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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)

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION DISCLOSEABLE TRANSACTION AND ADVANCE TO ENTITY IN RELATION TO PAYMENT OF REFUNDABLE EARNEST MONEY

THE MOU

The Board is pleased to inform the Shareholders and potential investors of the Company that, on 12 September 2017 (after trading hours of the Stock Exchange), Sunway New Energy entered into the MOU with the Vendor and the Guarantor in relation to the Possible Acquisition of the entire issued share capital of the Target, Sino New Energy International Limited (中國超燃能源國際有限公司) within 6 months of the date of the MOU from the Vendor, subject to the entering into of the Formal Agreement. The consideration of the Possible Acquisition will be determined by arm's length negotiation between Sunway New Energy and the Vendor, after the completion of the due diligence process on the Target Group.

LISTING RULES IMPLICATION

As certain relevant percentage ratios under the Listing Rules in respect of the entering into of the MOU involving the Refundable Earnest Money exceeds 5% but is less than 25%, the entering into of the MOU involving the Refundable Earnest Money constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting and announcement requirements under the Listing Rules.

The payment of the Refundable Earnest Money by Sunway New Energy to the Vendor under the MOU also amounts to an advance by the Group to an entity in respect of which the asset ratio of such advance exceeds 8%, and is required to be disclosed pursuant to Rule 13.13 of the Listing Rules. Details of such advance as required to be disclosed under Rule 13.15 of the Listing Rules are contained in this announcement.

The Possible Acquisition, if it materialises, may constitute a notifiable transaction for the Company under the Listing Rules. Should Sunway New Energy enter into the Formal Agreement or decide to terminate the MOU or if there are any material developments with respect to the Possible Acquisition, the Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

WARNING NOTICE

Shareholders and potential investors of the Company should be aware that the terms of the Possible Acquisition are subject to further negotiations between Sunway New Energy and the Vendor and are subject to their entering into of the Formal Agreement. As the Possible Acquisition may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

The Board is pleased to inform the Shareholders and potential investors of the Company that, on 12 September 2017 (after trading hours of the Stock Exchange), Sunway New Energy entered into the MOU with the Vendor and the Guarantor in relation to the Possible Acquisition of the entire issued share capital of the Target within 6 months of the date of the MOU from the Vendor, subject to the entering into of the Formal Agreement. The consideration of the Possible Acquisition will be determined by arm's length negotiation between Sunway New Energy and the Vendor, after the completion of the due diligence process on the Target Group.

THE MOU

Set out below are the principal terms of the MOU:

Date : 12 September 2017 (after trading hours of the Stock Exchange)

Parties : (1) Sunway New Energy

(2) the Vendor

(3) the Guarantor

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor and the Guarantor is an Independent Third Party.

Subject Matter

Under the MOU, Sunway New Energy and the Vendor has agreed to use their respective best endeavours to negotiate between them in relation to the Possible Acquisition.

As at the date of this announcement, the Target owned 51% of the equity interest in Shaanxi Ranchao, a Sino-foreign equity joint venture company established in the PRC.

Refundable Earnest Money

The consideration of the Possible Acquisition will be determined by arm's length negotiation between Sunway New Energy and the Vendor, after the completion of the due diligence process on the Target Group.

Pursuant to the MOU, Sunway New Energy shall pay in cash the Refundable Earnest Money in the sum of HK\$100,000,000 to the Vendor within 30 days of the date of the MOU. The Refundable Earnest Money shall be applied as part payment of the consideration for the Possible Acquisition upon signing of the Formal Agreement. Should the Refundable Earnest Money exceed the consideration of the Possible Acquisition to be agreed in the Formal Agreement, the Vendor shall refund the excess amount to Sunway New Energy before the entering into of the Formal Agreement. Should Sunway New Energy decide not to proceed with the Possible Acquisition or Sunway New Energy and the Vendor fail to enter into the Formal Agreement within the Exclusivity Period, the Vendor shall refund the Refundable Earnest Money together with interest at a rate of 8% per annum to the Purchaser within 3 Business Days after the termination of the MOU or the expiration of the Exclusivity Period.

The Refundable Earnest Money has yet to be settled as at the date of this announcement.

Security

Under the MOU, as security for the repayment of the Refundable Earnest Money by the Vendor to Sunway New Energy, the Vendor shall charge its interest in the entire issued share capital of the Target in favour of Sunway New Energy at the time of the payment of the Refundable Earnest Money by Sunway New Energy. Further under the MOU, the Guarantor shall guarantee the due and punctual performance of all the obligations and responsibilities of the Vendor under the MOU.

Due Diligence Review and Exclusivity Period

After the date of the MOU, Sunway New Energy is entitled to conduct business, legal and financial due diligence review on the Target Group.

The Vendor shall provide to Sunway New Energy and/or procure the Target Group to provide all documents and information of the Target Group to Sunway New Energy upon its request for due diligence purpose and to respond to the enquiries of Sunway New Energy. The Vendor has agreed and undertaken that it shall not and procure its directors, employees and representatives not to directly or indirectly engage in any discussion or negotiation with any third party in respect of the entire issued share capital of the Target and/or any share, asset or interest of the Target Group within the Exclusivity Period.

Mutual Indemnity

Any Party who breaches the legally binding provisions of the MOU shall indemnify in full the damages suffered by the complying Party.

Non-legally binding effect

Except for the terms in relation to Sunway New Energy and the Vendor using their respective best endeavours to negotiate between them in relation to the Possible Acquisition; the Refundable Earnest Money; the due diligence review on the Target Group; the Exclusivity Period; each Party bearing their own costs and expenses under the MOU; non-disclosure; governing law and process agents; and mutual indemnity, the MOU does not constitute legally-binding commitment of the Parties.

INFORMATION OF THE COMPANY AND SUNWAY NEW ENERGY

The Company is an investment holding company. The Group is principally engaged in the provision of financial services and manufacturing and trading of construction materials.

Sunway New Energy is a company incorporated in the British Virgin Islands with limited liability and its principal business is investment holding.

INFORMATION OF THE VENDOR

As advised by the Vendor, the Vendor is a company incorporated in the British Virgin Islands with limited liability and its principal business is investment holding.

The Vendor is directly interested in the entire issued share capital of the Target which in turn is interested in 51% of the equity interest in Shaanxi Ranchao.

INFORMATION OF SHAANXI RANCHAO

Shaanxi Ranchao is a Sino-foreign equity joint venture company established in the PRC which is owned, as to 51% of the equity interest by the Target and as to 49% of the equity interest by 自貢市翠瑾商貿有限公司, a company incorporated in the PRC. As advised by the Vendor, Shaanxi Ranchao is principally engaged in the business of (1) supplying piped gas to residential households, commercial and industrial users in 19 districts within 6 provinces in the PRC, including Henan, Yunnan, Sichuan, Hunan, Guangxi and Anhui, the PRC; and (2) certain refuelling stations in those districts in the PRC.

REASONS AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group has been seeking business and investment opportunities to diversify its business operations and maximize return to, and broaden revenue sources of, the Group. Given the potential growth and positive outlook in the piped gas supply and gas refuelling businesses in the PRC market, the Board believes that the Possible Acquisition, if proceed, can enable the Group to explore the possibility of diversification of the businesses and broaden its revenue source, of the Group.

The terms of the MOU were arrived at after arm's length negotiations between the Parties. The payment of the Refundable Earnest Money will be funded by the internal resources, convertible securities of the Company, banking facility available to the Group and/or other fund-raising activities of the Group.

In view of the above, the Board is of the view that the terms and conditions of the MOU are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

The Group is proactively seeking appropriate financial arrangements and/or considering other appropriate fund-raising activities for proceeding with the Possible Acquisition.

LISTING RULES IMPLICATION

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The payment of the Refundable Earnest Money by Sunway New Energy to the Vendor under the MOU also amounts to an advance by the Group to an entity in respect of which the asset ratio of such advance exceeds 8%, and is required to be disclosed pursuant to Rule 13.13 of the Listing Rules. Details of such advance as required to be disclosed under Rule 13.15 of the Listing Rules are contained in this announcement.

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WARNING NOTICE

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DEFINITIONS

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

“Board”	the board of Directors
“Company”	Sunway International Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the directors of the Company

“Exclusivity Period”	the period of 6 months from the date of the MOU (or such later date as Sunway New Energy and the Vendor may agree) granting Sunway New Energy an exclusive right to carry out the due diligence review of the Target Group and during which period the Vendor shall not directly or indirectly engage in any discussion or negotiation with any third party in respect of the entire issued share capital of the Target and/or any share, asset or interest of the Target Group
“Formal Agreement”	the formal agreement in relation to the Possible Acquisition, which may be entered into by Sunway New Energy and the Vendor, containing conditions precedents, representations warranties, undertakings and indemnities which are customary and usual for transactions similar to the Possible Acquisition
“Group”	the Company and its subsidiaries
“Guarantor”	Deng Chao (鄧超), a PRC national who owns the entire issued share capital of the Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU	the non-legally binding memorandum of understanding dated 12 September 2017 entered into between Sunway New Energy, the Vendor and the Guarantor setting out the preliminary understanding in relation to the Possible Acquisition
“Parties”	the parties to the MOU
“Possible Acquisition”	the possible acquisition of the entire issued share capital of the Target between Sunway New Energy and the Vendor within 6 months of the date of the MOU (or such later date as Sunway New Energy and the Vendor may agree) as contemplated under the MOU and subject to the entering into of the Formal Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong and the Macau Special Administrative Region of the People’s Republic of China

“Refundable Earnest Money”	the refundable earnest money of HK\$100,000,000 payable by Sunway New Energy in cash to the Vendor
“Shaanxi Ranchao”	陝西燃超能源科技有限公司 (Shaanxi Ranchao Energy Technology Company Limited*), a Sino-foreign equity joint venture company established in the PRC which is owned, as to 51% of the equity interest by the Target and as to 49% of the equity interest by 自貢市翠瑾商貿有限公司, a company incorporated in the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 (each) in share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Sunway New Energy”	Sunway New Energy Industry Group Limited (新威新能源產業集團有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Sino New Energy International Limited (中國超燃能源國際有限公司), a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target and Shaanxi Ranchao
“Vendor”	Divine Lands International Gas Holdings Group Limited (神州國際燃氣控股集團有限公司), a company incorporated in the British Virgin Islands with limited liability
“%”	per cent

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

Hong Kong, 12 September 2017

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

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

* For identification purpose only