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WEALTHY PORT HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

SUNWAY INTERNATIONAL HOLDINGS LIMITED

新威國際控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 58)

JOINT ANNOUNCEMENT

**(1) CONNECTED TRANSACTION
SHARE SUBSCRIPTION UNDER SPECIFIC MANDATE;
(2) POSSIBLE MANDATORY CONDITIONAL CASH OFFER BY
I-ACCESS
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES
AND OUTSTANDING CONVERTIBLE NOTES OF
SUNWAY INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN
CONCERT WITH IT);
AND
(3) RESUMPTION OF TRADING IN SHARES**

Financial adviser to the Offeror



Offer agent to the Offeror



THE SUBSCRIPTION

On 29 November 2019 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue the Subscription Shares (i.e. a total of 149,063,676 Shares) at the Subscription Price of HK\$0.100 per Subscription Share.

The Subscription Shares to be allotted and issued under the Subscription represent (i) approximately 19.90% of the issued Shares of the Company as at the date of this joint announcement; and (ii) approximately 16.60% of the issued Shares of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Price represents:

- (i) a premium of approximately 25.00% to the closing price of HK\$0.0800 per Share as quoted on the Stock Exchange on 29 November 2019, being the date of the Subscription Agreement and the Last Trading Day;
- (ii) a premium of approximately 24.07% to the average closing price of approximately HK\$0.0806 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the date of the Subscription Agreement;
- (iii) a discount of approximately 83.50% over the audited consolidated net asset value attributable to the Shareholders as at 31 December 2018 of approximately HK\$0.606 per Share (based on the audited consolidated net asset value attributable to the Shareholders as at 31 December 2018 (the date to which the latest audited financial results of the Group were made up) divided by 748,936,324 Shares in issue as at the date of this joint announcement); and
- (iv) a discount of approximately 66.26% over the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2019 of approximately HK\$0.296 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2019 (the date to which the latest unaudited financial results of the Group were made up) divided by 748,936,324 Shares in issue as at the date of this joint announcement).

The aggregate gross and net proceeds of the Subscription will be approximately HK\$14.9 million and HK\$13.9 million respectively and are intended to be used as the Group's general working capital.

As at the date of this joint announcement, the Subscriber is interested in 219,404,855 Shares, representing approximately 29.30% of the entire issued share capital of the Company, and the Subscriber is a substantial shareholder of the Company. Further, the sole shareholder and sole director of the Subscriber, Mr. Chim, is an executive Director of the Company. As such, the Subscriber is regarded as a connected person to the Company under Chapter 14A of the Listing Rules. As a result, the Subscription constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and the Listing Rules Independent Shareholder's approval requirements pursuant to Chapter 14A of the Listing Rules.

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought at the SGM and is therefore subject to the Listing Rules Independent Shareholders' approval. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

POSSIBLE MANDATORY CONDITIONAL CASH OFFER

As at the date of this joint announcement, the Subscriber (i.e. the Offeror) and parties acting in concert with it is beneficially interested in 224,014,855 Shares (representing approximately 29.92% of the issued Shares as at the date of this joint announcement).

Upon the Subscription Completion, the Offeror and parties acting in concert with it will be interested in 373,078,531 Shares (representing approximately 41.54% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming no changes to the issued Shares from the date of this joint announcement up to the date of the Subscription Completion).

Subject to the Subscription Completion and pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, upon the Subscription Completion, the Offeror is required to make a mandatory conditional general offer in cash for all the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company (other than those already owned or to be acquired by the Offeror and parties acting in concert with it) under Rule 26.1 and Rule 13 of the Takeovers Code.

I-Access will, on behalf of the Offeror, make the Offers in accordance with the Takeovers Code and on the following basis:

The Share Offer

For each Offer Share HK\$0.100 in cash

As at the date of this joint announcement, the Company has 748,936,324 Shares in issue. Assuming that there is no change in the total number of issued Shares, there would be 898,000,000 Shares in issue upon the Subscription Completion. On the basis of the Share Offer Price at HK\$0.100 per Share, the entire issued ordinary share capital of the Company would be valued at approximately HK\$89.8 million.

Assuming that there is no change in the total number of issued Shares, upon the Subscription Completion, the Offeror will be interested in 368,468,531 Shares and 529,531,469 Shares not already owned or agreed to be acquired by the Offeror will be subject to the Share Offer and the consideration of the Share Offer is therefore valued at approximately HK\$53.0 million based on the Share Offer Price and on the basis of full acceptance of the Share Offer.

The Share Offer will be extended to all Independent Shareholders (but including Mr. Li) in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document.

As at the date of this joint announcement, no dividend has been paid or declared by the Company and it is advised by the Board that no dividend is expected to be declared during the Offer Period.

As at the date of this joint announcement, Mr. Li holds 4,610,000 Shares, representing approximately 0.62% of the total issued share capital of the Company. Mr. Li has entered into the Irrevocable Undertaking, pursuant to which Mr. Li has undertaken to the Offeror that he will not (a) accept the Share Offer with respect to, and (b) until the close of the Share Offer or the Share Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 4,610,000 Shares held by him. The Irrevocable Undertaking shall cease to be binding if the Subscription Agreement is terminated and/or does not proceed to Subscription Completion, and the Share Offer is not proceeded with.

The Convertible Notes Offer

For every HK\$10,000,000 nominal value

of the Convertible Notes HK\$546,448 in cash

The Convertible Notes will be acquired as fully-paid and free from all Encumbrances whatsoever and together with all rights now or hereafter attaching or accruing to them on or after the date on which the Convertible Notes Offer is made, being the date of despatch of the Composite Document.

The Convertible Notes Offer is conditional upon the Share Offer becoming unconditional in all respects, details of which are set out in the section headed “Conditions of the Offers” below.

As at the date of this joint announcement, there are outstanding Convertible Notes in the principal amount of HK\$30,000,000 which carry rights to convert into approximately 16,393,442 new conversion Shares (rounded down) in full based on the existing conversion price of HK\$1.83 per conversion share (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed), and none of the Offeror and parties acting in concert with it has any interest in the Convertible Notes.

The proposed offer price of the Convertible Notes is HK\$546,448 for every HK\$10,000,000 nominal value of the Convertible Notes, determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Notes, being the number of new Shares which the Convertible Notes could be convertible into (i.e. approximately 16,393,442 new conversion Shares (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed)) multiplied by the Share Offer Price of HK\$0.10 per Offer Share, valuing the total Convertible Notes Offer at approximately HK\$1,639,344.

LISTING RULES INDEPENDENT BOARD COMMITTEE AND TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER OF THE COMPANY

Pursuant to Rule 14A.39 of the Listing Rules, the Listing Rules Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Subscription has been established to advise the Listing Rules Independent Shareholders as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and Shareholders as a whole.

Pursuant to Rule 2.1 of the Takeovers Code, the Takeovers Code Independent Board Committee comprising all non-executive Directors who have no direct or indirect interest in the Offers has been established to advise the Independent Shareholders and the Convertible Noteholders as to whether the terms of the Offers are fair and reasonable and as to their acceptance.

The Independent Financial Adviser will be appointed to advise (i) the Listing Rules Independent Board Committee and the Listing Rules Independent Shareholders in respect of the Subscription as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and Shareholders as a whole; and (ii) the Takeovers Code Independent Board Committee, the Independent Shareholders and the Convertible Noteholders in respect of the Offers as to whether the terms of the Offers are fair and reasonable and as to their acceptance.

SGM AND DESPATCH OF CIRCULAR

The SGM will be convened and held for the purposes of considering and, if thought fit, approving, inter alia, the terms of the Subscription Agreement and the transactions contemplated thereunder, including allotment and issue of the Subscription Shares, and the granting of the Specific Mandate. A circular containing, among other things, (i) further details of the Subscription Agreement and the transactions contemplated thereunder and the granting of the Specific Mandate; (ii) letter from the Listing Rules Independent Board Committee containing its opinion and recommendations to the Listing Rules Independent Shareholders in relation to the Subscription; (iii) a letter of advice from the Independent Financial Adviser to the Listing Rules Independent Board Committee and the Listing Rules Independent Shareholders in relation to the Subscription; (iv) a notice convening the SGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 12 February 2020 as additional time is required to prepare the information for inclusion in the circular.

COMPOSITE DOCUMENT

Subject to the Subscription Completion, if the Offers are made, it is the intention of the Offeror and the Company that the offer document from the Offeror and the offeree board circular from the Company be combined into a Composite Document and be jointly despatched by the Offeror and the Company to the Independent Shareholders and the Convertible Noteholders in accordance with the requirements of the Takeovers Code after the Subscription Completion takes place. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, amongst other things, (i) the terms and details of the Offers (including the expected timetable), (ii) a letter of recommendation from the Takeovers Code Independent Board Committee to the Independent Shareholders and the Convertible Noteholders in respect of the Offers, and (iii) a letter of advice from the Independent Financial Adviser to the Takeovers Code Independent Board Committee in relation to the Offers, together with the relevant forms of acceptance and transfer, are required to be despatched to the Shareholders and the Convertible Noteholders within 21 days of the date of this joint announcement or such later date as the Executive may approve.

However, as the making of the Offers is subject to the Subscription Completion, which in turn is subject to satisfaction of the respective Conditions Precedent which are not expected to be satisfied within 21 days of this joint announcement, the Offeror will make an application to the Executive under Note 2 to Rule 8.2 of the Takeovers Code for the Executive's consent, and the Executive has indicated that it is minded to grant consent, to extend the deadline for despatch of the Composite Document to a date within 7 days upon the Subscription Completion or 13 March 2020 (whichever date is earlier) or such other date as the Executive may approve.

Further announcement(s) will be made by the Offeror and the Company on the timing of the despatch of the Composite Document.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 2 December 2019 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 9 January 2020.

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement, and strongly recommend the Independent Shareholders and the Convertible Noteholders not to form a view on the Offers unless and until they have received and read the Composite Document, including the recommendations of the Takeovers Code Independent Board Committee in respect of the Offers and a letter of advice from the Independent Financial Adviser.

Shareholders and/or potential investors of the Company should note that, as the making of the Offers is subject to the Subscription Completion which in turn is subject to the satisfaction (or waiver as the case may be) of a number of conditions, the Offers may or may not be made. Accordingly, the issue of this joint announcement does not imply that the Offers will be made or will be completed. Shareholders and potential investors of the Company should also note that the Subscription Completion is subject to the fulfillment of certain conditions (including the approval of the Listing Rules Independent Shareholders), which may or may not be satisfied.

The Offers are unconditional upon the fulfillment of the condition set out in the section headed “Conditions of the Offers” below. If the total number of Offer Shares in respect of the valid acceptances which the Offeror has received at or before 4:00 p.m. on the Closing Date (or such latter time, or date as the Offeror may, subject to the Takeovers Code, decide) under the Offers, together with the Shares acquired before or during the Offers, does not result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offers will not become unconditional and will lapse.

Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

THE SUBSCRIPTION

On 29 November 2019 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue the Subscription Shares (i.e. a total of 149,063,676 Shares) at the Subscription Price of HK\$0.100 per Subscription Share.

Set out below is a summary of the principal terms of the Subscription Agreement:

The Subscription Agreement

Date

29 November 2019 (after trading hours of the Stock Exchange)

Parties

- (1) Issuer : The Company; and
- (2) Subscriber : Wealthy Port Holdings Limited

As at the date of this joint announcement, Wealthy Port Holdings Limited is a substantial shareholder of the Company which beneficially owns 219,404,855 Shares, representing approximately 29.30% of the entire issued share capital of the Company. Mr. Chim, the sole shareholder and the sole director of the Subscriber and an executive Director of the Company, is interested in the aforesaid Shares pursuant to Part XV of the SFO.

Number of Subscription Shares

As at the date of this joint announcement, the Company has a total number of 748,936,324 Shares, the Subscription Shares (i.e. a total of 149,063,676 Shares) to be allotted and issued under the Subscription represent:

- (1) approximately 19.90% of the total number of issued Shares as at the date of this joint announcement; and
- (2) approximately 16.60% the total number of issued Shares as enlarged by the allotment and issuance of the Subscription Shares (assuming there will be no change in the total number of issued Shares between the date of this joint announcement and the allotment and issue of the Subscription Shares).

Based on the closing price of the Shares of HK\$0.0800 per Share on 29 November 2019, the Subscription Shares have a market value of approximately HK\$11.9 million. Based on the nominal value of HK\$0.100 per Share, the aggregate nominal value of the Subscription Shares is HK\$14,906,367.60.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares then in issue.

Subscription Price

The Subscription Price of HK\$0.100 per Subscription Share represents:

- (1) a premium of approximately 25.00% to the closing price of HK\$0.0800 per Share as quoted on the Stock Exchange on 29 November 2019, being the date of the Subscription Agreement and the Last Trading Day;
- (2) a premium of approximately 24.07% to the average closing price of approximately HK\$0.0806 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the date of the Subscription Agreement;
- (3) a discount of approximately 83.50% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.606 per Share (based on the audited consolidated net asset value attributable to Shareholders as at 31 December 2018 (the date to which the latest audited financial results of the Group were made up) divided by 748,936,324 Shares in issue as at the date of this joint announcement); and
- (4) a discount of approximately 66.26% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2019 of approximately HK\$0.296 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2019 (the date to which the latest unaudited financial results of the Group were made up) divided by 748,936,324 Shares in issue as at the date of this joint announcement).

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares. The Directors (excluding Mr. Chim, who will abstain from giving his view on the Subscription Agreement and the transactions contemplated thereunder as he is the sole shareholder and sole director of the Subscriber, and all non-executive Directors, who will give their view on the Subscription Agreement and the transactions contemplated thereunder after taking into account the advice of the Independent Financial Adviser) consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions to Subscription

Subscription Completion is conditional upon fulfillment of the following conditions:

- (1) the passing of an ordinary resolution by the Listing Rules Independent Shareholders at the SGM approving the allotment and issue of the Subscription Shares by the Company (including the Specific Mandate);
- (2) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares, and such approval not being revoked; and
- (3) all other necessary consents, approvals, permits or licences from the relevant governmental or regulatory authorities or other third parties in relation to the transactions contemplated under the Subscription Agreement having been obtained. Save for the conditions (1) and (2) above, as at the date of this joint announcement, the Company and the Offeror is not aware of any other necessary consents, approvals, permits or licenses required in relation to the transaction contemplated under the Subscription Agreement.

The conditions specified above are not capable of being waived by any of the parties to the Subscription Agreement, and if the conditions are not fulfilled or satisfied at or before 4:00 p.m. on the Long Stop Date, the Subscription Agreement shall cease and terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise apart from any antecedent breaches of any provisions thereof.

Consideration for the Subscription Shares

The total consideration for the Subscription Shares of approximately HK\$14.9 million shall be payable in cash by the Subscriber on the Completion Date.

Subscription Completion

Completion of the Subscription Agreement shall take place on a date no later than the fifth Business Day after the last outstanding condition precedent pursuant to the Subscription Agreement (other than those condition(s) precedent which can only be fulfilled upon Completion) shall have been fulfilled (or such other date as may be agreed by the Company and the Subscriber in writing).

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the Subscription Shares.

Effect on shareholding structure of the Company

The shareholding structures of the Company (i) as at the date of this joint announcement; and (ii) immediately after the Subscription Completion (assuming no changes to the number of issued Shares from the date of this joint announcement up to the date of the Subscription Completion) are as follows:

	(i) as at the date of this joint announcement		(ii) immediately after the Subscription Completion	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
The Offeror and parties acting in concert with it				
The Subscriber (<i>Note 1</i>)	219,404,855	29.30%	368,468,531	41.03%
Mr. Li Chongyang (<i>Note 2</i>)	4,610,000	0.62%	4,610,000	0.51%
	<u>224,014,855</u>	<u>29.92%</u>	<u>373,078,531</u>	<u>41.54%</u>
Other Shareholders				
Business Century Investments Limited (<i>Note 3</i>)	74,964,833	10.01%	74,964,833	8.35%
Everun Oil Co., Limited (<i>Note 4</i>)	86,581,000	11.56%	86,581,000	9.64%
Other public Shareholders	363,375,636	48.51%	363,375,636	40.47%
	<u>524,921,469</u>	<u>70.08%</u>	<u>524,921,469</u>	<u>58.46%</u>
Total	<u><u>748,936,324</u></u>	<u><u>100.00%</u></u>	<u><u>898,000,000</u></u>	<u><u>100.00%</u></u>

Notes:

1. The 219,404,855 Shares are beneficially held by the Subscriber. As Mr. Chim is the legal and beneficial owner of all issued shares of the Subscriber, Mr. Chim is deemed to be interested in all the Shares held by the Subscriber by virtue of Part XV of the SFO.
2. Mr. Li Chongyang is an executive Director of the Company and is presumed to be a party acting in concert with the Offeror.
3. The 74,964,833 Shares are beneficially held by Business Century Investments Limited. As Ms. Xie Guilin is the legal and beneficial owner of all issued shares of Business Century Investments Limited, Ms. Xie Guilin is deemed to be interested in all the Shares held by Business Century Investments Limited by virtue of Part XV of the SFO.
4. The 86,581,000 Shares are beneficially held by Everun Oil Co., Limited. As Mr. Chen Jingan is the legal and beneficial owner of all issued shares of Everun Oil Co., Limited, Mr. Chen Jingan is deemed to be interested in all the Shares held by Everun Oil Co., Limited by virtue of Part XV of the SFO.

As illustrated above, the Shares held by the Shareholders other than the Subscriber will be diluted by approximately 16.59% upon the Subscription Completion.

Fund raising exercises of the Company in the past 12 months

The equity fund raising activities conducted by the Company during the past twelve months immediately preceding the date of this joint announcement are set out below:

Date of announcement	Fund raising activity	Estimated net proceeds raised	Proposed use of proceeds	Actual use of proceeds as at the date of this joint announcement
13 March 2019	Subscription of new shares under general mandate (completed on 27 March 2019)	HK\$16,722,800	General working capital	Approximately HK\$14.3 million has been used for general working capital of the Group

Save as disclosed above, the Company has not conducted any other equity fund raising activities during the past twelve months immediately preceding the date of this joint announcement.

Use of proceeds and the reasons for the Subscription

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

The gross proceeds of the Subscription will be approximately HK\$14.9 million. The net proceeds from the Subscription, after the deduction of the related professional fees and other related expenses, are estimated to be approximately HK\$13.9 million. The Company intends to use the net proceeds from the Subscription for general working capital purpose. The net issue price per Share from the Subscription will be approximately HK\$0.0933. Based on the closing price of approximately HK\$0.0800 per Share on the Last Trading Day as compared to the Subscription Price of HK\$0.100 per Share, there will be no dilution on the theoretical price of the Shares.

The net proceeds raised from the Subscription will serve to facilitate the Company to maintain a stable cash flow. Hence, the Board considers that fund raising through the Subscription is in the interests of the Company and the Shareholders as a whole.

Information of the Subscriber

Wealthy Port Holdings Limited is primarily engaged in investment holding and is a substantial shareholder of the Company which beneficially owned 219,404,855 Shares, representing approximately 29.30% of the entire issued share capital of the company as at the date of this joint announcement. Mr. Chim is an executive Director of the Company, and he is also sole shareholder and the sole director of the Subscriber.

Implication under the Listing Rules

As at the date of this joint announcement, the Subscriber is interested in 219,404,855 Shares, representing approximately 29.30% of the entire issued share capital of the Company, and the Subscriber is a substantial Shareholder. Further, the sole shareholder and sole director of the Subscriber, Mr. Chim, is an executive Director of the Company. As such, the Subscriber is regarded as a connected person to the Company under Chapter 14A of the Listing Rules. As a result, the Subscription constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Listing Rules Independent Shareholder's approval requirements pursuant to Chapter 14A of the Listing Rules.

The Company will seek approval from the Listing Rules Independent Shareholders at the SGM for the Subscription Agreement and the transactions contemplated thereunder. Save for the Subscriber and its associates, no Shareholder has a material interest in the Subscription Agreement and the transactions contemplated thereunder. As such, save for the Subscriber and its associates, no Shareholder is required to abstain from voting for the resolution to approve Subscription Agreement and the transactions contemplated thereunder at the SGM.

Pursuant to Rule 14A.39 of the Listing Rules, the Listing Rules Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Subscription has been established to advise the Listing Rules Independent Shareholders as to whether the terms of the Subscription Agreement are on normal commercial terms and in the interests of the Company and Shareholders as a whole.

The Independent Financial Adviser will be appointed to advise the Listing Rules Independent Board Committee in respect of the Subscription and, in particular, as to whether the terms of the Subscription Agreement are on normal commercial terms and in the interests of the Company and Shareholders as a whole.

General

The SGM will be convened and held for the purposes of considering and, if thought fit, approving, inter alia, the terms of the Subscription Agreement and the transactions contemplated thereunder, including allotment and issue of the Subscription Shares, and the granting of the Specific Mandate. A circular containing, among other things, (i) further details of the Subscription Agreement and the granting of the Specific Mandate; (ii) a letter from the Listing Rules Independent Board Committee containing its opinion and recommendations to the Listing Rules Independent Shareholders in relation to the Subscription; (iii) a letter of advice from the Independent Financial Adviser to the Listing Rules Independent Board Committee and the Listing Rules Independent Shareholders in relation to the Subscription; (iv) a notice convening the SGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 12 February 2020 as additional time is required to prepare the information for inclusion in the circular.

POSSIBLE MANDATORY CONDITIONAL CASH OFFER

As at the date of this joint announcement, the Subscriber (i.e. the Offeror) and parties acting in concert with it is beneficially interested in 224,014,855 Shares (representing approximately 29.92% of the issued Shares as at the date of this joint announcement). Upon the Subscription Completion, the Offeror and parties acting in concert with it will be interested in 373,078,531 Shares (representing approximately 41.54% of the issued Shares as enlarged by the allotment and issue of the Subscription Shares, assuming no changes to the issued Shares from the date of this joint announcement up to the date of the Subscription Completion).

Subject to the Subscription Completion and pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, upon the Subscription Completion, the Offeror is required to make the mandatory conditional cash offer for all the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) (other than those already owned or to be acquired by the Offeror and parties acting in concert with it), and I-Access will, on behalf of the Offeror, make a mandatory conditional general offer in cash for all the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

Securities of the Company

As at the date of this joint announcement, the Company has a total of 748,936,324 Shares in issue.

Save and except to the Subscription and subject to the Subscription Completion, assuming there is no further change in the total number of issued Shares, there will be 898,000,000 Shares in issue as a result of the issuance and allotment of the Subscription Shares. Assuming that there is no change in the total number of issued Shares, upon the Subscription Completion, the Offeror will be interested in 368,468,531 Shares and 529,531,469 Shares not already owned or agreed to be acquired by the Offeror will be subject to the Share Offer.

The remaining Convertible Notes in the principal amount of HK\$30 million, as issued by the Company pursuant to a sale and purchase agreement dated 3 October 2013 (the “SPA”), are convertible into 16,393,442 new conversion Shares (rounded down) (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed). The Convertible Notes were issued in favour of the vendor of the SPA (the “Vendor”) as part of the consideration of the SPA. The Vendor’s entitlement to the Convertible Notes is subject to the Vendor’s due performance of the covenants, warranties and the terms and conditions under the SPA (the “CN Condition”). It is the Company’s case that the Vendor has fundamentally breached the CN Condition. According to a legal opinion dated 2 December 2019 given by the Company’s solicitors, Lam & Co., upon the fundamental breach of the SPA, it is open for the Company to argue that the CN Condition has failed and the outstanding Convertible Notes are void and have no effect. High court action has been commenced by the Company to seek to rescind the SPA and to declare that the Convertible Notes to be null, void and have no effect. As at the date of this joint announcement, the litigation is still in progress and no judgment has been made by the Court.

Save as aforesaid, the Company does not have any outstanding options, derivatives, warrants, relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or securities which are convertible or exchangeable into Shares.

Principal terms of the Share Offer

I-Access will make the Share Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share HK\$0.100 in cash

The Share Offer will be extended to all Independent Shareholders (but including Mr. Li) in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document.

As at the date of this joint announcement, no dividend has been paid or declared by the Company and it is advised by the Board that no dividend is expected to be declared during the Offer Period.

The Convertible Notes Offer

For every HK\$10,000,000 nominal value
of the Convertible Notes HK\$546,448 in cash

The Convertible Notes will be acquired as fully-paid and free from all Encumbrances whatsoever and together with all rights now or hereafter attaching or accruing to them on or after the date on which the Convertible Notes Offer is made, being the date of despatch of the Composite Document.

The Convertible Notes Offer is conditional upon the Share Offer becoming unconditional in all respect, details of which are set out in the section headed “Conditions of the Offers” below.

As at the date of this joint announcement, there are outstanding Convertible Notes in the principal amount of HK\$30,000,000 which carry rights to convert into approximately 16,393,442 new conversion Shares (rounded down) in full based on the existing conversion price of HK\$1.83 per conversion share (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed), and none of the Offeror and parties acting in concert with it has any interest in the Convertible Notes.

The proposed offer price of the Convertible Notes is HK\$546,448 for every HK\$10,000,000 nominal value of the Convertible Notes, determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Notes, being the number of new Shares which the Convertible Notes could be convertible into (i.e. approximately 16,393,442 new conversion Shares (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed)) multiplied by the Share Offer Price of HK\$0.10 per Offer Share, valuing the total Convertible Notes Offer at approximately HK\$1,639,344.

The Convertible Notes Offer is made by the Offeror in compliance of Rule 13.1 of the Takeovers Code. The Company emphasises that any Convertible Notes Offer made shall not be made or construed to be prejudicial to the Company's claims and/or counterclaims in any legal actions and procedures against the Convertible Noteholders.

Comparison of value

The Share Offer Price of HK\$0.100 per Offer Share represents:

- (i) a premium of approximately 25.00% to the closing price of HK\$0.0800 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 24.07% to the average of the closing prices of the Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0806 per Share;
- (iii) a discount of approximately 83.50% over the audited consolidated net asset value attributable to the Shareholders as at 31 December 2018 of approximately HK\$0.606 per Share (based on the audited consolidated net asset value attributable to Shareholders as at 31 December 2018 (the date to which the latest audited financial results of the Group were made up) divided by 748,936,324 Shares in issue as at the date of this joint announcement); and
- (iv) a discount of approximately 66.26% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2019 of approximately HK\$0.296 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2019 (the date to which the latest unaudited financial results of the Group were made up) and divided by 748,936,324 Shares in issue as at the date of this joint announcement).

Highest and lowest Share prices

During the period commencing six months prior to the Offer Period and ending on the Last Trading Day, the highest closing price of the Shares was HK\$0.140 per Share as quoted on the Stock Exchange on 23 July 2019 and the lowest closing price of the Shares was HK\$0.077 per Share as quoted on the Stock Exchange on 9 September 2019.

Value and total consideration of the Offers

As at the date of this joint announcement, there are 748,936,324 Shares in issue. Assuming there is no change in the total number of issued Shares, there would be 898,000,000 Shares in issue upon the Subscription Completion. On the basis of the Share Offer Price at HK\$0.100 per Share, the entire issued ordinary share capital of the Company would be valued at approximately HK\$89.8 million upon Subscription Completion.

Assuming that there is no change in the total number of issued Shares, upon the Subscription Completion, the Offeror will be interested in 368,468,531 Shares and 529,531,469 Shares not already owned or agreed to be acquired by the Offeror will be subject to the Share Offer and the consideration of the Share Offer is therefore valued at approximately HK\$53.0 million based on the Share Offer Price and the basis of full acceptance of the Share Offer.

Assuming the Convertible Notes Offer is accepted in full, the consideration of the Convertible Notes Offer is valued at approximately HK\$1,639,344. As such, the total consideration of the Offers is valued at approximately HK\$54.6 million.

Confirmation of financial resources available for the Offers

The Offeror intends to finance the consideration for the Offers by its own internal resources. Donvex Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Share Offer in respect of 524,921,469 Offer Shares (excluding the 4,610,000 Shares held by Mr. Li, in respect of which Mr. Li has irrevocably undertaken not to accept the Share Offer) and the Convertible Notes Offer.

Conditions of the Offers

The Offers are only conditional upon valid acceptances of the Offers being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares acquired before or during the Offers, will result in Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfillment of the condition of the Offers in accordance with the Takeovers Code. The latest time on which the Offeror can declare the Offers unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Composite Document (or such later date to which the Executive may consent).

The Offers may or may not become unconditional. Shareholders and investors should exercise caution when dealing in securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

Effect of accepting the Offers

Subject to the Offers becoming unconditional, provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the branch share registrar of the Company in Hong Kong, the Shareholders will sell their tendered Shares to the Offeror free from all liens, claims, charges, options, equities, adverse interests, third party rights or Encumbrances whatsoever and together with all rights accruing or attaching thereto, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document.

Acceptance of the Convertible Notes Offer by any Convertible Noteholders shall be made subject to the terms and conditions of the Convertible Notes, and will be deemed to constitute a warranty by such person that all Convertible Notes sold by such person under the Convertible Notes Offer are free from all Encumbrances whatsoever, and that the Convertible Noteholders have the full right, power and authority to sell and pass the title and ownership of their Convertible Notes absolutely.

Acceptance of the Offers will be governed and construed in accordance with all the applicable laws and regulations of all relevant jurisdictions in connection therewith. The Shareholders and Convertible Noteholders shall fully observe the applicable laws and regulations, and tender acceptances that are valid and binding, and as permitted under the applicable laws and regulations.

As at the date of this joint announcement, no dividend has been paid or declared by the Company and it is advised by the Board that no dividend is expected to be declared during the Offer Period.

Acceptance of the Offers will be irrevocable and not be capable of being withdrawn except with the consent of the Executive.

Shareholders are reminded to read the recommendations of the Takeovers Code Independent Board Committee and the advice of the Independent Financial Adviser appointed by the Takeovers Code Independent Board Committee in respect of the Offers which will be included in the Composite Document.

Payment

Subject to the Offers having become, or having been declared, unconditional in all respects, payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) Business Days following the later of the date on which (i) the Offers become, or is declared unconditional; and (ii) the date on which the duly completed acceptance forms of the Offers and the relevant documents of title of the Offer Shares or the Convertible Notes in respect of such acceptance are received by the Offeror to render such acceptance complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a cent (HK\$) will be payable and the amount of the consideration payable to a Shareholder or a Noteholder who accepts the Offers will be rounded up to the nearest cent (HK\$).

Stamp duty

The seller's Hong Kong ad valorem stamp duty payable by the Independent Shareholders who accept the Share Offer and calculated at a rate of 0.1% of the higher of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer.

The seller's Hong Kong ad valorem stamp duty (if any) payable by the Noteholders who accept the Convertible Notes Offer and calculated at a rate of 0.1% of the higher of (i) the market value of the Convertible Notes; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Convertible Notes Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Convertible Notes Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders and the Convertible Noteholders who accept the Offers and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offers and the transfers of the Offer Shares or the Convertible Notes in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Shareholders and the Convertible Noteholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. It is emphasised that none of the Offeror, parties acting in concert with the Offeror, the Company, I-Access, Donvex Capital, or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Overseas Independent Shareholders and Overseas Convertible Noteholders

The Offeror intends to make the Offers available to all Independent Shareholders (but including Mr. Li) and all Convertible Noteholders, including those with a registered address in a jurisdiction outside Hong Kong. The availability of the Offers to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws and regulations of the relevant jurisdiction. Overseas Shareholders and overseas Convertible Noteholders with registered addresses in jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements or restrictions in their own jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and overseas Convertible Noteholders in respect of such jurisdictions).

Any acceptance of the Offers by any Overseas Independent Shareholder and overseas Convertible Noteholders will be deemed to constitute a representation and warranty from such Overseas Independent Shareholder and overseas Convertible Noteholders to the Offeror that the local laws and requirements have been complied with. The Overseas Independent Shareholders and overseas Convertible Noteholders should consult their professional advisers if in doubt.

IRREVOCABLE UNDERTAKING IN RELATION TO THE SHARE OFFER

As at the date of this joint announcement, Mr. Li holds 4,610,000 Shares, representing approximately 0.62% of the total issued share capital of the Company. Mr. Li has entered into the Irrevocable Undertaking, pursuant to which Mr. Li has undertaken to the Offeror that he will not (a) accept the Share Offer with respect to, and (b) until the close of the Share Offer or the Share Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 4,610,000 Shares held by him. The Irrevocable Undertaking shall cease to be binding if the Subscription Agreement is terminated and/or does not proceed to Subscription Completion, and the Share Offer is not proceeded with.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is incorporated in Bermuda with limited liability, the Shares of which are currently listed on the Stock Exchange (stock code: 58). The Group principally engaged in manufacturing and trading of pre-stressed high strength concrete pile, ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-concrete products.

The following table sets out a summary of certain financial information of the Group:

	For the six months ended 30 June 2019 (unaudited) HK\$'000	For the year ended 31 December 2018 (audited) HK\$'000	For the year ended 31 December 2017 (audited) HK\$'000
Revenue	150,889	414,717	315,515
Loss before income tax	(244,566)	(37,466)	(3,827)
Loss for the period/year	(245,468)	(43,626)	(4,366)
	As at 30 June 2019 (unaudited) HK\$'000	As at 31 December 2018 (audited) HK\$'000	As at 31 December 2017 (audited) HK\$'000
Net assets attributable to owners of the Company	221,940	453,769	513,925
Net assets	296,289	533,764	587,179

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability principally engaged in investment holding, which is a substantial shareholder of the Company as at the date of this joint announcement. Mr. Chim is the sole director and sole shareholder of the Offeror.

Mr. Chim, aged 24, was appointed as an executive Director and the chairman of the Board on 28 May 2019. Mr. Chim has working experience in cross-border investment, private equities and financial products. As a fluent Arabic speaker, Mr. Chim has served as a transformation associate consultant at Americana Group, a UAE-based F&B company operating more than 1,800 restaurants across 13 markets of the Middle East, North Africa (MENA) and Kazakhstan. Prior to graduating from the University of Pennsylvania in Modern Middle East Studies, Mr. Chim received training at Monitor Deloitte in Dubai, the National Bank of Abu Dhabi in Abu Dhabi, International New York Times and Meitu in Hong Kong.

As at the date of this joint announcement, Mr. Chim is interested in the 219,404,855 Shares of the Company owned by the Subscriber, which represented approximately 29.30% of the issued share capital in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

It is the intention of the Offeror that the Group will continue with its existing principal businesses after the close of the Offers and will maintain the listing status of the Company on the Stock Exchange. The Group is principally engaged in manufacturing and trading of pre-stressed high strength concrete pile, ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-concrete products.

The Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules as and when appropriate. As at the date of this joint announcement, the Offeror has no intention or concrete plans for any acquisition of assets and/or business, nor any intention to dispose of any assets and/or existing business by the Group.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business.

PROPOSED CHANGE OF BOARD COMPOSITION

As at the date of this joint announcement, the Board comprises three executive Directors, namely Mr. Chim, Mr. Li Chongyang and Mr. Law Chun Choi, one non-executive Director, namely, Mr. Lum Pak Sum, and three independent non-executive Directors, namely, Mr. Choi Pun Lap, Mr. Tong Leung Sang and Mr. Chan Sung Wai.

The Offeror did not propose to nominate any new Directors to the Board. Meanwhile, the Offeror has no intention to make any change to the composition of the Board as at the date of this joint announcement.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the issued Shares to remain listed on the Stock Exchange upon the close of the Offers.

Pursuant to the Listing Rules, if, at the closing of the Offers, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The Offeror will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that sufficient public float (i.e. not less than 25% of the issued Shares) exists in the Shares after the close of the Offers.

DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

The Offeror confirms that, as at the date of this joint announcement,

- (i) save for the Subscription Agreement and excluding the 224,014,855 Shares already owned by the Offeror and parties acting in concert with it, none of the Offeror and parties acting in concert with it has dealt in or owned any Shares, warrants, options, derivatives or other securities convertible into Shares during the period commencing six months preceding the date of this joint announcement and up to the date of this joint announcement;
- (ii) save for the Subscription Shares to be allotted and issued to the Offeror subject to the fulfillment of the conditions under the Subscription Agreement and excluding the 224,014,855 Shares already owned by the Offeror and parties acting in concert with it, none of the Offeror and parties acting in concert with it holds, owns or has control or direction over any voting rights or rights over Shares or convertible securities, warrants, options or derivatives of the Company;

- (iii) none of the Offeror and parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iv) save for the Subscription Agreement and the Irrevocable Undertaking, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares which might be material to the Offers;
- (v) save for the Subscription Agreement and the Irrevocable Undertaking, there is no agreement or arrangement to which the Offeror or parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or condition to the Offers;
- (vi) save for the Irrevocable Undertaking, none of the Offeror and parties acting in concert with it has received any irrevocable commitment(s) to accept or reject the Offers;
- (vii) other than the consideration paid by the Offeror to the Company under the Subscription Agreement, there is no other consideration, compensation or benefits paid by the Offeror and parties acting in concert with it;
- (viii) no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any parties acting in concert with it on the one hand, and the Company, any Independent Shareholders and any parties acting in concert with any of them on the other hand;
- (ix) no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) in relation to the Irrevocable Undertaking between the Offeror on the one hand, and Mr. Li on the other hand; and
- (x) no understanding, arrangement, agreement or special deal between (1) any Shareholder; and (2)(a) the Offeror and any party acting in concert with it, or (b) the Company, its subsidiaries or associated companies.

TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER OF THE COMPANY

Pursuant to Rule 2.1 of the Takeovers Code, the Takeovers Code Independent Board Committee comprising all the non-executive Directors who have no direct or indirect interest in the Offers, comprising one non-executive Director, namely, Mr. Lum Pak Sum and three independent non-executive Directors, namely, Mr. Choi Pun Lap, Mr. Tong Leung Sang and Mr. Chan Sung Wai, has been established to advise the Independent Shareholders and the Convertible Noteholders as to whether the terms of the Offers are fair and reasonable and as to their acceptance.

The Independent Financial Adviser will be appointed to advise the Takeovers Code Independent Board Committee in respect of the Offers and, in particular, as to whether the terms of the Offers are fair and reasonable and as to their acceptance.

A further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser. The advice of the Independent Financial Adviser and the recommendations of the Takeovers Code Independent Board Committee will be included in the Composite Document to be despatched to the Shareholders.

COMPOSITE DOCUMENT

Subject to the Subscription Completion, if the Offers are made, it is the intention of the Offeror and the Company that the offer document from the Offeror and the offeree board circular from the Company be combined into a Composite Document and be jointly despatched by the Offeror and the Company to the Independent Shareholders and the Convertible Noteholders in accordance with the requirements of the Takeovers Code after the Subscription Completion takes place. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, amongst other things: (i) details of the Offers (including the expected timetable); (ii) a letter of recommendation from the Takeovers Code Independent Board Committee to the Independent Shareholders and the Convertible Noteholders in relation to the Offers; and (iii) a letter of advice from the Independent Financial Adviser to the Takeovers Code Independent Board Committee, the Independent Shareholders and the Convertible Noteholders in relation to the Offers, together with the relevant forms of acceptance and transfer, are required to be despatched to the Shareholders and the Convertible Noteholders within 21 days of the date of this joint announcement or such later date as the Executive may approve.

However, as the making of the Offers is subject to the Subscription Completion, which in turn is subject to satisfaction of the respective Conditions Precedent which are not expected to be satisfied within 21 days of this joint announcement, the Offeror will make an application to the Executive under Note 2 to Rule 8.2 of the Takeovers Code for the Executive's consent, and the Executive has indicated that it is minded to grant consent, to extend the deadline for despatch of the Composite Document to a date within 7 days upon the Subscription Completion or 13 March 2020 (whichever date is earlier) or such other date as the Executive may approve.

Further announcement(s) will be made by the Offeror and the Company on the timing of the despatch of the Composite Document.

Shareholders and potential investors should note that the Takeovers Code Independent Board Committee has yet to consider and evaluate the Offers. This joint announcement is made in compliance with the Takeovers Code for the purpose of, amongst other things, informing Shareholders of the fact that the Company has been informed that the Offers will be made pursuant to Rule 26.1 and Rule 13 of the Takeovers Code. The Independent Shareholders and the Convertible Noteholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Takeovers Code Independent Board Committee and the recommendation from the Takeovers Code Independent Board Committee to the Independent Shareholders and the Convertible Noteholders in respect of the Offers, before deciding whether or not to accept the Offers.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror (as defined under the Takeovers Code, including persons holding 5% or more of a class of relevant securities issued by the Company or the Offeror) are hereby reminded to disclose their dealings in any securities of the Offeror and the Company pursuant to Rule 22 of the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 2 December 2019 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 9 January 2020.

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement, and strongly recommend the Independent Shareholders and the Convertible Noteholders not to form a view on the Offers unless and until they have received and read the Composite Document, including the recommendations of the Takeovers Code Independent Board Committee in respect of the Offers and a letter of advice from the Independent Financial Adviser.

Shareholders and/or potential investors of the Company should note that, as the making of the Offers is subject to the Subscription Completion which in turn is subject to the satisfaction (or waiver as the case may be) of a number of conditions, the Offers may or may not be made. Accordingly, the issue of this joint announcement does not imply that the Offers will be made or will be completed. Shareholders and potential investors of the Company should also note that the Subscription Completion is subject to the fulfillment of certain conditions (including the approval of the Listing Rules Independent Shareholders), which may or may not be satisfied.

The Offers are unconditional upon the fulfillment of the condition set out in the section headed “Conditions of the Offers” above. If the total number of Offer Shares in respect of the valid acceptances which the Offeror has received at or before 4:00 p.m. on the Closing Date (or such latter time, or date as the Offeror may, subject to the Takeovers Code, decide) under the Offers, together with the Shares acquired before or during the Offers, does not result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offers will not become unconditional and will lapse.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code, unless the context otherwise specifies
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Closing Date”	the date to be stated in the Composite Document as the closing date of the Offers or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Company”	Sunway International Holdings Limited (stock code: 58), a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offers, the recommendation from the Takeovers Code Independent Board Committee to the Independent Shareholders and the Convertible Noteholders and the advice from the Independent Financial Adviser to the Takeovers Code Independent Board Committee in respect of the Offers
“Conditions Precedent”	the conditions precedent under the Subscription Agreement
“Convertible Notes”	the outstanding convertible notes due on 28 April 2017 in the principal amount of HK\$30,000,000 which could be convertible into a total of 16,393,442 new conversion Shares at the conversion price of HK\$1.83 per conversion share (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed)
“Convertible Noteholder(s)”	the holder of the Convertible Note(s) from time to time

“Convertible Notes Offer”	the mandatory conditional cash offer to be made by I-Access for and on behalf of the Offeror to acquire the Convertible Notes in accordance with the terms described in this joint announcement
“Director(s)”	the director(s) of the Company from time to time
“Donvex Capital”	Donvex Capital Limited, the financial adviser of the Offeror in respect of the Offers, and a corporation licensed to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO
“Encumbrances”	includes any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set off, claim, counterclaim, trust arrangement or other security, any equity or restriction (including any restriction imposed under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) or other adverse rights and interests of all kinds and descriptions)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“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 Financial Adviser”	the independent financial adviser to be appointed for the purpose of advising (i) the Listing Rules Independent Board Committee and the Listing Rules Independent Shareholders in respect of the Subscription Agreement and the granting of the Specific Mandate; and (ii) the Takeovers Code Independent Board Committee in respect of the Offers and as to their acceptance
“Independent Shareholders”	the Shareholders other than the Offeror and the parties acting in concert with it

“Irrevocable Undertaking”	the deed of irrevocable undertaking dated 3 January 2020 pursuant to which Mr. Li has irrevocably undertaken to the Offeror that, among others, it will not accept any general offer to be made by the Offeror with respect to the Shares held by him as described in the section headed “Irrevocable Undertaking in relation to the Share Offer” in this joint announcement
“I-Access”	I-Access Investor Limited, a licensed corporation under the SFO, licensed to carry on type 1 (dealing in securities), type 2 (dealing in future contracts), type 6 (advising on corporate finance) and type 7 (providing automated trading services) regulated activities under the SFO
“Last Trading Day”	29 November 2019, the last trading day for the Shares prior to the halt of trading in the Shares prior to the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Rules Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors who have no direct or indirect interest in the Subscription, established for the purpose of advising the Listing Rules Independent Shareholders in respect of the Subscription and in particular as to whether the terms of the Subscription are fair and reasonable
“Listing Rules Independent Shareholders”	the Shareholders other than the Offeror and its associates (as defined under the Listing Rules)
“Long Stop Date”	28 February 2020 (or such other date as the Company and the Subscriber may agree in writing)
“Main Board”	the main board maintained and operated by the Stock Exchange
“Mr. Chim”	Mr. Chim Sai Yau Oscar, the sole shareholder and sole director of the Offeror

“Mr. Li”	Mr. Li Chongyang, an executive Director of the Company, a Shareholder who holds 4,610,000 Shares as at the joint announcement, representing approximately 0.62% of the total issued share capital of the Company, and a person presumed to be a party acting in concert with the Offeror
“Offeror” or “Subscriber”	Wealthy Port Holdings Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company as at the date of this joint announcement, which is beneficially and wholly owned by Mr. Chim
“Offers”	the Share Offer and the Convertible Notes Offer (as the case may be)
“Offer Period”	has the meaning ascribed to it under the Takeovers Code which commences on the date of this joint announcement and ends on the date on which the Offers close or lapse
“Offer Share(s)”	the Shares (other than those already owned or to be acquired by the Offeror or parties acting in concert with it) that are subject to the Share Offer
“Overseas Independent Shareholders”	Independent Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Share Consolidation”	the consolidation of the Shares whereas every ten issued ordinary shares of HK\$0.01 each in the then share capital of the Company be consolidated into one consolidated share of HK\$0.10, which became effective on 4 June 2018
“Share Offer”	the mandatory conditional cash offer to be made by I-Access for and on behalf of the Offeror for all the Offer Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code

“Share Offer Price”	HK\$0.100 per Offer Share
“Shareholder(s)”	the holder(s) of the issued Shares
“Specific Mandate”	the specific mandate proposed to be obtained from the Listing Rules Independent Shareholders at the SGM to issue the Subscription Shares to the Subscriber
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Offeror under the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 29 November 2019 entered into amongst the Offeror and the Company in relation to the Subscription Shares
“Subscription Completion”	the completion of the subscription of the Subscription Shares in accordance with the terms and conditions of the Subscription Agreement
“Subscription Price”	the average closing price per Share as quoted on the Stock Exchange for the 5 consecutive trading days prior to the date of the Subscription Agreement, or the nominal Share value of HK\$0.100 per Share, whichever is the higher
“Subscription Shares”	an aggregate of 149,063,676 Shares to be subscribed by the Subscriber upon Subscription Completion
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Takeovers Code Independent Board Committee”	an independent committee of the Board comprising all the non-executive Directors who have no direct or indirect interest in the Offers, established for the purpose of advising the Independent Shareholders and the Convertible Noteholders in respect of the Offers and in particular as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers
“%”	per cent.

By order of the board of directors
**WEALTHY PORT HOLDINGS
LIMITED**
Chim Sai Yau Oscar
Sole Director

By Order of the Board
**SUNWAY INTERNATIONAL
HOLDINGS LIMITED**
Law Chun Choi
Executive Director and Company Secretary

Hong Kong, 8 January 2020

As at the date of this joint announcement, the sole director of the Offeror is Mr. Chim.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors except Mr. Chim) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the Board comprises three executive Directors, namely, Mr. Chim Sai Yau, Oscar, Mr. Li Chongyang and Mr. Law Chun Choi, one non-executive Director, namely, Mr. Lum Pak Sum, and three independent non-executive Directors, namely, Mr. Choi Pun Lap, Mr. Tong Leung Sang and Mr. Chan Sung Wai.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

Website: <http://www.hk0058.com>

* *For identification purposes only*