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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)

TEMPORARY SUSPENSION OF OPERATION OF ZHUHAI FACTORY AND LITIGATIONS IN THE PRC

TEMPORARY SUSPENSION OF OPERATION OF ZHUHAI FACTORY

The board of directors (the “**Board**”) of Sunway International Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to inform shareholders of the Company and public investors that the operation of the Group’s factory in Zhuhai (“**Zhuhai Factory**”), Guangdong Province, the People’s Republic of China (the “**PRC**”), which focuses on the manufacture and sale of construction materials in the PRC (i.e. of Pre-stressed steel bars), has been temporarily suspended for 3 months from 1 January 2016 to 31 March 2016. Zhuhai Factory is owned by Zhuhai Hoston Special Materials Co., Limited (“**Zhuhai Hoston**”), an indirectly owned subsidiary of the Company.

Zhuhai Factory has been suffering from significant underutilisation of its existing capacity as a result of the business interruption and contraction in customer orders following (i) the litigations claims disclosed in the annual report of the Company for the fifteen months ended 31 December 2014 (“**Annual Report 2014**”), the interim report of the Company for the six months ended 30 June 2015 (“**Interim Report 2015**”) and various Company’s announcements dated 14 May 2015, 5 June 2015, 6 August 2015 and 14 October 2015; and (ii) the non-recoverable prepayments and other receivables of approximately HK\$43 million due from certain suppliers of Zhuhai Hoston as disclosed in the Annual Report 2014. Revenue of Zhuhai Hoston decreased significantly from approximately HK\$70 million recorded for the last eight months in 2014 to approximately HK\$15 million recorded for the first six months in 2015. Zhuhai Hoston accounted for approximately 8% of the Group’s turnover attributable to the continuing operation of the Group (i.e. the construction materials business) and it recorded segmental loss of approximately HK\$73 million as disclosed in the Interim Report 2015. If excluding such loss, the Group’s construction materials business recorded segmental profit of approximately HK\$17 million for the six months ended 30 June 2015.

The Board is currently reviewing the business prospects of Zhuhai Hoston to determine an appropriate strategy in its future business pursuit. In view of (i) the present underutilisation of the capacity of Zhuhai Factory; and (ii) the upcoming Chinese New Year in early February 2016 and the traditional low season in the first quarter of each year for the construction materials production activities, the Board decided to temporarily suspend the operation of Zhuhai Factory for the first quarter of 2016. The Company expects that the suspension of the production activities at Zhuhai Factory will be temporary in nature, which therefore will not have a substantial adverse impact on the overall operations of the Group. Notwithstanding the temporary suspension of the operation of Zhuhai Factory, the remaining business activities of the Group have been conducted as usual and have remained profitable.

The Company will publish further announcement(s) to update its shareholders and the public investors on the status of Zhuhai Factory as and when appropriate or required.

LITIGATIONS IN THE PRC

The Company has been informed by Zhuhai Hoston that it has received the following civil rulings (“**Ruling(s)**”) in the PRC:-

Date of Rulings	Defendant (s)	Court	Details of Ruling against Zhuhai Hoston
29 September 2015	Zhuhai Hoston	廣東省珠海市金灣區人民法院 (Guangdong Zhuhai Jinwan People’s Court)*	(i) Payment of RMB1,069,741.10 plus breach penalty to 珠海港物流發展有限公司 (Zhuhai Port Logistic Development Co., Ltd)*, a supplier of Zhuhai Hoston, by Zhuhai Hoston; and (ii) Payment of legal costs of RMB14,442.00 by Zhuhai Hoston.
7 November 2015 and 23 November 2015	(i) Zhuhai Hoston (ii) 珠海市鑫鋒發展有限公司 (Zhuhai Xinfeng Development Co., Ltd.)* (iii) 王志寧 (Wang Zhining)* (iv) 楊健茹 (Yang Jianru)* (v) 王天 (Wang Tian)* (vi) 楊健麗 (Yang Jianli)* (vii) 李楊 (Li Yang)*	廣東省珠海市香洲區人民法院 (Guangdong Zhuhai Xiangzhou People’s Court)*	(i) Payment of RMB1,000,000.00 plus breach penalty to 珠海市中小企業融資擔保有限公司 (Zhuhai Small & Medium Enterprises Financing Guarantee Co. Ltd)*, a company which provided financial assistance to Zhuhai Hoston; and (ii) Certain assets of Zhuhai Hoston (up to an amount of RMB8,700,000.00) were frozen for the period of 2 to 3 years.

17 November 2015	Zhuhai Hoston	廣東省珠海市中級人民法院 (Guangdong Zhuhai Intermediate People's Court)*	(i) Payment of RMB1,830,130.48 plus breach penalty to 廣州市壹弘運輸有限公司 (Guangzhou Yihong Transportation Co., Ltd)*, a supplier of Zhuhai Hoston, by Zhuhai Hoston; and (ii) Payment of legal costs and preservation fee of RMB53,408.00 by Zhuhai Hoston.
24 December 2015	Zhuhai Hoston	廣東省佛山市中級人民法院 (Guangdong Foshan Intermediate People's Court)*	(i) Payment of RMB491,252.02 plus breach penalty to 佛山市南海信通物資有限公司 (Foshan Nanhai Xintong Materials Co., Ltd)*, a supplier of Zhuhai Hoston; and (ii) Payment of RMB29,096.81 in respect of legal costs and property preservation fee by Zhuhai Hoston.

The Company is now looking into the matter with the management of Zhuhai Hoston in relation to the Rulings. Further announcement will be made on the development in relation to the Rulings as and when appropriate or required.

Shareholders of the Company and public investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Sunway International Holdings Limited
Huang Weidong
Chairman

Hong Kong, 7 January 2016

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

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

* For information purpose only