

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SUNWAY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 58)

- (1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION;
(2) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
PROVISION OF FINANCIAL ASSISTANCE UNDER THE CORPORATE
GUARANTEE
AND
(3) RESUMPTION OF TRADING**

Financial Adviser to Sunway International Holdings Limited



BRIDGE PARTNERS CAPITAL LIMITED

THE DISPOSAL

On 17 November 2014, the Company entered into the Disposal Agreement with the Purchaser, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares and the Sale Loan at a total Consideration of HK\$180 million. The principal terms and conditions of which are set out in this announcement.

Following Completion, all members of the Disposal Group will cease to be subsidiaries of the Company and the results of the Disposal Group will no longer be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS ON THE DISPOSAL

As one of the applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Disposal and the transactions contemplated under the Disposal Agreement exceed 75%, the Disposal and the transactions contemplated under the Disposal Agreement constitute a very substantial disposal of the Company under Rule 14.06 of the Listing Rules.

The Purchaser is beneficially owned as to 50% by Ms. CY Wong, 16.668% by Ms. Helen Wong and 16.666% by each of Ms. KM Wong and Mr. KW Wong. Each of Ms. Helen Wong and Ms. KM Wong is an executive Director and a substantial Shareholder interested in approximately 19.54 % and 22.98% (which include their common interest in 19.522% of the Shares owned by Farnell Profits) of the Shares respectively, and Ms. CY Wong was a non-executive Director within the preceding twelve months and Mr. KW Wong is the son of Ms. CY Wong and the brother of Ms. Helen Wong and Ms. KM Wong. Therefore, each of Ms. CY Wong, Ms. Helen Wong, Ms. KM Wong, Mr. KW Wong and the Purchaser is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction on the part of the Company under Chapter 14 and 14A of the Listing Rules and the Disposal is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE UNDER THE CORPORATE GUARANTEE

The Company is currently providing the Corporate Guarantee up to a maximum of HK\$100 million in favour of China CITIC Bank International Limited in respect of the borrowings by Sungo Holding of not exceeding HK\$69 million. As at the date of this announcement, the outstanding amount due by Sungo Holding to China CITIC Bank International Limited amounted to approximately HK\$32 million.

It is estimated by the Board that it will take a transitional period of three months subsequent to the Completion to complete the release of the Corporate Guarantee, unless by mutual agreement on an earlier date. As it is expected that the Corporate Guarantee given by the Company will remain in place with the maximum period of three months after the Completion, the provision of the Corporate Guarantee will constitute a connected transaction of the Company under the Chapter 14A of the Listing Rules.

Meanwhile, as the applicable percentage ratio of the amount of the financial assistance provided under the Corporate Guarantee exceeds 5% but less than 25%, the continued provision of the Corporate Guarantee also constitutes a discloseable transaction on the part of the Company under the Listing Rules. In addition, the total value of the financial assistance provided under the Corporate Guarantee exceeds HK\$10,000,000, the Corporate Guarantee is therefore subject to reporting and announcement requirements as well as the approval by the Independent Shareholders at the SGM by way of poll.

GENERAL

Ms. CY Wong, Ms. Helen Wong, Ms. KM Wong and their respective associates, including Farnell Profits, Mr. KW Wong and Mr. KS Wong, are regarded as having material interest in the Disposal, the provision of the Corporate Guarantee and the transactions contemplated thereunder and therefore they are required to abstain from voting on the resolutions proposed to be passed at the SGM for approving the Disposal, the provision of the Corporate Guarantee and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on the Disposal and the transactions contemplated under the Disposal Agreement; (ii) further information on the provision of the Corporate Guarantee (iii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders; (iv) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (v) the notice of SGM, is expected to be despatched to the Shareholders on or before 24 December 2014.

Completion of the Disposal is subject to fulfilment of the Conditions Precedent disclosed in this announcement and may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9 a.m. on 17 November 2014 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9 a.m. on 27 November 2014.

The Disposal Agreement

On 17 November 2014, the Company entered into the Disposal Agreement with the Purchaser, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares and the Sale Loan for a Consideration of HK\$180 million.

Principal terms of the Disposal Agreement are as follows:

Date

17 November 2014

Parties

Vendor: the Company; and
Purchaser: Feng Hao Holdings Limited

The Purchaser is a company incorporated in British Virgin Islands with limited liability. It is an investment holding company and does not have any substantive business operation as at the date of this announcement. It is beneficially owned as to 50% by Ms. CY Wong and 16.668% by Ms. Helen Wong and 16.666% by each of Ms. KM Wong and Mr. KW Wong. Each of Ms. Helen Wong and Ms. KM Wong is an executive Director and a substantial Shareholder interested in approximately 19.54 % and 22.98% (which include their common interest in 19.522% of the Shares owned by Farnell Profits) of the Shares respectively, and Ms. CY Wong was a non-executive Director within the preceding twelve months and Mr. KW Wong is the son of Ms. CY Wong and the brother of Ms. Helen Wong and Ms. KM Wong. Therefore, each of them is a connected person to the Company.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Company agreed to sell the Sale Shares and the Sale Loan to the Purchaser free from all Encumbrances, with all rights now or hereafter attaching thereto (including but not limited to all the dividends or distributions which may be paid, declared or made at any time on or after the Completion Date).

The Sale Shares represent the entire issued share capital of Sunway BVI and Sunway Investment, both of which are wholly-owned subsidiaries of the Company. Further details of the Disposal Group are set out under the paragraph headed “Information of the Disposal Group” below.

The Sale Loan represents the aggregate of all amounts of the shareholder's loan owing by the Disposal Group to the Company as at the time of Completion. As at 30 September 2014, the shareholder's loan owing by the Disposal Group to the Company is in the sum of approximately HK\$372 million (excluding the effect of impairment of approximately HK\$76 million). Upon Completion, the interests, rights and benefits in the Sale Loan will be assigned by the Vendor to the Purchaser.

Following Completion, the Disposal Group will cease to be subsidiaries of the Company and the results of the Disposal Group will no longer be consolidated into the consolidated financial statements of the Group.

Consideration

The Consideration of HK\$180 million shall be payable by the Purchaser to the Company in cash within seven (7) Business Days from the Completion Date.

The Consideration was determined based on normal commercial terms and after arm's length negotiations between the Purchaser and the Company, with reference to:

- (i) the unaudited consolidated net liabilities of the Disposal Group of approximately HK\$203 million as at 30 September 2014, which included the shareholder's loan owing to the Company in a sum of approximately HK\$372 million. If excluding the aforesaid shareholder's loan, the net assets of the Disposal Group amounted to approximately HK\$169 million;
- (ii) the financial position of the Disposal Group. The Disposal Group has been making loss for the past few years and recorded unaudited consolidated net current liabilities of approximately HK\$297 million as at 30 September 2014 (setting aside the shareholder's loan of approximately HK\$372 million). In the face of the unsatisfactory financial performance and the unfavourable business outlook of the Disposal Group, the Directors estimate that the Disposal Group's financial position is unlikely to improve and the Sale Loan is highly improbable to be recovered in the foreseeable future; and
- (iii) the factors set out in paragraph headed "Information of the Group and Reasons for and Benefits of the Disposal". The Disposal Group has been operating in a challenging business environment in the PRC and has suffered deteriorating results with limited growth prospect. The Directors are of the view that it is difficult to

predict any turnaround of the business of the Disposal Group in the near future.

Conditions Precedent

Completion of the Agreement is conditional upon the following conditions being satisfied:

- (i) the Purchaser being satisfied with the results of the due diligence review to be conducted on the Disposal Group;
- (ii) the passing by the Independent Shareholders at the SGM approving the Disposal Agreement and the transactions contemplated thereunder;
- (iii) all necessary consents and approvals, including without limitation such consents (if appropriate or required) of the Stock Exchange and the SFC pursuant to the Listing Rules, as required by the parties to enter into and implement the Disposal Agreement and the transactions contemplated thereunder having been obtained;
- (iv) no material adverse change in any member of the Disposal Group's financial position, business, property, results of operations and prospects has occurred since the date of the Disposal Agreement to Completion; and
- (v) the warranties under the Disposal Agreement having remained true, accurate and not misleading in all material respects from the date of the Disposal Agreement and at any time before Completion.

The Purchaser may at any time by written notice to the Vendor waive the above conditions (except conditions (ii) and (iii) which are incapable of being waived). As advised by the Purchaser, the Purchaser does not have any present intention to waive the above conditions.

In the event that all the conditions shall not have been satisfied or waived (except conditions (ii) and (iii)) by the Purchaser at or before 5:00 p.m. (Hong Kong time) on 31 January 2015, the Purchaser and the Vendor may agree to, (i) cancel or terminate the Disposal Agreement without prejudice to all rights and remedies which the Purchaser may have under the Disposal Agreement or by law; or (ii) elect to effect the Completion so far as practicable having regard to the defaults which have occurred and treat the sale and purchase of the Sale Shares as completed subject to the satisfaction of a condition subsequent that the defaults be remedied within such time as the Purchaser may specify.

Completion

Completion shall take place on the Completion Date following all the conditions above being satisfied in full or waived by the Purchaser, or such other date as the Purchaser and the Company may agree.

INFORMATION ON THE DISPOSAL GROUP

The Disposal Companies, namely Sunway BVI and Sunway Investment, are direct wholly-owned subsidiaries of the Company and investment holding companies incorporated in the British Virgin Islands with limited liability.

The Disposal Group is principally engaged in the design, development, manufacture and sale of a wide range of (a) electronics and related components and parts (including principally quartz crystals, liquid crystal displays, printed circuit boards and watch movements); and (b) consumer electronic products (including principally electronic calculators, telecommunication phones, electronic watches and clocks). The Disposal Group is also engaged in the trading of integrated circuits and computer components and accessories, (collectively known as the “**Electronic Business**”).

The production facilities of the Disposal Group are principally located in the Fujian Province, the PRC and the distribution and the sale of its products are conducted within the PRC and in the North/South American countries.

Set out below is the unaudited financial information of the Disposal Group for the two years ended 30 September 2014, which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the years ended	
	30 September 2014	30 September 2013
	HK\$' million	HK\$' million
Turnover	720	788
Net loss before taxation	197	189
Net loss after taxation	201	196

As at 30 September 2014, the unaudited consolidated total assets and net liabilities of the Disposal Group were approximately HK\$1,061 million and HK\$203 million respectively. If excluding the shareholder’s loan of approximately HK\$372 million owing to the Company as

at 30 September 2014, the unaudited consolidated net assets of the Disposal Group amounted to approximately HK\$169 million.

INFORMATION OF THE GROUP AND REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the Electronic Business and following the completion of the acquisition (the “**Acquisition**”) of the Joint Expert Group (as defined below) on 2 May 2014, the Group is also engaged in the manufacture and sale of construction materials, which include (i) pre-stressed (“**PC**”) steel bars for steel strand wires, various pre-stressed materials and their respective production equipment, and industrial and building pre-stressed materials and (ii) pre-stressed high-strength concrete (“**PHC**”) piles, ready mix concrete, autoclaved sand-lime bricks, aerated concrete products and eco-permeable concrete products.

Electronic Business

Despite various efforts undertaken by the Disposal Group to reengineer the business operation of the Electronic Business in the past few years, the Company suffered losses from the Disposal Group for an extended period of time in light of (i) the uncertainties surrounding the global economy which affects the market demand and selling prices of its products, (ii) the decreasing production efficiency as a result of shortage of labour in the PRC in recent years and (iii) the increasing cost of materials which continued to drive up the manufacturing costs.

Based on the unaudited consolidated accounts of the Disposal Group for the year ended 30 September 2014, the turnover of the Disposal Group for the year ended 30 September 2014 decreased by 8.6% to approximately HK\$720 million as compared to approximately HK\$788 million reported for the year ended 30 September 2013. For the two years ended 30 September 2014, the Disposal Group recorded gross losses of approximately HK\$76 million and HK\$93 million respectively and the net loss after taxation were approximately HK\$196 million and HK\$201 million respectively.

As at 30 September 2014, the Disposal Group recorded unaudited consolidated net current liabilities and net assets (setting aside the shareholder’s loan owing to the Company of approximately HK\$372 million) of approximately HK\$297 million and HK\$169 million. As at 30 September 2014, the total bank borrowings of the Disposal Group was approximately HK\$451 million, accounting for 76% of the total bank borrowings of the Group of approximately HK\$593 million. The gearing ratio of the Disposal Group (excluding the shareholder’s loan owing to the Company of approximately HK\$372 million), which was

computed by dividing the current liabilities and long term liabilities by shareholder's equity, was 5.3 times as compared to the Group's gearing ratio of 4.6 times as at 30 September 2014. In view of the current financial position and business performance of the Disposal Group, it is unlikely that the Disposal Group will be able to reduce its reliance on bank borrowings and improve its gearing position in the near future.

The Company has used its best endeavour to promote the Electronic Business for the past years but its results continued to deteriorate, and there was no sign of improvement of the performance. With the global economic conditions remaining unstable, the Board expects that the business environment of the Disposal Group will remain full of challenges and the negative impacts will continue in place on the Electronic Business. The Board is of the view that it is difficult to predict any turnaround of the Electronic Business in the near future.

In view of the poor results of the Electronic Business, the Company has been planning a group restructuring to better allocate the Group's existing resources, including but not limited to scale down certain loss making business and the disposal of the Group's existing assets as well as to seek diversification of business into areas of high-growth potential.

Construction Materials Business

The Company completed the acquisition of the Joint Expert Group on 2 May 2014, which is principally engaged in the manufacture and sale of construction materials with a view to shift its resources to the profitable construction material business in the PRC.

Joint Expert is an investment holding company incorporated in the British Virgin Islands with limited liability on 28 May 2013 and has become the holding company of its two principal subsidiaries, namely Zhuhai Hoston and Guangdong Hengjia (Guangdong Hengjia is owned as to 70% by Zhuhai Hoston) (collectively known as the "**Zhuhai Hoston Group**") since 21 August 2013. Both Zhuhai Hoston and Guangdong Hengjia are the major construction materials manufacturers in Guangdong Province, the PRC. The two main production bases of the Zhuhai Hoston Group are located in Zhuhai City and Yangjiang City in the PRC which mainly supply building and construction materials for residential, commercial and infrastructure construction projects in the regions nearby. Joint Expert has been inactive since its incorporation.

The unaudited financial information of the Zhuhai Hoston Group for the two years ended 2013 and for the nine months ended 30 September 2014 and 30 September 2013, prepared in accordance with the Hong Kong Financial Reporting Standards is set out below:

	Nine months ended		For the years ended	
	30 September		31 December	
	2014	2013	2013	2012 (Note)
	HK\$' million	HK\$' million	HK\$' million	HK\$' million
Turnover	350	405	533	256
Net profit before taxation	27	46	54	34
Net profit after taxation	22	34	37	31

Note: Guangdong Hengjia was acquired by Zhuhai Hoston on 23 November 2012. For the year ended 31 December 2012, the revenue and the net profit after taxation of the Zhuhai Hoston Group included the results of Guangdong Hengjia for the period from 1 December 2012 to 31 December 2012. For illustrative purpose and as disclosed in the Company's circular dated 31 March 2014 in respect of the Acquisition, had Guangdong Hengjia been consolidated from 1 January 2012, the turnover and the net profit after taxation of the Zhuhai Hoston Group would show HK\$429 million and HK\$24 million respectively.

For the nine months ended 30 September 2014, the turnover and the net profit after taxation of the Zhuhai Hoston Group were approximately HK\$350 million and HK\$22 million respectively, representing a decrease of 13.5% in turnover and 35.3% in the net profit after taxation as compared to the third quarter of 2013. The financial performance of the Zhuhai Hoston Group was affected by the general slowdown in domestic construction growth due to tightening credit in the PRC in the first half of 2014.

From the date of completion of the Acquisition (i.e. 2 May 2014) to 30 September 2014, the Zhuhai Hoston Group generated revenue of approximately HK\$176 million and the net profit after taxation derived from the construction materials business was approximately HK\$10 million. The Directors noted the trading of building materials has been increasing in the second half of 2014 and sales levels of the building materials products are expected to be higher in the last quarter of 2014 in light of the loosening of credit measures on the PRC property markets in recent months, including the reduction in the interest rates by the People's Bank of China. The Directors consider that the business operation and financial performance of Zhuhai Hoston Group have been in line with the Board's expectation subsequent to the completion of the Acquisition.

If including the one-off gain of approximately HK\$57 million arising from the waiver of loan by the vendor of the Acquisition recognized by Joint Expert before completion of Acquisition, the net profit after taxation of the Joint Expert Group were approximately HK\$79 million for

the nine months ended 30 September 2014. Such gain was recognized as pre-acquisition profit to the Group at the time of completion of Acquisition.

The Directors noted that the net profit after taxation of the Joint Expert Group for the nine months ended 30 September 2014 was approximately HK\$79 million (including the aforesaid one-off gain of approximately HK\$57 million which would be accounted for in assessing the after-tax profit guarantee), which was more than the after-tax profit guarantee of RMB30 million (equivalent to approximately HK\$38 million) of the Joint Expert Group undertaken by the vendor of the Acquisition to the Company for the year ending 31 December 2014. It is also guaranteed that the after-tax profit shall be no less than RMB30 million (equivalent to approximately HK\$38 million) for the following two years ending 31 December 2016 or the seller of the Joint Expert Group shall be liable to pay to the Company the deficient amount as disclosed in the Company's circular dated 31 March 2014 regarding the Acquisition. The Directors will closely monitor the business performance of the Joint Expert Group and will update the Shareholders in respect of the after-tax profit guarantee as and when appropriate

Zhuhai Hoston and Guangdong Hengjia are the principal operating subsidiaries of the Joint Expert Group. Moving forward, Zhuhai Hoston will continue to undertake the production of PC steel bars while Guangdong will continue to engage in the manufacture and sale of PHC piles, concrete and bricks with a view to expand their market share in their respective regions (i.e. Zhuhai City for Zhuhai Hoston and Yangjiang City for Guangdong Hengjin) and extend its sales to other regions in the PRC.

Zhuhai Hoston

Backed by its production capabilities and its quality control centre, Zhuhai Hoston has been positioning its products at the high-end market niche. Currently, approximately one-third of the PC steel bars consumed in the Guangdong Province are supplied from other provinces, which offers Zhuhai Hoston an opportunity for expansion. By leveraging its existing business relationship in the region together with its strong research and development capabilities, the Directors believe that Zhuhai Hoston is well positioned to capture the market potential and extend its business growth in the future.

Guangdong Hengjia

Guangdong Hengjia mainly sells its construction products to customers located in Yangjiang City, the PRC and it will continue to focus on developing an integrated supply platform to provide the customers one-stop services by offering a portfolio of various products. In addition, in light of the increasing awareness of environmental protection in the PRC,

Guangdong Hengjia has been expanding its product portfolio into the recommended green product catalog including, recycling waste materials and manufacturing of environmental friendly products under the governmental preferential policy in the PRC to enjoy the relevant tax benefits for its business. The Directors believe that the above strategies can increase the competitiveness of its products and capture a large market share in Yangjiang City and expand its sales to its surrounding areas, including Maoming City, Zhanjiang City and the Xinxing City in the PRC.

The Board expects that there will be a stable stream of income from the Joint Expert Group in the future and aspires to expand the construction materials business. The Board is confident that the construction materials business will become a driver to enhance growth and overall performance of the Group in the future.

Reasons and benefits of the Disposal

Following the Disposal, the Group will cease to engage in the Electronic Business and will focus on the business of the manufacture and sale of construction materials (i.e. the business of the Remaining Group).

The Board is of the view that the Disposal is consistent with the aforesaid business strategy. It is difficult to predict any turnaround of the Electronic Business in the near future and given the weakened financial and net current liabilities position of the Disposal Group, the Board is concerned that if the business and financial position of the Disposal Group continue to deteriorate, it will become the financial burden of the Group and limit the Group's ability to develop and expand the remaining business. In addition, given the unsatisfactory financial condition of the Disposal Group and the unfavourable business outlook of the Electronic Business, the Directors estimate that it is highly improbable for the Sale Loan to be recovered in the foreseeable future.

The Board is of the view that the Disposal offers an opportunity for the Group to dispose of its loss making Electronic Business which has suffered deteriorating results with huge amounts of external borrowings and limited growth prospect. The Disposal also enable the Group to reallocate the financial resources for and direct its focus on the business of the Remaining Group which has growth potential and its long term prospects is expected to be promising. The Board expects that the Remaining Group will be in healthy financial position with lower gearing ratio immediately after Completion. The Board is optimistic about the future prospect of the Joint Expert Group and expects that revenue from the Joint Expert Group will become the principle source of income of the Group going forward.

In view of the above, the Directors (excluding the independent non-executive Directors whose views after taking into account the advice of the independent financial adviser to be engaged) consider that the Disposal and transactions contemplated under the Disposal Agreement represents an opportunity to the Company to release the burden of incurring further losses every month and re-direct its resources to the remaining business with growth potential. The terms of the Disposal are fair and reasonable and the Disposal and the transactions contemplated under the Disposal Agreement are in the interest of the Company and the Independent Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Disposal, after deducting expenses attributable to the Disposal of approximately HK\$5 million, are estimated to be approximately HK\$175 million, and are expected to be applied as the general working capital of the Group.

FINANCIAL EFFECT OF THE DISPOSAL

Without taking into account the expenses to be incurred in connection with the Disposal, based on (i) the Consideration of approximately HK\$180 million; (ii) the unaudited consolidated net liabilities of the Disposal Group as at 30 September 2014 of approximately HK\$203 million; and (iii) the assignment of the Sale Loan of approximately HK\$372 million as at 30 September 2014; it is expected that, upon Completion, for illustrative purpose only, an unaudited gain on the Disposal of approximately HK\$11 million will be recognised from the Disposal.

The actual gain or loss arising from the Disposal may be different from the above and shall be subject to audit and determined based on the amount of the consolidated net assets/liabilities (as the case may be) of the Disposal Group and the amount of the Sale Loan as at the date of Completion and the amount of expenses incidental to the Disposal.

Upon Completion, the Company will have no interest in the Disposal Group, and all members of the Disposal Group will cease to be subsidiaries of the Company. The profit and loss as well as the assets and liabilities of the Disposal Group will no longer be consolidated into the Group's consolidated financial statements.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement is set out below:

	As at the date of this announcement	
	<i>Number of shares</i>	<i>Approximate % shareholding</i>
Farnell Profits (<i>Note 1</i>)	280,000,000	19.522%
Ms. Helen Wong (<i>Note 1</i>)	200,000	0.014%
Ms. KM Wong (<i>Notes 1 & 2</i>)	49,648,000	3.461%
Others	1,104,453,299	77.003%
Total	<u>1,434,301,299</u>	<u>100.000%</u>

Notes:

- 1. The entire issued share capital of Farnell Profits which was previously held by the late Mr. Wong Choi Fung (“Mr. Wong”) and currently forms part of the estate of the late Mr. Wong. Ms. Helen Wong and Ms. KM Wong, are beneficiaries of the said estate and are deemed to be interested in the Shares held by Farnell Profits. However, the interest of Ms. Helen Wong and Ms. KM Wong in the shares of Farnell Profits will not be ascertained until completion of the administration of estate of the late Mr. Wong.*
- 2. The 49,648,000 Shares are jointly held by Ms. KM Wong and Ms. CY Wong.*

LISTING RULES IMPLICATIONS OF THE DISPOSAL

As one of the applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Disposal and the transactions contemplated under the Disposal Agreement exceed 75%, the Disposal and the transactions contemplated under the Disposal Agreement constitute a very substantial disposal of the Company under Rule 14.06 of the Listing Rules.

The Purchaser is beneficially owned as to 50% by Ms. CY Wong and 16.668% by Ms. Helen Wong and 16.666% by each of Ms. KM Wong and Mr. KW Wong. Each of Ms. Helen Wong and Ms. KM Wong is an executive Director and a substantial Shareholder interested in approximately 19.54 % and 22.98% (which include their common interest in 19.522% of the Shares owned by Farnell Profits) of the Shares respectively and Ms. CY Wong was a non-executive Director within the preceding twelve months and Mr. KW Wong is the son of

Ms. CY Wong and the brother of Ms. Helen Wong and Ms. KM Wong. Therefore, each of Ms. CY Wong, Ms. Helen Wong, Ms. KM Wong, Mr. KW Wong and the Purchaser is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction on the part of the Company under Chapter 14 and 14A of the Listing Rules and the Disposal is subject to the reporting, announcement and the independent shareholders' approval requirements under the Listing Rules.

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO PROVISION OF FINANCIAL ASSISTANCE UNDER THE CORPORATE GUARANTEE

The Company is currently providing the Corporate Guarantee up to a maximum of HK\$100 million in favour of China CITIC Bank International Limited in respect of the borrowings by Sungo Holding of not exceeding HK\$69 million. As at the date of this announcement, the outstanding amount due by Sungo Holding to China CITIC Bank International Limited amounted to approximately HK\$32 million.

It is estimated by the Board that it will take a transitional period of three months subsequent to the Completion to complete the release of the Corporate Guarantee, unless by mutual agreement between Vendor and the Purchaser on an earlier date. As it is expected that the Corporate Guarantee given by the Company will remain in place with the maximum period of three months after the Completion, the provision of the Corporate Guarantee will constitute a connected transaction of the Company under the Chapter 14A of the Listing Rules.

Meanwhile, as the applicable percentage ratio of the amount of the financial assistance provided under the Corporate Guarantee exceeds 5% but less than 25%, the continued provision of Corporate Guarantee also constitutes a discloseable transaction on the part of the Company under the Listing Rules. In addition, the total value of the financial assistance provided under the Corporate Guarantee exceeds HK\$10,000,000, the Corporate Guarantee is therefore subject to reporting and announcement requirements as well as the approval by the Independent Shareholders at the SGM by way of poll.

The Purchaser unconditionally and irrevocably agrees to indemnify the Company and/or any relevant parties and upon the demand by Company and/or the relevant parties, forthwith pay all losses, damages, costs, expenses and liabilities which may be suffered or incurred by the the Company and/or such relevant parties arising from or in connection with the Company acting as a corporate guarantor of Sungo Holding in favour of China CITIC Bank International Limited after the Completion.

As the continued provision of the Corporate Guarantee is part of the terms for the Disposal, the Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser to be appointed) consider that the continued provision of the Corporate Guarantee are fair and reasonable so far as the Independent Shareholders are concerned.

GENERAL

Ms. CY Wong, Ms. Helen Wong, Ms. KM Wong and their respective associates, including Farnell Profits, Mr. KW Wong and Mr. KS Wong, are regarded as having material interest in the Disposal, the provision of Corporate Guarantee and the transactions contemplated thereunder and therefore they are required to abstain from voting on the resolutions proposed to be passed at the SGM for approving the Disposal, the provision of Corporate Guarantee and the transactions contemplated thereunder.

An Independent Board Committee has been formed to advise the Independent Shareholders with respect to the relevant resolutions on the terms of the Disposal Agreement and transactions contemplated under the Disposal Agreement as well as the provision of Corporate Guarantee proposed to be passed at the SGM, and an independent financial adviser will be appointed to make recommendations to the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further information on the Disposal and the transactions contemplated under the Disposal Agreement; (ii) further information on the provision of the Corporate Guarantee (iii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders; (iv) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of SGM, is expected to be despatched to the Shareholders on or before 24 December 2014.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9 a.m. on 17 November 2014 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9 a.m. on 27 November 2014.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding a Saturday or Sunday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
“Company”	Sunway International Holdings Limited, a company incorporated in Bermuda, the Shares of which are listed on main board of the Stock Exchange (Stock Code: 58)
“Completion”	completion of the Disposal pursuant to the Disposal Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Guarantee”	a guarantee executed by the Company on 10 September 2014 in favour of the China CITIC Bank International Limited in respect of the borrowings of Sungo Holdings up to a maximum principal amount of HK\$69 million
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of the Sale Shares, representing the entire issued share capital of Sunway BVI and Sunway Investment, by the Company to the Purchaser pursuant to the Disposal Agreement, and the Sale Loan
“Disposal Agreement”	the conditional sale and purchase agreement dated 17 November 2014 in relation to the Disposal entered into between the Company and the Purchaser
“Disposal Companies ”	Sunway BVI and Sunway Investment and each of them a “Disposal Company”
“Disposal Group”	the Disposal Companies and their subsidiaries
“Encumbrances”	any mortgage, charge, pledge, lien, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Farnell Profits”	Farnell Profits Limited, a substantial shareholder of the Company holding 280,000,000 Shares or approximately 19.522 % of the Shares as at the date of this announcement
“Group”	the Company and its subsidiaries
“Guangdong Hengjia”	廣東恆佳建材股份有限公司, a company in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong from time to time

“Independent Board Committee”	the independent board committee of the Company comprising Ms. Fong Yin Cheung, Mr. Hung Yat Ming and Mr. So Day Wing, established by the Company to advise the Independent Shareholders in respect of the Disposal and the transaction contemplated thereunder
“Independent Shareholders”	Shareholders other than Ms. CY Wong, Ms. Helen Wong, Ms. KM Wong, and their respective associates
“Joint Expert”	Joint Expert Global Limited, a company incorporated in British Virgin Islands with limited liability
“Joint Expert Group”	Joint Expert and its subsidiaries
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Ms. CY Wong”	Ms. Wong Chun Yin, being the non-executive Director for the preceding twelve months and is interested in 49,648,000 Shares or approximately 3.46 % of the Shares jointly owned by Ms. KM Wong and herself as at the date of this announcement. She is the mother of Ms. Helen Wong, Ms. KM Wong and Mr. KW Wong
“Ms. Helen Wong”	Ms. Wong King Ching, Helen, being the chairman of the Company, an executive Director and the substantial Shareholder and is interested in approximately 19.54% of the Shares as at the date of this announcement, representing an aggregate of (i) 200,000 Shares or approximately 0.014% of the Shares directly and beneficially owned by herself and (ii) an interest through a controlled corporation, namely Farnell Profits. She is the daughter of Ms. CY Wong and the sister of Ms. KM Wong and Mr. KW Wong

“Ms. KM Wong”	Ms. Wong King Man, being an executive Director and the substantial Shareholder and is interested in approximately 22.98% of the Shares as at the date of this announcement, representing an aggregate of (i) 49,648,000 Shares or approximately 3.46% of the Shares jointly owned by Ms. CY Wong and herself and (ii) an interest through a controlled corporation, namely Farnell Profits. She is the daughter of Ms. CY Wong and a sister of Ms. Helen Wong and Mr. KW Wong
“Mr. KS Wong”	Mr. Wong Kim Seong, being the non-executive Director for the preceding twelve months, the father-in-law of Ms. CY Wong and the grandfather of Ms. Helen Wong, Ms. KM Wong and Mr. KW Wong, who directly owns 10,000,000 Shares or approximately 0.70 % of the Shares as at the date of this announcement.
“Mr. KW Wong”	Mr. Wong King Wa, being the son of Ms. CY Wong and the brother of Ms. Helen Wong and Ms. KM Wong, who directly owns 10,000,000 Shares or approximately 0.70% of the Shares as at the date of this announcement.
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administration Region of the People’s Republic of China and Taiwan
" Purchaser "	Feng Hao Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Remaining Group”	the Group immediately after Completion
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Loan”	all amounts of the shareholder’s loan owed by the Disposal Group to the Company as at the date of the Disposal Agreement, and together with all further advances made by the Company to the Disposal Group up to the Completion
“Sale Shares”	50,000 ordinary shares of US\$1 each fully paid in the issued share capital of Sunway BVI, representing the entire issued share capital of Sunway BVI and 1 ordinary share of US\$1 each fully paid in the issued share capital of Sunway Investment, representing the entire issued share capital of Sunway Investment
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	a special general meeting to be convened by the Company to consider and, if thought fit, to approve, among other things, the Disposal Agreement and the transactions contemplated thereunder
“Shareholder(s)”	the holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sungo Holding”	Sungo Holding Company Limited, a limited liability company incorporated in Hong Kong, an indirect subsidiary of Sunway Investment
“Sunway BVI”	Sunway International (BVI) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company

“Sunway Investment”	Sunway International Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Vendor”	the Company
“Zhuhai Hoston”	Zhuhai Hoston Special Materials Co., Ltd. (珠海和盛特材股份有限公司), a Sino- foreign joint venture with limited liability incorporated in the PRC
“%”	per cent.

Yours faithfully,
For and on behalf of
Sunway International Holdings Limited
Wong King Ching, Helen
Chairman

Hong Kong, 26 November 2014

As at the date of this announcement, the Board comprises five executive Directors, namely Ms. Wong King Ching, Helen, Ms. Wong King Man, Mr. Leung Chi Fai, Mr. Lin Yepan and Mr. Wang Tian, and three Independent non-executive Directors, namely Ms. Fong Yin Cheung, Mr. Hung Yat Ming and Mr. So Day Wing.