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SUNWAY INTERNATIONAL HOLDINGS LIMITED

新威國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 58)

SUPPLEMENTAL ANNOUNCEMENT RESUMPTION OF TRADING

This announcement is made by Sunway International Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 20 January 2020 in respect of the provision of financial assistance, the unaudited annual results announcement of the Company dated 31 March 2020, the announcement of the Company dated 27 April 2020 in respect of the change of auditors, the announcement of the Company dated 4 May 2020 in respect of the Anonymous Letter received by the Company’s former auditors (the “**Announcements**”). Capitalised terms herein shall bear the meanings as defined in the Announcements.

The Board wishes to clarify that the outstanding audit issues during the audit of the Company’s annual results for the year ended 31 December 2019 by HLB referred to (i) the Allegations made in the Anonymous Letter, (ii) impairment loss arising from loan receivables, (iii) impairment loss arising from deposits paid for acquisition of subsidiaries. After Zhonghui was appointed as the new auditors, Zhonghui has also been concerned with the audit issues in (i) to (iii).

The disagreement between the Company and HLB on the approach to respond to the outstanding audit issues being that HLB suggested the Company to form an independent investigation committee and to commission an independent professional advisor to carry out independent investigation in respect of the Allegations. The estimated costs of engaging the independent professional advisor were about HK\$700,000 to HK\$800,000. Further, HLB informed the Company that (i) they might require additional information and perform additional audit work depending on the results of the investigation and other information that might be revealed to them during the process; and (ii) they were not in a position to commit a definite timeline about the completion of their audit and issuance of their audit report at that stage.

However, the Company did not agree to the additional audit work because it would incur substantial costs in engaging an independent professional advisor to carry out investigation on the Allegations which were not substantiated. The Company had considered the Anonymous Letter and took the view that the Allegations in the Anonymous Letter were similar to previous enquiries raised by the Stock Exchange in respect of the provision of financial assistance, which were responded by professional lawyers engaged by the Company. An independent legal advisor had also been engaged to provide a review report on the matter.

At all material times, the Company had considered the Anonymous Letter, which did not include any documentary evidence in proof of the Allegations. The Company considered that the Provision of Financial Assistance Announcement had already clarified (1) principal terms of the Loans; (2) reasons for the impairment made to the Loans; (3) reasons for the Company's breach of the Listing Rules and the Company's remedial measures; (4) reasons for and benefits of the provision of the Loans; and (5) information of the Borrowers, with details of corresponding ultimate beneficial owners, that were independent third parties.

Further, the Company was concerned about (1) HLB's representation that they might require additional information and perform additional audit work depending on the results of the investigation and other information that might be revealed to them during the process; and (2) HLB's inability to commit a definite timeline about the completion of their audit and issuance of their audit report. As a result, the potential risk of substantial additional audit fees and undue delay in completing audit work and issuance of audit report was high. All in all, the additional audit work required by HLB would not be cost and time effective.

The Company has taken various actions to address the outstanding audit issues. Regarding the Allegations, the Company had carried out relevant risk and credit assessment procedures on the relevant borrowers before the inception of the relevant loans: conducted online company search; obtained independence confirmations; obtained and reviewed relevant incorporation and business registration documents; obtained and reviewed relevant financial statements; engaged an independent search agent to conduct litigation search; obtained relevant guarantee/security. Further, the Company made clarifications in its announcement dated 4 May 2020 to address the Allegations. In addition, should the Company identify any documentary evidence on the Allegations in the future, the Board will consider to take appropriate actions accordingly.

Regarding the loan receivables, the Company has engaged a Hong Kong legal advisor to seek legal advice on the recovery of the loans against the Borrowers. Legal counsel has been engaged to commence legal proceedings in various jurisdictions against the Borrowers.

Apart from the Borrowers, no further loans have been granted by the Company. Further as announced in the Company's announcement dated 11 February 2020, the money lending business of the Company has ceased since the expiry of its money lending licence on 11 February 2020.

Regarding the deposits paid for acquisition of subsidiaries, references are made to the Company's announcements dated 12 September 2017, 10 October 2017, 25 April 2018 and 2 July 2019 in relation to the possible acquisition of the entire issued share capital of Sino New Energy International Limited. The Company's subsidiary, Sunway New Energy Industry Group Limited, has filed a writ with the Sichuan Le Shan Intermediate People's Court on 2 July 2019 and was accepted for the commencement of legal proceedings against the Vendor and the Guarantor for the return of the Refundable Earnest Money.

According to the civil ruling by the Court on 16 July 2019, the Guarantor's assets with value within RMB100,000,000 were suspended for a period of three years. The Company will continue to follow up the legal actions to be taken by the Company with its PRC lawyer from time to time.

Despite the Company's effort in recovering the loan receivables and deposits paid for acquisition of subsidiaries, the final recoverable amount is unable to be ascertained at this stage because there is a lack of sufficient and appropriate audit evidence and the relevant legal claims are still on-going. On the basis of the said uncertainty of the final recoverable amount, Zhonghui expects to issue a qualified audit opinion in respect of the impairment losses on loan receivables and deposits paid for acquisition of subsidiaries on the Company's audited annual results for the year ended 31 December 2019.

The Company has discussed the outstanding audit issues with Zhonghui. Zhonghui is satisfied that the above actions taken by the Company can address the outstanding audit issues, save for the abovementioned qualified opinion.

Apart from the actions of the Company, Zhonghui has taken various audit procedures to address the outstanding audit issues. Regarding the loan receivables and the Allegations, Zhonghui has (i) obtained subsequent settlement information of the loan receivables; (ii) obtained breakdown and ageing of loan receivables as at 31 December 2019 from the Company; (iii) sent debtor confirmations on material loan receivables; (iv) reviewed the fund flow, including providing and receiving money to/from the borrowing parties; (v) obtained supplementary agreements signed with the Company and borrowing parties; (vi) obtained the communication records with the borrowers from the Company; (vii) conducted company search to check whether the borrowing parties are related parties to the Company in accordance to HKAS 24; (viii) obtained due diligence and credit assessment documents from Company on the borrowing parties; (ix) obtained independence confirmation signed by directors of the Company and the borrowing parties; (x) reviewed all correspondences with HKEX up to the date of this announcement; (xi) obtained and reviewed further information (e.g. underlying collaterals of the borrowing parties) to consider if full provision is adequate but not excessive; (xii) obtained legal processing documents to check if any updated status for the court case; (xiii) obtained and reviewed all legal correspondence related to the court case; and (xiv) assessed the competency of the lawyers concluding the legal opinion.

Regarding the deposits paid for acquisition of subsidiaries, Zhonghui has (i) obtained subsequent settlement information of the earnest money receivables; (ii) obtained breakdown and ageing of earnest money receivables as at 31 December 2019 from the Company; (iii) sent debtor confirmations on material earnest money receivables; (iv) reviewed the fund flow, including providing money to the Vendor; (v) obtained supplementary agreements/MOU signed by the Company and Vendor; (vi) obtained the legal processing documents to check if any updated status for the court case; (vii) obtained and reviewed legal opinion related to the court case; (viii) assessed the competency of the lawyers concluding the legal opinion; (ix) conducted company searches to check the frozen companies controlled by the Guarantor; (x) obtained and reviewed further information (e.g. underlying collaterals) to consider if full provision is adequate but not excessive; and (xi) assessed the reasonableness of full provision during the year.

After conducting the audit procedures, except the qualified opinion mentioned above, nothing has come to Zhonghui's attention in respect of the outstanding audit issues.

Based on the actions taken by the Company mentioned above, the audit procedures taken by Zhonghui on the Allegations together with its findings, nothing shows that (1) the Loans were not properly made and valid, (2) the actual borrowers of the Loans were connected parties of the Company; (3) the Company had not conducted due diligence/ credit risk assessment on the Borrowers; and (4) impairment of the Loans was made in favour of the actual borrowers such that they need not repay the Loans. On such basis, Zhonghui and the Audit Committee are satisfied that the outstanding audit issues have been fully addressed.

RESUMPTION OF TRADING

At the request of the Board, trading in the shares of the Company on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) had been suspended with effect from 9:00 a.m. on 28 April 2020 (Tuesday) pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading with effect from 9:00 a.m. on 28 May 2020 (Thursday).

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board of
Sunway International Holdings Limited
Law Chun Choi
Executive Director and Company Secretary

Hong Kong, 27 May 2020

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Chim Sai Yau, Oscar, Mr. Li Chongyang and Mr. Law Chun Choi, one non-executive Director, namely, Mr. Lum Pak Sum, and three independent non-executive Directors, namely, Mr. Choi Pun Lap, Mr. Tong Leung Sang and Mr. Chan Sung Wai.

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese.

Website: <http://www.hk0058.com>

** For identification purpose only*