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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sunway International Holdings Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION
AND**

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

FINANCIAL ADVISER TO THE COMPANY



BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

**INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD
COMMITTEE AND THE INDEPENDENT SHAREHOLDERS**



Donvex Capital Limited
富域資本有限公司

A letter from the Board is set out on pages 7 to 21 of this circular. A letter from the Independent Board Committee is set out on pages 22 to 23 of this circular. A letter from the Independent Financial Adviser is set out on pages 24 to 40 of this circular.

A notice convening the SGM to be held at Room 1708-1710, Nan Fung Centre, 264-298 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong on Wednesday, 28 January 2015 at 11 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A proxy form for use at the SGM is enclosed with this circular.

Whether or not you propose to attend the meeting, you are advised to complete the form of proxy attached to the notice of the SGM in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

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DEFINITIONS

In this circular, unless the context requires otherwise, the following terms have the following meanings:

“2014 Management Accounts”	Management accounts of the Disposal Group for the year ended 30 September 2014
“Announcement”	the announcement of the Company dated 26 November 2014 in relation to, among other things, the Disposal and the continuing provision of Corporate Guarantee
“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 (as amended and supplemented by the Supplemental Agreement)
“Completion Date”	date of Completion
“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 Holding up to a maximum principal amount of HK\$69 million
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Disposal”	the disposal of the Sale Shares, representing the entire issued share capital of Sunway BVI and Sunway Investment, and the Sale Loan by the Company to the Purchaser pursuant to the Disposal Agreement (as amended and supplemented by the Supplemental Agreement)
“Disposal Agreement”	the conditional sale and purchase agreement dated 17 November 2014 as amended and supplemented by the Supplemental Agreement 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 Latest Practicable Date
“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
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Corporate Guarantee

DEFINITIONS

“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
“Latest Practicable Date”	9 January 2015, being the latest practicable date prior printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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 Latest Practicable Date
“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 Latest Practicable Date
“Ms. CY Wong”	Ms. Wong Chun Ying, 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 Latest Practicable Date. She is the mother of Ms. Helen Wong, Ms. KM Wong and Mr. KW Wong

DEFINITIONS

“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 Latest Practicable Date, 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 Latest Practicable Date, 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
“PRC”	the People’s Republic of China, for the purpose of this circular, 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 loans 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

DEFINITIONS

“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws 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 and the continuing provision of Corporate Guarantee
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Shareholders’ Loans”	the loans owing by the Disposal Group to the Company is in the sum of approximately HK\$372 million as at 30 September 2014
“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
“Supplemental Agreement”	the supplemental agreement dated 15 December 2014 entered into between the Company and the Purchaser to amend and supplement the Disposal Agreement

DEFINITIONS

“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.

The English translation of Chinese names or words in this circular, where indicated, are included for information purpose only and should not be regarded as the official translation of such Chinese names and word.



SUNWAY INTERNATIONAL HOLDINGS LIMITED

新威國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 58)

Executive Directors:

Wong King Ching, Helen (*Chairman*)

Wong King Man (*Deputy Chairman*)

Leung Chi Fai

Lin Yegan

Wang Tian

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Independent Non-executive Directors:

Fong Yin Cheung

Hung Yat Ming

So Day Wing

Head Office and Principal

Place of Business:

Room 1708–1710 Nan Fung Centre

264–298 Castle Peak Road

Tsuen Wan, New Territories,

Hong Kong

12 January 2015

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION
AND
DISCLOSEABLE AND CONNECTED TRANSACTION IN
RELATION TO PROVISION OF FINANCIAL ASSISTANCE UNDER
THE CORPORATE GUARANTEE**

INTRODUCTION

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 payable in cash. On 15 December 2014, the Company and the Purchaser have, after further negotiations, agreed to enter into the Supplemental Agreement to (i) increase the consideration from HK\$180 million to HK\$300 million and (ii) extend the time of payment of the Consideration from within seven (7) Business Days to within fourteen (14) Business Days from the Completion Date.

* *For identification purposes only*

LETTER FROM THE BOARD

The Disposal constitutes a very substantial disposal for the Company under Chapter 14 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 also 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.

As part of the terms of the Disposal, the Company will continue to provide financial assistance to Sungo Holding under the Corporate Guarantee for a maximum period of three months after the Completion. The continuing provision of the Corporate Guarantee will constitute a connected transaction of the Company under the Chapter 14A of the Listing Rules. As the applicable percentage ratio of the amount of the financial assistance provided under the Corporate Guarantee exceeds 5% but less than 25%, the continuing 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 million, 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 purpose of this circular is to provide you with among other things (i) details of the Disposal and the continuing provision of the Corporate Guarantee; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM at which resolutions will be proposed to consider and, if thought fit, to approve the Disposal and the continuing provision of the Corporate Guarantee.

THE DISPOSAL AGREEMENT (AS AMENDED AND SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT)

Date

17 November 2014 and as amended and supplemented by the Supplemental Agreement dated 15 December 2014

Parties

Vendor: the Company; and

Purchaser: Feng Hao Holdings Limited

LETTER FROM THE BOARD

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 circular. 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 (as amended and supplemented by the Supplemental 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 direct 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 loans owing by the Disposal Group to the Company as at the time of Completion. As at 30 September 2014, the Shareholders' Loans was 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\$300 million shall be payable by the Purchaser to the Company in cash within fourteen (14) Business Days from the Completion Date.

LETTER FROM THE BOARD

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 per the 2014 Management Accounts as at 30 September 2014, which included the Shareholders' Loans. If excluding the Shareholders' Loans, 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 per the 2014 Management Accounts as at 30 September 2014 (setting aside the Shareholders' Loans). 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;
- (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; and
- (iv) the market value of the land and properties owned by the Disposal Group.

As refer to (i) and (ii) above, the financial information of the Disposal Group was based on the 2014 Management Accounts. The Directors noted that adjustments (the "**Adjustments**") have been made by Moore Stephens (the "**Auditor**") on the 2014 Management Accounts in preparing its review report on the unaudited financial information of the Disposal Group, the contents of which is set out in Appendix II to this circular, which the unaudited net liabilities of the Disposal Group as at 30 September 2014 increased from approximately HK\$203 million to HK\$209 million (if excluding Shareholders' Loans, the net assets of the Disposal Group was approximately HK\$163 million after taking into account the Adjustments) and the unaudited consolidated net current liabilities of the Disposal Group as at 30 September 2014 increased from approximately HK\$297 million to approximately HK\$307 million (setting aside the Shareholders' Loans).

Please refer to notes 4 and 5 to the Unaudited Pro Forma Financial Information of the Remaining Group as set out in Appendix III to this circular for the details of the Adjustments.

LETTER FROM THE BOARD

Having reviewed the adjusted financial information of the Disposal Group, both parties to the Disposal Agreement (as amended and supplemented by the Supplemental Agreement) considered that the Consideration reflected the financial position of the Disposal Group and no adjustment to the Consideration is considered necessary.

Based on the valuation report as set out in Appendix IV to this circular, the then market value of the properties held by the Disposal Group was approximately HK\$557 million as of 30 November 2014. Set out below is the reconciliation of the difference between the book value of such properties as of 30 September 2014 and the market value as of 30 November 2014:

	<i>HK\$ million</i>
Book value of the properties held by the Disposal Group	492
Add: Net valuation surplus	<u>65</u>
Market value of the properties held by the Disposal Group	<i>(Note 1)</i> <u><u>557</u></u>

Note:

1: Based on exchange rates of RMB1 = HK\$1.25.

Conditions Precedent to the Disposal Agreement

Completion of the Disposal Agreement (as amended and supplemented by the Supplemental 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 of an ordinary resolution 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.

LETTER FROM THE BOARD

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.

As at the Latest Practicable Date, only condition (i) has been fulfilled.

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 OF 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.

LETTER FROM THE BOARD

Financial Information of the Disposal Group

Set out below is the consolidated financial information of the Disposal Group prepared under Hong Kong Financial Reporting Standards for the two years ended 30 September 2014 as extracted from the financial information of the Disposal Group in Appendix II to this circular:

	For the years ended		
	30 September 2013	30 September 2014	30 September 2014
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
			<i>(Extracted from 2014 Management Accounts)</i>
	<i>(Extracted from Appendix II to this circular)</i>		<i>(Note)</i>
Turnover	788	720	720
Gross (loss)	(75)	(89)	(93)
Net (loss) before taxation	(188)	(206)	(197)
Net (loss) after taxation	(195)	(213)	(201)
Total assets	1,229	1,061	1,061
Net current (liabilities)	(390)	(679)	(651)
Net assets/(liabilities)	49	(209)	(203)

As set out in Appendix II to this circular, the unaudited consolidated total assets and net liabilities of the Disposal Group were approximately HK\$1,061 million and HK\$209 million respectively as at 30 September 2014. If excluding the Shareholders' Loans, the unaudited consolidated net assets of the Disposal Group amounted to approximately HK\$163 million.

Note: The amounts represented the financial information of the Disposal Group extracted from the 2014 Management Accounts and disclosed in the Announcement. Adjustments have been made by the Auditor on the 2014 Management Accounts in preparing its review report on the unaudited financial information of the Disposal Group as set out in Appendix II to this circular. The net loss after taxation and the net liabilities of the Disposal Group for the year ended 30 September 2014 increased by HK\$12 million and HK\$6 million to HK\$213 million and HK\$209 million respectively after taking into account the Adjustments.

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 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.

LETTER FROM THE BOARD

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 financial information of the Disposal Group for the year ended 30 September 2014 as set out in Appendix II to this circular, 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\$75 million and HK\$89 million respectively and the net loss after taxation were approximately HK\$195 million and HK\$213 million respectively.

As at 30 September 2014, the Disposal Group recorded unaudited net current liabilities and net assets (setting aside the Shareholders' Loans) of approximately HK\$307 million and HK\$163 million based on the unaudited financial information of the Disposal Group as set out in Appendix II to this circular. 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 Shareholders' Loans), 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.

LETTER FROM THE BOARD

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 31 December 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
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Turnover	350	405	533	256
Net profit before taxation	27	46	54	34
Net profit after taxation	22	34	37	31

(Note)

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

LETTER FROM THE BOARD

approximately HK\$10 million. The Directors noted the trading of construction 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 the 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 Hengjia 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 Hengjia) 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.

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Guangdong Hengjia

Guangdong Hengjia mainly sells its construction products to customers located in Yanjiang 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.

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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\$295 million, and are expected to be applied as the general working capital of the Group.

FINANCIAL EFFECT OF THE DISPOSAL

As set out in the unaudited pro forma financial information of the Remaining Group in Appendix III to this circular, the estimated gain on the Disposal is approximately HK\$132 million (the “**Estimated Gain**”) which is calculated based on: (i) the cash consideration of approximately HK\$300 million; (ii) the net liabilities of the Disposal Group attributable to equity holders of the Company as at 30 September 2014 of approximately HK\$209 million; and (iii) the Sale Loan of approximately HK\$372 million; (iv) the estimated expenses directly attributable to the Disposal of approximately HK\$5 million, as if the Disposal had been completed on 30 September 2014.

Further details of the Estimated Gain are set out in Appendix III “Unaudited pro forma financial information of the Remaining Group” to this circular.

As set out in the unaudited pro forma financial information of the Remaining Group in Appendix III to this circular, assuming the Disposal had been completed on 30 September 2014, the pro forma net profit of the Remaining Group for the year ended 30 September 2014 would turnaround to HK\$148 million as compared to the net loss of the Group of HK\$213 million for the same year. Assuming the Disposal had been completed on 30 September 2014, the pro forma total assets of the Remaining Group as at 30 September 2014 would decrease to approximately HK\$1,139 million, while the pro forma total liabilities of the Remaining Group as at 30 September 2014 would also decrease to approximately HK\$675 million as compared to the total liabilities of the Group of approximately HK\$1,561 million as at the same date.

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.

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.

LETTER FROM THE BOARD

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.

Each of Ms. Helen Wong and Ms. KM Wong has a material interest in the Disposal and has not been counted as quorum and abstained from voting on the Board resolutions to approve the Disposal and the transactions contemplated thereunder.

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 in principal amount of not exceeding HK\$69 million plus interest, commission, other charges costs and expenses which the bank may charge or incur. As at the date of the Announcement and Latest Practicable Date, the outstanding amount due by Sungo Holding to China CITIC Bank International Limited amounted to approximately HK\$32 million and HK\$33 million respectively.

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.

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 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 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, such 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

LETTER FROM THE BOARD

financial assistance provided under the Corporate Guarantee exceeds HK\$10 million, 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.

SGM

A notice convening the SGM to be held at Room 1708-1710, Nan Fung Centre, 264-298 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong on Wednesday, 28 January 2015 at 11 a.m. is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the SGM in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) should you so wish.

Ms. CY Wong, Ms. Helen Wong, Ms. KM Wong and their respective associates, including Farnell Profits, Mr. KW Wong and Mr. KS Wong, in aggregate, holding 349,848,000 Shares as at the Latest Practicable Date and are entitled to exercise their voting rights are regarded as having material interest in the Disposal, the continuing 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 and the continuing provision of Corporate Guarantee.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 22 of this circular which contains its recommendation to the Independent Shareholders in relation to the Disposal and the continuing provision of the Corporate Guarantee.

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 24 to 40 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Disposal and the continuing provision of the Corporate Guarantee as well as the principal factors and reasons taken into account in arriving at its recommendations.

The Directors (including the independent non-executive Directors who have taken into account the recommendations from the Independent Financial Adviser) are of the view that the Disposal and the 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, the continuing provision of the Corporate Guarantee (which forms part of the terms of the Disposal) and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and accordingly

LETTER FROM THE BOARD

recommend the Independent Shareholders to vote in favour of the resolutions proposed to be passed at the SGM to approve the Disposal and the continuing provision of the Corporate Guarantee.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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



SUNWAY INTERNATIONAL HOLDINGS LIMITED

新威國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 58)

12 January 2015

To the Independent Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION
AND
DISCLOSEABLE AND CONNECTED TRANSACTION IN
RELATION TO PROVISION OF FINANCIAL ASSISTANCE UNDER
THE CORPORATE GUARANTEE**

We refer to the circular of the Company dated 12 January 2015 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether the Disposal and the provision of the Corporate Guarantee are fair and reasonable in so far as the Independent Shareholders are concerned. Donvex Capital Limited has been appointed as the independent financial adviser to advise us and the Independent Shareholders regarding the terms of the Disposal, the continuing provision of the Corporate Guarantee and the transactions contemplated thereunder. We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 24 to 40 of the Circular and the letter from the Board as set out on pages 7 to 21 of the Circular.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Disposal and the continuing provision of the Corporate Guarantee as well as the advice from the Independent Financial Adviser in relation thereto, we consider that the terms of the Disposal and the continuing provision of the Corporate Guarantee, which are not in the ordinary and usual course of business of the Group, are on normal commercial terms which are fair and reasonable in so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Disposal and the continuing provision of the Corporate Guarantee.

Yours faithfully,

For and on behalf of

Independent Board Committee

Fong Yin Cheung Hung Yat Ming So Day Wing

Independent non-executive Directors

LETTER FROM DONVEX CAPITAL

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 1305, 13th Floor,
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

12 January 2015

*The Independent Board Committee and the Independent Shareholders of
Sunway International Holdings Limited*

Dear Sirs,

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

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to approving the Disposal, the provision of Corporate Guarantee and the transactions contemplated thereunder, details of which are set out in the letter from the Board contained in the circular of the Company dated 12 January 2015 to the Shareholders (the “Circular”), of which this letter forms part. Terms used herein have the same meanings as defined elsewhere in the Circular unless the context require otherwise.

Very substantial disposal and connected transaction

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. By a supplemental agreement dated 15 December 2014, the total Consideration was increased to HK\$300 million.

As one of the applicable percentage ratios (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.

LETTER FROM DONVEX CAPITAL

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 the 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 plus interest, commission, other charges costs and expenses which the bank may charge or include. As at the Latest Practicable Date, the outstanding amount due by Sungo Holding to China CITIC Bank International Limited amounted to approximately HK\$33 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.

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 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 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, such 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 million, 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.

LETTER FROM DONVEX CAPITAL

Ms. CY Wong, Ms. Helen Wong, Ms. KM Wong and their respective associates, including Farnell Profits, Mr. KW Wong and Mr. KS Wong, in aggregate, holding 349,848,000 Shares as at the Latest Practical Date and are entitled to exercise their voting rights, 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.

Ms. Fong Yin Cheung, Mr. Hung Yat Ming and Mr. So Day Wing, the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on the Disposal, the provision of Corporate Guarantee and the transactions contemplated thereunder are (i) on normal commercial terms; (ii) in the ordinary and usual course of business of the Group; (iii) fair and reasonable as far as the Independent Shareholders are concerned; and (iv) in the interests of the Company and the Shareholders as a whole; and to advise the Independent Shareholders as to whether to vote in favour of the relevant resolution(s) to approve the Disposal, the provision of Corporate Guarantee and the transactions contemplated thereunder. Being the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships with or interests in the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees paid or payable to us in connection with such appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence, and that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the information, statements, opinion and representations contained or referred to in the Circular and all information and representations which have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so at the date hereof. We have also assumed that all statements of belief, opinion and intention of the Directors as set out in the letter from the Board contained in the Circular were reasonably made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular.

LETTER FROM DONVEX CAPITAL

The Company confirmed that it has provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material facts or information, which is known to the Company, have been omitted or withheld from the information supplied or opinions expressed in the Circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, carried out any independent verification on the information provided to us by the Directors, nor have we conducted any form of independent in-depth investigation into business and affairs of the prospects of the Company, the Purchaser or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration of the following principal factors and reasons:

1. Financial Information of the Group

The Group has two major business segments which include:

Electronic business

The electronic business (collectively known as the “**Electronic Business**”) is engaged in:

- (i) the design, development, manufacture and sale of electronics and related components and parts (including principally quartz crystals, liquid crystal displays, printed circuit boards and watch movements);
- (ii) the design, development, manufacture and sale of consumer electronic products (including principally electronic calculators, telecommunication phones, electronic watches and clocks);
- (iii) the trading of integrated circuits and computer components and accessories.

Construction materials business

The construction materials business is engaged in manufacture and sale of construction materials, which include:

- a) pre-stressed (“**PC**”) steel bars for strand wires, various pre-stressed materials and their respective production equipment, and industrial and building pre-stressed materials; and

LETTER FROM DONVEX CAPITAL

- b) pre-stressed high-strength concrete (“PHC”) piles, ready mix concrete, autoclaved sand-lime brick, aerated concrete products and eco-permeable concrete products.

Set out below is a summary of the Group’s operating results and financial position extracted from the Company’s latest published interim report for the 12 months ended 30 September 2014 (the “Interim Report”):

	For the 12 months ended	
	30 September	
	2014	2013
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited)
Segment revenue		
– Electronic components and parts <i>(note a (i))</i>	325,451	211,999
– Consumer electronic products <i>(note a (ii))</i>	395,027	576,348
– Construction materials business <i>(note b)</i>	176,477	–
	<u>896,955</u>	<u>788,347</u>
Segment profit/(loss) for the period		
– Electronic components and parts	(98,388)	(46,891)
– Consumer electronic products	(112,557)	(118,997)
– Construction materials business	17,146	–
	<u>(193,799)</u>	<u>(165,888)</u>
Loss for the period	(213,448)	(207,558)

Notes:

- (a) Electronic business

- (i) Electronic components and parts

The electronic components and parts mainly comprised of chip on glass, liquid crystal displays and quartz.

For the 12 months ended 30 September 2014, the revenue and the loss derived from electronic components and parts were HK\$325.5 million and HK\$98.4 million respectively where as for the 12 months ended 30 September 2013, the revenue was HK\$212.0 million and the loss was HK\$46.9 million. The increase in loss of electronic components and parts was mainly arising from decrease in reversal of the provision of inventories and increase in production costs.

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(ii) Consumer electronic products

Consumer electronic products mainly consisted of electronic calculators, watches and clocks and digital products.

For the 12 months ended 30 September 2014, the revenue and the loss derived from consumer electronic products were HK\$395.0 million and HK\$112.6 million compared with the revenue of approximately HK\$576.3 million and the loss of approximately HK\$119.0 million incurred in the same period of 2013. The decrease was mainly due to shortage of labour in the PRC which caused significant delay on the production lead time and thus, sales volume decreased.

(b) Construction materials business

According to Interim Report, the construction materials business, mainly by sales of PC bars and PHC piles, generated revenue of HK\$176.5 million from the date of the completion of the acquisition (the "Acquisition") of the Joint Expert Group on 2 May 2014 to 30 September 2014. Segment profit derived from the construction materials business was HK\$17.1 million. The Board expects a stable stream of income from the construction materials business in the future.

The table below summarizes the consolidated financial position of the Group as at 30 September 2014 and 30 September 2013.

	As at	
	30 September 2014	30 September 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Non-current assets	936,560	594,041
– Property, plant and equipment	532,305	430,152
Current assets	963,295	625,786
– Cash and bank balances	141,980	148,055
Total assets	1,899,855	1,219,827
Non-current liabilities	309,277	211,311
Current liabilities	1,252,184	632,097
Total liabilities	1,561,461	843,408
Net current liabilities	(288,889)	(6,311)
Net assets	338,394	376,419
Gearing ratio	4.6	2.2

As at 30 September 2014, the net current liabilities of the Group amounted to approximately HK\$288.9 million as compared with HK\$6.3 million as at 30 September 2013. The increase in net current liabilities was mainly due to the increase in the trade and bills payables and interest-bearing bank borrowings due within one year.

As at 30 September 2014, the net assets of the Group amounted to approximately HK\$338.4 million as compared with HK\$376.4 million as at 30 September 2013. The decrease in net assets of the Group was mainly due to the increase in trade and bill payables and interest-bearing bank borrowings due to its poor performance.

LETTER FROM DONVEX CAPITAL

The gearing ratio, computed by dividing its total liabilities by shareholder's equity, increased from 2.2 times as at 30 September 2013 to 4.6 times as at 30 September 2014. The increase in gearing ratio was mainly due to the increase trade and bill payables and interest-bearing bank borrowings by the Disposal Group due to its poor performance.

2. Background information of the existing business of the Group

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 increase in cost of materials which continued to drive up the manufacturing costs. For financial information and analysis of Electronic Business, please refer to section headed "Financial information of the Electronic Business" below.

Financial Information of the Electronic Business

Set out in Table 1 below are the unaudited financial results of the Disposal Group for the year ended 30 September 2012 to the year ended 30 September 2014 with reference to Appendix II of the Circular:

Table 1: Financial analysis of the Electronic Business

	Year ended 30 September		
	2014	2013	2012
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	720,478	788,347	794,333
Net loss after taxation	212,594	194,812	202,904
Annual decrease in revenue	8.6%	0.8%	n/a
Current ratio	0.44	0.62	0.68
Net assets/ (liabilities)	(208,655)	49	134,681

As illustrated in Table 1 above, the revenue of the Electronic Business decreased by 0.8% for the year ended 30 September 2013 and further decreased by 8.6% for the year ended 30 September 2014. In addition, the Electronic Business recorded an increase in net loss by 9.1% from HK\$194.8 million for the year ended 30 September 2013 to HK\$212.6 million for the year ended 30 September 2014.

LETTER FROM DONVEX CAPITAL

As at 30 September 2014, the unaudited consolidated total assets and net liabilities of the Disposal Group were approximately HK\$1,060.8 million and HK\$208.7 million respectively. If setting aside the shareholders' loans owing to the Company of approximately HK\$371.8 million, the Disposal Group recorded unaudited consolidated net current liabilities and net assets of approximately HK\$307.1 million and HK\$163.1 million. As at 30 September 2014, the total interest-bearing bank borrowings of the Disposal Group was approximately HK\$450.7 million which will be fall due within one year. As at 30 September 2014, the interest-bearing bank borrowings of the Disposal Group accounted for 76.0% of the total interest-bearing bank borrowings of the Group of approximately HK\$592.7 million. In addition, the current ratio of the Disposal Group decreased from 0.62 as at 30 September 2013 to 0.44 as at 30 September 2014 and the financial position of the Disposal Group turned from a net asset of HK\$0.05 million as at 30 September 2013 to net liabilities of HK\$208.7 million 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 interest-bearing bank borrowings and improve its financial position in the near future. Although a cash flow amounting to HK\$12.9 million was generated from the operation of the Disposal Group for the year ended 30 September 2014, it is insufficient to cover the interest-bearing bank borrowings of the Disposal Group.

Background information of construction materials business

The two principal operating subsidiaries of the construction materials business, namely, Zhuhai Hoston and Guangdong Hengjia are engaged in construction materials business in the Guangdong Province, the PRC. The two main production bases of Zhuhai Hoston and Guangdong Hengjia 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.

Zhuhai Hoston and Guangdong Hengjia are the principal operating subsidiaries of the construction materials business. Moving forward, Zhuhai Hoston will continue to undertake the production of PC steel bars while Guangdong Hengjia 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 Hengjia) and extend its sales to other regions in the PRC.

Financial Information of construction materials business

From the date of completion of the Acquisition (i.e. 2 May 2014) to 30 September 2014, the construction materials business generated revenue of approximately HK\$176.5 million and the segment profit derived from the construction materials business was approximately HK\$17.1 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.

3. Reasons for and benefits from the Disposal

(i) Disposal of the loss-making Electronic Business

As discussed with the management of the Company, 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 increase in cost of materials which continued to drive up the manufacturing costs.

The Company has used its best endeavor 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 negative impacts will continue to take place in the Electronic Business. The Board is of the view that it is difficult to predict the time required to turnaround the Electronic Business in the future.

With reference to the section headed "Financial Information of Electronic Business" above, the financial position of Disposal Group turned from net asset as at 30 September 2013 to net liabilities as at 30 September 2014. The amount of interest-bearing bank borrowings increased from HK\$325.5 million as at 30 September 2013 to HK\$450.7 million as at 30 September 2014 which will be due within one year. It is expected the increases in interest-bearing bank borrowings will bring negative financial effect to the Company. Although the Disposal Group has cash and bank balances amounting to HK\$124.2 million as at 30 September 2014, the Disposal Group would not have sufficient cash to repay the interest-bearing bank borrowings when they become due. In addition, as advised by the Disposal Group, one of banks noticed the Disposal Group that the banking facility amounting to RMB70 million will not be renewed when it expires in early 2015. The demand of such repayment may trigger the request of early repayment of other bank loan of the Disposal Group. Although the management of the Company considered fund raising activity other than debt financing, it is difficult to seek investors to invest in the Electronic Business in view of the loss making record and challenging operating environment of the Disposal Group. As such, the liquidity problem of the Disposal Group will be worse off in the next few months.

LETTER FROM DONVEX CAPITAL

Given that (i) the contraction of the Electronic Business; (ii) the future performance and prospects of the Electronic Business is expected to continually be challenging as a result of shortage of labour cost and increase in cost of materials; (iii) the financial position of the Disposal Group is net liabilities as at 30 September 2014; (iii) interest-bearing bank borrowings of HK\$450.7 million is due within one year; and (iv) demand of repayment of interest-bearing bank borrowings from one of the bankers of the Disposal Group may trigger other banks not to renew its bank loan when it falls due in 2015, we concur with the management of the Company that the Disposal will dispose the loss making Electronic Business which is expected to face challenging operating environment and financial condition.

(ii) Reallocate resources to construction materials business

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 Company believes that the Disposal would represent a good opportunity for the Remaining Group to reallocate its resources, including proceeds from the Disposal, for the continuing development of the construction materials business.

According to the circular of the Company dated 31 March 2014, the construction materials business has a promising future as it is fueled by the growth of the property market in the Guangdong Province. With reference to the statistics released by the Guangdong Statistic Bureau, the area of construction housing increased by 12.5% to 74,221.14 million meter square for the first ten months of 2014 as compared with the same period in 2013. In addition, the amount of investment in property development increased by 19.0% to RMB597.3 billion for the first ten months of 2014 as compared with the same period in 2013. Thus, it is expected the raise in investment in property development would increase the demand of construction materials.

In order to capture the potential increase in investment in property development in Guangdong Province strategically, the Company targets to develop their business around Zhuhai area, in particular Hengqin Island, as (i) it is well supported by the government policy namely The Hengqin Island Development Planning (橫琴總體發展計劃); and (ii) Zhuhai Hoston is located nearby. The Hengqin Island Development Planning released by the State Council of the PRC in August 2009, Hengqin Island, neighboring Macau and Zhuhai with a total area of 2,800 hectares, will be focusing its development on business service, tourism and research and development of high technology. About 25% and 21% of Hengqin Island's land will be set aside for community facilities and housing. It is expected the completion of the Hong Kong-Zhuhai-Macau bridge would foster the development of Zhuhai and Hengqin, and is thus beneficial to the construction materials business of the Group.

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In view of the potential demand on construction materials as a result of the rapid development of the Hengqin Island Development Planning, the management of the Company believes that future increase in demand of PC steels bars will exceed its current maximum production capacity. As such, the Company is intended to utilize its remaining production capacity and further expand its production capacity.

The Company believes Zhuhai Hoston is well positioned to capture the market potential of Hengqin Island and Zhuhai and extend its business growth in the future by leveraging its existing business relationship in the region together with its strong research and development capabilities. As such, we are of the view that cash flow is required to satisfy an increase in capital expenditure and working capital of the Remaining Group in order to sustain the growth in production and sales of the construction materials business. The net proceeds from the Disposal, after deducting expenses attributable to the Disposal of approximately HK\$5 million, are estimated to be approximately HK\$295 million, and are expected to be applied as the general working capital of the Remaining Group. And we are of the view that the Disposal can provide financial need required to support the growth of the construction materials business.

On the assumption that the growth of the property market in the Guangdong Province can be maintained and new customers are exploited in Hengqin Island and Zhuhai, it is fair and reasonable for the Board to hold the view that it would bring positive financial impact to the Company by reallocating its resources, mainly the net proceeds from the Disposal, on growing construction materials business.

(iii) Other alternatives

We had enquired the Company about ways of disposal of Electronic Business and the possibility of identifying potential buyers other than the Purchaser. The Company is of the view that it is difficult to (i) receive offer better than the Purchaser to purchase the Disposal Group as a whole as at the Latest Practicable Date; or (ii) dispose all the land and properties separately in a short period of time.

Offers from other buyers to purchase the Disposal Group as a whole

According to the representation from the Directors, the Company received offers from other buyers over the last few months. However, the offers received were lower than the consideration offered by the Purchaser. Given the current adverse business performance of the Disposal Group, the challenging operating environment and the Disposal Group's net liabilities position as at 30 September 2014, it is difficult for the Company to identify potential buyer(s) who is/are willing to offer a consideration to purchase the Disposal Group with a disposal gain to be incurred by the Company in a short period of time.

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Furthermore, the deteriorating financial performance and liquidity problem of the Disposal Group, as discussed in the section headed "Disposal of the loss-making Electronic Business", will, as time goes by, only make it difficult for the Company to bargain with upcoming potential buyers.

Dispose the land and properties of the Disposal Group separately

The Company also considered disposing the land and properties of the Disposal Group separately. However, after considering that (i) the potential buyers may purchase certain parcels of land and properties of the Disposal Group instead of all the land and properties as they are located in different places; and (ii) the procedures to transfer the land and properties may be lengthy in PRC, the Directors are of the view that disposing the land and properties of the Disposal Group separately will not be in the best interest of the Company to solve the immediate liquidity problem of the Disposal Group.

Based on the above, to the best efforts of the Directors, we concur with the view of the Company that the offer from Purchaser is the sole readily available option if the Company would like to dispose the Electronic Business.

Based on the aforesaid factors, we are of the view that the Disposal would be fair and reasonable and in the interests of the Company and the Shareholders to dispose the Disposal Group to the Purchaser.

4. The Disposal Agreement

(i) Basis of consideration

The cash consideration for the Disposal is HK\$300 million and was determined on normal commercial terms and after arm's length negotiations between the Purchaser and the Company with reference to:

- 1) The unaudited consolidated net liabilities of the Disposal Group of approximately HK\$203 million as per the 2014 Management Accounts as at 30 September 2014, which included the Shareholders' Loans. If excluding the Shareholders' Loans, the net assets of the Disposal Group amounted to approximately HK\$169 million;

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- 2) 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 per the 2014 Management Accounts as at 30 September 2014 (setting aside the Shareholders' Loans). 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;
- 3) The factors set out in paragraph headed "Reasons for and Benefits from 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; and
- 4) The market value of the land and properties owned by the Disposal Group.

The Company and Purchaser have taken into consideration of (i) the unaudited consolidated net liabilities of the Disposal Group; and (ii) the estimated market value of the land and properties of the Disposal Group. Although the market value of the land and properties is approximately HK\$557 million as at 30 November 2014, the Company and the Purchaser have not used the estimated market value of the land and properties of the Disposal Group as the basis of the Consideration because (i) it is not feasible for the Company to dispose the land and properties of the Disposal Group separately immediately as discussed in the section headed "Other alternatives" above; and (ii) some of the properties owned by the Disposal Group cannot be transferred before obtaining the Real Estate Ownership Rights Certificates. As such, we are of the view that the Consideration is on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

(ii) Basis of valuation

Given that the Consideration was determined with reference to the unaudited net asset value of the Disposal Group as at 30 September 2014 as referred to the Unaudited Consolidated Financial Statements, a principal component of which was the appraised value of the Properties owned by the Disposal Group (the "**Properties**"), we have reviewed the valuation report (the "**Property Valuation Report**") prepared by Stirling Appraisals Limited (the "**Valuer**") as set out in Appendix IV to the Circular and discuss with them regarding the methodology of and the principal bases and assumptions adopted for the valuation of the Properties.

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The Property Valuation Report has been prepared by the Valuer in compliance with all requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standard on Properties (2012 Edition) published by The Hong Kong Institute of Surveyors effective from 1 January 2013.

We noted that the Valuer had considered various methodologies in preparing the Property Valuation Report, including the depreciated replacement cost approach and direct comparison approach which are adopted regarding to the nature of the properties.

Due to the nature of the buildings and structures of the property interests of the Property No. 1 to Property No. 15 in Group I and II and the particular locations in which they are situated, there are unlikely to be relevant market comparable sales readily available, so that their respective property interests have been valued by the cost approach with reference to their depreciated replacement cost. Depreciated replacement cost is based on an estimate of the market value for the existing use of the land, plus the current cost of the replacement of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. We understand that the depreciated replacement costs approach generally furnishes a reliable indication of value for properties with specific nature and design of buildings, in the absence of identifiable market sales comparables.

In valuing Property No. 16 in Group II, Property No. 17 to 20 in Group III and IV, they have been valued using an open market basis. As advised by the Valuer, the properties are valued by direct comparison approach assuming sale in their existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. We understand that using the direct comparison approach by making reference to comparable market transactions is a commonly adopted approach in the determination of the value of properties.

For our due diligence purpose, we reviewed and enquired the Valuer's qualification and experience in relation to the performance of the valuation. We noted that the Valuer has extensive experience in performing valuation for transactions of listed companies in Hong Kong and the PRC. The Valuer confirmed that it is independent from the Company and all relevant material information provided by the Company had been incorporated in the Property Valuation Report and there were no other material relevant information or representations relating to the Properties provided or made by the Company to the Valuer not having been included in the valuation. In addition, we also reviewed the terms of the Valuer's engagement and noted that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Property Valuation Report.

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Based on the aforesaid, the above valuation methodology is, in our opinion, a reasonable approach in establishing the market value of the Properties.

5. 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 in principal amount of not exceeding HK\$69 million plus interest, commission, other change costs and expense which the bank may charge or incur. As at the Latest Practical Date, the outstanding amount due by Sungo Holding to China CITIC Bank International Limited amounted to approximately HK\$33 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 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 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.

Until the release of the Guarantees, the Purchaser will indemnify the Company against any loss arising after Completion under or by reason of the relevant parties. We are of the view that this arrangement is to address the time required to complete the release of the Corporate Guarantee so that it will not delay Completion with an indemnity against any loss arising after Completion under or by reason of the Corporate Guarantees from the Purchaser. This arrangement simply reflects the administrative time required to disconnect from the Disposal Group.

6. Financial Effect of the Disposal

The Disposal Companies are currently wholly-owned subsidiaries of the Company and their results have been consolidated into the results of the Group. 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.

LETTER FROM DONVEX CAPITAL

(i) Net assets

Based on the Unaudited Pro Forma Financial Information of the Remaining Group as set out in Appendix III to the Circular, the unaudited net assets of the Remaining Group would increase by HK\$126.1 million from approximately HK\$338.4 million as at 30 September 2014 to approximately HK\$464.5 million, assuming the Disposal had taken place on 30 September 2014.

(ii) Liquidity

Based on the Unaudited Pro Forma Financial Information of the Remaining Group as set out in Appendix III to the Circular, the current ratio, in terms of current assets over current liabilities, would increase from approximately 0.77 times as at 30 September 2014 to approximately 1.72 times, assuming the Disposal had taken place on 30 September 2014.

(iii) Earnings

Based on the Unaudited Pro Forma Financial Information of the Remaining Group as set out in Appendix III to the Circular, the unaudited loss after tax of the Remaining Group would turn around from approximately HK\$213.4 million for the twelve months ended 30 September 2014 to a profit of approximately HK\$148.4 million, representing an increase in profit of approximately HK\$361.8 million, assuming the Disposal had taken place on 30 September 2014.

(iv) Gearing ratio

Based on the Unaudited Pro Forma Financial Information of the Remaining Group as set out in Appendix III to the Circular, the gearing ratio of the Remaining Group, in terms of total liabilities divided by shareholders' equity, will decrease from approximately 4.61 times as at 30 September 2014 to approximately 1.45 times, assuming the Disposal had taken place on 30 September 2014.

Based on the above analysis, the Proposed Disposals would have (i) an overall improvement on the Group's net asset value; (ii) an overall improvement on the Group's liquidity; (iii) an overall improvement on the earnings of the Group; and (iv) a reduction in the gearing ratio of the Group. On such basis, we are of the view that Disposals are in the interests of the Company and the Shareholders as a whole.

LETTER FROM DONVEX CAPITAL

RECOMMENDATION

Having considered the abovementioned principal factors and reasons and in particular that,

- the Electronic Business will face challenging operating environment;
- the reallocation of resource to construction materials business will bring positive financial impact to the Company;
- the liquidity problem of the Disposal Group may be worse off in the next few months;
- the Company's capital structure can be improved;
- the Purchaser would be the only available buyer of the Disposal Group;
- the provision of financial assistance under the corporate guarantee is only the required administrative time required to disconnect from the Disposal Group.

We consider that the terms and conditions of the Disposal Agreement and the provision of financial assistance under the corporate guarantee have been entered into are (i) not in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; (iii) fair and reasonable as far as the Independent Shareholders are concerned; and (iv) in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution to be proposed at the SGM to approve the (i) very substantial disposal and connected transaction; and (ii) discloseable and connected transaction in relation to provision of financial assistance under the corporate guarantee.

Yours faithfully,
For and on behalf of
Vily Leung
Director

Ms. Vily Leung is a licensed person and a responsible officer of Donvex Capital Limited registered with the Securities and Futures Commission to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Ms Leung has extensive experience as an independent financial adviser to advice on connected transaction.

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 30 September 2013, 2012 and 2011 are set out on pages 21 to 79, 21 to 83 and 21 to 96 of the annual reports of the Group for the years ended 30 September 2013, 2012 and 2011 respectively. The unaudited condensed consolidated financial statements of the Group for the twelve months ended 30 September 2014 are disclosed in the interim report of the Company from pages 1 to 30.

They can be accessed on the websites of the Company (<http://www.irasia.com/listco/hk/sunway/index.htm/>) and on the website of the Stock Exchange (<http://www.hkexnews.hk>).

2. INDEBTEDNESS STATEMENT

Borrowings

The following table illustrates the Group's bank and other borrowings as at 30 November 2014:

	<i>HK\$'000</i>
Interest-bearing bank borrowings (<i>note (a)</i>)	
– Current	583,613
– Non current	29,003
Amount due to a related company included in other payables and accruals (<i>note (b)</i>)	28,295
Amount due to a director (<i>note (c)</i>)	72,101
Cash consideration payable (<i>note (d)</i>)	137,444
Promissory note (<i>note (e)</i>)	81,427
	<hr/>
	931,883
	<hr/> <hr/>

Notes:

(a) As at the close of business on 30 November 2014 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the Group had total outstanding borrowings of approximately HK\$613 million. The borrowings comprised secured bank loans, unsecured bank loans, and secured trust receipt loans and of approximately HK\$469 million, HK\$137 million, and HK\$7 million respectively.

(a) Certain of the Group's bank borrowings are secured by:

- (i) certain leasehold land and buildings of HK\$118,593,000;
- (ii) investment property of HK\$20,922,000;
- (iii) certain prepaid land lease payments of HK\$35,092,000;
- (iv) certain plant and machinery of HK\$34,348,000;

- (v) pledged bank deposits of HK\$30,128,000;
 - (vi) certain trade receivables and other receivables of HK\$1,139,000 and HK\$5,253,000 respectively;
 - (vii) certain inventories of HK\$28,125,000;
 - (viii) certain pledged properties held by the directors of the Company;
 - (ix) corporate guarantee executed by the Company and certain subsidiaries within the Group; and
 - (x) personal guarantee executed by the Company's directors.
- (b) The amount is due to Eagerton Group Limited, a company controlled by a director of the Company, which is without a formal loan agreement, interest free and repayable on demand.
- (c) The amount is due to Ms. Wong King Ching, Helen, chairman and a director of the Company, which is without a formal loan agreement, interest free and repayable on demand.
- (d) On 2 May 2014, the Company recognised cash consideration payable in the principal amount of HK\$150,000,000 as part of the consideration for acquisition of construction materials business as set out in the announcement of the Company on 2 May 2014. The cash consideration payable is unsecured, interest free and mature on 30 June 2016.
- (e) On 2 May 2014, the Company issued promissory note in the principal amount of HK\$100,000,000 as part of the consideration for acquisition of construction materials business. The promissory note is unsecured, interest free and mature on 2 May 2017.

Contingent liabilities

The Company had given the corporate guarantee of HK\$100,000,000 to banks in connection with banking facilities granted by the banks to a subsidiary of the Company. At 30 November 2014, such facilities were drawn down by the subsidiary to extent of HK\$66,229,000. The maximum liability of the Company under the guarantee issued represents the amount drawn down by the subsidiary of HK\$66,229,000.

Save as aforesaid, and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which were either guaranteed, unguaranteed, secured or unsecured guarantees or other material contingent liabilities at the close of business on 30 November 2014.

For the purpose of the above statement of indebtedness, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing at RMB1: HK\$1.261.

3. MATERIAL ADVERSE CHANGE

As disclosed in the interim report of the Company for the twelve months ended 30 September 2014, the Group's financial results for the twelve months ended 30 September 2014 were adversely impacted by the business of the Disposal Group (i.e. the Electronic Business). The Electronic Business has continued been adversely affected by the uncertainties in the global economies as well as the challenging operating environment of the manufacturing business in the PRC.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 September 2013, being the date to which the latest published audited financial statements of the Group were made up.

4. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into account (i) the Group's internal resources, (ii) cash flow from the operations, (iii) the availability of the conditional financial support of HK\$300 million up to 29 February 2016 for the operation of the Disposal Group from Ms. Wong King Ching, Helen, chairman and a director of the Company, (iv) the confirmation by Mr. Xiao Guang Kevin, the then vendor of the very substantial acquisition of the Group as detailed in the circular of the Company dated 31 March 2014, for the delay in repayment of cash consideration payable of HK\$150 million from 1 November 2015 to 30 June 2016; (v) the Group is successful in renewing short term bank loans of HK\$230 million; and (vi) the Group is able to renew the bank loans of not less than HK\$613 million upon maturity, the Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this Circular in the absence of unforeseeable circumstances. The bank loans will expire on or before 28 November 2015. The Group has maintained its good business relationship with these financial institutions. Further, apart from pledge of assets owned by the Group, all bank loans are also secured by guarantee and/or properties provided by certain parties. Pursuant to irrevocable undertakings, these parties will provide such guarantee and properties continuously to the Group for the renewal of the bank loans. As a result, the Directors consider that the bank loans will be renewed by the respective financial institutions upon maturity.

If the Group fails to renew the bank loans upon maturity, the Group will not have sufficient working capital for at least 12 months from the Circular date.

5. FINANCIAL AND TRADING PROSPECT OF THE REMAINING GROUP

It is stated in the "Letter from the Board" contained in this circular that the business environment of the Disposal Group will remain full of challenges and competitive, and it is difficult to predict any turnaround of the Electronic Business in the near future.

On 2 May 2014, the Company completed the acquisition of the Joint Expert Group, 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.

The two principal operating subsidiaries of the Joint Expert Group, namely, Zhuhai Hoston and Guangdong Hengjia are engaged in construction materials business in the Guangdong Province, the PRC. Its products are sold to manufactures, building material producers, contractors and property developers in the Guangdong Province for construction of residential and commercial properties, government buildings and infrastructure projects. As disclosed in the “Letter from the Board” contained in this circular, the Directors consider that the business operation and financial performance of Joint Expert Group have been in line with the Board’s expectation subsequent to the completion of the Acquisition.

Both Zhuhai Hoston and Guangdong Hengjia are well known in their regions (i.e. for Zhuhai Hoston and Yangjiang City for Guangdong Hengjia) and have long term relationship with their customers.

Zhuhai Hoston has its own production lines for producing PC steel bars and is well known for producing quality products. As about one third of the PC steel bars consumed in the Guangdong Province is supplied from the other provinces, Zhuhai Hoston will continue to tap into such potential market with an aim to increase its sales and profitability.

Guangdong Hengjia mainly sells its construction products in Yangjiang City, the PRC. Various initiatives, which include increasing the production capacities of its different products, (i.e. PHC piles, concrete and bricks, etc.) as well as developing an integrated supply platform for better product marketing, have been undertaken by Guangdong Hengjia in order to gain a larger market share in the Yangjiang City and expand its sales to surrounding areas (including Maoming City and Zhanjiang City, the PRC).

In addition, in view 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 are confident that both Zhuhai Hoston and Guangdong Hengjia are well positioned to capture the market potential and extend its growth in the construction material business in the PRC. 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 Company considers the aforesaid will benefit to the business of manufacture and sales of construction materials.

Upon Completion, the Company will discontinue the Electronic Business and the principal activities of the Remaining Group will be the manufacture and sale of construction materials. The Disposal is consistent with the business strategy of the Group

and will generate financial resources for the Remaining Group and simultaneously allow the Remaining Group to focus on the construction materials business of which the Board considers its long term prospects to be promising.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for the two years ended 30 September 2013 and for the twelve months ended 30 September 2014.

For the twelve months ended 30 September 2014

Financial and business review

The construction materials business was acquired by the Group in May 2014. From the date of Acquisition (i.e. 2 May 2014) to 30 September 2014, turnover of the Remaining Group was approximately HK\$176 million, which was generated from construction materials sales in the PRC. The Remaining Group recorded net profit of approximately HK\$10 million.

The Directors noted the trading of construction materials has been increasing in the second half of 2014 and sales levels of the construction materials products are expected to be higher in the last quarter of 2014 in light of the loosening of credit measures in the PRC property markets in recent months, including the reduction in the interest rates by the People's Bank of China.

Liquidity, financial position and capital structure

The Remaining Group financed its liquidity requirements for its construction materials business through a combination of cash flow generated from operations and bank borrowings. The Remaining Group adopts a prudent funding and treasury policy.

Total assets of the Remaining Group amounted to approximately HK\$839 million as at 30 September 2014, representing an increase of approximately HK\$836 million as compared to the total assets approximately of HK\$3 million as at 30 September 2013. Such increase in total assets was arising from the consolidation of the assets of the Joint Expert Group following the completion of the Acquisition in May 2014. As at 30 September 2014, the Remaining Group recorded cash and cash equivalents of approximately HK\$18 million.

As at 30 September 2014, the Remaining Group was offered banking facilities amounting to approximately HK\$220 million and the bank borrowings as at 30 September 2014 was amounting to approximately HK\$142 million, which carried variable interest rates ranging from 6.6% to 8.61% per annum.

Included in the total liabilities of the Remaining Group were payables for the Acquisition of approximately HK\$215 million, of which approximately HK\$135 million cash payable will be due on 30 June 2016 and the remaining HK\$80 million of the zero interest promissory note will be due on 2 May 2017.

Gearing ratio (defined as total liabilities divided by total equity) was approximately 3.95 times.

As at 30 September 2014, the Remaining Group's issued ordinary share capital amounted to approximately HK\$142 million. On 2 May 2014, the Company issued convertible notes with an aggregate amount of HK\$300 million in connection with the Acquisition. The convertible notes will mature on 28 April 2017.

During the period, (i) the convertible notes with an aggregate carrying amount of HK\$120 million have been converted into 399,999,998 Shares and (ii) 6,500,000 share options had been exercised. A total of 406,499,998 ordinary shares of HK\$0.1 per share each have been issued accordingly.

Employment and remuneration policy

As at 30 September 2014, the Remaining Group had 537 employees in both Hong Kong and the PRC. For the twelve months ended 30 September 2014, remuneration to employees and directors amounted to approximately HK\$20 million. The staff remuneration policies were drawn up based on the job responsibilities, work performance, professional experience and prevailing industry practices.

Significant investment held and future plans for material investments or capital assets

As at 30 September 2014, save for the capital commitments of approximately HK\$10 million which represented capital expenditure contracted for but not provided for the acquisition of land in the PRC to expand the manufacturing capabilities of the construction materials business, the Remaining Group did not have any significant investment held and had no concrete and immediate future plans for material investments or capital assets.

Contingent liabilities

As at 30 September 2014, the Remaining Group had no material contingent liabilities.

Charge on assets

As at 30 September 2014, the following assets of Remaining Group were pledged: (i) certain land use rights and buildings with a net book amount of approximately HK\$36 million; (ii) certain machinery and equipment with a net book amount of approximately HK\$39 million; (iii) certain short-term bank deposits of approximately HK\$17 million; and (iv) inventories and other receivables of approximately HK\$15 million and HK\$5 million respectively.

Foreign exchange exposure

The Remaining Group's monetary assets, liabilities and transactions were principally denominated in HK\$ and RMB. The Remaining Group believed its

exposure to exchange risk would be confined to RMB against HK\$. The Remaining Group did not intend to hedge its exposure to foreign exchange fluctuations. However, the Remaining Group would constantly monitor the economic situation and its foreign exchange risk position, and would consider appropriate hedging measures in the future as may be necessary and feasible.

Material acquisition or disposal of subsidiary

During the twelve months period ended 30 September 2014, save for the Joint Expert Group acquired by the Company in the Acquisition, the Remaining Group had no material acquisition or disposal of subsidiary or associated company.

For the year ended 30 September 2013

Financial and business review

For the year ended 30 September 2013, turnover and net loss of the Remaining Group were nil and approximately HK\$11 million respectively. The increase in net loss as compared to the net loss of approximately HK\$9.6 million for the year ended 30 September 2012 was mainly due to the increase in legal and professional fees.

Liquidity, financial position and capital structure

Total assets of the Remaining Group amounted to approximately HK\$2.9 million as at 30 September 2013. Included in total assets were mainly available for sale investments of approximately HK\$2.4 million. As at 30 September 2013, the Remaining Group recorded cash and cash equivalents of approximately HK\$0.5 million.

As at 30 September 2013, the Remaining Group recorded total liabilities of approximately HK\$1.3 million which comprised mainly of accrued liabilities of audit fee and Directors' remuneration. The Remaining Group did not have borrowings as at 30 September 2013.

As at 30 September 2013, the Remaining Group's issued ordinary share capital amounted to approximately HK\$102 million. No equity financing was raised during the year ended 30 September 2013.

Employment and remuneration policy

The Remaining Group had eight Directors as at 30 September 2013. For the year ended 30 September 2013, remuneration to Directors amounted to approximately HK\$7.6 million. The Directors' remuneration policies were drawn up based on the job responsibilities, professional experience and prevailing industry practices.

The Remaining Group had no employee as at 30 September 2013.

Significant investment held and future plans for material investments or capital assets

As at 30 September 2013, the Remaining Group did not have any significant investment held and had no concrete or immediate future plans for material investments or capital assets.

The Remaining Group had no outstanding commitments as at 30 September 2013.

Contingent liabilities

As at 30 September 2013, the Remaining Group had no material contingent liabilities.

Charge on assets

As at 30 September 2013, there was no charge on assets of the Remaining Group.

Foreign exchange exposure

The Remaining Group's monetary assets, liabilities and transactions were principally denominated in HK\$ and is therefore not subject to significant exchange rate risk.

Material acquisition or disposal of subsidiary

During the year ended 30 September 2013, the Remaining Group had no material acquisition or disposal of subsidiary or associated company.

For the year ended 30 September 2012

Financial and business review

For the year ended 30 September 2012, turnover and net loss of the Remaining Group were nil and approximately HK\$9.6 million respectively. The net loss was mainly attributable to the administrative expenses of the Remaining Group, which included Directors' fees and legal and professional fees incurred during the year.

Liquidity, financial position and capital structure

Total assets of the Remaining Group amounted to approximately HK\$7.4 million as at 30 September 2012. Included in total assets were mainly available-for-sale investments of approximately HK\$6.4 million. As at 30 September 2012, the Remaining Group recorded cash and cash equivalents of approximately HK\$0.9 million.

As at 30 September 2012, the Remaining Group recorded total liabilities of approximately HK\$1.2 million which comprised mainly of accrued liabilities of audit fee and Directors' remuneration. The Remaining Group did not have borrowings as at 30 September 2012.

As at 30 September 2012, the Remaining Group's issued ordinary share capital amounted to approximately HK\$102 million. No equity financing was raised during the year ended 30 September 2012.

Employment and remuneration policy

The Remaining Group had eight Directors as at 30 September 2012. For the year ended 30 September 2012, remuneration to Directors amounted to approximately HK\$7.7 million. The Directors' remuneration policies were drawn up based on the job responsibilities, professional experience and prevailing industry practices.

The Remaining Group had no employee as at 30 September 2012.

Significant investment held and future plans for material investments or capital assets

As at 30 September 2012, the Remaining Group did not have any significant investment held and had no concrete or immediate future plans for material investments or capital assets.

The Remaining Group had no outstanding commitments as at 30 September 2012.

Contingent liabilities

As at 30 September 2012, the Remaining Group had no material contingent liabilities.

Charge on assets

As at 30 September 2012, there was no charge on assets of the Remaining Group.

Foreign exchange exposure

The Remaining Group's monetary assets, liabilities and transactions were principally denominated in HK\$ and is therefore not subject to significant exchange rate risk.

Material acquisition or disposal of subsidiary

During the year ended 30 September 2012, the Remaining Group had no material acquisition or disposal of subsidiary or associated company.

7. ADDITIONAL INFORMATION OF THE JOINT EXPERT GROUP

Joint Expert Group was acquired by the Company on 2 May 2014. The following is the unaudited financial information of the Joint Expert Group for the two years ended 31 December 2013 and for the nine months ended 30 September 2014, which is prepared in accordance with Hong Kong Financial Reporting Standards:

	Year ended 31 December		Nine months ended 30
	2012	2013	September
	HK\$ million	HK\$ million	2014 HK\$ million
Revenue	–	533	350
Net profit before taxation	120	54	84
Net profit after taxation	120	37	79

Note: The financial year end date of the Joint Expert Group is 31 December.

Finance and Business Review

For the year ended 31 December 2012, turnover and net profit after taxation of Joint Expert Group were nil and approximately HK\$120 million respectively. The net profit of approximately HK\$120 million was principally attributable to (i) approximately HK\$110 million from remeasuring the fair value of the equity interest in Zhuhai Hoston Group as at 31 December 2012; (ii) a gain of approximately HK\$11.4 million from bargain purchase arising from the acquisition of Guangdong Hengjia by Zhuhai Hoston. Guangdong Hengjia was acquired by Zhuhai Hoston on 23 November 2012.

The operating results of the Zhuhai Hoston Group were consolidated into the Joint Expert Group for the year ended 31 December 2013. Turnover and the net profit after taxation for the year were approximately HK\$533 million and HK\$37 million respectively.

For the nine months ended 30 September 2014, turnover and the net profit after taxation of the Joint Expert Group were approximately HK\$350 million and HK\$79 million respectively. A one-off gain of approximately HK\$57 million arising from the waiver of the loan by the vendor of the Acquisition was recognised by the Joint Expert Group before completion of the Acquisition. Such amount was recognised as pre-acquisition profit to the Group at the time of completion of the Acquisition (i.e. 2 May 2014).

Liquidity and financial position

The Joint Expert Group financed its liquidity requirements for its construction materials business through a combination of cash flow generated from operations and bank borrowings. The Joint Expert Group adopts a prudent funding and treasury policy.

Total assets of the Joint Expert Group were approximately HK\$650 million and HK\$704 million as at 31 December 2012 and 2013. The total assets as at 30 September 2014 was approximately HK\$745 million, which mainly includes property, plant and equipment, goodwill, trade receivables and prepayments, deposits and other receivables of approximately HK\$172 million, HK\$102 million, HK\$182 million and HK\$176 million respectively.

Total liabilities of the Joint Expert Group were approximately HK\$441 million and HK\$488 million as at 31 December 2012 and 2013. The total liabilities as at 30 September 2014 was approximately HK\$453 million, which mainly includes interest-bearing bank borrowings, trade and note payables and other payables of approximately HK\$142 million, HK\$180 million and HK\$117 million respectively.

The net assets of the Joint Expert Group were approximately HK\$209 million, HK\$216 million and HK\$292 million as at 31 December 2012 and 2013, and 30 September 2014. The gearing ratios, which were computed by dividing the total liabilities by shareholders' equity, were approximately 2.11 times, 2.26 times and 1.55 times for the relevant periods.

Employees and remuneration policies

As at 31 December 2012, 2013 and 30 September 2014, Joint Expert Group had 590, 575 and 529 employee respectively.

The staff remuneration policies were drawn up based on the job responsibilities, work performance, professional experience and prevailing industry practices.

Significant investments held and future plans for material investments or capital assets

As at 31 December 2012 and 2013, the Joint Expert Group did not have any significant investment held and had no concrete or immediate future plans for material investments or capital assets.

As at 30 September 2014, save for the capital commitments of approximately HK\$10 million, which represented capital expenditure contracted for but not provided for acquisition of land in the PRC to expand the manufacturing capabilities of the construction materials business, the Remaining Group did not have any significant investment held and had no concrete and immediate future plans for material investments or capital assets.

Contingent Liabilities

As at 31 December 2012, 2013 and 30 September 2014, the Joint Expert Group had no material contingent liabilities.

Charge on assets

As at 31 December 2012, 2013 and 30 September 2014, the amount of bank deposits, trade receivables, other receivables, inventories, land and buildings as well as machinery and equipment which were provided as securities for bank borrowing of the Joint Expert Group amounted to approximately HK\$110 million, HK\$111 million and HK\$112 million respectively.

Foreign exchange exposures

The Joint Expert Group's monetary assets, liabilities and transactions were principally denominated in HK\$ and RMB. The Joint Expert Group believed its exposure to exchange risk would be confined to RMB against HK\$. The Joint Expert Group did not intend to hedge its exposure to foreign exchange fluctuations.

However, the Joint Expert Group would constantly monitor the economic situation and its foreign exchange risk position, and would consider appropriate hedging measures in the future as may be necessary and feasible.

Material acquisitions and disposals of subsidiaries

For the years ended 31 December 2012 and 2013, the material acquisitions by the Joint Expert Group were the acquisitions of the 25.4% and 44.6% further equity interest in Zhuhai Hoston in December 2012 and March 2013, respectively, to reach 95% equity interest in Zhuhai Hoston, and the acquisition of 70% equity interest in Guangdong Hengjia by Zhuhai Hoston in November 2012. Save as disclosed above, the Joint Expert Group did not have any other significant investments or disposals of subsidiaries.

For the nine months ended 30 September 2014, the Joint Expert Group had no significant investments or disposal of subsidiaries.

UNAUDITED FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Set out below are the unaudited combined statements of financial position of Sunway International (BVI) Holdings Limited and Sunway International Investment Holdings Limited (the “**Disposal Companies**”) and its subsidiaries (collectively referred to the “**Disposal Group**”) as at 30 September 2012, 2013 and 2014, and the related unaudited combined statements of profit or loss, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for each of the years ended 30 September 2012, 2013 and 2014 (the “**Relevant Periods**”) and explanatory notes (collectively the “**Combined Financial Information**”), where have been prepared by the Directors in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The reporting accountant of the Company, Moore Stephens Certified Public Accountants, was engaged to review the Combined Financial Information of the Disposal Group in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) “Engagements to Review Historical Financial Statements” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants. A review of financial statements in accordance with HKSRE 2400 (Revised) is a limited assurance engagement. The reporting accountant performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. Accordingly, the reporting accountant does not express an audit opinion. The reporting accountant has issued a disclaimer of conclusion which states that:

“Basis for Disclaimer of Conclusion

As explained in note 2 to the Combined Financial Information, the Disposal Group’s current liabilities exceed its current assets by approximately HK\$678,841,000 and its total liabilities exceeded its total assets by approximately HK\$208,655,000 as of 30 September 2014. The Combined Financial Information has been prepared on a going concern basis because its immediately holding company and Feng Hao Holdings Limited (the “**Purchaser**”), have agreed to provide financial support to the Disposal Group before and after the Disposal becomes unconditional, respectively, to enable the Disposal Group to meet in full its financial obligations as and when they fall due for the foreseeable future. However, in the absence of reliable financial information in respect of the financial position of the Purchaser, we were unable to assess whether the Purchaser has sufficient financial resources to meet its commitment in this respect. The Combined Financial Information was prepared on the basis that the financial support of the immediately holding company and the Purchaser will be available as required. Should the going concern assumption be inappropriate, adjustment might be required to reduce the value of assets to the recoverable amount, to provide further liabilities that might arise and to reclassify its non-current assets as current assets and non-current liabilities as current liabilities.

Disclaimer of Conclusion

Because of the significance of the matter described in the Basis for Disclaimer of Conclusion paragraph, we were unable to obtain sufficient appropriate evidence to provide a basis for a review conclusion. Accordingly, we do not express a conclusion on the Combined Financial Information.”

COMBINED FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Combined Statements of Profit or Loss

For each of the years ended 30 September 2012, 2013 and 2014

	For the year ended 30 September		
	2012	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	794,333	788,347	720,478
Cost of sales	<u>(855,049)</u>	<u>(863,073)</u>	<u>(809,403)</u>
Gross loss	(60,716)	(74,726)	(88,925)
Other income	14,430	13,496	21,634
Other gains and losses	(9,419)	12,994	(24,086)
Selling and distribution expenses	(13,719)	(12,749)	(10,843)
Administrative expenses	(94,004)	(78,668)	(72,115)
Other expenses	–	(579)	(13)
Finance costs	(29,844)	(40,372)	(30,836)
Share of loss of a joint venture	<u>(4,049)</u>	<u>(7,561)</u>	<u>(611)</u>
Loss before tax	(197,321)	(188,165)	(205,795)
Income tax expenses	<u>(5,583)</u>	<u>(6,647)</u>	<u>(6,799)</u>
LOSS FOR THE YEAR	<u><u>(202,904)</u></u>	<u><u>(194,812)</u></u>	<u><u>(212,594)</u></u>

APPENDIX II	FINANCIAL INFORMATION OF THE DISPOSAL GROUP
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Combined Statements of Comprehensive Income

For each of the years ended 30 September 2012, 2013 and 2014

	For the year ended 30 September		
	2012	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
LOSS FOR THE YEAR	<u>(202,904)</u>	<u>(194,812)</u>	<u>(212,594)</u>
OTHER COMPREHENSIVE INCOME			
Items may be reclassified to the combined statement of profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	<u>4,740</u>	<u>15,275</u>	<u>–</u>
Items may not to be reclassified to the combined statement of profit or loss in subsequent periods:			
Revaluation of items of property, plant and equipment, net of tax	<u>21,675</u>	<u>44,905</u>	<u>3,890</u>
	<u>21,675</u>	<u>44,905</u>	<u>3,890</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>26,415</u>	<u>60,180</u>	<u>3,890</u>
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR	<u><u>(176,489)</u></u>	<u><u>(134,632)</u></u>	<u><u>(208,704)</u></u>

APPENDIX II	FINANCIAL INFORMATION OF THE DISPOSAL GROUP
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Combined Statements of Financial Position

As at 30 September 2012, 2013 and 2014

	As at 30 September		
	2012	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
NON-CURRENT ASSETS			
Property, plant and equipment	469,250	442,243	367,616
Investment properties	63,770	91,432	90,277
Prepaid land lease payments	67,137	67,281	72,476
Interest in a joint venture	9,456	2,072	–
Deposits paid for acquisition of property, plant and equipment	711	731	731
	<u>610,324</u>	<u>603,759</u>	<u>531,100</u>
Total non-current assets	<u>610,324</u>	<u>603,759</u>	<u>531,100</u>
CURRENT ASSETS			
Inventories	293,595	251,140	197,786
Loan receivables	155,918	–	–
Trade receivables	148,495	205,478	174,918
Prepayments, deposits and other receivables	24,627	21,080	32,819
Due from a joint venture	326	–	–
Tax recoverable	80	–	–
Pledged bank deposits	16,354	–	–
Cash and bank balances	269,694	147,510	124,170
	<u>909,089</u>	<u>625,208</u>	<u>529,693</u>
Total current assets	<u>909,089</u>	<u>625,208</u>	<u>529,693</u>
CURRENT LIABILITIES			
Trade and bill payables	151,815	121,330	129,127
Other payables and accruals	115,711	148,228	156,667
Due to a director	2,681	5,908	70,998
Amount due to holding company	386,903	384,007	371,778
Interest-bearing bank borrowings	650,164	325,535	450,701
Tax payable	28,928	29,786	29,263
	<u>1,336,202</u>	<u>1,014,794</u>	<u>1,208,534</u>
Total current liabilities	<u>1,336,202</u>	<u>1,014,794</u>	<u>1,208,534</u>
NET CURRENT LIABILITIES	<u>(427,113)</u>	<u>(389,586)</u>	<u>(678,841)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>183,211</u>	<u>214,173</u>	<u>(147,741)</u>

	As at 30 September		
	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities	48,049	59,300	60,518
Provision of long service payment	481	447	396
Other borrowing	–	154,377	–
Total non-current liabilities	<u>48,530</u>	<u>214,124</u>	<u>60,914</u>
Net assets/(liabilities)	<u>134,681</u>	<u>49</u>	<u>(208,655)</u>
Equity attributable to owners of the Disposal Companies			
Share capital	388	388	388
Reserves	<u>134,293</u>	<u>(339)</u>	<u>(209,043)</u>
TOTAL EQUITY/(DEFICIENCY)	<u>134,681</u>	<u>49</u>	<u>(208,655)</u>

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Combined Statements of Changes in Equity

For each of the years ended 30 September 2012, 2013 and 2014

	Share capital HK\$'000	Contributed surplus HK\$'000	Asset revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	PRC statutory reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 October 2011 (Unaudited)	388	56,284	103,626	229,482	12,928	(91,538)	311,170
Loss for the year	-	-	-	-	-	(202,904)	(202,904)
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	-	-	-	4,740	-	-	4,740
Surplus on revaluation of items of property, plant and equipment, net of tax	-	-	21,675	-	-	-	21,675
Total comprehensive (loss)/income for the year	-	-	21,675	4,740	-	(202,904)	(176,489)
At 30 September 2012 (Unaudited)	<u>388</u>	<u>56,284</u>	<u>125,301</u>	<u>234,222</u>	<u>12,928</u>	<u>(294,442)</u>	<u>134,681</u>
At 30 September 2012 (Unaudited)	<u>388</u>	<u>56,284</u>	<u>125,301</u>	<u>234,222</u>	<u>12,928</u>	<u>(294,442)</u>	<u>134,681</u>
Loss for the year	-	-	-	-	-	(194,812)	(194,812)
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	-	-	-	15,275	-	-	15,275
Surplus on revaluation of items of property, plant and equipment, net of tax	-	-	44,905	-	-	-	44,905
Total comprehensive (loss)/income for the year	-	-	44,905	15,275	-	(194,812)	(134,632)
At 30 September 2013 (Unaudited)	<u>388</u>	<u>56,284</u>	<u>170,206</u>	<u>249,497</u>	<u>12,928</u>	<u>(489,254)</u>	<u>49</u>

APPENDIX II

FINANCIAL INFORMATION OF THE DISPOSAL GROUP

	Share capital HK\$'000	Contributed surplus HK\$'000	Asset revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	PRC statutory reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 30 September 2013 (Unaudited)	388	56,284	170,206	249,497	12,928	(489,254)	49
Loss for the year	-	-	-	-	-	(212,594)	(212,594)
Other comprehensive income for the year:							
Surplus on revaluation of items of property, plant and equipment, net of tax	-	-	3,890	-	-	-	3,890
Total comprehensive (loss)/income for the year	-	-	3,890	-	-	(212,594)	(208,704)
At 30 September 2014 (Unaudited)	388	56,284	174,096	249,497	12,928	(701,848)	(208,655)

APPENDIX II	FINANCIAL INFORMATION OF THE DISPOSAL GROUP
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Combined Statements of Cash Flows

For each of the years ended 30 September 2012, 2013 and 2014

	Year ended 30 September		
	2012	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Loss before tax	(197,321)	(188,165)	(205,795)
Adjustments for:			
Impairment of amount due from a joint venture	–	331	–
Depreciation of property, plant and equipment	83,000	87,897	86,198
Amortisation of prepaid land lease payments	1,830	1,858	1,968
Loss/(gain) on disposal of property, plant and equipment	339	–	(5,471)
Interest income	(8,030)	(2,707)	(102)
Fair value (gains)/loss of investment properties	(6,732)	(4,164)	1,155
Interest expenses	29,844	40,372	30,836
Impairment of items of property, plant and equipment	7,352	–	–
(Reversal of impairment)/impairment of trade receivables, net	(153)	(7,521)	23,107
Impairment of other receivables	7,637	2,029	5,235
Impairment of a joint venture	–	–	1,461
Write-down of/(reversal of write-down) inventories to net realisable value, net	34,815	(10,768)	(5,681)
Share of loss of a joint venture	4,049	7,561	611
	<u>(43,370)</u>	<u>(73,277)</u>	<u>(66,478)</u>
(Increase)/decrease in inventories	(58,155)	53,223	59,035
Decrease/(increase) in trade receivables	10,258	(49,462)	7,453
Decrease/(increase) in prepayments, deposits and other receivables	18,609	1,520	(16,974)
Increase/(decrease) in trade and bills payables	36,724	(30,485)	7,797
(Increase)/decrease in other payables and accruals	(14,687)	32,518	22,085
	<u>(50,621)</u>	<u>(65,963)</u>	<u>12,918</u>
Cash (used in)/generated from operations	<u>(50,621)</u>	<u>(65,963)</u>	<u>12,918</u>

	Year ended 30 September		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
Interest received	2,358	2,707	102
Interest paid	(29,844)	(40,372)	(30,836)
PRC enterprise income tax paid	(3,737)	(4,764)	(7,322)
Net cash used in operating activities	(81,844)	(108,392)	(25,138)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(61,321)	(14,981)	(19,938)
Purchase of land use right	–	–	(7,163)
Deposit paid for acquisition of property, plant and equipment	(711)	–	–
Proceeds from disposal of items of property, plant and equipment	894	–	5,249
Decrease in pledged bank deposits	69,272	16,354	–
(Increase)/decrease in bank deposits with original maturity over three months	–	(78,887)	78,887
Repayment to a joint venture	(558)	–	–
(Advance made to)/repayment from third parties	(150,246)	155,918	–
Net cash (used in)/generated from investing activities	(142,670)	78,404	57,035
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in trust receipt loans	103	(4,261)	447
New bank loans	771,379	418,789	843,553
Repayment of bank loans	(498,235)	(739,157)	(718,834)
Increase in amount due to a director	2,106	3,227	65,090
Repayment to immediately holding company	(6,245)	(2,896)	(12,229)
New/(repayment of) other loan	–	154,377	(154,377)
Net cash generated from/(used in) financing activities	269,108	(169,921)	23,650

	Year ended 30 September		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	44,594	(199,909)	55,547
Cash and cash equivalents at beginning of the year	222,994	269,694	68,623
Effect of foreign exchange rate changes, net	2,106	(1,162)	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	269,694	68,623	124,170
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the combined statements of financial position	269,694	147,510	124,170
Less: Bank deposits with original maturity over three months	–	(78,887)	–
Cash and cash equivalents as stated in the combined statements of cash flows	269,694	68,623	124,170

NOTE TO THE FINANCIAL INFORMATION

For each of the year ended 30 September 2012, 2013 and 2014

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Sunway International (BVI) Holdings Limited ("**Sunway BVI**") and Sunway International Investment Holdings Limited ("**Sunway Investment**") (collectively the "**Disposal Companies**"), direct wholly-owned subsidiaries of Sunway International Holdings Limited ("**Sunway**"), were incorporated in the British Virgin Islands ("**BVI**") with limited liability on 3 January 1997 and 9 April 2013 respectively. The address of the registered office of the Disposal Companies is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The principal activities of the Disposal Companies are investment holding. The principal activities of the subsidiaries of the Disposal Companies (collectively the "**Disposal Group**") comprise the design, development, manufacture and sale of a wide range of products: (1) electronics and related components and parts (including principally quartz crystals, liquid crystal displays, printed circuit boards and watch movements); and (2) consumer electronic products (including principally electronic calculators, telecommunication phones, electronic watches and clocks and digital products). The Disposal Group also engaged in the trading of integrated circuits.

Prior to the incorporation of Sunway Investment on 9 April 2013, all of the subsidiaries of the Disposal Group were wholly owned by Sunway BVI. All of the subsidiaries were also ultimately controlled by Sunway. During the year ended 30 September 2013, Sunway underwent a group reorganisation where Sunway Investment acquired the entire equity interests of certain subsidiaries (the "**Relevant Subsidiaries**") of Sunway BVI at par value of their issued capital.

The acquisition of the entire equity interests in the Relevant Subsidiaries by Sunway Investment is a common control combination and the Disposal Group is regarded as continuing entity. Accordingly, the unaudited Combined Financial Information of the Disposal Group has been prepared using the principle of merger accounting as if the current group structure had been in existence throughout each of years ended 30 September 2012, 2013 and 2014 (the "**Relevant Periods**"). Principle of merger accounting is applied from the first day of the Relevant Periods on 1 October 2011 or the earliest date at which the entities within the Disposal Group were incorporated.

2. BASIS OF PREPARATION OF THE COMBINED FINANCIAL INFORMATION

For the purpose of preparation of the financial information of the Disposal Group to be included in this circular in connection with the Disposal, the directors have prepared the unaudited Combined Financial Information in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited Combined Financial Information of the Disposal Group has been prepared on the historical cost basis. Except for the abovementioned principle of merger accounting applied by the Disposal Group, the unaudited Combined Financial Information of the Disposal Group for the Relevant Periods has been prepared using the same accounting policies as those adopted by Sunway in the preparation of the consolidated financial statements of Sunway and its subsidiaries for the Relevant Periods, which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA.

The unaudited Combined Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard ("**HKAS**") 1 "Presentation of Financial Statements" nor an interim financial report as defined in HKAS 34 "Interim Financial Reporting" issued by HKICPA.

In preparing the unaudited Combined Financial Information of the Disposal Group, the directors of the Disposal Companies have given consideration to the future liquidity of the Disposal Group in light of the fact that the Disposal Group's current liabilities exceed its current assets by approximately HK\$678,841,000 and its total liabilities exceed its total assets by approximately HK\$208,655,000 as of 30 September 2014. Sunway, the immediately holding company of the Disposal Companies, has agreed to provide the Disposal Group with financial support in meeting the Disposal Group's financial obligations as and when they fall due for the foreseeable future and this financial support will continue up to the Disposal becomes unconditional. The Purchaser has also undertaken to provide financial support to the Disposal Group to meet in full its financial obligations as and when they fall due in the foreseeable future, and accordingly, the Unaudited Combined Financial Information of the Disposal Group has been prepared on the going concern basis.

Should the Disposal Group be unable to continue in business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. The unaudited Combined Financial Information does not include any adjustments that would result from the failure of the Disposal Group to continue in business as a going concern.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**Introduction**

The unaudited pro forma financial information of the Remaining Group (the “**Unaudited Pro Forma Financial Information**”) presented below is prepared to illustrate (a) the financial position of the Remaining Group as if the Disposal was completed on 30 September 2014; and (b) the financial performance and cash flows of the Remaining Group for the twelve months ended 30 September 2014 as if the Disposal had taken place on 1 October 2013. This Unaudited Pro Forma Financial Information has been prepared by the directors of the Company in accordance with Paragraph 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group as at 30 September 2014 or at any future date or the financial performance and cash flows of the Remaining Group for the twelve months ended 30 September 2014 or for any future period.

The Unaudited Pro Forma Financial Information should be read in conjunction with the unaudited interim financial information of the Group for the twelve months ended 30 September 2014 as set out in the interim report of the Company for the twelve months ended 30 September 2014 (“**2014 Second Interim Report**”), the audited financial statements of the Group for the year ended 30 September 2013 as set out in the annual report of the Company for the year ended 30 September 2013 (“**2013 Annual Report**”) and other financial information included elsewhere in this circular.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 September 2014 and the unaudited consolidated statement of profit or loss, the unaudited consolidated statement of comprehensive income and the unaudited consolidated statement of cash flows of the Group for the twelve months ended 30 September 2014 extracted from the unaudited interim financial information of the Group for the twelve months ended 30 September 2014 as set out in the 2014 Second Interim Report, after making pro forma adjustments relating to the Disposal as described in the notes that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; (ii) factually supportable; and (iii) considered to be integral to the Disposal.

Unaudited Pro Forma Consolidated Statement of Financial Position

	Unaudited consolidated statement of financial position of the Group as at 30 September 2014				Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 September 2014
	HK\$'000	Pro Forma adjustments			HK\$'000
	Note 1	HK\$'000	HK\$'000	HK\$'000	
		Note 2	Note 3	Note 4	
NON-CURRENT ASSETS					
Property, plant and equipment	532,305	(367,616)		7,020	171,709
Investment properties	90,277	(90,277)			–
Prepaid land lease payments	104,608	(72,476)			32,132
Goodwill	163,873				163,873
Interest in a joint venture	1,461			(1,461)	–
Available-for-sale investments	28,856				28,856
Deposits paid for acquisition of land use right	10,657				10,657
Deposits paid for acquisition of property, plant and equipment	731	(731)			–
Deferred tax assets	3,792				3,792
Total non-current assets	<u>936,560</u>				<u>411,019</u>
CURRENT ASSETS					
Inventories	232,006	(197,786)			34,220
Trade receivables	357,251	(174,918)			182,333
Prepayments, deposits and other receivables	214,167	(32,819)	300,000	(5,235)	476,113
Tax recoverable	1,045				1,045
Pledged bank deposits	16,846				16,846
Cash and bank balances	141,980	(124,170)			17,810
Total current assets	<u>963,295</u>				<u>728,367</u>

	Unaudited consolidated statement of financial position of the Group as at 30 September 2014 <i>HK'000</i> <i>Note 1</i>	Pro Forma adjustments				Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 September 2014 <i>HK'000</i>
		<i>HK\$'000</i> <i>Note 2</i>	<i>HK\$'000</i> <i>Note 3</i>	<i>HK\$'000</i> <i>Note 4</i>	<i>HK\$'000</i>	
CURRENT LIABILITIES						
Trade and bill payables	309,978	(129,127)			180,851	
Other payables and accruals	273,795	(156,667)	5,000	1,441	123,569	
Due to an immediate holding company	-	(371,778)	371,778		-	
Due to a director	70,998	(70,998)			-	
Interest-bearing bank borrowings	563,110	(450,701)			112,409	
Tax payable	34,303	(29,263)		2,702	7,742	
	<u>1,252,184</u>				<u>424,571</u>	
NET CURRENT (LIABILITIES)/ASSETS	<u>(288,889)</u>				<u>303,796</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>647,671</u>				<u>714,815</u>	

	Unaudited consolidated statement of financial position of the Group as at 30 September 2014 HK'000 Note 1	Pro Forma adjustments			Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 September 2014 HK'000
		HK\$'000 Note 2	HK\$'000 Note 3	HK\$'000 Note 4	
NON-CURRENT					
LIABILITIES					
Deferred tax liabilities	63,735	(60,518)		1,956	5,173
Provision for long service payment	606	(396)			210
Interest-bearing bank borrowings	29,634				29,634
Cash consideration payable	135,061				135,061
Promissory note	80,241				80,241
	<u>309,277</u>				<u>250,319</u>
Total non-current liabilities	<u>309,277</u>				<u>250,319</u>
Net assets	<u>338,394</u>				<u>464,496</u>
Equity attributable to owners of the Company					
Share capital	142,250				142,250
Convertible notes	75,595				75,595
Reserves	79,200		131,877	(5,775)	205,302
	<u>297,045</u>				<u>423,147</u>
Equity attributable to owners of the Company	<u>297,045</u>				<u>423,147</u>
Non-controlling interests	41,349				41,349
	<u>41,349</u>				<u>41,349</u>
TOTAL EQUITY	<u>338,394</u>				<u>464,496</u>

Unaudited Pro Forma Consolidated Statement of profit or loss

	Unaudited pro forma consolidated statement of profit or loss of the Remaining Group for the twelve months ended 30 September 2014					Unaudited pro forma consolidated statement of profit or loss of the Remaining Group for the twelve months ended 30 September 2014
	HK'000 Note 1	HK\$'000 Note 4	Pro Forma adjustments HK\$'000 Note 5 Note 6		HK\$'000 Note 7	HK\$'000
REVENUE	896,955			(720,478)		176,477
Cost of sales	<u>(962,453)</u>	(396)	4,104	809,403		<u>(149,342)</u>
Gross (loss)/profit	(65,498)					27,135
Other income	39,126		(9,353)	(21,634)		8,139
Other gains and losses	(27,838)	(6,696)	5,249	24,086		(5,199)
Selling and distribution expenses	(16,242)			10,843		(5,399)
Administrative expenses	(89,249)	(1,441)		72,115		(18,575)
Other expenses	(1,316)			13		(1,303)
Finance costs	(43,302)			30,836		(12,466)
Gain on disposal of subsidiaries	-				160,441	160,441
Share of loss of a joint venture	<u>(611)</u>			611		<u>-</u>
(LOSS)/PROFIT BEFORE TAX	(204,930)					152,773
Income tax expenses	<u>(8,518)</u>	(2,702)		6,799		<u>(4,421)</u>
(LOSS)/PROFIT FOR THE PERIOD	<u>(213,448)</u>					<u>148,352</u>
(Loss)/profit for the period attributable to:						
Owners of the Company	(217,139)					144,661
Non-controlling interests	<u>3,691</u>					<u>3,691</u>
	<u>(213,448)</u>					<u>148,352</u>

Unaudited Pro Forma Consolidated Statement of Comprehensive Income

	Unaudited consolidated statement of comprehensive income of the Group for the twelve months ended 30 September 2014 HK\$'000 Note 1	Pro Forma adjustments	HK\$'000 Note 4	HK\$'000 Note 5	HK\$'000 Note 6	HK\$'000 Note 7	Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group for the twelve months ended 30 September 2014 HK\$'000
(LOSS)/PROFIT FOR THE PERIOD	(213,448)						148,352
OTHER COMPREHENSIVE INCOME							
Items may be reclassified to the consolidated statement of profit or loss in subsequent periods:							
Available-for-sale investment:							(29)
Changes in fair value	(29)						
Reclassification adjustment for loss on disposal included in the consolidated statement of profit or loss	255						255
	226						226
Exchange differences on translation of foreign operations	995						995
Reclassification adjustment of release of exchange reserve on disposal of interests in overseas subsidiaries	-					(249,497)	(249,497)
	1,221						(248,276)

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP

	Pro Forma adjustments					Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group for the twelve months ended 30 September 2014	
Unaudited consolidated statement of comprehensive income of the Group for the twelve months ended 30 September 2014	HK\$'000 Note 1	HK\$'000 Note 4	HK\$'000 Note 5	HK\$'000 Note 6	HK\$'000 Note 7	HK\$'000	HK\$'000
Items may not to be reclassified to the consolidated statement of profit or loss in subsequent periods:							
Revaluation of items of property, plant and equipment, net of tax	7,466	(3,576)		(3,890)		-	
Reclassification adjustment of release of revaluation surplus on disposal of interests in subsidiaries	-				(170,206)	(170,206)	
	<u>7,466</u>					<u>(170,206)</u>	
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>8,687</u>						<u>(418,482)</u>
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	<u>(204,761)</u>						<u>(270,130)</u>
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD ATTRIBUTABLE TO:							
Owners of the Company	(208,619)	(14,811)		208,704	(259,262)	(273,988)	
Non-controlling interests	<u>3,858</u>					<u>3,858</u>	
	<u>(204,761)</u>						<u>(270,130)</u>

Unaudited Pro Forma Consolidated Statement of Cash Flows

	Unaudited consolidated statement of cash flows of the Group for the twelve months ended 30 September				Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the twelve months ended 30 September	
	2014	Pro forma adjustments			2014	
	HK'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note 1	Note 4	Note 5	Note 8	Note 9	
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before tax	(204,930)	(8,533)		205,795	160,441	152,773
Adjustments for:						
Depreciation of property, plant and equipment	94,967	396		(86,198)		9,165
Amortisation of prepaid land lease payments	2,302			(1,968)		334
Loss on disposal of property, plant and equipment	(5,471)			5,471		-
Loss on disposal of available-for-sale investment	255					255
Gain on disposal of subsidiaries	-				(160,441)	(160,441)
Interest income	(3,189)			102		(3,087)
Dividend income from available-for-sale investment	(64)					(64)
Fair value losses of investment properties	1,155			(1,155)		-
Interest expenses	43,302			(30,836)		12,466
Impairment of trade receivables, net	23,107			(23,107)		-
Impairment of other receivables	-	5,235		(5,235)		-
Impairment of a joint venture	-	1,461		(1,461)		-
Reversal of write-down inventories to net realisable value, net	(5,681)			5,681		-

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP

	Unaudited consolidated statement of cash flows of the Group for the twelve months ended 30 September 2014				Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the twelve months ended 30 September 2014	
	HK'000 Note 1	HK\$'000 Note 4	HK\$'000 Note 5	HK\$'000 Note 8	HK\$'000 Note 9	HK\$'000
		Pro forma adjustments				
Reversal of long service payment, net	(83)					(83)
Equity-settled share option expenses	1,619					1,619
Share of loss of a joint venture	611			(611)		-
	<u>(52,100)</u>					<u>12,937</u>
Decrease/(increase) in inventories	62,383			(59,035)		3,348
Increase in trade receivables	(26,293)			(7,453)		(33,746)
(Increase)/decrease in prepayments, deposits and other receivables	(22,896)			16,974		(5,922)
Increase/(decrease) in trade and bill payables	40,074			(7,797)		32,277
Increase/(decrease) in other payables and accruals	10,598	1,441		(22,085)		(10,046)
Cash generated from /(uses in) operations	<u>11,766</u>					<u>(1,152)</u>
Interest received	3,189			(102)		3,087
Interest paid	(34,635)			30,836		(3,799)
PRC enterprise income tax paid	(15,855)			7,322		(8,533)
Net cash used in operating activities	<u>(35,535)</u>					<u>(10,397)</u>

	Unaudited consolidated statement of cash flows of the Group for the twelve months ended 30 September 2014				Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the twelve months ended 30 September 2014	
	HK\$'000	Pro forma adjustments		HK\$'000	HK\$'000	
	Note 1	HK\$'000 Note 4	HK\$'000 Note 5	HK\$'000 Note 8	HK\$'000 Note 9	
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment	(19,992)			19,938	(54)	
Purchases of land use rights	(6,035)			7,163	1,128	
Proceeds from disposal of available-for-sale investment	1,230				1,230	
Proceeds from disposal of property, plant and equipment	5,249			(5,249)	-	
Net cash inflow from disposal of subsidiaries	-				226,377	
Purchase of land use rights	(5,059)				(5,059)	
Net cash inflow on acquisition of the subsidiaries	5,087				5,087	
Dividend income from available-for-sale investment	64				64	
Increase in pledged bank deposits	(11,088)				(11,088)	
Decrease in bank deposits with original maturity over three months	78,887			(78,887)	-	
Net cash generated from investing activities	<u>48,343</u>				<u>217,685</u>	

	Unaudited consolidated statement of cash flows of the Group for the twelve months ended 30 September 2014				Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the twelve months ended 30 September 2014	
	HK\$'000	Pro forma adjustments		HK\$'000	HK\$'000	
	Note 1	Note 4	Note 5	Note 8	Note 9	
CASH FLOWS FROM FINANCING ACTIVITIES						
Increase in trust receipt loans	447			(447)	-	
New bank loans	147,682			(124,719)	22,963	
Repayment of bank loans	(154,377)			154,377	-	
Repayment to immediate holding company	-			12,229	12,229	
Increase in amount due to a director	65,090			(65,090)	-	
Proceeds from exercise of share options	1,235				1,235	
Net cash generated from financing activities	<u>60,077</u>				<u>36,427</u>	
NET INCREASE IN CASH AND CASH EQUIVALENTS	72,885				243,715	
Cash and cash equivalents at beginning of the period	69,168			(68,623)	545	
Effect of foreign exchange rate changes, net	<u>(73)</u>				<u>(73)</u>	
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>141,980</u>				<u>244,187</u>	

	Unaudited consolidated statement of cash flows of the Group for the twelve months ended 30 September 2014 HK'000 Note 1	Pro forma adjustments				Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the twelve months ended 30 September 2014 HK\$'000 Note 9
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note 1	Note 4	Note 5	Note 8	Note 9	Note 9
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances as stated in the statement of financial position	141,980			(124,170)	226,377	244,187
Less: Bank deposits with original maturity over three months	<u> -</u>					<u> -</u>
 Cash and cash equivalents as stated in the consolidated statement of cash flows	 <u>141,980</u>					 <u>244,187</u>

Notes to the unaudited pro forma financial information

- The unaudited consolidated statement of financial position of the Group as at 30 September 2014 and the unaudited consolidated statement of profit or loss, unaudited consolidated statement of comprehensive income and the unaudited consolidated statement of cash flows of the Group for the twelve months ended 30 September 2014 are extracted from the unaudited interim financial information of the Group for the twelve months ended 30 September 2014 as set out in the 2014 Second Interim Report.
- These adjustments represent the elimination of assets and liabilities of the Disposed Group as at 30 September 2014, assuming the Disposal had taken place on 30 September 2014. The assets and liabilities of the Disposed Group as at 30 September 2014 are extracted from the unaudited combined financial information of the Disposed Group at 30 September 2014 set out in Appendix II to the Circular.
- These adjustments represent (i) the consideration receivable of HK\$300,000,000 by the Group from the disposal; (ii) estimated expenses directly attributable to the disposal of HK\$5,000,000 recorded in other payables and accruals; and (iii) the resulting estimated gain arising from the disposal as if the disposal had taken place on 30 September 2014, based on the consideration of HK\$300,000,000. The calculation of the estimated gain on the disposal is as follows:

	<i>HK\$'000</i>
Total consideration	300,000
Net liabilities disposed of the Disposed Group	208,655
Sale loan as at 30 September 2014	<u>(371,778)</u>
Gain on disposal before related expenses	136,877
Estimated expenses directly attributable to the disposal	<u>(5,000)</u>
Gain on disposal after related expenses	<u><u>131,877</u></u>

The net liabilities disposed of the Disposed Group represents the net liabilities of the Disposed Group of HK\$208,655,000 as at 30 September 2014 as extracted from the unaudited combined financial information of the Disposed Group at 30 September 2014 set out in Appendix II to the Circular.

The final gain or loss on the disposal may be different from the amount described above and would be subject to the assets and liabilities of the Disposed Group on the date of disposal.

- These adjustments represent the understatement of (i) provision of impairment of other receivable of HK\$5,235,000; (ii) rental expense of HK\$1,441,000; (iii) income tax expense of HK\$2,702,000; (iv) provision of impairment of joint venture of HK\$1,461,000; (v) revaluation loss of property, plant and equipment of HK\$4,678,000; (vi) provision of depreciation of property, plant and equipment of HK\$396,000; (vii) the reversal of deferred tax liabilities of HK\$1,101,000; and (viii) reversal of revaluation surplus of HK\$3,574,000 of the Group, as at 30 September 2014 and for the twelve months ended 30 September 2014, respectively.

The adjustments also represent the understatement of opening balance of (i) revaluation gain of property, plant and equipment of HK\$12,222,000; (ii) accumulated depreciation of property, plant and equipment of HK\$128,000; (iii) deferred tax liabilities of HK\$3,057,000; (iv) exchange reserve of HK\$16,000; (v) revaluation surplus of HK\$9,165,000; and (vi) accumulated loss of HK\$144,000 of the Group, as at 1 October 2013.

- These adjustments represent the reclassification of (i) other income to cost of sales of HK\$4,104,000, (ii) other income to other gains and losses of HK\$5,249,000, of the Group, for the twelve months ended 30 September 2014, respectively.

6. These adjustments represent the exclusion of the results and reserves of the Disposed Group for the year ended 30 September 2014, which are extracted from the unaudited combined financial information of the Disposed Group for the twelve months ended 30 September 2014 set out in Appendix II to the Circular assuming the Disposal had taken place on 1 October 2013.
7. These adjustments reflect the estimated gain arising from the Disposal as if the Disposal had taken place on 1 October 2013 based on the consideration of HK\$300,000,000. The calculation of the estimated gain on the Disposal is as follows:

	<i>HK\$'000</i>
Total consideration	300,000
Net assets disposed of by the Disposed Group as at 30 September 2013	(49)
Sale Loan as at 30 September 2013	<u>(384,007)</u>
Loss on disposal before related expenses	(84,056)
Estimated expenses directly attributable to the disposal	<u>(5,000)</u>
Loss on disposal after related expenses	(89,056)
Release of translation reserve of the Disposed Group as at 1 October 2013 upon the Disposal	<u>249,497</u>
Gain on disposal after release of translation reserve of the Disposal Group recognised in profit or loss	160,441
Reclassification adjustment of release of translation reserves of the Disposal Group upon Disposal recognised in other comprehensive income	(249,497)
Reclassification adjustment of release of revaluation reserve of the Disposal Group upon Disposal recognised in other comprehensive income	<u>(170,206)</u>
Loss on disposal recognised in total comprehensive income	<u><u>(259,262)</u></u>

The net assets of the Disposed Group as at 30 September 2013 is extracted from the unaudited combined financial information of the Disposed Group at 30 September 2013 set out in Appendix II to the Circular.

Upon the disposal, the PRC statutory reserves of HK\$12,928,000 and contributed surplus of HK\$56,284,000 would be reclassified to retain earnings when Disposal was completed.

8. These adjustments represent the exclusion of the cash flows of the Disposed Group which are extracted from the unaudited combined financial information of the Disposed Group for the year ended 30 September 2013 set out in Appendix II to the Circular, assuming the Disposal had taken place on 1 October 2013.
9. The adjustment represents the net cash inflow amounting to approximately HK\$226,377,000 resulting from the Disposal on 1 October 2013, as if the Disposal had taken place on 1 October 2013, which is calculated by cash consideration for the Disposal of HK\$300,000,000 less bank balances and cash of the Disposal Group on 1 October 2013 amounting to approximately HK\$68,623,000 and the estimated legal and professional fees amounting to approximately HK\$5,000,000.

**B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION
INCLUDED IN AN INVESTMENT CIRCULAR**

The following is the text of a report from the reporting accountants, Moore Stephens, Certified Public Accountants, on the unaudited pro forma financial information of the Remaining Group, for inclusion in this circular.

12 January 2015

The Board of Directors
Sunway International Holdings Limited
Room 1708-1710
Nan Fung Centre
264-298 Castle Peak Road
Tsuen Wan, New Territories
Hong Kong

Dear Sirs,

**ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sunway International Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2014, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income, and the unaudited pro forma consolidated statement of cash flows for the twelve months ended 30 September 2014, and related notes as set out in section headed "Unaudited Pro Forma Financial Information of the Remaining Group" in Section A of Appendix III of the circular issued by the Company dated 12 January 2015 (the "**Circular**"). The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information is also described in section headed "Unaudited Pro Forma Financial Information of the Remaining Group" in Section A of Appendix III of the Circular.

The unaudited pro forma financial information has been compiled by the directors to illustrate the impact of the proposed disposal (the "**Disposal**") of the entire equity interest in Sunway International (BVI) Holdings Limited and Sunway International Investment Holdings Limited (the "**Disposal Companies**") and its subsidiaries (collectively referred to the "**Disposed Group**") on the Group's financial position as at 30 September 2014 and the Group's financial performance and cash flows for the twelve months ended 30 September 2014 as if the transaction was completed on 30 September 2014 and had taken place at 1 October 2013 respectively. As part of this process,

information about the Group's financial position, financial performance and cash flows has been extracted by the directors from the Group's unaudited financial statements for the twelve months ended 30 September 2014.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal at 30 September 2014 or 1 October 2013 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- a. the unaudited pro forma financial information has been properly compiled on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Moore Stephens
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Stirling Appraisals Limited, an independent valuer, in connection with its valuation as at 30 November 2014 of the property interests of the Group.



Stirling Appraisals Limited
10 Floor
Pilkem Commercial Centre
No. 8 Pilkem Street, Jordan
Kowloon
Hong Kong

12 January 2015

The Directors
Sunway International Holdings Limited
Room 1708–1710 Nan Fung Centre
264–298 Castle Peak Road
Tsuen Wan
Hong Kong

Dear Sirs,

INSTRUCTION

We refer to your instruction for us to assess the market value of the legal interests in the properties held by Sunway International (BVI) Holdings Limited and its subsidiaries and Sunway International Investment Holdings Limited and its subsidiaries (hereinafter referred to as the “**Group**”) located in the People’s Republic of China (the “**PRC**”) and Hong Kong. We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 30 November 2014 (the “**date of valuation**”).

BASIS OF VALUATION

Our valuation of each of the legal interests in the property is our opinion of its Market Value to which we define as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and wherein the parties had each acted knowledgeably, prudently and without compulsion”.

CATEGORIES OF PROPERTY

In the course of our valuation, the portfolio of properties of the Group is categorized into the following groups:

- Group I – Properties held and occupied/held under development by the Group in PRC;

- Group II – Properties held for investment by the Group in PRC;
- Group III – Properties held and occupied by the Group in the Hong Kong;
and
- Group IV – Properties held for investment in Hong Kong

VALUATION METHODOLOGY

In valuing Property No. 1 to 15 in Group I and II, we have adopted the Depreciated Replacement Cost Method due to the nature of the buildings and structures of the property. Depreciated replacement cost is defined as “the value of the land plus the current cost of replacement or reproduction of a property less deductions for its physical, economic and functional obsolescence.” This valuation method has been used due to the lack of an established market upon which comparable transactions are based for valuation. This approach generally furnishes the most reliable indication of values for property in the absence of a known market based on comparable sales. This opinion of value does not necessarily represent the amount that might be realized from the disposition of the property in the open market. For Property No. 8, we have assumed that the property will be developed and completed in accordance with the latest development proposal provided to us.

In valuing Property No. 16 in Group II, Property No.17 to 20 in Group III and IV, we have valued them on an open market basis by the Direct Comparison Method assuming sale in their existing state and use with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

TITLE INVESTIGATION

We have been provided with copies of title documents and have been advised by the Group that no further relevant documents have been produced. However, we have not searched the original documents to verify ownership or to ascertain the existence of the amendments to the title documents, which may not appear on the copies handed to us. In the course of our valuation of the PRC properties, we have relied upon the legal advice and information given by the Company’s PRC legal adviser – Grandall Law Firm 國浩律師(深圳)事務所 regarding the good and valid titles of the properties. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances, such as financing, sale and leaseback arrangement, joint ventures, management agreements, special considerations or concessions granted by related party associated with the sale, or any element of special value.

In addition, we have relied on the proper advice given by the Group that the Group has valid and enforceable title to the properties which are freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium or consideration payable have been fully settled.

VALUATION CONSIDERATIONS

We have inspected the exterior and wherever possible, the interior of the properties included within the attached valuation certificates. During the course of our inspection, we did not note any serious defects in the properties. However, no structural surveys have been conducted and we are therefore unable to report as to whether the properties are free from rot, infestation or other defects. No tests were carried out on any of the services.

We have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the properties and all other relevant matters.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the documents handed to us are correct. Dimension, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore only approximations.

Site inspections were carried out in October 2014 by Mr. Anson Ma, who holds a Master Degree in Commerce.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your advice that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which can affect their values. In valuing the property, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standard (2012 Edition) and RICS Valuation – Professional Standards (January 2014) published by The Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors respectively.

REMARKS

Unless otherwise stated, all money amounts stated are in Renminbi (RMB) or Hong Kong Dollars (HKD), wherever it is appropriate.

Our Summary of Values and the Valuation Certificates are attached herewith.

Yours faithfully,
For and on behalf of
Stirling Appraisals Limited
Wong Yung Shing

*LLB (Hons) (London) B.Sc. (Land Adm.) (London) Prof Dip (Est. Mgt.) (HKPU),
MRICS, MHKIS MHKIArb MCIArb RPS(GP)
Director*

Note:

Mr. Wong Yung Shing has been a qualified chartered valuation surveyor and has about 26 years' experience in valuations of properties in Hong Kong and SE Asia and has about 24 years' experience in the valuation of properties in the People's Republic of China.

SUMMARY OF VALUES

Group I – Properties held and occupied/held under development by the Group in PRC

No.	Property	Market Value in existing state as at 30 November 2014 (RMB)
1.	A parcel of land located at No. 899 Shi Ting West Road, Shi Xi Village, Putian High-Tech Industrial Zone, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	13,830,000 (100% of interest)
2.	A parcel of land and industrial buildings located at Shi Xi Village, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	40,090,000 (100% of interest)
3.	A parcel of land and staff quarters located at Shi Xi Village, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	12,480,000 (100% of interest)
	Sub-Total:	<hr/> 66,400,000 <hr/>

No.	Property	Market Value in existing state as at 30 November 2014 (RMB)
4.	A parcel of land located at Shidong Village, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	13,630,000 (100% of interest)
5.	A parcel of land and residential buildings located at Lot No. 101062154-1 Dingxipo, Shixi Village, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	23,970,000 (100% of interest)
6.	A parcel of land located at Shiting Development Zone, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	1,310,000 (100% of interest)
	Sub-Total:	<hr/> 38,910,000 <hr/>

No.	Property	Market Value in existing state as at 30 November 2014 (RMB)
7.	A parcel of land and staff quarters located at Haixing Village, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	11,100,000 (100% of interest)
8.	A parcel of land and industrial buildings located at Putian High-Tech Industrial Zone, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	61,168,673 (100% of interest)
9.	A parcel of land and industrial buildings located at Tushan Village, Laidian Town, Xianyou County, Putian City, Fujian Province, The PRC	5,750,000 (100% of interest)
	Sub-Total:	<hr/> 78,018,673 <hr/>

No.	Property	Market Value in existing state as at 30 November 2014 (RMB)
10.	A parcel of land and industrial buildings located at Jutouling, Zhongyue Village, Duwei Town, Xianyou County, Putian City, Fujian Province, The PRC	4,160,000 (100% of interest)
11.	A parcel of land and industrial buildings located at No. 50 Futian Avenue, Junxi Town, Datian County, Sanming City, Fujian Province, The PRC	11,080,000 (100% of interest)
12.	A parcel of land and industrial buildings located at Lot No. 102/15/0023 No. 173 Gui Shanbei Road, Jiangle County, Sanming City, Fujian Province, The PRC	14,830,000 (100% of interest)
	Sub-Total:	<hr/> 30,070,000 <hr/>

No.	Property	Market Value in existing state as at 30 November 2014 (RMB)
13.	A parcel of land located at the south of Daokang Road, Hua County, Anyang City, Henan Province, The PRC	12,470,000 (100% of interest)
14.	A parcel of land and industrial buildings located at Lot No. 2-15-0-1142 No. 30 Dashi Road, Fotang Town, Yiwu City, Zhejiang Province, The PRC	116,570,000 (100% of interest)
Sub-Total:		<hr/> 129,040,000 <hr/>

Group II – Properties held for investment by the Group in PRC

No.	Property	Market Value in existing state as at 30 November 2014 (RMB)
15.	A parcel of land located at Lingshan Village, Bangtou Town, Xianyou County, Putian City, Fujian Province, The PRC	3,270,000 (100% of interest)
16.	Portions of Levels 1, 2 and 3 of a composite building located at No. 808 Wenxian Xi Road, Chengxiang District, Putian City, Fujian Province, The PRC	55,000,000 (100% of interest)
	Sub-Total:	<hr/> 58,270,000 <hr/>
	Total:	<hr/> RMB400,708,673 <hr/>

Group III – Properties held and occupied by the Group in the Hong Kong

No.	Property	Market Value in existing state as at 30 November 2014 (HKD)
17.	Unit Nos. 1708, 1709 and 1710 on 17th Floor of Nan Fung Centre, Nos. 264–298 Castle Peak Road, Tsuen Wan and Nos. 64–98 Sai Lau Kok Road, Tsuen Wan, New Territories	33,363,000 (100% of interest)
18.	Lorry Park No. 32 on Basement Floor Nan Fung Centre, Nos. 264–298 Castle Peak Road, Tsuen Wan and Nos. 64–98 Sai Lau Kok Road, Tsuen Wan, New Territories	1,380,000 (100% of interest)
	Sub-Total:	<hr/> 34,743,000 <hr/>

Group IV – Properties held for investment in Hong Kong

No.	Property	Market Value in existing state as at 30 November 2014 (HKD)
19.	Unit No. 1705 on 17th Floor of Nan Fung Centre, Nos. 264–298 Castle Peak Road, Tsuen Wan and Nos. 64–98 Sai Lau Kok Road, Tsuen Wan, New Territories	14,542,000 (100% of interest)
20.	Unit No. 1706A on 17th Floor of Nan Fung Centre, Nos. 264–298 Castle Peak Road, Tsuen Wan and Nos. 64–98 Sai Lau Kok Road, Tsuen Wan, New Territories	6,380,000 (100% of interest)
Sub-Total:		<hr/> 20,922,000
Total:		<hr/> HKD55,665,000 <hr/>

VALUATION CERTIFICATE

Group I – Properties held and occupied/held under development by the Group in PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
1.	A parcel of land located at No. 899 Shi Ting West Road, Shi Xi Village, Putian High-Tech Industrial Zone, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	The property comprises a parcel of land with a site area of approximately 49,953.25 sq.m. The land use rights of the property have been granted for a term expiring on 18 March 2064 for industrial use.	The property was occupied by the Group for purposes of manufacturing and warehouse.	13,830,000 (100% of interest)

Notes:

- According to a State-Owned Land Use Rights Certificate – Pu Guo Yong (2014) Zi Di No. J12630 dated 19 September 2014 issued by The People’s Government of Putian City (莆田市人民政府), the land use rights of a parcel of land with a site area of approximately 49,953.25 sq.m. have been granted to Xinwei Electronic Industrial Co Ltd, Fujian (福建省新威電子工業有限公司) (hereinafter referred to “**Fujian Xinwei Industrial**”), a direct wholly-owned subsidiary of the Company, for a term to be expired on 18 March 2064 for industrial use.
- During inspection of the property on 6 October 2014, we noted that an additional building had been erected on the site. A building (listed below) without title certificate with a total gross area of approximately 32,922.14 sq.m. was completed in 2006. As instructed by the Company, we have not taken into account this building in our valuation as the relevant Real Estate Ownership Rights Certificate has not been obtained.

Building	No. of storey	Gross Floor Area (sq.m.)
Workshop and Warehouse	4-storey	32,922.44

- Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 28 March 2012, Fujian Xinwei Industrial is a company limited with a permitted operating period from 29 May 1993 to 28 May 2043.
- Our valuation of the property is based on the following assumptions:
 - Fujian Xinwei Industrial has legally obtained the land use rights of the property mentioned in Note 1 above;
 - Fujian Xinwei Industrial is the legal owner of the property;
 - Fujian Xinwei Industrial has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - All land premium and other relevant fees have been settled in full; and
 - The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.
- The opinion of the PRC legal advisor contains, inter alia, the following:
 - Fujian Xinwei Industrial has no rights to transfer or dispose of the property mentioned in the Note 2 above before obtaining the Real Estate Ownership Rights Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
2.	A parcel of land and industrial buildings located at Shi Xi Village, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 25,732.97 sq.m. on which various industrial buildings were completed from 1993 to 2000.</p> <p>The buildings have a total gross floor area of approximately 67,893.13 sq.m.</p> <p>The land use rights of the property have been granted for a term to be expired on 8 February 2039 for factory and ancillary facilities uses.</p>	The property was occupied by the Group for purposes of manufacturing, office, warehouse and other supporting facilities.	40,090,000 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate – Li Guo Yong (1996) Zi Di No. 220001 dated 9 October 1996 issued by The People’s Government of Putian County (莆田縣人民政府), the land use rights of a parcel of land with a site area of approximately 25,732.97 sq.m. have been granted to Fujian Xinwei Industrial, a direct wholly-owned subsidiary of the Company, for a term to be expired on 8 February 2039 for the uses of factory and ancillary facilities.
- Pursuant to a Real Estate Ownership Rights Certificate – Li Zheng Fang Quan Zheng JK Zi Di No. 020094 dated April 2002 and issued by The People’s Government of Putian County (莆田縣人民政府), 12 various buildings of the property with a total gross area of approximately 67,893.13 sq.m. are owned by Fujian Xinwei Industrial. The area of each building covered in the certificate is as follows:

Buildings	No. of storey	Gross Floor Area (sq.m.)
Security Guard house	Single-storey	23.97
Workshop	3-storey	3,972.00
Workshop	Single-storey	62.59
Workshop	Single-storey	136.34
Workshop	4-storey	9,575.05
Workshop	Single-storey	158.76
Warehouse	Single-storey	29.14
Warehouse	Single-storey	251.22
Warehouse	5-storey	17,710.95
Warehouse	4-storey	10,921.05
Workshop	4-storey	9,429.42
Workshop	4-storey	15,622.64
	Total:	<u>67,893.13</u>

3. Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 28 March 2012, Fujian Xinwei Industrial is a company limited with a permitted operating period from 29 May 1993 to 28 May 2043.
4. Our valuation of the property is based on the following assumptions:
 - a. Fujian Xinwei Industrial has legally obtained both the land use rights and building ownership rights of the property as stated in the Notes 1 and 2 above;
 - b. Fujian Xinwei Industrial is the legal owner of the property;
 - c. Fujian Xinwei Industrial has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - d. All land premium and other relevant fees have been settled in full; and
 - e. The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
3.	A parcel of land and staff quarters located at Shi Xi Village, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	The property comprises a parcel of land with a site area of approximately 14,616.91 sq.m. on which the dormitories, workshops and office buildings were completed from 1984 to 2003. The buildings have a total gross floor area of approximately 19,751.77 sq.m. The land use rights of the property have been granted for a term to be expired on 9 October 2037 for the uses of factory and ancillary facilities.	The property was occupied by the Group for the purposes of staff quarters, office and other supporting facilities.	12,480,000 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate – Li Guo Yong (1996) Zi Di No. 220002 dated 9 October 1996 issued by The People's Government of Putian County (莆田縣人民政府), the land use rights of a parcel of land with a site area of approximately 14,616.91 sq.m. have been granted to Fujian Xinwei Industrial, a direct wholly-owned subsidiary of the Company, for a term expiring on 9 October 2037 for factory and ancillary facilities use.
- Pursuant to a Real Estate Ownership Rights Certificate – Li Zheng Fang Quan Zheng JK Zi Di No. 010167 dated April 2001 and issued by The People's Government of Putian County (莆田縣人民政府), the buildings of the property with a total gross area of approximately 21,339.15 sq.m. are owned by Fujian Xinwei Industrial. According to the on-site inspection on 6 October 2014, 8 various buildings with a total gross area 1,587.38 sq.m. were demolished. The area of each remaining building covered in the certificate is as follows:

Buildings	No. of storey	Gross Floor Area (sq.m.)
Office building	7-storey	3,229.04
Recreation centre	2-storey	624.65
Dormitory	3-storey	858.75
Dormitory	Single-storey	113.34
Security Guard house	Single-storey	26.76
Dormitory	3-storey	421.06
Office	3-storey	1,601.77
Workshop	5-storey	3,519.57
Workshop	7-storey	5,141.50
Dormitory	3-storey	375.27
Dormitory	4-storey	1,132.17
Dormitory	3-storey	2,707.89
	Total:	<u>19,751.77</u>

3. During inspection of the property on 6 October 2014, we noted that 4 additional buildings had been erected on the site. The buildings (listed below) without title certificate have a total gross area of approximately 9,768.80 sq.m.. As instructed by the Company, we have not taken into account these buildings in our valuation as the relevant Real Estate Ownership Rights Certificates have not been obtained.

Buildings	No. of storey	Gross Floor Area (sq.m.)
Canteen	Single-storey	8,257.00
Clinic and dormitory	3-storey	200.00
Reading Building	2-storey	1,211.80
Toilet	2-storey	100.00
	Total:	9,768.80

4. Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 28 March 2012, Fujian Xinwei Industrial is a company limited with a permitted operating period from 29 May 1993 to 28 May 2043.
5. Our valuation of the property is based on the following assumptions:
- Fujian Xinwei Industrial has legally obtained both the land use rights and building ownership rights of the property mention in Notes 1 and 2 above;
 - Fujian Xinwei Industrial is the legal owner of the property;
 - Fujian Xinwei Industrial has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - All land premium and other relevant fees have been settled in full; and
 - The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.
6. The opinion of the PRC legal advisor contains, inter alia, the following:
- Fujian Xinwei Industrial has no rights to transfer or dispose of the property mentioned in Note 2 above before obtaining the Real Estate Ownership Rights Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
4.	A parcel of land located at Shidong Village, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	The property comprises a parcel of land with a site area of approximately 50,888.34 sq.m. The land use rights of the property has been granted for a term of 50 years commencing from 28 February 2007 for industrial use.	The property was occupied by the Group for the purpose of staff quarters.	13,630,000 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate – Pu Guo Yong (2009) Di No. W2009043 dated 28 July 2009 issued by The People’s Government of Putian City (莆田市人民政府), the land use rights of a parcel of land with a site area of approximately 50,888.34 sq.m. have been granted to Xinwei Electronic Industry Co Ltd, Fujian (福建省新威電子實業有限公司) (hereinafter referred to “Xinwei Electronic”), a direct wholly-owned subsidiary of the Company, for a term of 50 years commencing from 28 February 2007 for industrial use.
- During inspection of the property on 6 October 2014, we noted that 4 additional buildings had been erected on the site. The building (listed below) without title certificate have a total gross area of approximately 20,392.00 sq.m. As instructed by the Company, we have not taken into account these buildings in our valuation as the relevant Real Estate Ownership Rights Certificates have not been obtained.

Buildings	No. of storey	Gross Floor Area (sq.m.)
Dormitory	6-storey	4,963.00
Dormitory	6-storey	4,963.00
Dormitory	6-storey	5,233.00
Dormitory	6-storey	5,233.00
	Total:	<u>20,392.00</u>

- Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 20 February 2013, Xinwei Electronic is a company limited with a permitted operating period from 30 March 2007 to 29 March 2057.

4. Our valuation of the property is based on the following assumptions:
 - a. Xinwei Electronic has legally obtained the land use rights of the property mentioned in Note 1 above;
 - b. Xinwei Electronic is the legal owner of the property;
 - c. Xinwei Electronic has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - d. All land premium and other relevant fees have been settled in full; and
 - e. The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.

5. The opinion of the PRC legal advisor contains, inter alia, the following:
 - a. Xinwei Electronic has no rights to transfer or dispose of the property mentioned in Note 2 above before obtaining the Real Estate Ownership Rights Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
5.	A parcel of land and residential buildings located at Lot No. 101062154-1 Dingxipo, Shixi Village, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 17,470.26 sq.m. on which a composite building and workshops were completed from 1989 to 1993.</p> <p>The buildings have a total gross floor area of approximately 20,046.44 sq.m.</p> <p>The land use rights of the property have been granted for a term to be expired on 12 March 2043 for residential use.</p>	The property was occupied by the Group for purposes of staff quarters, office and other supporting facilities.	23,970,000 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate – Li Guo Yong 1998 Zi Di No. 180057 dated 19 May 1998 issued by The People’s Government of Putian County (莆田縣人民政府), the land use rights of a parcel of land with a site area of approximately 17,470.26 sq.m. have been granted to Fujian Xinwei Industrial, a direct wholly-owned subsidiary of the Company, for a term to be expired on 12 March 2043 for residential use.
- Pursuant to a Real Estate Ownership Rights Certificate – Li Zheng Fang Quan JK Zi Di No. 020095 dated April 2002 and issued by The People’s Government of Putian County (莆田縣人民政府), 7 various buildings of the property with a total gross area of approximately 20,046.44 sq.m. are owned by Fujian Xinwei Industrial for residential use. The area of each of building covered in the certificate is as follows:

Buildings	No. of storey	Gross Floor Area (sq.m.)
Composite building	5-storey	4,367.00
Switch room	Single-storey	22.44
Workshop	4-storey	2,056.94
Workshop	Single-storey	903.76
Warehouse	Single-storey	47.50
Toilet	Single-storey	39.95
Workshop	3-storey	12,608.85
	Total:	<u>20,046.44</u>

During the inspection and confirmed by the Company, the usage of some buildings mentioned above had been altered.

3. Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 28 March 2012, Fujian Xinwei Industrial is a company limited with a permitted operating period from 29 May 1993 to 28 May 2043.
4. Our valuation of the property is based on the following assumptions:
 - a. Fujian Xinwei Industrial has legally obtained both the land use rights and building ownership rights of the property;
 - b. Fujian Xinwei Industrial is the legal owner of the property;
 - c. Fujian Xinwei Industrial has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - d. All land premium and other relevant fees have been settled in full; and
 - e. The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
6.	A parcel of land located at Shiting Development Zone, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	The property comprises a parcel of land with a site area of approximately 5,238.02 sq.m. The land use rights of the property have been granted for a term to be expired on 14 October 2042 for industrial use.	The Group, the property was vacant.	1,310,000 (100% of interest)

Notes:

1. Pursuant to a State-Owned Land Use Rights Certificate – Pu Guo Yong (2005) Zi Di No. C29702 dated 26 April 2005 issued by The People’s Government of Putian City (莆田市人民政府), the land use rights of a parcel of land with a site area of approximately 5,238.02 sq.m. have been granted to Putian Sunyee LCD Technology Co Ltd (莆田新盈液晶科技有限公司) (hereinafter referred to “**Putian Xinying**”), a direct wholly-owned subsidiary of the Company, for a term to be expired on 14 October 2042 for industrial use.
2. Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 16 November 2010, Putian Xinying is a company limited with a permitted operating period from 22 May 2002 to 21 May 2052.
3. Our valuation of the property is based on the following assumptions:
 - a. Putian Xinying has legally obtained the land use rights of the property;
 - b. Putian Xinying is the legal owner of the property;
 - c. Putian Xinying has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - d. All land premium and other relevant fees have been settled in full; and
 - e. The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
7.	A parcel of land and staff quarters located at Haixing Village, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 8,046.34 sq.m. on which residential buildings and warehouse were completed in 1991.</p> <p>The buildings have a total gross floor area of approximately 5,624.50 sq.m.</p> <p>The land use rights of the property have been granted for a term to be expired on 25 November 2039 for residential use.</p>	The property was occupied by the Group for purposes of staff quarters and storage.	11,100,000 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate – Li Guo Yong (1998) Zi Di No. 180056 dated 19 May 1998 issued by The People’s Government of Putian County (莆田縣人民政府), the land use rights of a parcel of land with a site area of approximately 8,046.34 sq.m. have been granted to Fujian Xinwei Industrial, a direct wholly-owned subsidiary of the Company, for a term to be expired on 25 November 2039 for residential use.
- Pursuant to a Real Estate Ownership Rights Certificate – Li Zheng Fang Quan Zheng JK Zi Di No.000006 dated January 2000 and issued by The People’s Government of Putian County (莆田縣人民政府), 3 various buildings of the property with a total gross area of approximately 5,624.50 sq.m. are owned by Fujian Xinwei Industrial for residential use. The area of each of buildings covered in the certificate is as follows:

Buildings	No. of storey	Gross Floor Area (sq.m.)
Dormitory Building	6-storey	2,878.92
Dormitory Building	6-storey	2,696.64
Warehouse	Single-storey	48.94
	Total:	<u>5,624.50</u>

During the inspection and confirmed by the Company, the usage of some buildings mentioned above had been altered.

- Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 28 March 2012, Fujian Xinwei Industrial is a company limited with a permitted operating period from 29 May 1993 to 28 May 2043.

4. Our valuation of the property is based on the following assumptions:
- a. Fujian Xinwei Industrial has legally obtained both the land use rights and building ownership rights of the property;
 - b. Fujian Xinwei Industrial is the legal owner of the property;
 - c. Fujian Xinwei Industrial has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - d. All land premium and other relevant fees have been settled in full; and
 - e. The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
8.	A parcel of land and industrial buildings located at Putian High-Tech Industrial Zone, Jiangkou Town, Hanjiang District, Putian City, Fujian Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 128,498.19 sq.m. on which industrial buildings were completed in 2014.</p> <p>The buildings have a total gross floor area of approximately 20,596.97 sq.m.</p> <p>Construction works on the land were noted at the time of inspection. We were advised that the development would be used for the use of workshop.</p> <p>The scheduled development consists of two 2-storey buildings with a total gross area of approximately 11,640.00 sq.m. upon completion in 2015.</p> <p>The land use rights of the property have been granted for a term to be expired on 3 July 2056 for industrial use.</p>	The property was occupied by the Group for workshop purpose except for 2 buildings being under construction.	61,168,673 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate – Pu Guo Yong (2006) Di No. Y2006033 dated 29 September 2006 issued by The People’s Government of Putian City (莆田市人民政府), the land use rights of a parcel of land with a site area of approximately 128,498.19 sq.m. have been granted to Putian Xinying, a direct wholly-owned subsidiary of the Company, for a term to be expired on 3 July 2056 for industrial use.
- Pursuant to a Real Estate Ownership Rights Certificate – Pu Fang Quan Zheng Han Jiang Zi Di No. H201200872 dated 3 May 2012 and issued by Construction Beureau of Putian City (莆田市建設局), a building of the property with a total gross area of approximately 20,596.97 sq.m. is owned by Putian Xinying for industrial use.
- Pursuant to a Construction Planning Permit (建設工程規劃許可証) Jian Zi Di 350300201303019 dated 26 December 2013 issued by City Planning Bureau of Putian City (莆田市城鄉規劃局), Putian Xinying is permitted to develop one additional 2-storey building having a total floor area of approximately 5,820.00 sq.m. upon completion.

4. Pursuant to a Construction Planning Permit (建設工程規劃許可証) Jian Zi Di 350300201303020 dated 13 December 2013 issued by City Planning Bureau of Putian City (莆田市城鄉規劃局), Putian Xinying is permitted to develop one additional 2-storey building having a total floor area of approximately 5,820.00 sq.m. upon completion.
5. Pursuant to a Construction Works Commencement Permit (建設工程施工許可証) No. FJSGXK-0594-HF-2013-038 dated 27 November 2013 issued by Housing Bureau of Hanjiang (涵江住建局), Putian Xinying is permitted to develop two 2-storey buildings having a total floor area of approximately 11,640.00 sq.m. upon completion.
6. Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 16 November 2010, Putian Xinying is a company limited with a permitted operating period from 22 May 2002 to 21 May 2052.
7. As Advised by the Company, the building and structure were classified as construction in progress (CIP) items as at 30 November 2014 and the cost incurred for CIP items was approximately RMB10,138,673. In our valuation, the CIP items are reported at the cost spent as at the date of valuation.
8. Our valuation of the property is based on the following assumptions:
 - a. Putian Xinying has legally obtained both the land use rights and building ownership rights of the property mentioned in Notes 1 and 2 above;
 - b. Putian Xinying is the legal owner of the property;
 - c. Putian Xinying has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - d. All land premium and other relevant fees have been settled in full; and
 - e. The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.
9. The opinion of the PRC legal advisor contains, inter alia, the following:
 - a. Putian Xinying has no rights to transfer or dispose of the property mentioned in Notes 3 and 4 above before obtaining the Real Estate Ownership Rights Certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
9.	A parcel of land and industrial buildings located at Tushan Village, Laidian Town, Xianyou County, Putian City, Fujian Province, The PRC	<p>The property comprises 3 parcels of land with a total site area of approximately 22,399.34 sq.m. on which industrial buildings were completed in 1998.</p> <p>The buildings have a total gross floor area of approximately 6,335.24 sq.m.</p> <p>The land use rights of the property have been granted for a term to be expired on 24 December 2057 for industrial use.</p>	The property was occupied by the Group for purposes of manufacturing and warehouse.	5,750,000 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate – Xian Guo Yong (1998) Zi Di No. X9300118-2 dated 27 April 1998 issued by The People’s Government of Xianyou County (仙遊縣人民政府), the land use rights of a parcel of land with a site area of approximately 3,097.28 sq.m. have been granted to Fujian Xinwei Industrial, a direct wholly-owned subsidiary of the Company, for a term to be expired on 10 August 2047 for the uses of factory, office and warehouse.
- Pursuant to a State-Owned Land Use Rights Certificate – Xian Guo Yong (1999) Zi Di No. X130574 dated 19 March 1999 issued by The People’s Government of Xianyou County (仙遊縣人民政府), the land use rights of a parcel of land with a site area of approximately 4,141.08 sq.m. have been granted to Fujian Xinwei Industrial, a direct wholly-owned subsidiary of the Company, for a term to be expired on 18 March 2049 for industrial use.
- Pursuant to a State-Owned Land Use Rights Certificate –Xian Guo Yong (2008) Di No. QY541 dated 14 May 2008 issued by The People’s Government of Xianyou County (仙遊縣人民政府), the land use rights of a parcel of land with a site area of approximately 15,160.98 sq.m. have been granted to Xinwei Electronic Co Ltd Xianyou, Fujian (福建省仙遊縣新威電子有限公司) (hereinafter referred to “Xinwei Xianyou”), a direct wholly-owned subsidiary of the Company, for a term to be expired on 24 December 2057 for industrial use.

4. Pursuant to a Real Estate Ownership Rights Certificate –Xian Zheng Fang Zi Di No. 109866 dated 22 April 1998 and issued by The People’s Government of Putian County (莆田縣人民政府), 2 various buildings of the property with a total gross area of approximately 6,335.24 sq.m. are owned by Fujian Xinwei Industrial. The area of each building covered in the certificate is as follows:

Buildings	No. of storey	Gross Floor Area (sq.m.)
Composite building	4-storey	6,184.52
Security Guard house and Warehouse	Single-storey	150.72
	Total:	6,335.24

5. During inspection of the property on 5 October 2014, we noted that 15 additional buildings had been erected on the site. The buildings (listed below) without title certificate have a total gross area of approximately 19,560.00 sq.m. As instructed by the Company, we have not taken into account these buildings in our valuation as the relevant Real Estate Ownership Rights Certificate has not been obtained.

Buildings	No. of storey	Gross Floor Area (sq.m.)
Dormitory	6-storey	2,148.00
Dormitory	6-storey	2,772.00
Dormitory	6-storey	1,380.00
Dormitory	5-storey	1,501.00
Workshop	Single-storey	378.00
Workshop	Single-storey	7,500.00
Warehouse	Single-storey	335.00
Warehouse	Single-storey	162.00
Generator room	Single-storey	44.00
Laundry	Single-storey	162.00
Office	2-storey	2,926.00
Switch room	Single-storey	90.00
Lavatory	Single-storey	87.00
Water pool		60.00
Security Guard house	Single-storey	15.00
	Total:	19,560.00

6. Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 28 March 2012, Fujian Xinwei Industrial is a company limited with a permitted operating period from 29 May 1993 to 28 May 2043.
7. Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 10 May 2001, Xinwei Xianyou is a company limited with a permitted operating period from 31 December 1998 to 31 December 2048.

8. Our valuation of the property is based on the following assumptions:
 - a. Fujian Xinwei Industrial and Xinwei Xianyou have legally obtained both the land use rights and building ownership rights of the property mentioned in Notes 1 to 4 above;
 - b. Fujian Xinwei Industrial and Xinwei Xianyou are the legal owner of the property;
 - c. Fujian Xinwei Industrial and Xinwei Xianyou have the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - d. All land premium and other relevant fees have been settled in full; and
 - e. The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.
9. The opinion of the PRC legal advisor contains, inter alia, the following:
 - a. Xinwei Xianyou has no rights to transfer or dispose of the property mentioned in Note 5 above before obtaining the Real Estate Ownership Rights Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
10.	A parcel of land and industrial buildings located at Jutouling, Zhongyue Village, Duwei Town, Xianyou County, Putian City, Fujian Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 27,163.02 sq.m. on which the industrial buildings were completed from 1980 to 1999.</p> <p>The buildings have a total gross floor area of approximately 9,588.10 sq.m.</p> <p>The land use rights of the property have been granted for 50 years commencing from 1999 for industrial use.</p>	The property was vacant.	4,160,000 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate – Xian Guo Yong (1999) Zi Di No. X130572 dated 17 June 1999 issued by The People’s Government of Xianyou County (仙遊縣人民政府), the land use rights of a parcel of land with a site area of approximately 27,163.02 sq.m. have been granted to Fujian Xinwei Industrial, a direct wholly-owned subsidiary of the Company, for a term of 50 years commencing from 1999 for industrial use.
- Pursuant to a Real Estate Ownership Rights Certificate – Xian Zheng Fang Quan Zheng GY Zi Di No. 990041 dated 25 June 1999 and issued by The People’s Government of Xianyou County (仙遊縣人民政府), 10 various buildings of the property with a total gross area of approximately 9,588.10 sq.m. are owned by Fujian Xinwei Industrial. The area of each building covered in the certificate is as follows:

Buildings	No. of storey	Gross Floor Area (sq.m.)
Workshop	Single-storey	795.69
Workshop	Single-storey	189.95
Workshop	Single-storey	430.86
Workshop	4-storey	2,173.60
Office building	Single-storey	183.70
Office building	Single-storey	319.68
Two canteens	Single-storey	1,276.78
Two office building	2-storey	4,078.80
Security Guard house	Single-storey	68.00
Toilet	Single-storey	71.04
	Total:	<u>9,588.10</u>

During the inspection and confirmed by the Company, the usage of some buildings mentioned above had been altered.

3. Pursuant to a copy of the Enterprise Entity Person Business Licence (企業法人營業執照) dated 28 March 2012, Fujian Xinwei Industrial is a company limited for a permitted operating period from 29 May 1993 to 28 May 2043.
4. Our valuation of the property is based on the following assumptions:
 - a. Fujian Xinwei Industrial has legally obtained both the land use rights and building ownership rights of the property;
 - b. Fujian Xinwei Industrial is the legal owner of the property;
 - c. Fujian Xinwei Industrial has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - d. All land premium and other relevant fees have been settled in full; and
 - e. The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
11.	A parcel of land and industrial buildings located at No. 50 Futian Avenue, Junxi Town, Datian County, Sanming City, Fujian Province, The PRC	<p>The property comprises 2 parcels of land with a site area of approximately 20,906.60 sq.m. on which an industrial buildings and dormitories were completed from 1998 to 1999.</p> <p>The buildings have a total gross floor area of approximately 18,815.79 sq.m.</p> <p>The land use rights of the property have been granted for a term to be expired on 30 June 2053 for industrial use.</p>	The property was occupied by the Group for purposes of manufacturing, office and staff quarters.	11,080,000 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate – Tian Guo Yong (1998) Zi Di No. 0019 dated 30 July 1998 issued by The People’s Government of Datian County (大田縣人民政府), the land use rights of a parcel of land with a site area of approximately 14,827.00 sq.m. have been granted to Fujian Xinwei Industrial, a direct wholly-owned subsidiary of the Company, for a term of 50 years from 30 July 1998 to 29 July 2048 for industrial use.
- Pursuant to a State-Owned Land Use Rights Certificate – Tian Guo Yong (2004) Zi Di No. 0119 dated 13 April 2004 issued by The People’s Government of Datian County (大田縣人民政府), the land use rights of a parcel of land with a site area of approximately 6,079.60 sq.m. have been granted to Fujian Xin Mao Electronics Co Ltd (福建省新茂電子有限公司) (hereinafter referred to as “**Fujian Xinmao**”), a direct wholly-owned subsidiary of the Company, for a term to be expired on 30 June 2053 for industrial use.
- Pursuant to 2 Real Estate Ownership Rights Certificates – Tian Fang Quan Zheng Zi Di No. 2501 and 2502 all dated 3 August 1998 and The People’s Government of Datian County (大田縣人民政府), 6 various buildings of the property with a total gross area of approximately 8,020.58 sq.m. are owned by Fujian Xinwei Industrial. The area of each building covered in the certificate is as follows:

Building Ownership Certificate	Buildings	No. of storey	Gross Floor Area (sq.m.)
Tian Fang Quan Zheng Zi Di No. 2501	Security Guard house	Single-storey	35.49
Tian Fang Quan Zheng Zi Di No. 2501	Canteen	Single-storey	602.62
Tian Fang Quan Zheng Zi Di No. 2501	Dormitory	6-storey	2,792.22
Tian Fang Quan Zheng Zi Di No. 2501	Workshop	Single-storey	4,474.23
Tian Fang Quan Zheng Zi Di No. 2501	Switch room	Single-storey	62.50
Tian Fang Quan Zheng Zi Di No. 2502	Toilet	Single-storey	53.52
		Total:	<u>8,020.58</u>

4. Pursuant to 2 Real Estate Ownership Rights Certificates – Tian Fang Quan Zheng Zi Di No. 09030 and 09031 all dated 30 April 2004 and The People’s Government of Datian County (大田縣人民政府), 2 various buildings of the property with a total gross area of approximately 10,795.21 sq.m. are owned by Fujian Xinwei Industrial. The area of each building covered in the certificate is as follows:

Building Ownership Certificate	Buildings	No. of storey	Gross Floor Area (sq.m.)
Tian Fang Quan Zheng Zi Di No. 09030	Workshop	3-storey	5,749.47
Tian Fang Quan Zheng Zi Di No. 09031	Dormitory	7-storey	5,045.74
		Total:	<u>10,795.21</u>

5. During inspection of the property on 4 October 2014, we noted that 3 additional buildings had been erected on the site. The buildings (listed below) without title certificate have a total gross area of approximately 225.54 sq.m. As instructed by the Company, we have not taken into account this building in our valuation as the relevant Real Estate Ownership Rights Certificate has not been obtained.

Buildings	No. of storey	Gross Floor Area (sq.m.)
Machinery room	Single-storey	118.04
Warehouse	Single-storey	91.50
Security Guard house	Single-storey	16.00
	Total:	<u>225.54</u>

6. Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 28 March 2012, Fujian Xinwei Industrial is a company limited with a permitted operating period from 29 May 1993 to 28 May 2043

7. Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 29 May 2003, Fujian Xinmao is a company limited with a permitted operating period from 7 December 2001 to 7 December 2051.

8. Our valuation of the property is based on the following assumptions:

- Fujian Xinwei Industrial and Fujian Xinmao have legally obtained both the land use rights and building ownership rights of the property mentioned in Notes 1 to 4 above;
- Fujian Xinwei Industrial and Fujian Xinmao are the legal owner of the property;
- Fujian Xinwei Industrial and Fujian Xinmao have the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
- All land premium and other relevant fees have been settled in full; and
- The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.

9. The opinion of the PRC legal advisor contains, inter alia, the following:

- Fujian Xinwei Industrial and Fujian Xinmao has no rights to transfer or dispose of the property mentioned in Note 5 above before obtaining the Real Estate Ownership Rights Certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
12.	A parcel of land and industrial buildings located at Lot No. 102/15/0023 No. 173 Gui Shanbei Road, Jiangle County, Sanming City, Fujian Province, The PRC	The property comprises a parcel of land with a site area of approximately 18,456.00 sq.m. on which various industrial buildings were completed from 1988 to 2000. The buildings have a total gross floor area of approximately 28,863.29 sq.m. The land use rights of the property have been granted for a term to be expired on 27 May 2049 for industrial use.	The property was vacant.	14,830,000 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate – Jiang Guo Yong (2002) Zi Di No. 0076 dated 22 March 2002 issued by The People’s Government of Jiangle County (將樂縣人民政府), the land use rights of a parcel of land with a site area of approximately 18,456.00 sq.m. have been granted to Fujian Sunny Crystal Scientific Technology Co Ltd (福建省新煌晶體科技有限公司) (hereinafter referred to as “Fujian Xinhuang”), a direct wholly-owned subsidiary of the Company, for a term to be expired on 27 May 2049 for industrial use.
- Pursuant to 15 Real Estate Ownership Rights Certificates Jiang Fang Quan Zheng 2002 Zi Di No. 0108 to 0122 dated 19 March 2002 and issued by The People’s Government of Jiangle County (將樂縣人民政府), 15 various buildings of the property with a total gross area of approximately 28,863.29 sq.m. are owned by Fujian Xinhuang. The area of each building covered in the certificates is as follows:

Building Ownership Certificate	Buildings	No. of storey	Gross Floor Area (sq.m.)
Jiang Fang Quan Zheng Zi Di No. 0108	Dormitory	4-storey	614.22
Jiang Fang Quan Zheng Zi Di No. 0109	Canteen	Single-storey	273.87
Jiang Fang Quan Zheng Zi Di No. 0110	Security Guard house	Single-storey	30.02
Jiang Fang Quan Zheng Zi Di No. 0111	Air compressor room	Single-storey	178.43
Jiang Fang Quan Zheng Zi Di No. 0112	Switch room	3-storey	28.38
Jiang Fang Quan Zheng Zi Di No. 0113	Workshop	4-storey	1,376.10
Jiang Fang Quan Zheng Zi Di No. 0114	Dormitory	7-storey	2,360.70
Jiang Fang Quan Zheng Zi Di No. 0115	Lavatory	Single-storey	43.40
Jiang Fang Quan Zheng Zi Di No. 0116	Workshop	4-storey	1,583.10
Jiang Fang Quan Zheng Zi Di No. 0117	Dormitory	7-storey	4,885.30
Jiang Fang Quan Zheng Zi Di No. 0118	Oil tank	4-storey	89.65
Jiang Fang Quan Zheng Zi Di No. 0119	Laundry	3-storey	435.42
Jiang Fang Quan Zheng Zi Di No. 0120	Workshop	4-storey	5,479.12
Jiang Fang Quan Zheng Zi Di No. 0121	Workshop	4-storey	6,387.98
Jiang Fang Quan Zheng Zi Di No. 0122	Clubhouse	5-storey	5,097.60
		Total:	<u>28,863.29</u>

3. Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 4 July 2005, Fujian Xinhuang is a company limited with a permitted operating period from 20 June 2000 to 20 June 2050.
4. Our valuation of the property is based on the following assumptions:
 - a. Fujian Xinhuang has legally obtained both the land use rights and building ownership rights of the property;
 - b. Fujian Xinhuang is the legal owner of the property;
 - c. Fujian Xinhuang has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - d. All land premium and other relevant fees have been settled in full; and
 - e. The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
13.	A parcel of land located at the south of Daokang Road, Hua County, Anyang City, Henan Province, The PRC	The property comprises a parcel of land with a site area of approximately 81,418.39 sq.m. The land use rights of the property have been granted for a term to be expired on 1 June 2055 for industrial use.	The property was occupied by the Group for purposes of manufacturing, staff quarters, office and other supporting facilities.	12,470,000 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate – Hua Guo Yong (2005) Di No. 0118 dated 1 June 2005 issued by The People's Government of Hua County (滑縣人民政府), the land use rights of a parcel of land with a site area of approximately 81,418.39 sq.m. have been granted to Henan Sunfung Technology Co Ltd (河南省新峰科技有限公司) (hereinafter referred to as "Henan Xinfeng") a direct wholly-owned subsidiary of the Company, for a term to be expired on 1 June 2055 for industrial use.
- During inspection of the property on 10 October 2014, we noted that 9 additional buildings had been erected on the site. The buildings (listed below) without title certificate with a total gross area of approximately 15,640.00 sq.m. were completed in 2003. As instructed by the Company, we have not taken into account this building in our valuation as the relevant Real Estate Ownership Rights Certificate has not been obtained.

Buildings	No. of storey	Gross Floor Area (sq.m.)
Workshop	Single-storey	3,150.00
Workshop	Single-storey	950.00
Workshop	2-storey	7,100.00
Dormitory	3-storey	3,050.00
Office building	2-storey	750.00
Canteen	Single-storey	300.00
Boiler room	Single-storey	220.00
Repair room	Single-storey	120.00
Water treatment pool		—
	Total:	<u>15,640.00</u>

- Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 4 June 2010, Henan Xinfeng is a company limited with a permitted operating period from 8 August 2005 to 7 August 2055.

4. Our valuation of the property is based on the following assumptions:
 - a. Henan Xinfeng has legally obtained the land use rights of the property mentioned in Note 1 above;
 - b. Henan Xinfeng is the legal owner of the property;
 - c. Henan Xinfeng has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - d. All land premium and other relevant fees have been settled in full; and
 - e. The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.

5. The opinion of the PRC legal advisor contains, inter alia, the following:
 - a. Henan Xinfeng has no rights to transfer or dispose of the property mentioned in Note 2 above before obtaining the Real Estate Ownership Rights Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
14.	A parcel of land and industrial buildings located at Lot No. 2-15-0-1142, No. 30 Dashi Road, Fotang Town, Yiwu City, Zhejiang Province, The PRC	The property comprises a parcel of land with a site area of approximately 76,877.00 sq.m. on which various industrial buildings and dormitories were completed from 2009 to 2014. The buildings have a total gross floor area of approximately 83,261.49 sq.m. The land use rights of the property have been granted for a term to be expired on 27 July 2057 for industrial use.	The property was occupied by the Group for purposes of manufacturing, staff quarters, office and other supporting facilities.	116,570,000 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate – Yiwu Guo Yong (2007) Di No. 2-8273 dated 24 November 2007 issued by The People’s Government of Yiwu City (義烏市人民政府), the land use rights of a parcel of land with a site area of approximately 76,877.00 sq.m. have been granted to Yiwu Sunhong Electronics Co Ltd (義烏市新宏電子實業有限公司) (hereinafter referred to as “Yiwu Xinhong”), a direct wholly-owned subsidiary of the Company, for a term to be expired on 27 July 2057 for industrial use.
- Pursuant to two Real Estate Ownership Rights Certificates Yiwu Fang Quan Zheng Fo Tang Zi Di No. c00149966 and c00149967 dated 22 July 2013 and issued by Yiwu City Real Estate Management Office (義烏市房地產管理處), two buildings with a total gross area of approximately 22,032.59 sq.m. are owned by Yiwu Xinhong. The area of each building covered in the certificate is as follows:

Building Ownership Certificate	Buildings	No. of storey	Gross Floor Area (sq.m.)
Yiwu Fang Quan Zheng Fo Tang Zi Di No. c00149966	Dormitory	7-storey	4,685.56
Yiwu Fang Quan Zheng Fo Tang Zi Di No. c00149967	Dormitory	7-storey	17,347.03
Total:			22,032.59

3. Pursuant to 2 Real Estate Ownership Rights Certificates Yiwu Fang Quan Zheng Fo Tang Zi Di No. c00080744 and c00080745 dated 23 December 2010 and issued by Yiwu City Real Estate Management Office (義烏市房地產管理處), 2 buildings with a total gross area of approximately 23,215.32 sq.m. are owned by Yiwu Xinhong. The area of each building covered in the certificate is as follows:

Building Ownership Certificate	Buildings	No. of storey	Gross Floor Area (sq.m.)
Yiwu Fang Quan Zheng Fo Tang Zi Di No. c00080744	Workshop	5-storey	11,607.66
Yiwu Fang Quan Zheng Fo Tang Zi Di No. c00080745	Workshop	5-storey	11,607.66
		Total:	<u>23,215.32</u>

4. Pursuant to three Real Estate Ownership Rights Certificates Yiwu Fang Quan Zheng Fo Tang Zi Di No. c00170144, c00170145 and c00170146 dated 27 February 2014 and issued by Yiwu City Real Estate Management Office (義烏市房地產管理處), three buildings with a total gross area of approximately 31,977.70 sq.m. are owned by Yiwu Xinhong. The area of each building covered in the certificate is as follows:

Building Ownership Certificate	Buildings	No. of storey	Gross Floor Area (sq.m.)
Yiwu Fang Quan Zheng Fo Tang Zi Di No. c00170144	Workshop	6-storey	11,256.22
Yiwu Fang Quan Zheng Fo Tang Zi Di No. c00170145	Workshop	6-storey	10,360.74
Yiwu Fang Quan Zheng Fo Tang Zi Di No. c00170146	Workshop	6-storey	10,360.74
		Total:	<u>31,977.70</u>

5. Pursuant to a Real Estate Ownership Rights Certificate Yiwu Fang Quan Zheng Fo Tang Zi Di No. c00150062 dated 23 July 2013 and issued by Yiwu City Real Estate Management Office (義烏市房地產管理處), one building with a total gross area of approximately 6,035.88 sq.m. is owned by Yiwu Xinhong. The area of such building covered in the certificate is as follows:

Building Ownership Certificate	Buildings	No. of storey	Gross Floor Area (sq.m.)
Yiwu Fang Quan Zheng Fo Tang Zi Di No. c00150062	Dormitory	7-storey	6,035.88

6. Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 8 February 2010, Yiwu Xinhong is a company limited with a permitted operating period from 12 March 2004 to 11 March 2054.

7. Our valuation of the property is based on the following assumptions:
- a. Yiwu Xinhong has legally obtained both the land use rights and building ownership rights of the property mentioned in Notes 1 to 5 above;
 - b. Yiwu Xinhong is the legal owner of the property;
 - c. Yiwu Xinhong has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - d. All land premium and other relevant fees have been settled in full; and
 - e. The existing use of the property is in compliance with the local planning regulation and has been approved by the relevant government authorities.

VALUATION CERTIFICATE

Group II – Properties held for investment by the Group in PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
15.	A parcel of land and industrial buildings located at Lingshan Village, Bangtou Town, Xianyou County, Putian City, Fujian Province, The PRC	<p>The property comprises 2 parcels of land with a total site area of approximately 24,331.50 sq.m.</p> <p>The land use rights of the property have been granted for a term to be expired on 31 July 2056 for industrial use.</p>	<p>The property was occupied by the Group for investment purpose.</p> <p>Pursuant to a tenancy agreement, a portion of land with the area of approximately 23,520 sq.m. has been leased to 仙遊縣榜頭鎮金品世家古典家具廠 (translated as Jin Pin Jia Furniture Xianyou and hereinafter referred to as “Jin Pin Shi Jia”) for a term of 5 years from 1 July 2013 to 30 June 2018 at an annual net rent of RMB500,000.00 exclusive of water charges, electricity bills, hygiene fees, and all outlays of operation.</p>	3,270,000 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate – Xian Guo Yong (1999) Zi Di No. X07731 dated 18 March 1999 issued by The People’s Government of Xianyou County (仙遊縣人民政府), the land use rights of a parcel of land with a site area of approximately 7,500.50 sq.m. have been granted to Fujian Xinwei Industrial, a direct wholly-owned subsidiary of the Company, for a term of 43 years to be expired on 18 March 2042 for industrial use.
- Pursuant to a State-Owned Land Use Rights Certificate – Xian Guo Yong (2008) Di No. QY623 dated 22 December 2008 issued by The People’s Government of Xianyou County (仙遊縣人民政府), the land use rights of a parcel of land with a site area of approximately 16,831.00 sq.m. have been granted to Fujian Xinyi Electronics Co Ltd (福建省新益電子工業有限公司) (hereinafter referred to “**Fujian Xinyi**”), a direct wholly-owned subsidiary of the Company, for a term to be expired on 31 July 2056 for industrial use.

3. During inspection of the property on 5 October 2014, we noted that 5 additional buildings had been erected on the site. The buildings (listed below) without title certificate with a total gross area of approximately 15,197.00 sq.m. were completed in 2009. As instructed by the Company, we have not taken into account this building in our valuation as the relevant Real Estate Ownership Rights Certificate has not been obtained.

Buildings	No. of storey	Gross Floor Area (sq.m.)
Workshop	4-storey	9,130.00
Dormitory	6-storey	4,500.00
Canteen	Single-storey	1,164.00
Switch room	Single-storey	344.00
Security Guard house	Single-storey	59.00
	Total:	15,197.00

4. The tenancy agreement was entered into between Fujian Xinyi and Jin Pin Shi Jia dated 1 April 2013 in which a portion of land of approximately 23,520 sq.m. was leased to Jin Pin Shi Jia for a term of 5 years from 1 July 2013 to 30 June 2018 at an annual net rental of RMB500,000.00 exclusive of water charges, electricity bills, hygiene fees, and all outlays of operation.
5. Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 28 March 2012, Fujian Xinwei Industrial is a company limited with a permitted operating period from 29 May 1993 to 28 May 2043.
6. Based on the Enterprise Entity Business Licence (企業法人營業執照) dated 15 January 2010, Fujian Xinyi is a company limited with a permitted operating period from 29 November 2001 to 28 November 2051.
7. Our valuation of the property is based on the following assumptions:
- Fujian Xinwei Industrial and Fujian Xinyi have legally obtained the land use rights of the property mentioned in Notes 1 and 2 above;
 - Fujian Xinwei Industrial and Fujian Xinyi are the legal owner of the property;
 - Fujian Xinwei Industrial and Fujian Xinyi have the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - All land premium and other relevant fees have been settled in full; and
 - The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.
8. The opinion of the PRC legal advisor contains, inter alia, the following:
- Fujian Xinwei Industrial and Fujian Xinyi have no rights to transfer or dispose of the property mentioned in Note 3 above before obtaining the Real Estate Ownership Rights Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
16.	Levels 1, 2 and 3 of a composite building located at No. 808 Wenxian Xi Road, Chengxiang District, Putian City, Fujian Province, The PRC	<p>The property comprises Levels 1, 2 and 3 of a 12-storey composite building completed in 1993.</p> <p>The property has a total gross floor area of approximately 3,885.71 sq.m.</p> <p>The land use rights of the property have been granted for a term of 40 years to be expired on 29 September 2046 for commercial use.</p>	<p>The whole of the property having a total gross floor area of approximately 3,885.71 sq.m. was subject to a tenancy to be expired on 31 October 2015 and be used for a supermarket under the brand name of Phoenix Market.</p> <p>The total net rent was RMB215,000 per month exclusive of management fee and other utilities charges.</p>	55,000,000 (100% of interest)

Notes:

- Pursuant to a State-Owned Land Use Rights Certificate known as Pu Guo Yong (2008) Di No. J01701 dated 10 June 2008 and issued by the People's Government of Putian City, the party holding legal interests in the land area of approximately 1,095.49 sq.m. is Wong King Ching, Helen, who has been granted for a term to be expired on 29 September 2046 for commercial use.
- Pursuant to a Building Ownership Certificate – Pu Shi Fang Quan Zheng Cheng Xiang Qu Zi Di No. 082952 dated 28 November 2007 and issued by the Construction Bureau of Putian City, the legal owner of the property, i.e. Levels 1 to 3 of the building, with a total gross area of approximately 3,885.71 sq.m. is Wong King Ching, Helen for commercial/residential uses.

The area of the property is as follows:

Level	Gross Floor Area (sq.m.)
1	1,199.59
2	1,395.06
3	1,291.06
Total	<u>3,885.71</u>

- Wong King Ching, Helen advised that she was holding the property for Fujian Xinwei Industrial.
- According to a tenancy agreement made between Wong King Ching, Helen and 莆田市鳳凰百貨有限公司 (translated as "Putian Phoenix") dated 28 September 2013, the whole property was leased to Putian Phoenix at a net rent of RMB215,000 per month from 1 November 2013 to 31 October 2015 exclusive of management fee and other utilities charges.

5. Our valuation of the property is based on the following assumptions:
- a. Fujian Xinwei Industrial has legally obtained both the land use rights and building ownership rights of the property mentioned in Notes 1 to 2 above;
 - b. Fujian Xinwei Industrial is the legal owner of the property;
 - c. Fujian Xinwei Industrial has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-mentioned land use rights;
 - d. All land premium and other relevant fees have been settled in full; and
 - e. The existing use of Property is in compliance with the local planning regulation and has been approved by the relevant government authorities.

VALUATION CERTIFICATE

Group III – Properties held and occupied by the Group in the Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
17.	Unit Nos. 1708, 1709 and 1710 on 17th Floor of Nan Fung Centre, Nos. 264–298 Castle Peak Road Tsuen Wan and Nos. 64–98 Sai Lau Kok Road Tsuen Wan, New Territories	The property includes three office units on the 17th Floor of a 23-storey commercial building completed in 1983.	The property was occupied by the Group for office purpose.	33,363,000 (100% of interests)
	2820/672977th shares of and in the Tsuen Wan Town Lot No. 258	The total saleable area of the property is extended to 188.69 sq.m. (2,031 sq. ft.).		
	PRN: A7654145 (Unit 1708) A7654151 (Unit 1709) B9701063 (Unit 1710)	Lot No. 258 is held under a New Grant No. TW5922 for a tenure of 99 years from 1 July 1898. Under the New Territories Leases (Extension) Ordinance 1988 (Cap 150), the tenure of the Government Lease has been extended to 30 June 2047 at a Government Rent of 3 per cent. per annum of the rateable value of the property for the time being. The Government Rent for the Lot is HK\$300.00 per annum.		

Notes:

1. The registered owner of the property is Sungo Holding Company Limited, a wholly-owned subsidiary of the Company, regarding Certified Copy Of Certificate Of Incorporation On Change Of Name vide Memorial No. TW1246553 dated 1 April 1998.
2. The Property is subject to the following incumbrances according to the Land Registry:
 - a. Occupation Permit No. NT36/83 vide Memorial No. TW277400 dated 17 March 1983
 - b. Letter of Compliance vide Memorial No. TW277401 dated 17 May 1983
 - c. Deed of Mutual Covenant vide Memorial No. TW282804 dated 6 June 1983
 - d. Deed of Mutual Covenant vide Memorial No TW302834 dated 6 June 1983
 - e. Legal Charge/Mortgage vide Memorial Nos. 140605-0217-0058, 140605-0217-0062 and 140605-0217-0078 dated 30 May 2014 in favour of China Citic Bank International Limited to the extent of all moneys

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (RMB)
18.	Lorry Park No. 32 on the Basement Floor of Nan Fung Centre, Nos. 264-298 Castle Peak Road Tsuen Wan and Nos. 64-98 Sai Lau Kok Road Tsuen Wan, New Territories 345/672977th shares of and in the Tsuen Wan Town Lot No. 258 PRN: A7652398	The property includes one lorry parking space in the Basement Floor of a 23-storey commercial building completed in 1983. Lot No. 258 is held under a New Grant No. TW5922 for a tenure of 99 years from 1 July 1898. Under the New Territories Leases (Extension) Ordinance 1988 (Cap 150), the tenure of the Government Lease has been extended to 30 June 2047 at a Government Rent of 3 per cent. per annum of the rateable value of the property for the time being. The Government Rent for the Lot is HK\$300.00 per annum.	The property was occupied by the Group for lorry parking space purpose.	1,380,000 (100% of interests)

Notes:

1. The registered owner of the property is Sungo Holding Company Limited, a wholly-owned subsidiary of the Company, regarding Certified Copy Of Certificate Of Incorporation On Change of Name vide Memorial No. TW1274805 dated 1 April 1998.
2. The Property is subject to the following incumbrances according to the Land Registry:
 - a. Occupation Permit No. NT36/83 vide Memorial No. TW277400 dated 17 March 1983
 - b. Letter of Compliance vide Memorial No. TW277401 dated 17 May 1983
 - c. Deed of Mutual Covenant vide Memorial No. TW282804 dated 6 June 1983
 - d. Deed of Mutual Covenant vide Memorial No TW302834 dated 6 June 1983

VALUATION CERTIFICATE

Group IV – Properties held for investment in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (HKD)
19.	Unit No. 1705 on 17th Floor of Nan Fung Centre, Nos. 264 – 298 Castle Peak Road Tsuen Wan and Nos. 64 – 98 Sai Lau Kok Road, Tsuen Wan, New Territories	The property includes one office unit on the 17th Floor of a 23-storey commercial building completed in 1983. The property has a saleable area of approximately 86.77 sq.m. (934 sq. ft.).	The property together with Unit 1706A were subject to a Tenancy Agreement for a definite term of three years from 1 November 2013 to 30 October 2016 at a net rental of HK\$55,000 per month exclusive of management fee, Government rent, rates and utility outgoings. The property was used by a third party tenant for office use.	14,542,000 (100% of interests)
	1229/672977th shares of and in the Tsuen Wan Town Lot No. 258 PRN: B7015587	Lot No. 258 is held under a New Grant No. TW5922 for a tenure of 99 years from 1 July 1898. Under the New Territories Leases (Extension) Ordinance 1988 (Cap 150), the tenure of the Government Lease has been extended to 30 June 2047 at a Government Rent of 3 per cent. per annum of the rateable value of the property for the time being. The Government Rent for the Lot is HK\$300.00 per annum.		

Notes:

1. The registered owner of the property is Sungo Holding Company Limited, a wholly-owned subsidiary of the Company, regarding Certified Copy Of Certificate Of Incorporation On Change Of Name vide Memorial No. TW1246553 dated 1 April 1998.
2. The Property is subject to the following incumbrances according to the Land Registry:
 - a. Occupation Permit No. NT36/83 vide Memorial No. TW277400 dated 17 March 1983
 - b. Letter of Compliance vide Memorial No. TW277401 dated 17 May 1983
 - c. Deed of Mutual Covenant vide Memorial No. TW282804 dated 6 June 1983
 - d. Deed of Mutual Covenant vide Memorial No TW302834 dated 6 June 1983
 - e. Legal Charge/Mortgage vide Memorial Nos. 090219-0186-0031 dated 22 January 2009 in favour of Citic Ka Wah Bank Limited to secure all moneys in respect of general banking facilities (part)
3. With reference to a Tenancy Agreement made between Sungo Holding Company Limited (the landlord) and Center Trade (Hong Kong) Company Limited (the tenant) dated 1 December 2013, the property together with Unit 1706A were leased to the tenant for a definite term of 3 years from 1 November 2013 to 30 October 2016 at a net rental of HK\$55,000 per month exclusive of management fee, Government rent, rates and utility outgoings.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2014 (HKD)
20.	Unit No. 1706A on 17th Floor of Nan Fung Centre, Nos. 264–298 Castle Peak Road Tsuen Wan and Nos. 64–98 Sai Lau Kok Road, Tsuen Wan, New Territories 820/672,977th shares of and in the Tsuen Wan Town Lot No. 258 PRN: B4334235	The property includes one office unit on the 17th Floor of a 23-storey commercial building completed in 1983. The property has a saleable area of approximately 53.88 sq.m. (580 sq. ft.). Lot No. 258 is held under a New Grant No. TW5922 for a tenure of 99 years from 1 July 1898. Under the New Territories Leases (Extension) Ordinance 1988 (Cap 150), the tenure of the Government Lease has been extended to 30 June 2047 at a Government Rent of 3 per cent. per annum of the rateable value of the property for the time being. The Government Rent for the Lot is HK\$300.00 per annum.	The property together with Unit 1705 were subject to a Tenancy Agreement for a definite term of three years from 1 November 2013 to 30 October 2016 at a net rental of HK\$55,000 per month exclusive of management fee, Government rent, rates and utility outgoings. The property was used by a third party tenant for office use.	6,380,000 (100% of interests)

Notes:

1. The registered owner of the property is Sungo Holding Company Limited, a wholly-owned subsidiary of the Company, vide Memorial No. TW1246550 dated 7 October 1998 for a consideration of HK\$1,900,000.00.
2. The Property is subject to the following incumbrances according to the Land Registry:
 - a. Occupation Permit No. NT36/83 vide Memorial No. TW277400 dated 17 March 1983
 - b. Letter of Compliance vide Memorial No. TW277401 dated 17 May 1983
 - c. Deed of Mutual Covenant vide Memorial No. TW282804 dated 6 June 1983
 - d. Deed of Mutual Covenant vide Memorial No TW302834 dated 6 June 1983
 - e. Sub-Deed of Mutual Covenant vide Memorial No TW490899 dated 26 January 1988
 - f. Legal Charge/Mortgage vide Memorial Nos. 090219-0186-0031 dated 22 January 2009 in favour of Citic Ka Wah Bank Limited to secure all moneys in respect of general banking facilities (part)
3. With reference to a Tenancy Agreement made between Sungo Holding Company Limited (the landlord) and Center Trade (Hong Kong) Company Limited (the tenant) dated 1 December 2013, the property together with Unit 1706A were leased to the tenant for a definite term of 3 years from 1 November 2013 to 30 October 2016 at a net rental of HK\$55,000 per month exclusive of management fee, Government rent, rates and utility outgoings.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST

(a) Interests of the Directors and the chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follow:

Long Position in Shares

Name of Directors	Capacity and nature of interest	Number of Shares held	Total	Approximate percentage of the issued share capital of the Company
Ms. Helen Wong	Beneficial owner Interest of controlled corporation (<i>Note 1</i>)	200,000 280,000,000	280,200,000	19.54%
Ms. KM Wong	Beneficial owner (<i>Note 2</i>) Interest of controlled corporation (<i>Note 1</i>)	49,648,000 280,000,000	329,648,000	22.98%

Notes:

1. These shares are beneficially owned by Farnell Profits, the entire issued share capital of 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, whose interest in the shares of Farnell Profits Limited is not yet ascertained until completion of the administration of estate of the late Mr. Wong.
2. These shares are jointly held by Ms. KM Wong and Ms. CY Wong.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the existing Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(b) Interests of substantial shareholders

As at the Latest Practicable Date, the interests and short positions of Shareholders (not being Directors or the chief executives of the Company) in the Shares and underlying Shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

Name of Shareholders	Capacity and nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
Farnell Profits (<i>Note 1</i>)	Beneficial owner	280,000,000	19.52%
Lin Zhen Jun	Beneficial owner	133,333,333	9.30%
Xiao Guang, Kevin (<i>Note 2</i>)	Beneficial owner	550,000,000	38.35%

Notes:

1. The entire issued share capital of which was previously held by the late 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, whose interest in the shares of Farnell Profits Limited is not yet ascertained until completion of the administration of estate of the late Mr. Wong.
2. Xiao Guang, Kevin is interested in principal amount of convertible notes of HK\$165,000,000 issued on 2 May 2014 by the Company which are convertible into ordinary shares at conversion price of HK\$0.3 per share.

Save as disclosed above, so far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, no person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital.

(a) *Interests in contract or arrangement*

Save for the Disposal Agreement, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as the Latest Practicable Date and which was significant in relation to the business of the Group.

(b) *Interests in assets*

Save for the Disposal Agreement, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 30 September 2013, being the date to which the latest published audited accounts of the Group were made up.

(c) *Interests in competing business*

As at the Latest Practicable Date, none of the Directors and their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or was proposed to enter, into a service contract with any member of the Group which will not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts in the ordinary course of business of the Group) have been entered into by the Group within two years immediately preceding the date of this circular which are or may be material:

- (a) the Disposal Agreement and the Supplemental Agreement;

- (b) the sale and purchase agreement dated 3 October 2013 (as supplemented by the supplemental agreement dated 30 January 2014) entered into between First Billion Global Limited (a wholly-owned subsidiary of the Company), Mr. Xiao Guang Kevin and Mr. Wang Zhining in relation to the acquisition of the entire equity interests in Joint Expert Global Limited and the shareholder's loan owed by Royal Asia International Limited to Mr. Xiao Guang Kevin at a consideration of HK\$550 million; and
- (c) the loan agreement dated 1 March 2013 with respect to a loan of RMB150 million granted by an independent third party to the Group. The balance was fully settled during the year 2014.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. QUALIFICATIONS AND CONSENTS OF EXPERTS

The followings are the qualifications of the experts who have given opinion or advice which are contained in this circular:

Name	Qualification
Donvex Capital Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Grandall Law Firm (Shenzhen)* (國浩律師(深圳)事務所)	Practicing lawyers in the PRC
Moore Stephens	Certified public accountants
Stirling Appraisals Limited	Independent valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name or opinion in the form and context in which it appears.

As at the Latest Practicable Date, each of above experts was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for

* For identification purposes only

securities in any member of the Group, nor did it has any interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group, since 30 September 2013, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office and principal place of business of the Company is situated at Room 1708–1710 Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 22nd Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (c) The company secretary of the Company is Mr. Leung Chi Fai (“**Mr. Leung**”). Mr. Leung joined the Group since 1996. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (d) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company’s head office and principal place of business in Hong Kong at Room 1708–1710, Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong during normal business hours on any Business Days from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 22 to 23 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 24 to 40 of this circular;
- (d) the financial information of the Disposal Group, the text of which is set out in Appendix II to this circular;
- (e) the report on unaudited pro forma financial information on the Remaining Group as set out in Appendix III to this circular;
- (f) the property valuation report prepared by Stirling Appraisal Limited as set out in Appendix IV to this circular;

- (g) the material contracts as referred to under the section headed “Material Contracts” in this appendix;
- (h) the written consents from the experts as referred to under the section headed “Qualifications and Consents of Experts” in this appendix;
- (i) the annual reports of the Company for each of the two years ended 30 September 2012 and 2013;
- (j) the Disposal Agreement and the Supplemental Agreement; and
- (k) this circular.



SUNWAY INTERNATIONAL HOLDINGS LIMITED

新威國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 58)

NOTICE IS HEREBY GIVEN THAT the special general meeting (the “**SGM**”) of Sunway International Holdings Limited (the “**Company**”) will be held at Room 1708-1710, Nan Fung Centre, 264-298 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong on Wednesday, 28 January 2015 at 11 a.m. to consider and, if thought fit, pass with or without amendments the following resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the conditional sale and purchase agreement dated 17 November 2014 (the “**Disposal Agreement**”) and a Supplemental Agreement dated 15 December 2014 (the “**Supplemental Agreement**”) entered into between the Company as vendor and Feng Hao Holdings Limited as purchaser relating to the disposal of the entire issued share capital of Sunway International (BVI) Holdings Limited and Sunway International Investment Holdings Limited (collectively, “**Disposal Companies**”) and all amounts owing to the Company by the Disposal Companies together with their subsidiaries as at completion of the Disposal Agreement (as amended and supplemented by the Supplemental Agreement), at a consideration of HK\$300 million (copies of the Disposal Agreement and the Supplemental Agreement have been produced to the Meeting marked as “A” and “B” for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the continuing provision of the corporate guarantee up to a maximum of HK\$100 million by the Company dated 10 September 2014 in favour of China CITIC Bank International Limited in respect of the borrowings of Sungo Holding Company Limited, an indirect subsidiary of Sunway International Investment Holdings Limited, of not exceeding HK\$69 million with the maximum period of 3 months after the completion of the Disposal Agreement (as amended and supplemented by the Supplemental Agreement) (“**Corporate Guarantee**”) be and hereby approved, ratified and confirmed; and
- (c) any one Director be and is hereby authorized for and on behalf of the Company to do all such acts and things, to sign and execute any

* *For identification purposes only*

NOTICE OF SGM

agreements pursuant to and/or supplemental to the Disposal Agreement (as amended and supplemented by the Supplemental Agreement), the Corporate Guarantee and all such other documents, deeds, instruments and agreements and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the said agreements or any of the transactions contemplated thereunder or incidental to any of them and all other matters incidental thereto.”

By order of the Board
Sunway International Holdings Limited
Wong King Ching, Helen
Chairman

Hong Kong, 12 January 2015

Notes:

- (1) Any shareholder of the Company (the “**Shareholder(s)**”) entitled to attend and vote at the SGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder.
- (2) The form of proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (3) Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the SGM and in such event, the form of proxy shall be deemed to be revoked.
- (4) Where there are joint Shareholders any one of such joint Shareholder may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint Shareholders be present at the SGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of shareholders of the Company in respect of the joint holding.
- (5) The form of proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company’s branch share registrar in Hong Kong, Tricor Tengis Ltd. at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof at which the person named in the form of proxy proposes to vote or, in the case of a poll taken subsequently to the date of the SGM or any adjournment thereof, not less than 48 hours before the time appointed for the taking of the poll and in default the form of proxy shall not be treated as valid.