



# SUNWAY INTERNATIONAL HOLDINGS LIMITED

新威國際控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock code: 58)

**Executive Directors:**

Mr. Chim Sai Yau, Oscar  
Mr. Li Chongyang  
Mr. Law Chun Choi

**Non-executive Director:**

Mr. Lum Pak Sum

**Independent non-executive Directors:**

Mr. Choi Pun Lap  
Mr. Tong Leung Sang  
Mr. Chan Sung Wai

**Registered office:**

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

**Head office and principal place of business  
in Hong Kong:**

3/F, Mandarin Commercial House  
38 Morrison Hill Road  
Wanchai, Hong Kong

14 April 2020

*To the Independent Shareholders and Convertible Noteholders*

Dear Sir or Madam,

**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)**

## 1. INTRODUCTION

Reference is made to the Joint Announcement. The Company and the Offeror entered into the Subscription Agreement on 29 November 2019 (after trading hours of the Stock Exchange), pursuant to which the Offeror, a substantial Shareholder, has conditionally agreed to subscribe for and the Company has conditional 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.

\* For identification purposes only

Immediately prior to the entering into of the Subscription Agreement, the Offeror (i.e. the Subscriber) and the parties acting in concert with it were beneficially interested in 224,014,855 Shares, representing approximately 29.92% of the then issued Shares of the Company. The Subscription Completion took place on 30 March 2020. Upon the Subscription Completion, the Offeror and the parties acting in concert with it were interested in 373,078,531 Shares, representing approximately 41.54% of the issued Shares of the Company as enlarged by the allotment and issue of the Subscription Shares.

Pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, 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).

I-Access is making the Offers for and on behalf of the Offeror in accordance with the Takeovers Code.

The Takeovers Code Independent Board Committee which comprises 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 in respect of the Offers as to whether the terms of the Offers are fair and reasonable and as to their acceptance.

Ample Capital, the Independent Financial Adviser, with the approval of the Takeovers Code Independent Board Committee, has been appointed to advise 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. The full text of the letter from Ample Capital is set out in this Composite Document.

Further terms and the procedures for acceptance of the Offers are set out in the “Letter from Donvex Capital” and Appendix I to this Composite Document. The purpose of this Composite Document is to provide you with, among other things, information relating to the Company and the Offers as well as to set out (i) the “Letter from the Takeovers Code Independent Board Committee” containing its recommendation to the Independent Shareholders and the Convertible Noteholders, and (ii) the “Letter from Ample Capital” containing the advice of the Independent Financial Adviser to the Takeovers Code Independent Board Committee in relation to the Offers.

## 2. THE OFFERS

As set out in the “Letter from Donvex Capital” contained in this Composite Document, I-Access, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offers on the terms set out in this Composite Document on the following basis:

### The Share Offer

**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 this Composite Document.

As at the Latest Practicable Date, 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 Share Offer Price

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 premium of approximately 3.09% to the closing price of HK\$0.097 per Share as quoted on the Stock Exchange on the Latest Practicable Date.
- (iv) a discount of approximately 80.20% over the audited consolidated net asset value attributable to the Shareholders as at 31 December 2018 of approximately HK\$0.505 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 898,000,000 Shares in issue as at the date of this joint announcement);
- (v) a discount of approximately 59.51% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2019 of approximately HK\$0.247 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 898,000,000 Shares in issue as at the Latest Practicable Date); and

- (vi) a discount of approximately 45.65% to the unaudited consolidated net asset value attributable to the Shareholders as at 31 December 2019 of approximately HK\$0.184 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 31 December 2019 (the date to which the latest unaudited financial results of the Group were made up) divided by 898,000,000 Shares in issue as at the date of the Latest Practicable Date).

### **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 this Composite Document.

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

As at the Latest Practicable Date, 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 were issued pursuant to a sale and purchase agreement dated 3 October 2013 (the “SPA”) in favour of the vendor thereof (the “Vendor”) as part of the consideration. 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 Latest Practicable Date, the litigation is still in progress and no judgment has been made by the Court.

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.

## **Conditions to 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 the Shares which, together with the 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 60<sup>th</sup> day after the despatch of this Composite Document (or such later date to which the Executive may consent).

**The Offers may or may not become or be declared 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.**

### **3. IRREVOCABLE UNDERTAKING IN RELATION TO THE SHARE OFFER**

As at the Latest Practicable Date, 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 upon the Closing Date.

### **4. FURTHER INFORMATION ON THE OFFERS**

Please also refer to the “Letter from Donvex Capital” contained in this Composite Document and Appendix I to this Composite Document for further information in relation to the Offers, the availability of the Offers to the overseas Independent Shareholders and Convertible Noteholders, taxation and acceptance and settlement procedures of the Offers.

### **5. 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.

Your attention is drawn to Appendices II, III and IV to this Composite Document which contain further financial and general information of the Group.

## 6. SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before the Subscription Completion; and (ii) immediately after the Subscription Completion and as at the Latest Practicable Date:

	Immediately before the Subscription Completion		Immediately following the Subscription Completion and as at the Latest Practicable Date	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
<b>The Offeror and parties acting in concert with it</b>				
The Offeror ( <i>Note 1</i> )	219,404,855	29.30%	368,468,531	41.03%
Mr. Li Chongyang ( <i>Note 2</i> )	<u>4,610,000</u>	<u>0.62%</u>	<u>4,610,000</u>	<u>0.51%</u>
	224,014,855	29.92%	373,078,531	41.54%
<b>Other Shareholders</b>				
Business Century Investments Limited ( <i>Note 3</i> )	61,124,833	8.16%	61,124,833	6.81%
Everun Oil Co., Limited ( <i>Note 4</i> )	86,581,000	11.56%	86,581,000	9.64%
Other public Shareholders	<u>377,215,636</u>	<u>50.36%</u>	<u>377,215,636</u>	<u>42.01%</u>
	<u>524,921,469</u>	<u>70.08%</u>	<u>524,921,469</u>	<u>58.46%</u>
<b>Total</b>	<b><u>748,936,324</u></b>	<b><u>100.00%</u></b>	<b><u>898,000,000</u></b>	<b><u>100.00%</u></b>

*Notes:*

- The 219,404,855 Shares are beneficially held by the Offeror. As Mr. Chim is the legal and beneficial owner of all issued shares of the Offeror, Mr. Chim is deemed to be interested in all the Shares held by the Offeror by virtue of Part XV of the SFO.
- Mr. Li Chongyang is an executive Director of the Company and is presumed to be a party acting in concert with the Offeror.
- The 61,124,833 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.
- 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 Offeror has been diluted by approximately 16.59% upon the Subscription Completion.

## **7. INFORMATION ON THE OFFEROR**

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Donvex Capital” contained in this Composite Document.

## **8. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

Please refer to the section headed “Intention of the Offeror in relation to the Group” in the “Letter from Donvex Capital” for detailed information on the Offeror’s intention on the business and management of the Group.

The Board is aware of the intention of the Offeror in regard to the Group and will render cooperation and support to the Offeror. The Board is pleased to learn that the Offeror intends to continue the existing principal businesses of the Group and that it will conduct a more detailed review on the operations of the Group for the purpose of formulating business plans and strategies for the future business development of the Group, including looking 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. The Board is aware that 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. As at the Latest Practicable Date, the Board is not aware of any intention or concrete plans of the Offeror for any acquisition of assets and/or business, nor any intention to dispose of any assets and/or existing business by the Group.

## **9. PROPOSED CHANGE OF BOARD COMPOSITION**

As at the Latest Practicable Date, 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 Board is not aware of any intention of the Offeror to make any change to the composition of the Board.

## **10. MAINTAINING THE LISTING STATUS OF THE COMPANY**

As set out in the “Letter from Donvex Capital”, it is the intention of the Offeror to maintain the listing of Shares on the Stock Exchange after the close of the Offers.

**The Stock Exchange had stated that if, at the closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that: (a) a false market exists or may exist in the trading of the Shares; or (b) there are insufficient Shares in public hands to maintain an orderly market, it would consider exercising its discretion to suspend dealings in the Shares.**

The Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists in the Shares.

## 11. RECOMMENDATION

The Takeovers Code Independent Board Committee has been established to make recommendation to the Independent Shareholders and the Convertible Noteholders as to whether the terms of the Offers are fair and reasonable and as to their acceptance.

We recommend the Independent Shareholders and the Convertible Noteholders to read the section headed “Letter from the Takeovers Code Independent Board Committee” as set out on pages IBC-1 to IBC-2 of this Composite Document which contains its recommendation to the Independent Shareholders and Convertible Noteholders in respect of the Offers, and the section headed “Letter from the Independent Financial Adviser” as set out on pages IFA-1 to IFA-19 of this Composite Document containing its advice to the Takeovers Code Independent Board Committee, Independent Shareholders and Convertible Noteholders in respect of the Offers.

## 12. ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Forms of Acceptance in respect of the acceptance and settlement procedures of the Offers. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.


In considering what action to take in connection with the Offers, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

## WARNING

**Independent Shareholders, Convertible Noteholders and potential investors should be aware that the Offers are subject to the satisfaction of the “Conditions to the Offers” as set out in the “Letter from Donvex Capital” in the Composite Document. Accordingly, the Offers may or may not become or be declared unconditional. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If the Shareholders and potential investors are in any doubt about their position, they should consult their own professional advisers.**



Yours faithfully,  
For and on behalf of the Board  
**SUNWAY INTERNATIONAL HOLDINGS LIMITED**

A handwritten signature in blue ink, enclosed within a blue triangular shape. The signature appears to read "Law Chun Choi".

**Law Chun Choi**  
*Executive Director and Company Secretary*