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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)

INSIDE INFORMATION PROFIT GUARANTEE FOR THE YEAR ENDED 31 DECEMBER 2016 LEGAL PROCEEDINGS OF THE COMPANY

This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and the provisions under Part XIVA of the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong).

Reference is made to the 2016 Annual Report of the Company dated 31 March 2017 (the “**2016 Annual Report**”). Terms defined in the 2016 Annual Report shall have the same meanings when used in this announcement, unless the context otherwise requires.

The Group acquired 100% equity interest of Joint Expert Global Limited and its subsidiaries (the “**Target Group**”) in October 2013. Pursuant to the sale and purchase agreement dated 3 October 2013 as varied by a supplemental agreement dated 30 January 2014 (collectively, the “**SPA**”), the Guarantors guaranteed to the Group that the annual net profit of the Target Group for each of the financial years ended 31 December 2014, 2015 and 2016 should be not less than RMB30 million (the “**Guaranteed Profit**”). If the Guaranteed Profit could not be met, the Guarantors should pay the deficient amount to the Group.

As disclosed in the 2016 Annual Report, the Target Group generated net profit of HK\$27,529,000 (equivalent to RMB21,831,000) and suffered a net loss of HK\$89,753,000 (equivalent to RMB72,091,000) for the years ended 31 December 2014 and 2015 respectively. According to the SPA, the Group was entitled to receive compensations of HK\$10,301,000 (equivalent to RMB8,169,000) and HK\$121,897,000 (equivalent to RMB102,091,000) for the year ended 31 December 2014 (the “**FY2014**”) and the year ended 31 December 2015 (the “**FY 2015**”) respectively, representing an aggregate sum of HK\$132,198,000 (equivalent to

RMB110,260,000) from the Guarantors up to 31 December 2015 as the Guaranteed Profit which could not be met. However, the Guarantors have not honoured the obligations of paying such compensation to the Group up to the date of this announcement. The Group has commenced legal proceedings in June 2015 in the High Court of Hong Kong against the Guarantors for, amongst other things, their breaches under the SPA for the FY 2014 and rescinding the SPA (the “**Legal Proceedings**”).

For the year ended 31 December 2016 (the “**FY2016**”), the Target Group also suffered a net loss of RMB68,964,000. According to the SPA, the Group was entitled to receive compensation of HK\$110,543,000 (equivalent to RMB98,964,000) from the Guarantors for the FY2016 as the Guaranteed Profit that could not be met. This amount has been recognized in the FY2016. However, the Guarantors have not honoured their obligations of paying the said compensation to the Group up to the date of this announcement.

Up to the date of this announcement, the Legal Proceedings are still in progress. For details of the Legal Proceedings, references should be made to notes 35 and 44 to the Consolidated Financial Statements contained in the 2016 Annual Report and the sub-section headed “Legal Proceedings” under the section headed “Management Discussion And Analysis” of the 2017 Interim Report of the Company dated 30 August 2017. Subject to the approval of the High Court of Hong Kong, the Group will amend the pleadings of the Legal Proceedings to include the breaches of the obligations of the Guarantors under the SPA for the FY2015 and FY2016 respectively.

The Company will make further announcement to update the Shareholders and potential investors of the Company of any further material developments in connection with the Legal Proceedings as and when appropriate.

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

By order of the Board
Sunway International Holdings Limited
Leung Chi Fai
Executive Director and Company Secretary

Hong Kong, 27 September 2017

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Li Chongyang, Mr. Leung Chi Fai and Ms. Qi Jiao, two non-executive Directors, namely, Mr. Huang Weidong (Chairman), Mr. Liu Chenli and three independent non-executive Directors, namely, Mr. Cong Yongjian, Mr. Lam Kai Yeung and Dr. Lam Huen Sum.

Web site: <http://www.irasia.com/listco/hk/sunway/index.htm>

** For identification purpose only*