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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)

PROPOSED CAPITAL REORGANISATION

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The Board proposes to implement the Capital Reorganisation comprising:

- (i) the Share Consolidation by which every five (5) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share of HK\$0.50;
- (ii) the Capital Reduction by which: (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; and (b) the par value of all the then issued Consolidated Shares shall be reduced from HK\$0.50 each to HK\$0.10 each by cancelling the paid up capital of the Company to the extent of HK\$0.40 on each of the then Consolidated Shares in issue;
- (iii) the Share Subdivision of every unissued Consolidated Share of HK\$0.50 each in the authorised share capital of the Company into five (5) Adjusted Shares of HK\$0.10 each; and
- (iv) transferring all credits arising as a result of the Capital Reduction to the contributed surplus account of the Company.

* For identification purpose only

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, (i) further details of the proposed Capital Reorganisation; and (ii) the notice of the SGM is expected to be despatched to the Shareholders on or before Monday, 2 November 2020.

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- (iii) the Share Subdivision of every unissued Consolidated Share of HK\$0.50 each in the authorised share capital of the Company into five (5) Adjusted Shares of HK\$0.10 each; and
- (iv) transferring all credits arising as a result of the Capital Reduction to the contributed surplus account of the Company.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Existing Shares of par value of HK\$0.10 each, of which 898,000,000 Existing Shares have been issued and are fully paid or credited as fully paid.

Upon the proposed Share Consolidation becoming effective and assuming that no further Existing Shares will be issued or repurchased from the date hereof until the effective date of the Share Consolidation, the authorised share capital of the Company shall become HK\$1,000,000,000 divided into 2,000,000,000 Consolidated Shares of par value of HK\$0.50 each, of which 179,600,000 Consolidated Shares will be in issue.

Upon the proposed Capital Reduction becoming effective, the total number of Consolidated Shares in issue will remain at 179,600,000 and the par value of all the issued Consolidated Shares shall be reduced from HK\$0.50 each to HK\$0.10 each.

Immediately following completion of the Capital Reorganisation, assuming no Shares are issued or repurchased between the date of this announcement and the date on which the Capital Reorganisation becomes effective, the authorised share capital of the Company will be HK\$1,000,000,000 divided into 10,000,000,000 Adjusted Shares of a par value of HK\$0.10 each, and the issued share capital of the Company will be reduced to HK\$17,960,000 divided into 179,600,000 Adjusted Shares in issue which are fully paid or credited as fully paid.

Assuming no further Shares will be issued or repurchased between the date of this announcement and the date on which the Capital Reorganisation becomes effective, a credit of HK\$71,840,000 will arise as a result of the Capital Reduction. Such credit will be transferred to the contributed surplus account of the Company and may then be applied by the Board in any manner permitted by Bermuda law and the Bye-Laws. Shareholders and potential investors of the Company should note that the credits arising in the books from the Capital Reorganisation will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective.

Upon the Capital Reorganisation becoming effective, the Adjusted Shares shall rank pari passu in all respects with each other in accordance with the Bye-Laws and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders, save for any fractional Adjusted Shares which may arise.

Upon the Capital Reorganisation becoming effective and assuming that there is no change in the number of issued Shares prior to the SGM, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately after the Capital Reorganisation becoming effective
Amount of authorised share capital	HK\$1,000,000,000.00	HK\$1,000,000,000.00
Par value per Share	HK\$0.10	HK\$0.10
Number of authorised Shares	10,000,000,000	10,000,000,000
Amount of issued share capital	HK\$89,800,000	HK\$17,960,000
Number of issued Shares	898,000,000	179,600,000
Number of unissued Shares	9,102,000,000	9,820,400,000
Contributed surplus account	HK\$157,118,517	HK\$228,958,517

Other than the relevant expenses to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interest of the Shareholders as a whole. The Directors believe that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of a special resolution by the Shareholders to approve the Capital Reorganisation at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective; and
- (iii) compliance with the Companies Act to effect the Capital Reorganisation, which includes publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act and the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due.

Assuming the above conditions are fulfilled, the Capital Reorganisation will become effective on the second business day immediately following the fulfilment of these conditions, which is expected to be on Monday, 23 November 2020.

Listing Application

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Capital Reorganisation being effective, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

REASONS FOR THE CAPITAL REORGANISATION

Under Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. In view of the prevailing trading price of the Existing Shares of HK\$0.065 as at the date of this announcement, the Board proposes to implement the Share Consolidation in order to comply with the trading requirements of the Listing Rules. Based on the closing price of HK\$0.065 per Existing Share as at the date of this announcement, the theoretical trading price of the Consolidated Share will be HK\$0.325. Therefore, it is expected that the proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange, as a result of which the proposed Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019, the expected board lot value should be greater than HK\$2,000 after taking into account the minimum transaction costs for a securities trade. As at the date of this announcement, the closing price of the Existing Shares was HK\$0.065 and the board lot size was 20,000 Existing Shares. The Existing Shares are currently traded at below HK\$2,000 per board lot. Based on the closing price of HK\$0.065 per Existing Share (equivalent to the theoretical closing price of HK\$0.325 per Adjusted Share) as at the date of this announcement, the theoretical value per board lot of 20,000 Adjusted Shares shall be HK\$6,500.

In view of the recent market volatility and that the Shares had been traded below HK\$0.10, the Company is unable to conduct any fund raising activities. Accordingly, the Company proposes to effect the Share Consolidation which would provide greater flexibility to the Company to carry out fund raising exercises and react promptly as and when opportunities arise.

In addition, the Company is prohibited from issuing any new Shares at a price at below its par value. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction, the par value of the Consolidated Shares will be HK\$0.50 per Consolidated Share. The Capital Reduction will keep the par value of the Adjusted Shares at a lower level of HK\$0.10 per Adjusted Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. Furthermore, the Directors may apply such surplus in any manner permitted by the laws of Bermuda and the Bye-laws including but not limited to offsetting against the balance of the accumulated losses of the Company.

At the same time, the Group has been actively reviewing from different levels and ways to enrich the development strategy of corporate sustainability and optimisation to create values. Since it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange which, in the view of the Board, will help to enhance the corporate image of the Company and optimise the Shareholder base, as the Share Consolidation will make investing in the Consolidated Shares more attractive to a broader range of institutional and professional investors.

As at the date of this announcement, the Company has no plan or intention to, and is not under any negotiation to enter into any agreement to, conduct any potential fund raising activity in the forthcoming twelve months. In the event that the Company identifies any suitable fund-raising opportunities and enters into any binding agreements in respect thereof, further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

Other than the relevant expenses to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interest of the Shareholders as a whole. The Directors believe that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

In view of the above, the Board considers that the Capital Reorganisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save for the Capital Reorganisation, the Company has no intention to carry out any corporate actions that may affect the trading in the Shares, including share consolidation, share subdivision and change in board lot size, in the next 12 months which would have a contradictory effect to the Capital Reorganisation.

BOARD LOT SIZE

Upon the Capital Reorganisation becoming effective, the board lot size of the Adjusted Shares for trading on the Stock Exchange will remain unchanged at 20,000 Adjusted Shares per board lot, which is the same board lot size for trading of the Existing Shares on the Stock Exchange.

OTHER ARRANGEMENTS

Fractional Entitlement to Adjusted Shares

Any fractional Consolidated Shares to which an individual Shareholder entitled will not be issued by the Company to such Shareholder, but will be aggregated and sold and the proceeds will be retained for the benefit of the Company. Any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled pursuant to the Capital Reduction.

Arrangements on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares, the Company will appoint a securities firm as an agent to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Adjusted Shares to make up a full board lot, or to dispose of their holding of odd lots of the Adjusted Shares. Details of the odd lot arrangement will be set out in the circular of the Company.

Holders of odd lots of the Adjusted Shares should note that the matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of share certificates

Subject to the Capital Reorganisation becoming effective, the Shareholders may during the period from Monday, 23 November 2020 to Wednesday, 30 December 2020 (both days inclusive) submit existing share certificates in the colour of green in board lots of 20,000 of the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre 183 Queen's Road East Hong Kong, for exchange for new share certificates in the colour of red for the Adjusted Shares at the expense of the Company.

Thereafter, certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Adjusted Shares, whichever is higher.

Subject to the Capital Reorganisation becoming effective on Monday, 23 November 2020, after 4:10 p.m. on Monday, 28 December 2020, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for certificates for Adjusted Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Adjustments in relation to other securities of the Company

As at date of this announcement, there are outstanding Convertible Notes in the principal amount of HK\$30,000,000 which carry rights to convert into approximately 16,393,442 new conversion Shares (rounded down) in full based on the existing conversion price of HK\$1.83 per conversion Share.

The Capital Reorganisation may lead to adjustments to the conversion price and/or the number of Shares falling to be issued upon conversion of the outstanding Convertible Notes pursuant to the terms and conditions of the Convertible Notes. The Company will make further announcements regarding the adjustments in accordance with the Listing Rules in due course.

Save as disclosed above, as at the date of this announcement, the Company has no other derivatives, options, warrants or other securities in issue which are convertible or exchangeable into any Shares.

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation is set out below. The expected timetable and all dates specified in this announcement are for indicative purpose only and may be varied. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Event	Time and Date
Despatch date of circular with notice of the SGM	on or before Monday, 2 November 2020
Latest time for lodging transfers of shares in order to qualify for attendance and voting at the SGM	4:30 p.m. on Friday, 13 November 2020
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM	Monday, 16 November 2020 to Thursday, 19 November 2020 (both dates inclusive)

Event	Time and Date
Latest time for lodging forms of proxy for the SGM	11:00 a.m. on Tuesday, 17 November 2020
Expected time and date of the SGM	11:00 a.m. on Thursday, 19 November 2020
Publication of announcement of the poll results of the SGM.	Thursday, 19 November 2020
 The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation:	
Effective date of the Capital Reorganisation	Monday, 23 November 2020
First day of free exchange of existing share certificates for new share certificates for the Adjusted Shares.	Monday, 23 November 2020
Commencement of dealings in the Adjusted Shares.	9:00 a.m. on Monday, 23 November 2020
Original counter for trading in the Existing Shares in board lots of 20,000 Existing Shares (in the form of existing share certificates) temporarily closes.	9:00 a.m. on Monday, 23 November 2020
Temporary counter for trading in the Consolidated Adjusted Shares in board lot size of 4,000 Adjusted Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 23 November 2020
Original counter for trading in the Adjusted Shares in board lots of 20,000 Adjusted Shares (in the form of new share certificates for Adjusted Shares) re-opens	9:00 a.m. on Monday, 7 December 2020
Parallel trading in the Adjusted Shares (in form of new share certificates and existing share certificates) commences	9:00 a.m. on Monday, 7 December 2020

Event	Time and Date
Designated broker starts to stand in the market to provide matching services for odd lots of the Adjusted Shares	9:00 a.m. on Monday, 7 December 2020
Temporary counter for trading in board lot size of 4,000 Adjusted Shares (in the form of existing share certificates) closes	4:10 p.m. on Monday, 28 December 2020
Parallel trading in the Adjusted Shares (in the form of new and existing share certificates) ends	4:10 p.m. on Monday, 28 December 2020
Designated broker ceases to stand in the market to provide matching services for odd lots of the Adjusted Shares	4:10 p.m. on Monday, 28 December 2020
Last day for free exchange of existing share certificates for new share certificates for the Adjusted Shares	4:30 p.m. on Wednesday, 30 December 2020

GENERAL

The Capital Reorganisation is conditional upon, among other things, the convening of the SGM for Shareholders to consider and, if thought fit, passing the resolution to approve the Capital Reorganisation. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution in relation to the Capital Reorganisation to be proposed at the SGM.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, (i) further details of the proposed Capital Reorganisation; and (ii) the notice of the SGM is expected to be despatched to the Shareholders on or before Monday, 2 November 2020.

As the Capital Reorganisation is subject to the satisfaction of conditions, it may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Adjusted Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Board”	the board of Directors
“Bye-laws”	the bye-laws for the time being adopted by the Company and as amended from time to time
“Capital Reduction”	the proposed reduction in the issued share capital of the Company and cancellation of any fractional Consolidated Shares arising out of the Share Consolidation each as detailed in the section headed “Proposed Capital Reorganisation” of this announcement
“Capital Reorganisation”	the proposed reorganisation of the Company’s share capital which comprises: (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the Share Subdivision and (iv) the transfer of all the credits arising from the Capital Reduction to the contributed surplus account of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Company”	Sunway International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock code: 58)
“Consolidated Shares”	ordinary share(s) of HK\$0.50 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Convertible Notes”	the outstanding convertible notes due on 28 April 2017 in the principal amount of HK\$30,000,000 which could be converted into a total of 16,393,442 Shares at the conversion price of HK\$1.83 per conversion share

“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of HK\$0.10 each in the existing capital of the Company before the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rule Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every five (5) Existing Shares into one (1) Consolidated Share
“Share Subdivision”	the proposed subdivision of every unissued Consolidated Share of HK\$0.50 in the authorised share capital of the Company (including those unissued Consolidated Shares arising from the Capital Reduction) into five (5) Adjusted Shares of HK\$0.10 each
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	the Existing Share(s), the Consolidated Share(s) or the Adjusted Share(s), as the context may require
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

“%” per cent

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

Hong Kong, 20 October 2020

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Fok Po Tin, 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.

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