subscription Completion will take place simultaneously with the Placing Completion on the Subscription Completion Date.

Upon the simultaneous Subscription Completion and Placing Completion, Bestway will be interested in approximately 55.30% of the issued share capital of Hua Lien (as enlarged by the allotment and issue of the Subscription Shares and Placing Shares), and Hua Lien will become a subsidiary of Bestway and its financial results will be consolidated into the financial statements of the Bestway Group.

Bestway intends to finance the Subscription by its internal resources.

## **THE PLACING**

On 18 July 2016 (after trading hours of the Stock Exchange), Hua Lien and the Placing Agent also entered into the 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.

The principal terms of the Placing Agreement are set out below:

<b>Date:</b>	18 July 2016
<b>Issuer:</b>	Hua Lien
<b>Placing Agent:</b>	AM Capital Limited

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.

To the best of Hua Lien Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of Hua Lien and its connected persons, and do not hold any shareholding in Hua Lien.

### **Placing commission**

The Placing Agent will receive a placing commission of 2.5% of the aggregate Placing Price for the Placing Shares in accordance with the Placing Agreement.

### **Placees**

Under the Placing Agreement, the Placees shall be not less than six. The Placing Agent undertakes to procure that the Placing Shares shall only be placed to person(s), firm(s) or company(ies) independent of, and not acting in concert with the directors, chief executive, controlling shareholders, and substantial shareholders of Hua Lien and its subsidiaries and respective associates, and none of the Placees will become a substantial shareholder of Hua Lien upon the Placing Completion. The Placing Agent will not place any of the Placing Shares to any existing Hua Lien Shareholders.

## **Placing Shares**

The 800,000,000 Placing Shares represent:

- (i) approximately 36.51% of the existing share capital of Hua Lien as at the date of this joint announcement;
- (ii) approximately 26.75% of the issued share capital of Hua Lien as enlarged by the allotment and issue of the Placing Shares upon the Placing Completion (assuming no conversion or exercise of the outstanding Convertible Notes); and
- (iii) approximately 11.96% of the issued share capital of Hua Lien as enlarged by the allotment and issue of the Subscription Shares and Placing Shares upon the simultaneous Subscription Completion and Placing Completion (assuming no conversion or exercise of the outstanding Convertible Notes).

The aggregate nominal value of the Placing Shares under the Placing will be HK\$80,000,000.

## **Placing Price**

The Placing Price is the same as the Subscription Price.

The Placing Price was determined after arm's length negotiations between Hua Lien and the Placing Agent with reference to the prevailing market prices, the recent trading performance of the Hua Lien Shares and the Subscription Price.

## **Conditions precedent to the Placing**

The Placing Completion is conditional upon fulfillment of the following conditions:

- (i) the listing of, and permission to deal in, the Placing Shares having been granted by the Listing Committee of the Stock Exchange (either unconditionally or subject to conditions which are acceptable to both Hua Lien and the Placing Agent) and such permission to deal in and the listing of the Placing Shares not being subsequently revoked prior to or on the date of the Placing Completion;
- (ii) the passing of the relevant resolutions by way of poll at the Hua Lien EGM by Hua Lien Independent Shareholders approving: (a) the Placing Agreement and the transactions contemplated thereunder; (b) the proposed increase in the authorised share capital of Hua Lien; and (c) the allotment and issue of the Placing Shares to the Placees; and
- (iii) the Subscription Agreement having become unconditional in all respects (other than the condition for the Placing Agreement to become unconditional).

None of the above conditions precedent to the Placing Agreement can be waived. In the event that any of the above conditions precedent is not fulfilled by 31 December 2016 (or such later date as may be agreed by the parties in writing thereto), the Placing Agreement shall lapse and be of no further effect and Hua Lien and the Placing Agent shall be released from such obligations without any liability save for any antecedent breach of the Placing Agreement.

In the event that the above conditions referred is fulfilled by 31 December 2016 (or such later date as may be agreed by the parties in writing thereto) but the Subscription fails to complete in accordance with the Subscription Agreement, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and neither of Hua Lien and the Placing Agent shall have any claim against the others in respect of the Placing save for any antecedent breach.

### **Undertakings of the Placees**

Under the Placing Agreement, the Placing Agent shall use best endeavours to procure each Placee to unconditionally and irrevocably undertake to Hua Lien and the Placing Agent that where the Possible Offer is made, the Placees shall not transfer the Placing Shares held by him/her/it/them and shall not accept the Possible Offer during the period from the date of issuance of the Placing Shares until the date on which the Possible Offer has been closed.

### **Ranking of the Placing Shares**

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all the Hua Lien Shares in issue as at the Placing Completion.

### **Placing Mandate for the Placing Shares**

The Placing Shares will be allotted and issued pursuant to the Placing Mandate to be sought from the Hua Lien's Independent Shareholders at the Hua Lien EGM.

### **Application for listing of the Placing Shares**

An application will be made by Hua Lien to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

### **Placing Completion**

The Placing Completion will take place simultaneously with the Subscription Completion on the Subscription Completion Date.

## **PROPOSED CN AMENDMENTS**

As at the date of this joint announcement, COMPLANT held two tranches of the COMPLANT Convertible Notes in the aggregate principal amount of HK\$533,700,000, which are convertible into 889,500,000 Hua Lien Shares upon full conversion of the COMPLANT Convertible Notes at the prevailing conversion price of HK\$0.60 (subject to adjustment). Both tranches of the COMPLANT Convertible Notes are non-interest bearing with a maturity date on 27 February 2019.

On 18 July 2016, Hua Lien entered into the Deeds of Amendment with COMPLANT at the request of the Subscriber to amend the maturity date of both tranches of the COMPLANT Convertible Notes from 27 February 2019 to the later of (i) 27 February 2019 or (ii) the tenth Business Day after the date on which the Subscriber, together with parties acting in concert with it, cease to be the single largest shareholder of Hua Lien (or such other later date as agreed by Hua Lien and COMPLANT, and if such date is not a Business Day, the Business Day immediately following such date). Save and except for the aforesaid, all other terms of the COMPLANT Convertible Notes remain unchanged.

The Proposed CN Amendments are subject to the approval by the Stock Exchange and the Hua Lien Independent Shareholders at Hua Lien EGM.

## **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF HUA LIEN**

As at the date of this joint announcement, Hua Lien has an authorised share capital of HK\$600,000,000 divided into 6,000,000,000 Hua Lien Shares, of which 3,808,820,000 Hua Lien Shares are unissued.

Hua Lien proposes to increase the authorised share capital of Hua Lien to HK\$2,000,000,000 divided into 20,000,000,000 Hua Lien Shares by the creation of an additional 14,000,000,000 Hua Lien Shares, which shall, upon issue and fully paid, rank *pari passu* in all respects with the Hua Lien Shares in issue. The increase in the authorised share capital is subject to the approval of the Hua Lien Shareholders at the Hua Lien EGM.

## **INFORMATION ON HUA LIEN**

Hua Lien is a company incorporated in the Cayman Islands with limited liability, whose Hua Lien Shares are listed on the Main Board of the Stock Exchange (Stock code: 969). The Hua Lien Group is principally engaged in sugar cane growing and sugar manufacturing in Jamaica and provision of supporting services to sweetener business.

As at the date of this joint announcement, there were (i) a total of 2,191,180,000 Hua Lien Shares in issue; and (ii) the Convertible Notes with the outstanding principal amount of HK\$603,450,000 entitling the holders thereof to convert for a total of 1,005,750,000 new Hua Lien Shares at the prevailing conversion price of HK\$0.60 per Hua Lien Share (subject to adjustment).

Save for the outstanding Convertible Notes disclosed above, Hua Lien does not have any outstanding warrants, options, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into Hua Lien Shares as at the date of this joint announcement.

The consolidated financial results of Hua Lien prepared in accordance with the Hong Kong Financial Reporting Standards and as extracted from the published financial statements of Hua Lien for the two years ended 31 December 2015 are as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before income tax expense	(704,475)	(265,585)
Loss attributable to the Hua Lien Shareholders	(573,389)	(210,083)
Net assets attributable to the Hua Lien Shareholders	62,167	786,387



## **INFORMATION ON THE SUBSCRIBER AND ITS INTEREST IN HUA LIEN**

The Subscriber is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Bestway (which is owned as to approximately 58.07% by Tai He, which is in turn a wholly-owned company of Mr. Chua Hwa Por). Bestway is a company incorporated in Bermuda with limited liability, whose Bestway Shares are listed on the Main Board of the Stock Exchange (Stock code: 718). The Bestway Group is principally engaged in (i) trading of commodities and securities, (ii) distressed assets investment; (iii) mining of tungsten in Mongolia; and (iv) trading of medical equipment business.

Prior to the entering into of the Subscription Agreement, the Subscriber and Bestway were not interested in any shares, warrants, options, derivatives of Hua Lien or other securities that are convertible or exchangeable into shares of Hua Lien or other types of equity interest in Hua Lien. Mr. Hu is an executive Bestway Director and therefore is a party presumed acting in concert with the Subscriber. Mr. Hu is also an executive Hua Lien Director. Mr. Hu is deemed to be interested in an aggregate of 215,943,083 Hua Lien Shares, of which 212,495,083 Hua Lien Shares are held by Hollyview, a company beneficially wholly owned by him, and 3,448,000 Hua Lien Shares are held by his spouse, Ms. Li.

Upon the Subscription Completion, the Subscriber and parties acting in concert with it will be interested in a total of 3,915,943,083 Hua Lien Shares, representing approximately 58.52% of the issued share capital of Hua Lien as enlarged by the allotment and issue of the Subscription Shares and the Placing Shares. The Subscriber has confirmed that save for the Subscription Agreement, neither the Subscriber nor the parties acting in concert with it have acquired any voting rights of Hua Lien nor have they dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Hua Lien in the six months prior to the date of the MOU Announcement.

As at the date of this joint announcement, (i) there are no agreements or arrangements to which any of the Subscriber is a party which relate to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription or the Whitewash Waiver; (ii) none of the Subscriber and parties acting in concert with it has received any irrevocable commitment from any Hua Lien Independent Shareholders (save for the CAI Waiver to be obtained by Hua Lien as a condition precedent to Subscription Completion) as to whether they will vote for or against the resolution approving the Subscription Agreement and the transactions contemplated thereunder (involving the Whitewash Waiver, the Subscription Mandate and the Placing Mandate) at the Hua Lien EGM; (iii) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Hua Lien which Bestway or any person acting in concert with it has borrowed or lent; and (iv) save for the Subscription Agreement, there are no arrangements in relation to the Bestway Shares or the Hua Lien Shares and which might be material to the Subscription or the Whitewash Waiver.

## **BESTWAY’S REASONS FOR THE SUBSCRIPTION AND ITS INTENTION REGARDING THE HUA LIEN GROUP**

The Bestway Directors recognise that the Hua Lien Group has a distinctive operation in sugar industry and the Subscription provides an opportunity for Bestway for an immediate entry into the sugar business. Following the Subscription Completion, Bestway will conduct a review on the business activities and assets of the enlarged Bestway Group (including Hua Lien) for the purpose of formulating business plans and strategies for the future business direction of the Bestway Group (including Hua Lien). Subject to the result of the review, Bestway will explore business opportunities for the Bestway Group and consider whether any asset disposals or acquisitions, business rationalisation, and/or business diversification will be appropriate for Hua Lien in order to enhance long-term growth potential of the Bestway Group.

Despite the loss making situation of the sugar business of Hua Lien Group, the Bestway Directors recognise the reasonable scale of the sugar operation of the Hua Lien Group and the discount of the Subscription Price to the market price of Hua Lien Shares. The Bestway Directors believe the business acumen of the new Hua Lien Directors to be nominated by the Subscriber and their participation in the management, the new Hua Lien Board will bring in a new business perspective and new direction to the Hua Lien Group as a whole. In view of the above, the Bestway Directors are of the view that terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Bestway Shareholders and Bestway as a whole.

## **HUA LIEN’S REASONS FOR THE SUBSCRIPTION**

The Hua Lien Group is principally engaged in sugar cane growing and sugar manufacturing in Jamaica and provision of supporting services to sweetener business. For the year ended 31 December 2015, the Hua Lien Group’s turnover decreased by approximately 23.4% to approximately HK\$366.3 million and gross profit decreased by approximately HK\$6.9 million to approximately HK\$44.5 million. Net loss worsened from approximately HK\$265.6 million for 2014 to approximately HK\$704.5 million for 2015 which was mainly due to the increase in the impairment loss on assets.

The Hua Lien Group currently has two sugar factories in Frome and Monymusk region of Jamaica respectively. Due to the declining performance of the sugar factory in Monymusk region of Jamaica (the “**Monymusk Factory**”), the Hua Lien Group is currently negotiating with the government in Jamaica for the possible makeshift arrangement to take up the operation of the Monymusk Factory from the Hua Lien Group by an agent representing the government of Jamaica for a one-year term in an attempt to improve the loss making situation of the Hua Lien Group and avoid any negative impact arising from the suspension of operation. Further announcement in respect of the formal arrangement reached, if any, will be made by Hua Lien under the Listing Rules as and when appropriate. For the year ended 31 December 2015, the Monymusk Factory contributed to approximately 31% of the total turnover of the Hua Lien Group.

As set out in the annual report of Hua Lien for the year ended 31 December 2015, the Hua Lien Group expected that the overall demand for its supporting services to sweetener business will remain low for the coming year as two of its customers in the Republic of Madagascar and the Republic of Sierra Leone, Africa remain temporarily shut down after the riots arising from labour strike of their factory in Republic of Madagascar and staff temporarily moved out from the factory in Sierra Leone where Ebola outbreak occurred in 2015.

As at 31 December 2015, Hua Lien had total liability of approximately HK\$1,158 million, and net current liability of approximately HK\$66.0 million, with a gearing ratio of 18.6 times calculated as the total debts divided by the equity of the Hua Lien Group. The Subscription will significantly improve the liquidity and gearing ratio of the Hua Lien Group from 18.6 times to 1.5 times. The Hua Lien Directors believe that the Subscription would restore the financial strength of the Hua Lien Group and better position Hua Lien for future business development. Accordingly, the Hua Lien Directors (other than the members of Hua Lien IBC, whose view will, after receiving the advice from the independent financial adviser, be set out in the letter from the Hua Lien IBC in the circular to be despatched to the Hua Lien Shareholders) consider that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Hua Lien Shareholders and Hua Lien as a whole.

## **HUA LIEN'S REASONS FOR THE PLACING**

As one of the conditions precedent to the Subscription Completion, Hua Lien shall complete the Placing so as to maintain the prescribed minimum public float of Hua Lien as a result of the Subscription. Given the terms of the Placing Agreement were arrived at after arm's length negotiations between Hua Lien and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions, the Hua Lien Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable in light of current market conditions.

## **HUA LIEN'S REASONS FOR THE PROPOSED CN AMENDMENTS**

The Hua Lien Directors consider that the Proposed CN Amendments to postpone the repayment date of the outstanding COMPLANT Convertible Notes at the request of the Subscriber from the original date on 27 February 2019 to the later of (i) 27 February 2019; or (ii) the tenth Business Day after the date on which the Subscriber, together with parties acting in concert with it, ceases to be the single largest shareholder of Hua Lien (or such other later date as agreed by Hua Lien and COMPLANT, and if such date is not a Business Day, the Business Day immediately following such date), is to ensure the new capital brought in by the Subscriber upon Subscription Completion will be available for the use of Hua Lien for the purpose of its future business development.

## **USE OF PROCEEDS FROM THE SUBSCRIPTION AND THE PLACING FOR HUA LIEN**

The gross proceeds from the Subscription are HK\$592,000,000. After deducting related placing commission, professional fees and all related expenses of about HK\$8,000,000 to be borne by Hua Lien under the Subscription, the net proceeds of the Subscription will amount to approximately HK\$584,000,000, representing a net price of approximately HK\$0.16 per Subscription Share.

The maximum amount of gross proceeds from the Placing is expected to be approximately HK\$128,000,000. After deducting related placing commission, professional fees and all related expenses of about HK\$5,000,000 to be borne by Hua Lien under the Placing, the net proceeds of the Placing will amount to approximately HK\$123,000,000, representing a net price of approximately HK\$0.15 per Placing Share.

As mentioned in section headed “Hua Lien’s Reasons for the Subscription”, the Subscription is to improve the liquidity and gearing ratio and restore the financial strength of the Hua Lien Group as a whole. Following the Subscription Completion, Bestway will also conduct a review on the business activities and assets of the enlarged Bestway Group (including Hua Lien) for the purpose of formulating business plans and strategies for the future business direction of the Bestway Group (including Hua Lien). Accordingly, the specific use of proceeds of the Hua Lien Group will be formulated following completion of the aforesaid review.

## SHAREHOLDING STRUCTURE OF HUA LIEN

Set out below is the shareholding structure of Hua Lien (i) as at the date of this joint announcement; (ii) immediately upon the simultaneous Subscription Completion and Placing Completion (assuming no conversion of the Convertible Notes); and (iii) immediately upon the simultaneous Subscription Completion and Placing Completion (assuming full conversion of the Convertible Notes):

	As at the date of this joint announcement		Immediately upon the simultaneous Subscription Completion and Placing Completion (assuming no conversion of the Convertible Notes)		Immediately upon the simultaneous Subscription Completion and Placing Completion (assuming full conversion of the Convertible Notes)	
	<i>Number of Hua Lien Shares</i>	<i>%</i>	<i>Number of Hua Lien Shares</i>	<i>%</i>	<i>Number of Hua Lien Shares</i>	<i>%</i>
<b>Substantial shareholders of Hua Lien</b>						
China Complant (Note 1)	800,000,000	36.51	800,000,000	11.96	800,000,000	10.40
COMPLANT (Note 1)	300,000,000	13.69	300,000,000	4.48	1,189,500,000	15.45
<b>Sub-total</b>	1,100,000,000	50.20	1,100,000,000	16.44	1,989,500,000	25.85
<b>The Subscriber and parties acting in concert with it</b>						
The Subscriber	–	–	3,700,000,000	55.30	3,700,000,000	48.07
Hollyview (Note 2)	212,495,083	9.70	212,495,083	3.17	212,495,083	2.76
Ms. Li (Note 2)	3,448,000	0.16	3,448,000	0.05	3,448,000	0.04
<b>Sub-total</b>	215,943,083	9.86	3,915,943,083	58.52	3,915,943,083	50.87
<b>Public shareholders of Hua Lien</b>						
The Placees	–	–	800,000,000	11.96	800,000,000	10.40
China Africa Investment (Note 3)	90,000,000	4.11	90,000,000	1.34	206,250,000	2.68
Other public shareholders of Hua Lien	785,236,917	35.83	785,236,917	11.74	785,236,917	10.20
<b>Sub-total</b>	875,236,917	39.94	1,675,236,917	25.04	1,791,486,917	23.28 (Note 4)
<b>Total</b>	<b>2,191,180,000</b>	<b>100.00</b>	<b>6,691,180,000</b>	<b>100.00</b>	<b>7,696,930,000</b>	<b>100.00</b>

*Notes:*

1. China Complant is wholly owned by the State Development & Investment Corporation, which is wholly owned by the State-owned Assets Supervision and Administration Commission. China Complant also holds 70% equity interest in COMPLANT. COMPLANT also holds the COMPLANT Convertible Notes with an aggregate principal amount of HK\$533,700,000, which are convertible into 889,500,000 new Hua Lien Shares at the prevailing conversion price of HK\$0.60 per Hua Lien Share (subject to adjustment).
2. Given Hollyview is wholly owned by Mr. Hu and Ms. Li is Mr. Hu's spouse, Mr. Hu is deemed to be beneficially interested in a total of 215,943,083 Hua Lien Shares.
3. China Africa Investment is wholly owned by China-Africa Development Fund, which is indirectly wholly owned by the China Development Bank. China Africa Investment also holds the CAXX Convertible Notes in an aggregate principal amount of HK\$69,750,000, which are convertible into 116,250,000 new Hua Lien Shares at the prevailing conversion price of HK\$0.60 per Hua Lien Share (subject to adjustment).
4. Pursuant to the respective instrument of the CAXX Convertible Notes and the COMPLANT Convertible Notes, each of China Africa Investment and COMPLANT shall not convert the CAXX Convertible Notes and the COMPLANT Convertible Notes (as the case may be) to the extent that if immediately after such conversion, there will not be sufficient public float of the Hua Lien Shares as required under the Listing Rules. Accordingly, the percentage shown here is for illustration purpose only.

## **FUND RAISING EXERCISE OF HUA LIEN FOR THE PAST 12 MONTHS**

Hua Lien has not conducted any fund raising activities in the 12 months immediately before the date of this joint announcement.

## **TAKEOVERS CODE IMPLICATION TO BESTWAY**

Prior to the entering into of the Subscription Agreement, the Subscriber and Bestway were not interested in any shares, warrants, options, derivatives of Hua Lien or other securities that are convertible or exchangeable into shares of Hua Lien or other types of equity interest in Hua Lien. Mr. Hu is an executive Bestway Director and therefore is a party presumed acting in concert with the Subscriber. Mr. Hu is also an executive Hua Lien Director. Mr. Hu is deemed to be interested in an aggregate of 215,943,083 Hua Lien Shares, of which 212,495,083 Hua Lien Shares are held by Hollyview, a company beneficially wholly owned by him, and 3,448,000 Hua Lien Shares were held by his spouse, Ms. Li.

Upon the simultaneous Subscription Completion and Placing Completion, the Subscriber and parties acting in concert with it will be interested in a total of 3,915,943,083 Hua Lien Shares, representing approximately 58.52% of the issued share capital of Hua Lien as enlarged by the allotment and issue of the Subscription Shares and the Placing Shares. Under Rule 26.1 of the Takeovers Code, the Subscriber will be obliged to make the Possible Offer unless the Subscriber has obtained the Whitewash Waiver from the Executive. To this end, Bestway will make the application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

**The Whitewash Waiver may or may not be granted by the Executive and is subject to the Hua Lien Independent Shareholders at the Hua Lien EGM. The grant of the Whitewash Waiver by the Executive and the approval of the Whitewash Waiver by the Hua Lien Independent Shareholders are conditions precedent to the Subscription Completion. If the Whitewash Waiver is not granted by the Executive or not approved by the Hua Lien Independent Shareholders, the Subscriber may elect to waive this condition and proceed with the Subscription in the absence of the Whitewash Waiver. Accordingly, if the Subscriber elects to proceed with the Subscription in the absence of the Whitewash Waiver, it will be obliged to make the Possible Offer. Relevant announcement(s) will be made by Bestway and Hua Lien in compliance with the Listing Rules and the Takeovers Code as and when appropriate.**

## **LISTING RULES IMPLICATION TO BESTWAY**

As certain applicable percentage ratios in respect of the Subscription are over 25% but below 100%, the Subscription constitutes a major transaction for Bestway under Chapter 14 of the Listing Rules and is therefore subject to the requirements of announcement, reporting and Shareholders' approval under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Bestway Directors having made all reasonable enquiries, no Bestway Shareholder or any of their respective associates have any material interest in the Subscription. As such, no Bestway Shareholder is required to abstain from voting under the Listing Rules at the Bestway SGM for the approval of the Subscription Agreement and transactions contemplated thereunder.

## **TAKEOVERS CODE IMPLICATION TO HUA LIEN**

Under the Takeovers Code, the Whitewash Waiver and the underlying transactions are subject to the independent vote of Hua Lien Shareholders. As at the date of this joint announcement, Mr. Hu is deemed to be interested in an aggregate of 215,943,083 Hua Lien Shares (of which 212,495,083 Hua Lien Shares are held by Hollyview, a company beneficially wholly owned by him, and 3,448,000 Hua Lien Shares are held by his spouse, Ms. Li), representing, approximately 9.86% of the issued share capital of Hua Lien. Given Mr. Hu is a party presumed acting in concert with the Subscriber, he and his associates (including Hollyview and Ms. Li) are required to abstain from voting on the Whitewash Waiver together with the underlying transactions thereof. Given China Complant and COMPLANT have been involved in the negotiations and discussions of the Subscription, they and their associates are required to abstain from voting on the Whitewash Waiver and the underlying transactions at the Hua Lien EGM.

Notwithstanding that Dr. Xu Dandan is an executive Hua Lien Director nominated by China Africa Investment to the Hua Lien Board, neither she nor any representative of China Africa Investment has taken part in any of the discussions or negotiations with Bestway and/or the Subscriber relating to the Subscription. Accordingly, China Africa Investment and its associates are not required to abstain from voting on the Whitewash Waiver and the underlying transactions at the Hua Lien EGM.

## **LISTING RULES IMPLICATION TO HUA LIEN**

### **The Subscription and the Placing**

Under the Subscription Agreement and the Placing Agreement, Hua Lien is required to obtain the Subscription Mandate and the Placing Mandate at the Hua Lien EGM. Given Mr. Hu is a party presumed acting in concert with the Subscriber, he and his associates are required to abstain from voting on the Subscription Mandate and the Placing Mandate at the Hua Lien EGM. Further information regarding whether any parties are required to abstain from voting in this regard will be disclosed in the circular of Hua Lien to be despatched to the Hua Lien Shareholders.

### **The Proposed CN Amendments**

As at the date of this joint announcement, COMPLANT is a substantial shareholder of Hua Lien holding 300,000,000 Hua Lien Shares which represents approximately 13.69% of the existing issued share capital of Hua Lien and is thus a connected person of Hua Lien. Accordingly, the entering into of the Deeds of Amendment constitutes a non-exempt connected transaction for Hua Lien under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules. Given COMPLANT is a party to the Deeds of the Amendment and has material interest in the Proposed CN Amendments, COMPLANT and its associates (including China Complant which holds 800,000,000 Hua Lien Shares, representing approximately 36.51% of the existing share capital of Hua Lien) will abstain from voting on the Proposed CN Amendments at the Hua Lien EGM.

In addition, as stipulated under the Listing Rules, any alteration in the terms of the convertible debt securities after issue must be approved by the Stock Exchange, Hua Lien will make an application to the Stock Exchange for the approval of the Proposed CN Amendments as soon as practicable.

## **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER BY HUA LIEN**

The Hua Lien IBC has been established to advise the Hua Lien Independent Shareholders in respect of the proposed resolution(s) to approve (i) the Subscription and the transactions contemplated thereunder; (ii) the Whitewash Waiver; (iii) the Placing Agreement and the transactions contemplated thereunder; and (iv) the Deeds of Amendment and the transactions contemplated thereunder.

Proton Capital Limited has been appointed as the independent financial adviser to advise the Hua Lien IBC in respect of (i) the Subscription Agreement and the transactions contemplated thereunder; (ii) the Whitewash Waiver; (iii) the Placing Agreement and transactions contemplated thereunder; and (iv) the Deeds of Amendment and the transactions contemplated thereunder. The appointment of the independent financial adviser has been approved by the Hua Lien IBC.

## GENERAL

### Bestway

As certain applicable percentage ratios in respect of the Subscription are over 25% but below 100%, the Subscription constitutes a major transaction for Bestway under Chapter 14 of the Listing Rules and is therefore subject to the requirements of announcement, reporting and Shareholders' approval under Chapter 14 of the Listing Rules. The Bestway SGM will be convened and held for the Bestway Shareholders to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder by way of poll.

A circular of Bestway containing, among others, details of the Subscription, the financial information on Hua Lien, the financial information on the Bestway Group, the pro forma financial information of the enlarged Bestway Group and other information as required under the Listing Rules, is expected to be despatched to the Bestway Shareholders on 11 August 2016 as additional time is required for the preparation of the pro forma financial information of the enlarged Bestway Group and other information to be included in the circular of Bestway.

**Given the Subscription is subject to the fulfillment or waiver (as the case may be) of a number of conditions precedent set out in the section headed "Conditions precedent to the Subscription" as in this joint announcement, the Subscription Completion may or may not take place. Bestway Shareholders, and the potential investors of Bestway are advised to exercise caution when dealing in the Bestway Shares and other securities of Bestway and if they are in any doubt about their position, they should consult their professional adviser(s).**

### Hua Lien

The Hua Lien EGM will be convened and held for the Hua Lien Shareholders to consider and, if thought fit, approve (i) the Subscription Agreement and the transactions contemplated thereunder (including the Subscription Mandate and the Whitewash Waiver); (ii) the Placing Agreement and the transactions contemplated thereunder (including the Placing Mandate); (iii) proposed increase of authorised share capital of Hua Lien; and (iv) the Deeds of Amendment, and the transactions contemplated thereunder.

A circular of Hua Lien containing, among other things, (i) details of the Subscription, the Placing, the Whitewash Waiver and the Proposed CN Amendments; (ii) recommendation of the Hua Lien IBC to the Hua Lien Independent Shareholders in relation to the Subscription, the Placing, the Whitewash Waiver and the Proposed CN Amendments; (iii) the letter of advice from an independent financial adviser to the Hua Lien IBC in relation to the Subscription, the Placing, the Whitewash waiver and the Proposed CN Amendments; (iv) details of the Placing; (v) the proposed increase in the authorised share capital of Hua Lien; and (vi) a notice convening the Hua Lien EGM will be despatched to the Hua Lien Shareholders in accordance with the requirements of the Listing Rules and the Takeovers Code, and is expected to be despatched on or before 11 August 2016.



**Given the Subscription and the Placing are each subject to the fulfillment or waiver (as the case may be) of a number of conditions precedent as set out in the sections headed “Conditions precedent to the Subscription” and “Conditions precedent to the Placing” respectively in this joint announcement, the Subscription Completion and the Placing Completion may or may not take place. Hua Lien Shareholders, and the potential investors of Hua Lien are advised to exercise caution when dealing in the Hua Lien Shares and other securities of Hua Lien and if they are in any doubt about their position, they should consult their professional adviser(s).**

## **RESUMPTION OF TRADING IN THE BESTWAY SHARES**

At the request of Bestway, trading in the Bestway Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 19 July 2016 pending the publication of this joint announcement. Application has been made by Bestway to the Stock Exchange for the resumption of trading in the Bestway Shares respectively with effect from 9:00 a.m. on 22 July 2016.

## **RESUMPTION OF TRADING IN THE HUA LIEN SHARES**

At the request of Hua Lien, trading in the Hua Lien Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 19 July 2016 pending the publication of this joint announcement. Application has been made by Hua Lien to the Stock Exchange for the resumption of trading in the Hua Lien Shares respectively with effect from 9:00 a.m. on 22 July 2016.

## **DEFINITIONS**

In this joint announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Bestway”	Bestway International Holdings Limited, a company incorporated in Bermuda with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange (Stock code: 718)
“Bestway Board”	the board of the Bestway Directors
“Bestway Director(s)”	the director(s) of Bestway
“Bestway Group”	Bestway and its subsidiaries
“Bestway SGM”	special general meeting to be convened by Bestway
“Bestway Share(s)”	share(s) of HK\$0.05 each in the share capital of Bestway
“Bestway Shareholder(s)”	holder(s) of the Bestway Share(s)
“Business Day(s)”	a day on which the Stock Exchange is open for transaction of business
“China Africa Investment”	China-Africa Xin Xing Investment Limited

“CAXX Convertible Notes”	the convertible notes with an aggregate outstanding amount of HK\$69,750,000 issued by Hua Lien to China-Africa Xin Xing Investment Limited which are convertible into an aggregate of 116,250,000 new Hua Lien Shares
“China Complant”	China National Complete Plant Import and Export Corporation (Group) 中國成套設備進出口(集團)總公司, being the substantial shareholder of Hua Lien and holding 70% equity interest in COMPLANT
“COMPLANT”	COMPLANT International Sugar Industry Co., Ltd.
“COMPLANT Convertible Notes”	the two tranches of the non-interest bearing convertible notes with an aggregate outstanding amount of HK\$533,700,000 issued by Hua Lien to COMPLANT which are convertible into an aggregate of 889,500,000 new Hua Lien Shares at the prevailing conversion price of HK\$0.60 (subject to adjustment)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Convertible Notes”	the CAXX Convertible Notes and the COMPLANT Convertible Notes
“Deeds of Amendment”	the Deeds of Amendment dated 18 July 2016 entered into between Hua Lien and COMPLANT for the Proposed CN Amendments
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Hollyview”	Hollyview International Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hua Lien”	Hua Lien International (Holding) Company Limited, a company incorporated in Cayman Islands with limited liability, whose issued Hua Lien Shares are listed on the Main Board of the Stock Exchange (Stock code: 969)
“Hua Lien Board”	the board of Hua Lien Directors
“Hua Lien Director(s)”	the directors of Hua Lien

“Hua Lien EGM”	the extraordinary general meeting of Hua Lien to be convened and held to consider and, if thought fit, approve, (i) the Subscription Agreement, the transactions contemplated thereunder (including the Subscription Mandate) and the Whitewash Waiver; (ii) the Placing Agreement, the transactions contemplated thereunder (including the Placing Mandate); (iii) proposed increase of authorised share capital of Hua Lien; and (iv) the Deeds of Amendment, and the transactions contemplated thereunder
“Hua Lien Group”	Hua Lien and its subsidiaries
“Hua Lien IBC”	an independent board committee, comprising all the independent non-executive Hua Lien Directors, namely Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei, to advise the Hua Lien Independent Shareholders as to the fairness and reasonableness of the terms of the Subscription, the terms of the Placing and the Whitewash Waiver and the Proposed CN Amendments, and as to voting and whether the entering into of the Subscription Agreement, the Placing Agreement and the Deeds of Amendment is in the interests of the Hua Lien Shareholders as whole
“Hua Lien Independent Shareholders”	the Hua Lien Shareholders other than (i) the Subscriber, Bestway, and respective parties acting in concert with them (including Mr. Hu and his associates); and (ii) those who are interested in or involved in the Subscription, the Placing, the Whitewash Waiver, and/or the Proposed CN Amendments, if any
“Hua Lien Share(s)”	share(s) of HK\$0.10 each in the capital of Hua Lien
“Hua Lien Shareholders”	holder(s) of the Hua Lien Share(s)
“Last Trading Day”	18 July 2016, being the last day on which the Hua Lien Shares were traded on the Stock Exchange prior to the suspension of trading in the Hua Lien Shares pending the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2016 (or such other date as may be agreed by Bestway and Hua Lien in writing)
“MOU Announcement”	the joint announcement of Bestway and Hua Lien dated 25 May 2016 relating to the entering into of the Memorandum of Understanding

“Memorandum of Understanding”	the non-legally binding memorandum of understanding dated 23 May 2016 entered into between Bestway as potential subscriber and Hua Lien as potential issuer setting out the preliminary understanding in relation to the Subscription
“Mr. Hu”	Mr. Hu Yebi, an executive Hua Lien Director and an executive Bestway Director
“Ms. Li”	Ms. Li Ling Xiu, spouse of Mr. Hu
“Placees”	independent individuals, corporate, institutional investors or other investors to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the placing of the Placing Shares by the Placing Agent, on a fully underwritten basis, to the Placees pursuant to the terms and conditions of the Placing Agreement
“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
“Placing Agreement”	the conditional placing agreement dated 18 July 2016 entered into between Hua Lien and the Placing Agent in relation to the Placing
“Placing Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Placing Mandate”	the specific mandate to be granted by the Hua Lien Independent Shareholders to the Hua Lien Board at the Hua Lien EGM for the allotment and issue of the Placing Shares
“Placing Price”	HK\$0.16 per Placing Share
“Placing Share(s)”	a total of 800,000,000 new Hua Lien Shares proposed to be placed by the Placing Agent for and on behalf of Hua Lien under the Placing Agreement
“Possible Offer”	the mandatory general offer that may be made by the Subscriber to all the issued shares and convertible securities of Hua Lien (which are not owned or agreed to be acquired by the Subscriber) under Rule 26 of the Takeovers Code in the event that it elects to proceed with the Subscription Completion in the absence of the Whitewash Waiver
“PRC”	The People’s Republic of China, for the purpose of this joint announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Proposed CN Amendments”	the proposed amendments to be made to the COMPLANT Convertible Notes under the Deeds of Amendment
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Tai United Investments Limited, a company incorporated in the BVI with limited liability
“Subscription”	the subscription by the Subscriber for the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 18 July 2016 entered into between Bestway as subscriber and Hua Lien as issuer in relation to the Subscription
“Subscription Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Subscription Completion Date”	the date on which the Subscription Completion takes place
“Subscription Mandate”	the specific mandate to be granted by the Hua Lien Independent Shareholders to the Hua Lien Board at the Hua Lien EGM for the allotment and issue of the Subscription Shares
“Subscription Price”	HK\$0.16 per Subscription Share
“Subscription Share(s)”	a total of 3,700,000,000 new Hua Lien Shares to be allotted and issued to the Subscriber pursuant to the Subscription Agreement
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Tai He”	Tai He Financial Group Limited, a company incorporated in the Cayman Islands with limited liability, the sole shareholder of which is Mr. Chua Hwa Por
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

“Whitewash Waiver” a waiver from the obligation of the Subscriber to make a mandatory general offer to the Hua Lien Shareholders in respect of the Hua Lien Shares and securities issued by the Hua Lien not already owned or agreed to be acquired by the Subscriber and the parties acting in concert with it as a result of the Subscription in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board  
**Bestway International Holdings Limited**

**Dr. Meng Zhaoyi**  
Chairman

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

Hong Kong, 21 July 2016

*As at the date of this joint announcement, the Bestway Board comprises Dr. Meng Zhaoyi, Dr. Liu Hua, Mr. Hu Yebi, Mr. Chen Weisong and Mr. Xu Ke as executive Bestway Directors, and Mr. Mao Kangfu, Dr. Gao Bin and Ms. Liu Yan as independent non-executive Bestway Directors.*

*As at the date of this joint announcement, the Hua Lien 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 Bestway Directors jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (other than those relating to Hua Lien and the Placing Agreement and transactions contemplated thereunder) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by Hua Lien) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

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