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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)

POSSIBLE MAJOR TRANSACTION MANDATE FOR DISPOSAL(S) OF LISTED SECURITIES

THE POSSIBLE DISPOSAL(S) AND THE DISPOSAL MANDATE

The Company proposes to seek approval for the Disposal Mandate from the Shareholders at the SGM in advance to allow the Directors to dispose of its current holding of Vobile Group Shares as at the date of this announcement, during the Mandate Period.

IMPLICATIONS UNDER THE LISTING RULES

Assuming that all 353,000 Vobile Group Shares held by the Group will have been disposed of within the Mandate Period at the closing price of each Vobile Group Share as at the date of this announcement, one of the applicable percentage ratios of the Possible Disposal(s) when aggregated with the Previous Disposals and conducted in the previous 12-month period from the relevant Previous Disposal will exceed 25% but be less than 75%, the Possible Disposal(s) may constitute major transaction of the Company under Chapter 14 of the Listing Rules and shall be subject to the Shareholders' approval at the SGM.

The Company will seek the approval of the Shareholders at the SGM for the Disposal Mandate and the Possible Disposal(s) to allow the Company to dispose of up to 353,000 Vobile Group Shares held by the Group during the Mandate Period.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Disposal Mandate and the Disposal(s). Accordingly, it is expected that no Shareholder is required to abstain from voting at the SGM.

The Company will despatch the circular containing, among others, (i) further details of the Disposal Mandate and the Possible Disposal(s), and (ii) the notice of SGM as soon as possible in compliance with the Listing Rules.

THE POSSIBLE DISPOSAL(S) AND THE DISPOSAL MANDATE

References are made to the announcements of the Company dated: (i) 8 December 2020 relating to the disposal of the First Batch Disposed Shares; (ii) 14 April 2021 in relation to the disposal of the Second Batch Disposed Shares; and (iii) 20 May 2021 in relation to the disposal of the Third Batch Disposed Shares.

The Group, through the Seller (a wholly-owned subsidiary of the Company), has disposed of an aggregate of 686,000 Vobile Group Shares, representing the total of the First Batch Disposed Shares, the Second Batch Disposed Shares and the Third Batch Disposed Shares during the 12-month period immediately preceding the date of this announcement, which constituted discloseable transactions of the Company under the Listing Rules. As at the date of this announcement, the Group, through the Seller, held 353,000 Vobile Group Shares, representing approximately 0.076% of the total issued share capital of Vobile Group. The Group intends to further dispose of up to its current holding of Vobile Group Shares through the open market based on the prevailing market conditions and the actual consideration for the Possible Disposals will be the market price of the Vobile Group Shares at the respective dates of disposal.

Given the volatility of the stock market, disposing of shares at the best possible price requires prompt disposal actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each disposal of Vobile Group Shares. To allow flexibility in effecting future disposals of Vobile Group Shares at appropriate time(s) and price(s) so as to maximise the returns to the Group, the Company proposes to seek approval for the Disposal Mandate from the Shareholders at the SGM in advance to allow the Directors to dispose of its current holding of Vobile Group Shares as at the date of this announcement, during the Mandate Period.

As the Possible Disposals will be made through the open market, the Company will not be aware of the identities of the buyers of such Vobile Group Shares and it is expected that the buyer(s) of such Vobile Group Shares will be third party(ies) independent of the Company and its connected person(s).

Details of the Disposal Mandate

The Disposal Mandate to be sought from the Shareholders at the SGM will be on the following terms:

1. *Mandate Period*

The Disposal Mandate is for the Mandate Period, i.e. a period of 12 months from the date of passing of the relevant ordinary resolution at the SGM, which provides sufficient time and flexibility for the Possible Disposals.

2. *Maximum number of Vobile Group Shares to be disposed*

The Disposal Mandate shall authorise and empower the Board to sell up to 353,000 Vobile Group Shares held by the Group, representing approximately 0.076% of the total issued share capital of Vobile Group as at the date of this announcement.

3. *Scope of Authority*

The relevant designated Director(s) shall be authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Disposal(s), including but not limited to the number of batches of Disposal, the number of Vobile Group Shares to be sold in each Disposal and the timing of each Disposal.

4. *Manner of Possible Disposal(s)*

The Possible Disposal(s) shall be conducted in the open market on the Stock Exchange through the trading system of the Stock Exchange and will only be effected if:

- (i) the selling price of each Vobile Group Share shall be based on the prevailing market price of Vobile Group Shares at the time of making the Possible Disposal(s) but will not be less than the Minimum Selling Price of HK\$1.79 (exclusive of the transaction costs) per Vobile Group Share, which represented the lowest closing price of Vobile Group Shares in the past one year immediately before the date of this announcement (i.e. HK\$1.79 per Vobile Group Share on 25 May 2020); and
- (ii) all of the percentage ratios under the Listing Rules for the disposal of the Vobile Group Shares are below 75%.

5. *Compliance*

The Possible Disposal(s) shall comply with relevant applicable laws and regulations, including any applicable trading regulations in Hong Kong. The Group will also report on the progress of the Possible Disposal(s) in the relevant interim report as well as the annual report of the Company in compliance with the Listing Rules.

The Company will re-comply with the Listing Rules requirements and seek another shareholders' approval for the Disposals in the event that the Possible Disposals cannot be completed within the Disposal Mandate.

6. *The Minimum Selling Price*

The Minimum Selling Price of HK\$1.79 per Vobile Group Shares represents:

- (a) a discount of approximately 94.92% to the closing price of HK\$35.25 per Vobile Group Share as quoted on the Stock Exchange on the date of this Announcement; and
- (b) a premium of approximately 2.31% over net asset value per Vobile Group Share of approximately HK\$1.7495 per Vobile Group Share based on the audited net asset value of Vobile Group of approximately US\$104.06 million (equivalent to approximately HK\$807.47 million) as at 31 December 2020 and 461,537,556 Vobile Group Shares in issue as at the date of this announcement.

The Company considers that the Minimum Selling Price will allow flexibility for the Directors to accommodate fluctuation in market conditions in the exercise of the Disposal Mandate and at the same time reflect the lowest acceptable price to dispose of the Vobile Group Share, and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

INFORMATION ON VOBILE GROUP

Based on the publicly available information, Vobile Group is a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange (Stock Code: 3738). Vobile Group is principally engaged in the provision of online video content protection services, helping its content rightsholder customers reduce infringement-induced revenue losses and increase revenues over Internet and mobile distribution.

Set out below is the key financial information of Vobile Group extracted from the annual report of Vobile Group for the year ended 31 December 2020 published on the website of the Stock Exchange:

	For the year ended			
	31 December 2020		31 December 2019	
	US\$'000	HK\$'000	US\$'000	HK\$'000
		(Note)		(Note)
Revenue	43,874	340,462	18,781	145,741
Profit/(loss) before tax	8,667	67,256	(8,081)	(62,709)
Profit/(loss) for the year	10,479	81,317	(6,210)	(48,190)
Net Assets	101,757	789,634	35,097	272,353

Note: Unless otherwise specified, conversions of US\$ into HK\$ in this announcement are based on the exchange rate of US\$1.00 = HK\$7.76 for illustration purpose only.

INFORMATION OF THE GROUP AND THE SELLER

The Group is principally engaged in manufacturing and trading of pre-stressed high strength concrete piles, ready-mixed concrete autoclaved sand-lime bricks, aerated concrete products and eco-permeable concrete products.

The Seller is an indirect wholly-owned subsidiary of the Company. It is incorporated in Hong Kong with limited liability and is principally engaged in financial services including investment in securities and acts as an investment holding company.

REASONS FOR AND BENEFITS OF THE DISPOSAL MANDATE AND THE POSSIBLE DISPOSALS

The Company acquired the Vobile Group Shares since August 2020 for investment purpose and the weighted average cost of the current holding of Vobile Group Shares by the Company as at the date of this announcement was HK\$5.3859 per Vobile Group Share. The Board noted the substantial increase in the trading prices of Vobile Group Share since early 2021. Based on the closing prices of Vobile Group Shares in the past one year immediately before the date of this announcement, the highest closing price was HK\$47 per Vobile Group Share on 11 February 2021, the lowest closing price was HK\$1.79 per Vobile Group Share on 25 May 2020 and the average closing price was HK\$15.54 per Vobile Group Share. The closing price of Vobile Group Shares as at the date of this announcement was HK\$35.25 per Vobile Group Share and the average closing prices of Vobile Group Shares for the 5, 10 and 30 trading days preceding the date of this announcement were approximately HK\$32.36 per Vobile Group Share, HK\$31.14 per Vobile Group Share, and HK\$31.94 per Vobile Group Share respectively. The average selling price per Vobile Group Share of the Previous Disposals was HK\$19.19 per Vobile Group Share. As such, the Board considers that the Possible Disposals represent good opportunities for the Company to realize a gain in its investment in the Vobile Group Shares.

To allow flexibility in effecting future disposals of Vobile Group Shares at appropriate time(s) and price(s) so as to maximise the returns to the Group, the Board proposes to seek approval for the Disposal Mandate and the Possible Disposal(s) from the Shareholders at the SGM in advance to allow the Directors to dispose of Vobile Group Shares during the Mandate Period.

As the Possible Disposals will be made on the open market and will be made at prevailing market prices of Vobile Group Shares, the Directors consider that the terms of the Disposal Mandate and the Possible Disposals contemplated thereunder are fair and reasonable, on normal commercial terms and are in the interests of the Company and Shareholders as a whole.

FINANCIAL IMPACT OF THE POSSIBLE DISPOSALS AND USE OF PROCEEDS

Based on the closing price of per Vobile Group Share of HK\$35.25 as at the date of this announcement, the value of the 353,000 Vobile Group Shares was approximately HK\$12,443,250.

For illustrating the financial effect of the Possible Disposal(s), on the assumption that (i) all 353,000 Vobile Group Shares would have been disposed of at HK\$35.25, being the closing price of each Vobile Group Share as at the date of this announcement, the Group is expected to recognise an unaudited gain of approximately HK\$6.266 million, which is calculated on the basis of the difference between the disposal prices (excluding stamp duty and related expenses) and carrying values of the 353,000 Vobile Group Shares on the financial statements of the Company as at 31 December 2020; and (ii) all 353,000 Vobile Group Shares would have been disposed of at HK\$1.79, being the Minimum Selling Price, the Group is expected to recognise an unaudited loss of approximately HK\$5.546 million, which is calculated on the basis of the difference between the disposal prices (excluding stamp duty and related expenses) and carrying values of the 353,000 Vobile Group Shares on the financial statements of the Company as at 31 December 2020.

For the avoidance of doubt, the actual gain or loss as a result of the Possible Disposal(s) to be recorded by the Group will be subject to the actual selling prices of the Vobile Group Shares and will be subject to final audit to be performed by the Company's auditors.

It is expected that the net proceeds of the Disposals available to the Company will be applied for operating/working capital and other future investment opportunities of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Assuming that all 353,000 Vobile Group Shares held by the Group will have been disposed of within the Mandate Period at the closing price of each Vobile Group Share as at the date of this announcement, one of the applicable percentage ratios of the Possible Disposal(s) when aggregated with the Previous Disposals and conducted in the previous 12-month period from the relevant Previous Disposal may exceed 25% but be less than 75%, the Possible Disposal(s) may constitute major transaction of the Company under Chapter 14 of the Listing Rules and shall be subject to the Shareholders' approval at the SGM.

The Company will seek the approval of the Shareholders at the SGM for the Disposal Mandate and the Possible Disposal(s) to allow the Company to dispose of up to 353,000 Vobile Group Shares held by the Group during the Mandate Period.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Disposal Mandate and the Disposal(s). Accordingly, it is expected that no Shareholder is required to abstain from voting at the SGM.

The Company will despatch the circular containing, among others, (i) further details of the Disposal Mandate and the Possible Disposal(s), and (ii) the notice of SGM as soon as possible in compliance with the Listing Rules.

There is no assurance that the Company will proceed with the Possible Disposal(s) after obtaining the Disposal Mandate. Whether and when the Company will proceed with the Possible Disposal(s) or not will depend on a number of factors including without limitation the prevailing market sentiments and market conditions at the proposed time of executing the Possible Disposal(s). The Shareholders and potential investors of the Company are therefore advised to exercise extreme caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	Sunway International Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 58)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposal Mandate”	the general and conditional mandate to be granted by the Shareholders to the Company at the SGM for the Possible Disposal(s)
“First Batch Disposed Shares”	279,000 Vobile Group Shares sold by the Seller during the period from 20 August 2020 to 7 December 2020 (both dates inclusive), details of which are disclosed in the announcement of the Company dated 8 December 2020
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandate Period”	the 12-month period from the date of passing of the relevant resolution(s) approving the Disposal Mandate and the Possible Disposal(s) at the SGM
“Minimum Selling Price”	HK\$1.79 per Vobile Group Share
“Possible Disposal(s)”	any on-market disposal of up to 353,000 Vobile Group Shares by the Group pursuant to the terms of the Disposal Mandate
“Previous Disposals”	the aggregate disposal of the First Batch Disposed Shares, the Second Batch Disposed Shares and the Third Batch Disposed Shares
“Second Batch Disposed Shares”	255,000 Vobile Group Shares sold by the Seller during the period from 18 December 2020 to 13 April 2021 (both dates inclusive), details of which are disclosed in the announcement of the Company dated 14 April 2021
“Seller”	Sunway Financial Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“SGM”	the special general meeting of the Company to be held and convened to consider, among others, the Disposal Mandate and the Possible Disposal(s) contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Batch Disposed Shares”	152,000 Vobile Group Shares sold by the Seller during the period from 19 April 2021 to 18 May 2021 (both dates inclusive), details of which are disclosed in the announcement of the Company dated 20 May 2021

“Vobile Group”	Vobile Group Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 3738)
“Vobile Group Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of Vobile Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board
Sunway International Holdings Limited
Li Chongyang
Executive Director

Hong Kong, 24 May 2021

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. Yu Shui Sang Bernard 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*