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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)

PROVISION OF FINANCIAL ASSISTANCE

LOAN TO SHENZHEN SIPING

On 4 July 2016, Sunway Financial (as lender) entered into the Siping Loan Agreement with Shenzhen Siping (as borrower) for the provision of the loan in the amount of HK\$20,000,000. On 26 June 2017, Shenzhen Siping requested to extend the term of the repayment of the loan under the Siping Loan Agreement for one year to 4 July 2018. On 4 July 2018, Sunway Financial and Shenzhen Siping entered into a supplemental agreement, pursuant to which Sunway Financial and Shenzhen Siping agreed to further extend the term of the loan under the Siping Loan Agreement for one year to 4 July 2019.

LOAN TO FUZHOU XUFA

On 29 July 2016, Sunway Financial (as lender) entered into the Fuzhou Xufa Loan Agreement with Fuzhou Xufa (as borrower) for the provision of the loan in the amount of HK\$50,000,000.

On 3 August 2017, Fuzhou Xufa requested to extend the term of the repayment of the loan under the Fuzhou Xufa Loan Agreement with outstanding principal amount of HK\$25,000,000 for one year to 12 August 2018.

LOAN TO CHARMATE

On 3 April 2017, Sunway Financial (as lender) entered into the Charmate First Loan Agreement with Charmate (as borrower) for the provision of the loan in the amount of HK\$10,000,000. On 3 July 2017, Sunway Financial (as lender) entered into the Charmate Second Loan Agreement with Charmate (as borrower) for the provision of the loan in the amount of HK\$20,000,000.

On 2 January 2018, Charmate requested to extend the term of the repayment of the loan under the Charmate Second Loan Agreement for one year to 3 January 2019. On 3 April 2018, Sunway Financial and Charmate entered into a supplemental agreement, pursuant to which Sunway Financial and Charmate agreed to extend the term of the repayment of the principal amount of the loan of HK\$5,008,219 under the Charmate First Loan Agreement for one year to 3 April 2019. On 3 January 2019, Sunway Financial and Charmate entered into a supplemental agreement, pursuant to which Sunway Financial and Charmate agreed to further extend the term of the repayment of the loan under the Charmate Second Loan Agreement for one year to 3 January 2020.

LOAN TO HUALI CAPITAL

On 21 September 2017, Sunway Financial (as lender) entered into the Huali Loan Agreement with Huali Capital (as borrower) for the provision of the loan in the amount of HK\$25,000,000. On 21 September 2018, Sunway Financial and Huali Capital entered into a supplemental agreement, pursuant to which Sunway Financial and Huali Capital agreed to extend the term of the repayment of the loan under the Huali Loan Agreement for one year to 21 September 2019.

LOAN TO MEI RUI

On 24 October 2017, Sunway Financial (as lender) entered into the Mei Rui Loan Agreement with Mei Rui (as borrower) for the provision of the loan in the amount of HK\$25,000,000. On 24 October 2018, Sunway Financial and Mei Rui entered into a supplemental agreement, pursuant to which Sunway Financial and Mei Rui agreed to extend the term of the repayment of the loan under the Mei Rui Loan Agreement for six months to 24 April 2019.

LOAN TO FUZHOU DONGYE AND TRANSFER OF REPAYMENT OBLIGATION TO SKY LONG

On 19 October 2016, Sunway Financial (as lender) entered into the Dongye Loan Agreement with Fuzhou Dongye (as borrower) for the provision of the loan in the amount of HK\$20,000,000. On 21 April 2017, Fuzhou Dongye requested to extend the term of the repayment of the loan under the Dongye Loan Agreement for one year to 24 April 2018. On 1 March 2018, the repayment obligation of the loan under the Dongye Loan Agreement was transferred to Sky Long.

LOAN TO DANNY CHOI

On 31 January 2018, Sunway Financial (as lender) entered into the Danny Choi Loan Agreement with Danny Choi (as borrower) for the provision of the loan in the amount of HK\$10,000,000. On 31 January 2019, Sunway Financial and Danny Choi entered into a supplemental agreement, pursuant to which Sunway Financial and Danny Choi agreed to extend the term of the repayment of the loan under the Danny Choi Loan Agreement with outstanding principal amount of HK\$8,500,000 for one year to 31 January 2020.

IMPLICATIONS UNDER THE LISTING RULES

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the second renewal of the loan to Shenzhen Siping on 4 July 2018 exceeded 5% but less than 25%, the second renewal of the loan constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the loan under the Fuzhou Xufa Loan Agreement exceeded 5% but less than 25%, the Fuzhou Xufa Loan Agreement constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the entering of the Charmate Second Loan Agreement, the first extension of the repayment date of the loan under the Charmate Second Loan Agreement, the extension of the repayment date of the loan under the Charmate First Loan Agreement and the second extension of the repayment date of the loan under the Charmate Second Loan Agreement exceeded 5% but less than 25%, each of them constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the renewal of the loan under the Huali Loan Agreement exceeded 25% but less than 75%, the renewal of the loan under the Huali Loan Agreement constituted a major transaction for the Company and was subject to the announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the renewal of the loan under the Mei Rui Loan Agreement exceeded 5% but less than 25%, the renewal of the term of the loan under the Mei Rui Loan Agreement constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transfer of the repayment obligation of the loan under the Dongye Loan Agreement to Sky Long (when aggregated with the loan granted to Huali Capital under the Huali Loan Agreement) exceeded 5% but less than 25%, the transfer of the repayment obligation of the loan under the Dongye Loan Agreement constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the renewal of the loan under the Danny Choi Loan Agreement exceeded 5% but less than 25%, the renewal of the term of the loan under the Danny Choi Loan Agreement constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

LOAN TO SHENZHEN SIPING

On 4 July 2016, Sunway Financial (as lender) entered into the Siping Loan Agreement with Shenzhen Siping (as borrower) for the provision of the loan in the amount of HK\$20,000,000. A summary of the principal terms of the Siping Loan Agreement is set out below:

Lender:	Sunway Financial
Borrower:	Shenzhen Siping
Principal amount of the loan:	HK\$20,000,000
Term:	The term of the loan shall be one year commencing from the date of drawdown of the loan or such other date as agreed in writing between Sunway Financial and Shenzhen Siping.
Interest:	8% per annum. The interest shall be payable on a monthly basis.
Security:	The loan was secured by the entire equity interest of Shenzhen Siping.

On 26 June 2017, Shenzhen Siping requested to extend the term of the repayment of the loan under the Siping Loan Agreement for one year to 4 July 2018. The interest rate remained unchanged at 8% per annum.

On 4 July 2018, Sunway Financial and Shenzhen Siping entered into a supplemental agreement, pursuant to which Sunway Financial and Shenzhen Siping agreed to further extend the term of the loan under the Siping Loan Agreement for one year to 4 July 2019. The interest rate remained unchanged at 8% per annum.

As of the date of this announcement, the total outstanding amount of principal and interests to be repaid by Shenzhen Siping was HK\$20,301,207. As at 30 June 2019, receivables in the amount of HK\$20,301,207 in respect of the loan to Shenzhen Siping had been impaired.

IMPLICATIONS OF THE LOAN TO SHENZHEN SIPING UNDER THE LISTING RULES

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the aforesaid second renewal of the loan to Shenzhen Siping on 4 July 2018 exceeded 5% but less than 25%, the aforesaid second renewal of the loan constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Although the Company had obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), as per requirements pursuant to the Listing Rules, the Company should have published an announcement upon the second renewal of the loan to Shenzhen Siping on 26 June 2017 but had omitted to do so. Such omission constituted a non-compliance with Rule 14.34 of the Listing Rules.

LOAN TO FUZHOU XUFA

On 29 July 2016, Sunway Financial (as lender) entered into the Fuzhou Xufa Loan Agreement with Fuzhou Xufa (as borrower) for the provision of the loan in the amount of HK\$50,000,000. A summary of the principal terms of the Fuzhou Xufa Loan Agreement is set out below:

Lender:	Sunway Financial
Borrower:	Fuzhou Xufa
Principal amount of the loan:	HK\$50,000,000
Term:	The term of the loan shall be one year commencing from the date of drawdown of the loan or such other date as agreed in writing between Sunway Financial and Fuzhou Xufa.
Interest:	8% per annum. The interest shall be payable on a monthly basis.
Security:	Sunway Financial had executed an equity pledge agreement with the shareholders of Fuzhou Xufa for the pledge of the equity of Fuzhou Xufa as security for the loan.

On 3 August 2017, Fuzhou Xufa requested to extend the term of the repayment of the loan under the Fuzhou Xufa Loan Agreement with outstanding principal amount of HK\$25,000,000 for one year to 12 August 2018. The interest rate remained unchanged at 8% per annum.

As of the date of this announcement, the total outstanding amount of principal and interests to be repaid by Fuzhou Xufa was HK\$11,184,375. As at 30 June 2019, receivables in the amount of HK\$11,184,375 in respect of the loan to Fuzhou Xufa had been impaired.

IMPLICATIONS OF THE LOAN TO FUZHOU XUFA UNDER THE LISTING RULES

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the loan under the Fuzhou Xufa Loan Agreement exceeded 5% but less than 25%, the Fuzhou Xufa Loan Agreement constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Although the Company had obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), as per requirements pursuant to the Listing Rules, the Company should have published an announcement upon the entering of the Fuzhou Xufa Loan Agreement but had omitted to do so. Such omission constituted a non-compliance with Rule 14.34 of the Listing Rules.

LOAN TO CHARMATE

On 3 April 2017, Sunway Financial (as lender) entered into the Charmate First Loan Agreement with Charmate (as borrower) for the provision of the loan in the amount of HK\$10,000,000. A summary of the principal terms of the Charmate First Loan Agreement is set out below:

Lender:	Sunway Financial
Borrower:	Charmate
Principal amount of the loan:	HK\$10,000,000
Term:	The term of the loan shall be one year commencing from the date of drawdown of the loan or such other date as agreed in writing between Sunway Financial and Charmate.
Interest:	10% per annum. The interest shall be payable on a monthly basis.
Guarantee:	Mr. Chen Zhiguo (陳志國) provided personal guarantee for the loan.

On 3 July 2017, Sunway Financial (as lender) entered into the Charmate Second Loan Agreement with Charmate (as borrower) for the provision of the loan in the amount of HK\$20,000,000. A summary of the principal terms of the Charmate Second Loan Agreement is set out below:

Lender: Sunway Financial

Borrower: Charmate

Principal amount of the loan: HK\$20,000,000

Term: The term of the loan shall be six months commencing from the date of drawdown of the loan or such other date as agreed in writing between Sunway Financial and Charmate.

Interest: 10% per annum. The interest shall be payable on a monthly basis.

Guarantee: Mr. Chen Zhiguo (陳志國) provided personal guarantee for the loan.

On 2 January 2018, Charmate requested to extend the term of the repayment of the loan under the Charmate Second Loan Agreement for one year to 3 January 2019. The interest rate remained unchanged at 10% per annum.

On 3 April 2018, Sunway Financial and Charmate entered into a supplemental agreement, pursuant to which Sunway Financial and Charmate agreed to extend the term of the repayment of the principal amount of the loan of HK\$5,008,219 under the Charmate First Loan Agreement for one year to 3 April 2019. The interest rate remained unchanged at 10% per annum.

On 3 January 2019, Sunway Financial and Charmate entered into a supplemental agreement, pursuant to which Sunway Financial and Charmate agreed to further extend the term of the repayment of the loan under the Charmate Second Loan Agreement for one year to 3 January 2020. The interest rate remained unchanged at 10% per annum.

As of the date of this announcement, the total outstanding amount of principal and interests to be repaid by Charmate was HK\$24,215,400. As at 30 June 2019, receivables in the amount of HK\$24,215,400 in respect of the loan to Charmate had been impaired.

IMPLICATIONS OF THE LOAN TO CHARMATE UNDER THE LISTING RULES

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the entering of the Charmate Second Loan Agreement, the first extension of the repayment date of the loan under the Charmate Second Loan Agreement, the extension of the repayment date of the loan under the Charmate First Loan Agreement and the second extension of the repayment date of the loan under the Charmate Second Loan Agreement exceeded 5% but less than 25%, each of them constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Although the Company have obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), as per requirements pursuant to the Listing Rules, the Company should have published an announcement upon the entering of the Charmate Second Loan Agreement, the first extension of the repayment date of the loan under the Charmate Second Loan Agreement, the extension of the repayment date of the loan under the Charmate First Loan Agreement and the second extension of the repayment date of the loan under the Charmate Second Loan Agreement but had omitted to do so. Such omission constituted a non-compliance with Rule 14.34 of the Listing Rules.

LOAN TO HUALI CAPITAL

On 21 September 2017, Sunway Financial (as lender) entered into the Huali Loan Agreement with Huali Capital (as borrower) for the provision of the loan in the amount of HK\$25,000,000. A summary of the principal terms of the Huali Loan Agreement is set out below:

Lender:	Sunway Financial
Borrower:	Huali Capital
Principal amount of the loan:	HK\$25,000,000
Term:	The term of the loan shall be one year commencing from the date of drawdown of the loan or such other date as agreed in writing between Sunway Financial and Huali Capital.
Interest:	8% per annum. The interest shall be payable on a monthly basis.
Guarantor:	Tailor Wealth Group Limited had provided corporate guarantee in respect of the loan. Tailor Wealth Group Limited is wholly owned by Sky Long Group Limited, which is in turn wholly owned by Yang Yongjun.

On 21 September 2018, Sunway Financial and Huali Capital entered into a supplemental agreement, pursuant to which Sunway Financial and Huali Capital agreed to extend the term of the repayment of the loan under the Huali Loan Agreement for one year to 21 September 2019. The interest rate remained unchanged at 8% per annum.

As of the date of this announcement, the total outstanding amount of principal and interests to be repaid by Huali Capital was HK\$25,558,904. As at 30 June 2019, receivables in the amount of HK\$25,558,904 in respect of the loan to Huali Capital had been impaired.

IMPLICATIONS OF THE LOAN TO HUALI CAPITAL UNDER THE LISTING RULES

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the renewal of the loan under the Huali Loan Agreement exceeded 25% but less than 75%, the renewal of the loan under the Huali Loan Agreement constituted a major transaction for the Company and was subject to the announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

Although the Company had obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), as per requirements pursuant to the Listing Rules, the Company should have published an announcement and sought shareholders' approval upon the renewal of the loan under the Huali Loan Agreement but had omitted to do so. Such omission constituted a non-compliance with Rules 14.34, 14.38A and 14.40 of the Listing Rules.

LOAN TO MEI RUI

On 24 October 2017, Sunway Financial (as lender) entered into the Mei Rui Loan Agreement with Mei Rui (as borrower) for the provision of the loan in the amount of HK\$25,000,000. A summary of the principal terms of the Mei Rui Loan Agreement is set out below:

Lender:	Sunway Financial
Borrower:	Mei Rui
Principal amount of the loan:	HK\$25,000,000
Term:	The term of the loan shall be one year commencing from the date of drawdown of the loan or such other date as agreed in writing between Sunway Financial and Mei Rui.
Interest:	8% per annum. The interest shall be payable on a monthly basis.
Security:	No security was obtained by the Group in respect of the loan.

Pursuant to the online search results on Fujian Sandi Property Development Company Limited* (福建三迪房地產開發有限公司) (“**Fujian Sandi**”), the entire equity interest of Fujian Sandi was owned by Mei Rui. The Company noted from the audited financial statements of Fujian Sandi that Fujian Sandi had total assets of over RMB1,900 million and net assets of over RMB400 million at around the time of the grant of the loan. Taking into consideration the strong asset position of Fujian Sandi which was in turn controlled by Mei Rui, the Company therefore had not obtained additional security for the loan to Mei Rui.

On 24 October 2018, Sunway Financial and Mei Rui entered into a supplemental agreement, pursuant to which Sunway Financial and Mei Rui agreed to extend the term of the repayment of the loan under the Mei Rui Loan Agreement for six months to 24 April 2019. The interest rate remained unchanged at 8% per annum.

As of the date of this announcement, the total outstanding amount of principal and interests to be repaid by Mei Rui was HK\$25,378,079. As at 30 June 2019, receivables in the amount of HK\$25,378,079 in respect of the loan to Mei Rui had been impaired.

IMPLICATIONS OF THE LOAN TO MEI RUI UNDER THE LISTING RULES

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the renewal of the loan under the Mei Rui Loan Agreement exceeded 5% but less than 25%, the renewal of the term of the loan under the Mei Rui Loan Agreement constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Although the Company had obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), as per requirements pursuant to the Listing Rules, the Company should have published an announcement upon the renewal of the loan under the Mei Rui Loan Agreement but had omitted to do so. Such omission constituted a non-compliance with Rule 14.34 of the Listing Rules.

LOAN TO FUZHOU DONGYE AND TRANSFER OF REPAYMENT OBLIGATION TO SKY LONG

On 19 October 2016, Sunway Financial (as lender) entered into the Dongye Loan Agreement with Fuzhou Dongye (as borrower) for the provision of the loan in the amount of HK\$20,000,000. A summary of the principal terms of the Dongye Loan Agreement is set out below:

Lender: Sunway Financial

Borrower: Fuzhou Dongye

Principal amount of the loan: HK\$20,000,000

Term: The term of the loan shall be six months commencing from the date of drawdown of the loan or such other date as agreed in writing between Sunway Financial and Fuzhou Dongye.

Interest: 8% per annum. The interest shall be payable on a monthly basis.

Security: No security was obtained by the Group in respect of the loan.

The Company noted from the audited financial statements of Fuzhou Dongye that Fuzhou Dongye had total assets of over RMB173 million, net assets of over RMB56 million and net profits over RMB10 million at around the time of the grant of the loan. Taking into consideration the strong asset position of Fuzhou Dongye, the Company therefore had not obtained additional security for the loan to Fuzhou Dongye.

On 21 April 2017, Fuzhou Dongye requested to extend the term of the repayment of the loan under the Dongye Loan Agreement with outstanding principal of HK\$20,000,000 for one year to 24 April 2018. The interest rate remained unchanged at 8% per annum.

On 1 March 2018, the repayment obligation of the loan under the Dongye Loan Agreement was transferred to Sky Long.

As of the date of this announcement, the total outstanding amount of principal and interests to be repaid by Sky Long was HK\$23,501,753. As at 30 June 2019, receivables in the amount of HK\$23,501,753 in respect of the loan to Sky Long had been impaired.

IMPLICATIONS OF THE TRANSFER OF THE REPAYMENT OBLIGATION OF THE LOAN TO SKY LONG UNDER THE LISTING RULES

The entire issued share capital of Sky Long is was owned by Yang Yongjun.

As stated in the paragraph headed “Information on the parties” in this announcement, the entire issued share capital of Huali Capital was owned by Tailor Wealth Group Limited, which is wholly owned by Sky Long Group Limited. Since the ultimate beneficial owners of Huali Capital and Sky Long were the same, the transfer of the repayment obligation of the loan under Dongye Loan Agreement to Sky Long shall be aggregated with the loan granted to Huali Capital under the Huali Loan Agreement on 21 September 2017 (details of which are set out in the paragraph headed “Loan to Huali Capital” in this announcement).

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transfer of the repayment obligation of the loan under the Dongye Loan Agreement to Sky Long (when aggregated with the loan granted to Huali Capital under the Huali Loan Agreement) exceeded 5% but less than 25%, the transfer of the repayment obligation of the loan under the Dongye Loan Agreement constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Although the Company had obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), as per requirements pursuant to the Listing Rules, the Company should have published an announcement upon the transfer of the repayment obligation of the loan under the Dongye Loan Agreement to Sky Long but had omitted to do so. Such omission constituted a non-compliance with Rule 14.34 of the Listing Rules.

LOAN TO DANNY CHOI

On 31 January 2018, Sunway Financial (as lender) entered into the Danny Choi Loan Agreement with Danny Choi (as borrower) for the provision of the loan in the amount of HK\$10,000,000. A summary of the principal terms of the Danny Choi Loan Agreement is set out below:

Lender: Sunway Financial

Borrower: Danny Choi

Principal amount of the loan: HK\$10,000,000

Term: The term of the loan shall be one year commencing from the date of drawdown of the loan or such other date as agreed in writing between Sunway Financial and Danny Choi.

Interest: 10% per annum. The interest shall be payable on a monthly basis.

Security: No security was obtained by the Group in respect of the loan.

On 31 January 2019, Sunway Financial and Danny Choi entered into a supplemental agreement, pursuant to which Sunway Financial and Danny Choi agreed to extend the term of the repayment of the loan under the Danny Choi Loan Agreement with outstanding principal amount of HK\$8,500,000 for one year to 31 January 2020. The interest rate remained unchanged at 10% per annum.

As of the date of this announcement, the total outstanding amount of principal and interests to be repaid by Danny Choi was HK\$747,285. As at 30 June 2019, receivables in the amount of HK\$131,587 in respect of the loan to Danny Choi had been impaired.

IMPLICATIONS OF THE LOAN TO DANNY CHOI UNDER THE LISTING RULES

As certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the renewal of the loan under the Danny Choi Loan Agreement exceeded 5% but less than 25%, the renewal of the term of the loan under the Danny Choi Loan Agreement constituted a discloseable transaction for the Company and was subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Although the Company had obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), as per requirements pursuant to the Listing Rules, the Company should have published an announcement upon the renewal of the loan under the Danny Choi Loan Agreement but had omitted to do so. Such omission constituted a non-compliance with Rule 14.34 of the Listing Rules.

REASONS FOR THE IMPAIRMENT MADE TO THE LOANS

According to the loan agreements, the relevant borrowers had been in default for repayment for which the enforceability of the collaterals, if any, was quite difficult. Furthermore, as at 30 June 2019, the maturity dates of about half of the aforesaid loans had already been due. Therefore, impairment losses were made to the above-mentioned loans in accordance with Hong Kong Financial Reporting Standard 9 (2014) “Financial Instruments”.

REASONS FOR BREACH OF LISTING RULES

As disclosed in the announcement of the Company dated 4 March 2016, Sunway Financial had obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) on 11 February 2016, and the Group would engage in money lending business in the future. Subsequently, as disclosed in the 2016 annual report of the Company (pages 5, 65 and 66), the Group had commenced the money lending business in July 2016, and money lending service was shown as one of the business segments of the Group.

As money lending has been one of the principal businesses of the Group since July 2016, the Company at the relevant time considered that money lending and the grant of loans set out in this announcement were in the ordinary and usual course of business of the Group and did not fall within the definition of “transaction” pursuant to Rule 14.04(1)(g) of the Listing Rules.

REMEDIAL MEASURES

The Company takes such incidents of non-compliance of the Listing Rules seriously and take the following remedial measures to further strengthen the monitoring on the compliance of new loan transactions with the Listing Rules:

- (a) for the provision of loans in the future, in addition to review of the loan by the Board, the Company will also assign a dedicated staff member to focus on the review of new loan transactions and renewal of existing loans and their implications from the perspective of the Listing Rules. In addition, the Company will also pass the draft loan agreements and the renewal agreements to its legal advisor for review to ascertain any announcement or shareholders' requirements under the Listing Rules before entering into such loan transactions;
- (b) the Company will re-issue the relevant guidance and training materials on the classification of notifiable transactions under Chapter 14 of the Listing Rules and the different relevant materials concerning compliance with the Listing Rules published by the Stock Exchange in relation to provision of financial assistance, to the directors, senior management and finance staff of the Group in order to strengthen and refresh their knowledge with respect to notifiable transactions. If requested by any directors, senior management or finance staff, the Company will also arrange additional training session on the classification and compliance requirements for notifiable transactions under the Listing Rules.

The Company has engaged a legal advisor to seek legal advice on the actions in relation to the recovery of the outstanding loans. As at the date of this submission, the legal adviser of the Company had issued legal demand letters to the relevant borrowers, namely, Shenzhen Siping, Fuzhou Xufa, Charmate, Huali, Mei Rui and Sky Long) to recover the outstanding loans. Pursuant to the legal demand letters, the aforesaid borrowers are required to settle the outstanding loans and interests. Despite the legal demand letters, the aforesaid borrowers have failed to settle all the outstanding loans and interests and the Company has instructed its legal advisor to commence the preparation works for the commencement of legal proceedings.

REASON FOR AND BENEFITS OF THE PROVISION OF THE LOANS

The funding for the loans under the Siping Loan Agreement, Fuzhou Xufa Loan Agreement, Charmate First Loan Agreement, Charmate Second Loan Agreement, Huali Loan Agreement, Mei Rui Loan Agreement, Dongye Loan Agreement, Danny Choi Loan Agreement came from spare internal resources of the Group and therefore allows the Group to utilise its idle funding to gain a return. The terms of the aforesaid loan agreements (including the interest rate) were arrived at by the parties thereto with reference to prevailing commercial practice and the amount of the loan facility. The Company considered that the terms of the aforesaid loan agreements are fair and reasonable and the advance of the aforesaid loans is in the interest of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

The Company is an investment holding company and 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.

Shenzhen Siping is a company established in the PRC with limited liability. Based on publicly available information, the scope of business of Shenzhen Siping includes, among others, factoring business, management of assets on trust, investment in securities and investment advisory. Based on the publicly available information, the entire equity interest of Shenzhen Siping was owned by Zheng Zhaohong (鄭肇宏). To the best of the knowledge, information and belief of the Company, having made all reasonable enquiries, Shenzhen Siping and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Fuzhou Xufa is a company established in the PRC with limited liability. Based on publicly available information, the scope of business of Fuzhou Xufa includes, among others, the wholesale of engineering equipment, electrical appliances, fire service equipment, clothes, office utilities and computer software. Based on the publicly available information, the equity interest of Fuzhou Xufa was owned as to 96% by Yang Xiaofeng (楊曉峰) and 4% by Hou Debin (侯德彬). To the best of the knowledge, information and belief of the Company, having made all reasonable enquiries, Fuzhou Xufa and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Charmate is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The entire issued share capital of Charmate is held by Mr. Chen Zhiguo (陳志國). To the best of the knowledge, information and belief of the Company, having made all reasonable enquiries, Charmate and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Huali Capital is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. The entire issued share capital of Huali Capital was owned by Tailor Wealth Group Limited, which is wholly owned by Sky Long Group Limited. Sky Long Group Limited is wholly owned by Yang Yongjun. To the best of the knowledge, information and belief of the Company, having made all reasonable enquiries, Huali Capital and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Mei Rui is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The entire issued share capital of Mei Rui was owned by Guo Jiadi (郭加廸). To the best of the knowledge, information and belief of the Company, having made all reasonable enquiries, Mei Rui and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Fuzhou Dongye is a company established in the PRC with limited liability. Based on publicly available information, the business scope of Fuzhou Dongye includes, among others, the wholesale of construction materials, electrical appliances, clothing, office utilities and computer software. The equity interest of Fuzhou Dongye was owned as to 60% by Xie Ling (謝玲) and 40% by Huang Wenqin (黃文欽). To the best of the knowledge, information and belief of the Company, having made all reasonable enquiries, Fuzhou Dongye and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Sky Long is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The entire issued share capital of Sky Long is owned by Yang Yongjun. To the best of the knowledge, information and belief of the Company, having made all reasonable enquiries, Sky Long and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Danny Choi is a Hong Kong resident. To the best of the knowledge, information and belief of the Company, having made all reasonable enquiries, Danny Choi is a third party independent of the Company and its connected persons.

DEFINITIONS

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

“Board”	the board of Directors
“Charmate”	Charmate Development Limited, a company incorporated in the British Virgin Islands with limited liability
“Charmate First Loan Agreement”	the loan agreement dated 3 April 2017 entered into between Sunway Financial and Charmate
“Charmate Second Loan Agreement”	the loan agreement dated 3 July 2017 entered into between Sunway Financial and Charmate
“Company”	Sunway International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 58)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Danny Choi”	Choi Chun Chung, Danny (蔡振忠)

“Danny Choi Loan Agreement”	the loan agreement dated 31 January 2018 entered into between Sunway Financial and Danny Choi
“Dongye Loan Agreement”	the loan agreement dated 19 October 2016 entered into between Sunway Financial and Fuzhou Dongye
“Fuzhou Dongye”	Fuzhou Dongye Trading Company Limited* (福州東燁貿易有限公司), a company established in the PRC with limited liability
“Fuzhou Xufa”	Fuzhou Xufa Trading Company Limited* (福州旭發貿易有限公司), a company established in the PRC with limited liability
“Fuzhou Xufa Loan Agreement”	the loan agreement dated 29 July 2016 entered into between Sunway Financial and Fuzhou Xufa
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huali Capital”	Huali Capital Investment Holding Co., Limited (華力資本投資控股有限公司), a company incorporated in Hong Kong with limited liability
“Huali Loan Agreement”	the loan agreement dated 21 September 2017 entered into between Sunway Financial and Huali Capital
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mei Rui”	Mei Rui Group Limited (美瑞集團有限公司), a company incorporated in the British Virgin Islands with limited liability
“Mei Rui Loan Agreement”	the loan agreement dated 24 October 2017 entered into between Sunway Financial and Mei Rui
“PRC”	The People’s Republic of China
“Shareholder(s)”	shareholder(s) of the Company

“Shenzhen Siping”	Shenzhen Siping Investment Company Limited* (深圳四平投資有限公司), a company established in the PRC with limited liability
“Siping Loan Agreement”	the loan agreement dated 4 July 2016 entered into between Sunway Financial and Shenzhen Siping
“Sky Long”	Sky Long Group Limited (天朗集團有限公司), a company incorporated in the British Virgin Islands with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunway Financial”	Sunway Financial Management Limited (新威金融管理有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

By Order of the Board
Sunway International Holdings Limited
Li Chongyang
Executive Director

Hong Kong, 20 January 2020

As at the date of this 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.

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

** for identification purpose only*