SUNWAY INTERNATIONAL HOLDINGS LIMITED
新威國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 58)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the "**Board**") of directors (the "**Directors**") of Sunway International Holdings Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019, together with the comparative figures for the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Six months ended	
		30 June 2019	30 June 2018
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**150,889**	200,187
Cost of sales		**(117,212)**	(144,565)
Gross profit		**33,677**	55,622
Other income		**2,157**	5,720
Other gains and losses	*5*	**(225,514)**	(5,154)
Selling and distribution expenses		**(32,986)**	(28,492)
Administrative expenses		**(19,848)**	(23,027)
Other expenses		**(288)**	(171)
Finance costs	*6*	**(1,764)**	(1,688)

* *For identification purposes only*

	Notes	Six months ended **30 June 2019** ***HK$'000*** **(Unaudited)**	 30 June 2018 *HK$'000* (Unaudited)
(LOSS)/PROFIT BEFORE TAX	*7*	**(244,566)**	2,810
Income tax expenses	*8*	**(902)**	(2,033)
(LOSS)/PROFIT FOR THE PERIOD		**(245,468)**	777
(Loss)/Profit for the period attributable to:			
Owners of the Company		**(243,025)**	(4,712)
Non-controlling interests		**(2,443)**	5,489
		(245,468)	777
Loss per share attributable to owners of the Company for the period	*10*		
Basic and diluted		**HK$(0.352)**	HK$(0.007)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended	
	30 June	30 June
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(LOSS)/PROFIT FOR THE PERIOD	**(245,468)**	777
OTHER COMPREHENSIVE (LOSS)/INCOME		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**134**	(2,863)
Items that will not be reclassified to profit or loss:		
Revaluation of items of property, plant and equipment	**(12,315)**	–
Tax effect of revaluation of items of property, plant and equipment	**3,202**	–
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(8,979)**	(2,863)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(254,447)**	(2,086)
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	**(248,801)**	(6,517)
Non-controlling interests	**(5,646)**	4,431
	(254,447)	(2,086)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	**30 June 2019** **HK$'000** **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**114,019**	96,380
Right-of-use assets		**47,370**	–
Prepaid land lease payments		**–**	37,738
Goodwill		**19,941**	19,941
Deferred tax assets		**12,295**	11,705
Construction in progress		**958**	–
Total non-current assets		**194,583**	165,764
CURRENT ASSETS			
Inventories		**31,297**	25,822
Trade and bill receivables	*11*	**83,037**	184,584
Prepayments, deposits and other receivables		**93,694**	284,186
Restricted bank deposits		**4**	49
Cash and cash equivalents		**27,112**	23,156
Total current assets		**235,144**	517,797
CURRENT LIABILITIES			
Trade payables	*12*	**47,131**	61,890
Contract liabilities		**2,874**	3,422
Other payables and accruals		**22,916**	41,189
Lease liabilities		**4,565**	–
Amount due to a non-controlling shareholder of a subsidiary		**494**	494
Amount due to a controlling shareholder		**98**	–
Interest-bearing borrowings		**35,449**	10,530
Tax payable		**7,507**	6,158
Total current liabilities		**121,034**	123,683

	30 June 2019 *HK$'000* (Unaudited)	31 December 2018 *HK$'000* (Audited)
NET CURRENT ASSETS	**114,110**	394,114
TOTAL ASSETS LESS CURRENT LIABILITIES	**308,693**	559,878
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**4,509**	8,639
Provision for long service payment	**15**	17
Interest-bearing borrowings	**3,000**	17,458
Lease liabilities	**4,880**	–
Total non-current liabilities	**12,404**	26,114
NET ASSETS	**296,289**	533,764
EQUITY		
Share capital	**74,894**	62,414
Convertible notes	**12,600**	12,600
Reserves	**134,446**	378,755
Equity attributable to owners of the Company	**221,940**	453,769
Non-controlling interests	**74,349**	79,995
TOTAL EQUITY	**296,289**	533,764

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Sunway International Holdings Limited (the "Company", together with its subsidiaries collectively as the "Group") is a limited liability company incorporated in Bermuda and the issued shares of which are listed on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is 3/F, Mandarin Commercial House, 38 Morrison Hill Road, Wanchai, Hong Kong. During the period, the Company's principal activity is investment holding.

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.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

2.1. Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by The Hong Kong Institute of Certified Public Accountants ("HKICPA").

2.2 Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain property, plant and equipment, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA that are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

- HKFRS 16 Leases
- HK (IFRIC) 23 Uncertainty over income tax treatments
- Amendments to HKFRS 9, Prepayment Features with Negative Compensation
- Amendments to HKAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to HKFRSs Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

2.2.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;

- any lease payments made at or before the commencement date, less any lease incentives received;

- any initial direct costs incurred by the Group; and

- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;

- variable lease payments that depend on an index or a rate;

- amounts expected to be paid under residual value guarantees;

- the exercise price of a purchase option reasonably certain to be exercised by the Group; and

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

2.2.2 *Transition and summary of effects arising from initial application of HKFRS 16*

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. The Group recognizes a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying HKAS 17 at its carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

(ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iii) applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment; and

(iv) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK$11,090,000 and right-of-use assets of HK$49,624,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 7.5%.

2.2.3 *Nature of the effect of adoption of HKFRS 16*

(a) Recognising the lease liabilities for leases previously classified as operating lease:

	At 1 January 2019 *HK$'000*
Operating lease commitments disclosed as at 31 December 2018	12,352
Lease liabilities discounted at relevant incremental borrowings rate	(1,107)
Less: Recognition exemption – Short term leases	(155)
Lease liabilities as at 1 January 2019	11,090
Analysed as	
Current	4,686
Non-current	6,404
	11,090

(b) The carrying amount of right-of-use assets as at 1 January 2019 comprises the followings:

	Note	**Right-of-use asset** *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS16		11,090
Reclassified from prepaid lease payments	*(a)*	38,534
Right-of-use assets as at 1 January 2019		49,624
By class:		
Land and buildings		49,624

Note (a) Upfront payments for leasehold lands in the People's Republic of China (the "PRC") were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK$796,000 and HK$37,738,000 respectively were reclassified to right-of-use assets.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 *HK$'000*	**Adjustment** *HK$'000*	**Carrying amounts under HKFRS 16 at 1 January 2019** *HK$'000*
Non-current assets			
Right-of-use assets	–	49,624	49,624
Prepaid land lease	37,738	(37,738)	–
Current assets			
Prepayments	796	(796)	–
Current liability			
Lease liabilities	–	4,686	4,686
Non-current liability			
Lease liabilities	–	6,404	6,404

(c) Movement of the Lease liabilities and right of use asset during the period

	Right-of -use assets	**Lease liabilities and other payables**
	HK$'000	*HK$'000*
Reclassification of operating lease	**11,090**	**11,090**
Reallocated from Prepaid lease assets	**38,534**	**–**
As at 1 January 2019	**49,624**	**11,090**
Additional of new lease during the period	**444**	**444**
Depreciation of right of use	**(2,692)**	**–**
Exchange different	**(6)**	**–**
Interest on lease liabilities	**–**	**389**
Repayment on lease liabilities	**–**	**(2,089)**
Repayment on interest on lease liabilities	**–**	**(389)**
As at 30 June 2019	**47,370**	**9,445**
	HK$'000	*HK$'000*
Classification		
Current	**–**	**4,565**
Non-current	**47,370**	**4,880**
	47,370	**9,445**

3. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of information reported to the Executive Directors, being the chief operating decision maker ("CODM"), in order to allocate resources to the segments and to and to assess their performances.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

– Sales and manufacturing of high-strength concrete piles, ready-mixed concrete, autoclaved sand-lime bricks, aerated concrete products and eco-permeable concrete products (the "PHC piles and others"); and

– Money lending (the "Financial Service").

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reporting segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that head office and corporate expenses, bank interest income, other gains and losses, net and finance costs are excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment assets exclude goodwill, derivative instruments, deferred tax assets, financial assets at FVPL, restricted bank deposits, pledged bank deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

Segment liabilities exclude interest-bearing borrowings, tax payable, deferred tax liabilities, other payable and unallocated head office and corporate liabilities, as these liabilities are managed on a group basis. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

The following is an analysis of the Group's revenue, assets and liabilities by reportable and operating segments:

	PHC piles and others *HK$'000*	Financial service *HK$'000*	Total *HK$'000*
For the six months ended 30 June 2019			
Segment revenue			
Revenue from external customers	**150,510**	**379**	**150,889**
Segment results	**(4,364)**	**(119,032)**	**(123,396)**
Reconciliation:			
Bank interest income			**26**
Other gains and losses, net			**(106,783)**
Finance costs			**(1,764)**
Unallocated head office and corporate expenses			**(12,649)**
Loss before tax			**(244,566)**
Income tax expense			**(902)**
Loss for the period			**(245,468)**
As at 30 June 2019			
Segment assets	**344,662**	**6,937**	**351,599**
Unallocated assets			**78,128**
			429,727
Segment liabilities	**(44,985)**	**(2,292)**	**(47,277)**
Unallocated liabilities			**(86,161)**
			(133,438)

	PHC piles and others	Financial service	Total
	HK$'000	*HK$'000*	*HK$'000*
For the six months ended 30 June 2018			
Segment revenue			
Revenue from external customers	194,525	5,662	200,187
Segment results	17,102	(3,340)	13,762
Reconciliation:			
Bank interest income			75
Other gains and losses, net			2
Finance costs			(1,688)
Unallocated head office and corporate expenses			(9,341)
Profit before tax			2,810
Income tax expense			(2,033)
Profit for the period			777
As at 31 December 2018			
Segment assets	387,546	128,751	516,297
Unallocated assets			167,264
			683,561
Segment liabilities	(77,631)	(1,084)	(78,715)
Unallocated liabilities			(71,082)
			(149,797)

4. REVENUE

An analysis of revenue is as follows:

	Six months ended	
	30 June	30 June
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contract with customers		
Sales of PHC piles and others	**150,510**	194,525
Revenue from other sources		
Financial services	**379**	5,662
	150,889	200,187

Revenue from contract with customers

Disaggregated revenue information

Segment – PHC piles and others

	For the six months ended	
	30 June	30 June
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Types of goods or service		
Sales of PHC piles and others	**150,510**	**194,525**
Geographical market		
PRC	**150,510**	**194,525**
Timing of revenue recognition		
A point in time	**150,510**	**194,525**

	Six months ended	
	30 June	30 June
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contract with customers		
External customers	**150,510**	194,525

5. OTHER GAINS AND LOSSES

	Six months ended	
	30 June	30 June
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Exchange difference, net	**(40)**	(1,641)
Net loss arising on financial assets at fair value through profit or loss	**–**	(442)
Provision for impairment loss of trade receivables, net of reversal	**(118,731)**	(4,653)
Provision for impairment loss of prepayments, deposits and other receivables, net	**(103,528)**	(1,866)
Loss on disposal of property, plant and equipment	**(2,443)**	(2,826)
(Under)/Over-provision of penalty and fine	**(772)**	6,274
	(225,514)	(5,154)

6. FINANCE COSTS

	Six months ended	
	30 June	30 June
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**1,263**	1,633
Interest on bond	**112**	55
Imputed interest on lease liabilities	**389**	–
	1,764	1,688

7. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at after charging/(crediting):

	Six months ended	
	30 June	30 June
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of prepaid land lease payments	**–**	294
Depreciation for property, plant and equipment	**8,650**	10,319
Depreciation of right-of-use assets	**2,692**	–
Operating lease charges in respective of land and buildings	**93**	2,232
Cost of inventories sold	**84,218**	100,059
Staff costs (including directors' remuneration):		
– Salaries, bonuses and allowances	**18,381**	18,083
– Retirement benefits scheme contributions	**992**	1,206
– Reversal of provision for long service payment, net	**(2)**	(2)
	19,371	19,287

8. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made during the period (six months ended 30 June 2018: Nil) as the Group did not generate any assessable profits arising in Hong Kong. Subsidiaries established in the PRC are subject to the PRC Enterprise Income Tax at the standard rate of 25% (six months ended 30 June 2018: 25%).

	Six months ended	
	30 June	30 June
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprises Income Tax		
– Current tax for the period	**1,373**	5,798
– Under/(over) provision in prior years	**1,060**	(1,298)
	2,433	4,500
Deferred tax	**(1,531)**	(2,467)
	902	2,033

9. DIVIDEND

No dividend was paid or proposed during the period, nor has any dividend been proposed since the end of the reporting period (30 June 2018: Nil).

10. LOSS PER SHARE

Basic loss per share amount is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue throughout the period.

	Six months ended	
	30 June	30 June
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss:		
Loss for the period attributable to owners of the Company used in the basic loss per share calculation	**(243,025)**	(4,712)
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basis loss per share	**690,329**	628,686

For the six months ended 30 June 2019 and 30 June 2018, no adjustment has been made to the basic loss per share amounts presented, as the effects of all convertible notes and share options are anti-dilutive.

11. TRADE AND BILL RECEIVABLES

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Loan, trade and bill receivables, gross	**259,126**	241,980
Less: provision for impairment loss	**(176,089)**	(57,396)
	83,037	184,584

The Group's trading terms with its customers are mainly on credit except for new customers, where payment in advance is normally required. For trade receivables resulted from sales of goods and services, the credit period is generally one to three (2018: one to three) months from the date of billing, except for certain well-established customers, where the term is extended to six months. For loan receivables, the loan period is generally twelve to eighteen (2018: twelve to eighteen) months from the date of inception or renewal. The Group seeks to maintain strict control over its receivables to minimise credit risk.

As at 30 June 2019, except for the loan receivables of HK$5,677,000 (2018: HK$127,737,000) which bore fixed interest rate of 10% (2018: 8% to 10%) per annum and, of which nil (2018: HK$93,800,000) was secured with charges over the shares of the borrowers and/or personal guarantees, trade receivables are non-interest bearing and unsecured.

(a) Ageing analysis

The ageing analysis of loan receivables, based on the date of inception or renewal for loans and net of provision, is as follows:

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Within 3 months	**–**	28,791
4 to 6 months	**5,677**	45,433
7 to 12 months	**–**	53,513
Over 12 months	**–**	–
	5,677	127,737

The ageing analysis of trade and bill receivables, based on the invoice date and net of provision, is as follows:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**65,879**	44,182
4 to 6 months	**2,038**	1,339
7 to 12 months	**2,982**	3,267
Over 12 months	**6,461**	8,059
	77,360	56,847

(b) Impairment of trade and bill receivables

The movement in provision for impairment of loan, trade and bill receivables is as follows:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Balance at beginning of period/year	**57,396**	53,868
Impairment loss recognised	**121,254**	17,131
Impairment loss reversed	**(2,523)**	(4,652)
Amounts written off	**–**	(6,426)
Exchange realignment	**(38)**	(2,525)
Balance at end of period/year	**176,089**	57,396

Included in the above provision for impairment loss was a full provision for individually impaired loan, trade and bill receivables of HK$176,089,000 (2018: HK$57,396,000) that are considered irrecoverable by management after consideration of the credit quality of those individual customers, their ongoing relationship with the Group and the ageing of those receivables. The Group does not hold any collateral over these balances.

12. TRADE PAYABLES

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**47,131**	61,890

An ageing analysis of the trade payables as at the end of the reporting period, based on invoice date, is as follows:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**30,146**	47,131
4 to 6 months	**12,454**	10,010
7 to 12 months	**52**	14
Over 1 year	**4,479**	4,735
	47,131	61,890

The trade payables are non-interest bearing and the average credit terms received from suppliers of the Group is 30 days (31 December 2018: 30 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS AND OPERATIONS

Construction Materials Business

Construction Materials Business consisted of the pre-stressed high-strength concrete piles and others business (the "PHC Pile and Others Business").

PHC Pile and Others Business

PHC Pile and Others Business are operated by a subsidiary of the Company, 廣東恆佳建材股份有限公司 (Guangdong Hengjia Building Materials Co., Ltd*, "Guangdong Hengjia") and its production factory is situated in Yangjiang City, Guangdong Province, the People's Republic of China (the "PRC"). Guangdong Hengjia sells its products to customers located in Yangjiang City and its surrounding cities in Guangdong Province.

Revenue from the PHC Pile and Others Business represented sales of pre-stressed high strength concrete pile, ready-mixed concrete and bricks which contributed approximately 28%, 62% and 7% respectively (six months ended 30 June 2018 ("FP2018"): approximately 46%, 41% and 13%) to the revenue of PHC Pile and Others Business. The total revenue of the Group for the six months ended 30 June 2019 ("FP2019") was mainly generated from the PHC Pile and Others Business.

Revenue from external customers for FP2019 was HK$150,510,000 compared with HK$194,525,000 reported in FP2018, which decreased by approximately 22.6%. The decrease in revenue for FP2019 was mainly attributable to the drop in sales of pre-stressed high strength concrete pile and ready-mixed concrete. PHC Pile and Others Business contributed approximately 99.7% and 97.2% to the total revenue of the Group for FP2019 and FP2018 respectively.

The operations of the PHC Pile and Others Business recorded a loss in FP2019. The segment loss for FP2019 was HK$4,364,000 as compared with segment profit of HK$17,102,000 reported in FP2018.

Financial Services Business

Financial Services Business consisted of money lending business.

Money lending business contributed HK$379,000 to the revenue of the Group during FP2019 compared with HK$5,662,000 reported in FP2018, which decreased by approximately 93.3% and represented interest income from loans granted to customers.

* *for identification purpose only*

Other gains and losses, net

Other gains and losses, net for FP2019 amounted to HK$225,514,000 (FP2018: HK$5,154,000), represented an increase of HK$220,360,000. Such increase was mainly due to the increase in net provision for impairment loss of trade receivables and net provision for impairment loss of prepayments, deposits and other receivables. Other gains and losses, net for FP2019 consisted of net exchange loss of HK$40,000, net provision for impairment loss of trade receivables of HK$118,731,000, net provision for impairment of prepayments, deposits and other receivables of HK$103,528,000, under-provision of penalty and fine of HK$772,000 and loss on disposal of property, plant and equipment of HK$2,443,000.

Selling and distribution expenses

Selling and distribution expenses for FP2019 amounted to HK$32,986,000 (FP2018: HK$28,492,000), represented an increase of 15.8%. The increase in selling and distribution expenses for FP2019 was mainly due to the increase in piling expenses. Selling and distribution expenses for FP2019 mainly comprised of transportation costs of HK$22,156,000, salaries for the sales persons of HK$2,930,000 and piling expenses of HK$7,456,000.

Administrative expenses

Administrative expenses for FP2019 amounted to HK$19,848,000 (FP2018: HK$23,027,000), representing an decrease of 13.8%, which was mainly due to the decrease in legal and professional fees. Administrative expenses for FP2019 mainly comprised of salaries and other benefits (including directors' remuneration) of HK$7,487,000 and legal and professional fees of HK$2,777,000.

Finance costs

Finance cost for FP2019 amounted to HK$1,764,000 (FP2018: HK$1,688,000), representing an increase of 4.5%, which was due to the increase in imputed interest on lease liabilities during FP2019. Finance costs for FP2019 were interest expenses for the bank borrowings of HK$1,263,000, interest expenses for bond of HK$112,000 and imputed interest on lease liabilities of HK$389,000.

(Loss)/profit before tax

Loss before tax was HK$244,566,000 for FP2019 compared with profit before tax of HK$2,810,000 reported in FP2018. It was mainly due to the decrease in revenue and gross profit for FP2019 as compared with those reported in FP2018 and the increase in net provision for impairment loss of trade receivables and net provision for impairment loss of prepayments, deposits and other receivables. The revenue for FP2019 was HK$150,889,000 compared with HK$200,187,000 reported in FP2018, which decreased by 24.6%. The gross profit for FP2019 was HK$33,677,000 compared with HK$55,622,000 reported in FP2019, which decreased by 39.5%. The gross profit ratio also decreased from 27.8% in FP2018 to 22.3% in FP2019.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations with equity fund raising activities, internally generated cash flow, banking facilities provided by its principal bankers in the PRC and bond issued to independent third parties. As at 30 June 2019, the total shareholders' equity of the Group was HK$296,289,000, representing a decrease of approximately 44.5% as compared with that as at 31 December 2018. As at 30 June 2019, the Group's cash and cash equivalents stood at HK$27,112,000 which were denominated in Hong Kong Dollar and Renminbi whereas total interest-bearing borrowings were HK$38,449,000. The annual interest rates of the borrowings for FP2019 ranged from 4.35% to 8.12% per annum. Approximately 92.2% of the total borrowings were accounted for as current liabilities of the Group. The above borrowings were denominated in Hong Kong Dollar and Renminbi. During FP2019, the Group did not use any financial instruments for any hedging purposes. The gearing ratio, which was computed by dividing the current liabilities and non-current liabilities by equity, was approximately 45% as at 30 June 2019.

SIGNIFICANT INVESTMENT AND ACQUISITION

The Group has no significant investment and acquisition during FP2019.

CAPITAL STRUCTURE

Convertible Notes

As at 30 June 2019, the Company had convertible notes with principal amount of HK$30,000,000. Based on the opinions obtained from the legal adviser of the Company, in view of the on-going legal proceedings mentioned under the paragraph headed "Legal Proceedings" in this announcement, the Company maintains the position that all remaining convertible notes of the Company are void and are not capable of converting into shares of the Company.

Shares allotment

On 13 March 2019, the Company entered into a subscription agreement with a subscriber to issue and allot 124,800,000 ordinary shares of HK$0.1 each to the subscriber at a price of HK$0.136 per share. The share allotment was completed on 27 March 2019 and the premium on the issue of shares amounting to approximately HK$4,493,000 was credited to the Company's share premium account.

Share Options

In accordance with the share options scheme approved and adopted by the Company on 17 June 2016 (the "Share Option Scheme"), on 22 June 2016, the Company granted options to certain directors, employees, substantial shareholders and consultants of the Group to subscribe for a total of 436,200,000 ordinary shares of HK$0.01 each in the capital of the Company on or before 21 June 2026 at an exercise price of HK$0.1682 per share.

As disclosed in the announcement of the Company dated 1 June 2018, in view of the share consolidation on the basis of every ten shares of the Company of a par value of HK$0.01 each into one consolidated share of a par value of HK$0.10 each in the share capital of the Company, the exercise price per share was adjusted to HK$1.682.

As at 12 February 2019, the number of outstanding share options which have not been exercised was 23,880,000, each of which is exercisable at the exercise price of HK$1.682 per share.

As the exercise price of the outstanding share options are comparatively high when compared with the market prices of the shares, which deters the grantees from exercising the outstanding share options to subscribe for the shares, on 12 February 2019, the Company has cancelled all the outstanding share options.

Save as disclosed above, no share options were granted, exercised, cancelled or lapsed during FP2019.

PLEDGE OF ASSETS

As at 30 June 2019, the Group's certain buildings of HK$32,287,000, certain right-of-use assets of HK$38,090,000 and certain plant and machinery of HK$1,687,000 were used to secure banking facilities for the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had approximately 400 full-time management, administrative, technical and production staff in the PRC and Hong Kong. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practice. The Group's Directors and employees in Hong Kong joined the Mandatory Provident Fund Scheme.

FOREIGN EXCHANGE AND CURRENCY RISKS

The Group's monetary assets, liabilities and transactions are principally denominated in Renminbi ("RMB") and Hong Kong Dollars ("HKD"). The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against RMB. The Group has a net exchange exposure to RMB as the Group's assets are principally located in the PRC. The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented in a timely and effective manner.

COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Construction in progress	**5,201**	–

CONTINGENT LIABILITIES

As at 30 June 2019 and 31 December 2018, the Company does not have any material contingent liabilities.

EVENT AFTER THE REPORTING PERIOD

References are made to the announcements of the Company dated 12 September 2017, 10 October 2017 and 25 April 2018 in relation to the memorandum of understanding dated 12 September 2017 (as supplemented on 10 October 2017 and 25 April 2018) (the "MOU") entered into among Sunway New Energy Industry Group Limited (新威新能源產業集團有限公司) (a wholly-owned subsidiary of the Company) ("Sunway New Energy"), Divine Lands International Gas Holdings Group Limited (神州國際燃氣控股集團有限公司) (the "Vendor") and Deng Chao (鄧超) (the "Guarantor") in relation to the possible acquisition of the entire issued share capital of Sino New Energy International Limited (中國超燃能源國際有限公司) (the "Possible Acquisition").

Pursuant to the MOU, Sunway New Energy had paid in cash an earnest money in the sum of HK$100,000,000 (the "Refundable Earnest Money") to the Vendor. The Refundable Earnest Money shall be applied as part payment of the consideration for the Possible Acquisition upon signing of the formal agreement. Should Sunway New Energy decide not to proceed with the Possible Acquisition or Sunway New Energy and the Vendor fail to enter into the formal agreement within the exclusivity period, the Vendor shall refund the Refundable Earnest Money together with interest accrued thereon to Sunway New Energy.

Legal actions taken against the Vendor and the Guarantor

Since Sunway New Energy decides not to proceed with the Possible Acquisition and no formal agreement was entered into between Sunway New Energy and the Vendor within the exclusivity period, Sunway New Energy had requested the Vendor to return the Refundable Earnest Money. However, the Vendor fails to return the Refundable Earnest Money to Sunway New Energy.

Reference is made to the announcement of the Company dated 2 July 2019 on which Sunway New Energy had filed a writ with the Sichuan Le Shan Intermediate People's Court* (四川省樂山市中級人民法院) (the "**Court**") for the commencement of legal proceedings against, among others, the Vendor and the Guarantor for the return of the Refundable Earnest Money. On the same day, the Court had accepted the writ filed by Sunway New Energy.

According to the civil ruling by the Court on 16 July 2019, the Guarantor's assets with value within RMB100,000,000 were suspended for a period of three years.

PROSPECT

Although the Sino-US trade war has been ongoing since 2018, the dispute has no material impact on the Group's operations. The construction of the new economic belt in PRC will continue to heat up, and there will still be room for development in the domestic infrastructure market in the next few years, providing more market opportunities for related companies. However, the industry is also facing new challenges and adverse conditions. In recent years, the building materials industry has been affected by unfavorable factors such as rising raw material prices, market situation changes and intensified competition among peers. The future competition of the industry is largely reflected in the all-round business competition.

The Group will continue to focus its business in the building materials industry. The Group has been committed to expand the business scale by exploring new business, bringing new growth and momentum to the Group.

UPDATES ON DIRECTOR'S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Upon specific enquiry by the Company and based on the confirmation from the Directors, there is no change in the information of the Directors required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules for the six months ended 30 June 2019 and up to the date of this announcement.

LEGAL PROCEEDINGS

As at the date of this announcement, the Group was involved in the following legal proceedings/investigation:

The Company/its subsidiary as the defendant

(a) References are made to the Company's announcements dated 5 February 2016, 14 March 2017 and 4 September 2017 in relation to an action commenced by Liu Qian (劉倩) ("**Ms. Liu**") as the plaintiff against the Company as the defendant in the Court of First Instance of the High Court of Hong Kong (the "**Court of First Instance**") on 3 February 2016 (the "**Action**"). On 13 March 2017, upon the application of Ms. Liu and after the substantive hearing of the application on 27 February 2017, the Court of First Instance entered summary judgment against the Company with damages to be assessed (the "**Summary Judgment**"). The Company filed an appeal against the Summary Judgment on 7 April 2017 (the "**Appeal**") and the substantive hearing of the Appeal was heard in the Court of Appeal of the High Court of Hong Kong (the "**Court of Appeal**") on 22 August 2017 with judgment reserved. On 1 September 2017, the Court of Appeal allowed the Appeal, set aside the Summary Judgment and granted the Company unconditional leave to defend the Action with the costs to the Company.

On 21 December 2018, the Company entered into a consent summons with Ms. Liu for full and final settlement of the costs order in favour of the Company in the Appeal, which was made an order on 31 December 2018.

The court further gave directions on 31 December 2018 for the parties to consider fixing a case management summons but no case management summons has been fixed yet as of the date of this announcement.

(b) References are made to the announcements of the Company dated 11 November 2016, 15 December 2017 and the Annual Report as at 31 December 2018, in relation to the civil complaints involving Zhuhai Hoston.

(i) Zhuhai Hoston received civil rulings on 10 April 2017 and 12 April 2017 and was to assume responsibility for half of the outstanding personal loans of RMB1,000,000.00 and RMB3,500,000.00, owing by Wang Tian (王天) (a former director of Zhuhai Hoston) to Wu Min (吳敏) and Kou Jinshui (寇金水), respectively, and the respective interests thereon and the legal costs. Zhuhai Hoston has filed appeals against these civil rulings.

According to the civil rulings dated 24 October 2017 and 22 January 2018 on appeals respectively, the Zhuhai Intermediate People's Court ruled that Zhuhai Hoston shall bear half of the liability and revised the principal amount of the loan to RMB839,314.00 as owing by Wang Tian (王天) to Wu Min (吳敏) and RMB2,378,174.00 as owing to Kou Jinshui (寇金水). Apart from these alterations, the Zhuhai Intermediate People's Court did not allow the appeal and confirmed the aforementioned civil rulings dated 10 April 2017 and 12 April 2017.

(ii) Upon the respective applications of Kou Jinshui (寇金水) and 珠海河川商貿有限公司 (Zhuhai Hechuan Commercial and Trade Co., Ltd.)* ("**Zhuhai Hechuan**"), three bank accounts of Zhuhai Hoston and 70% equity interest of Zhuhai Hoston in 廣東恆佳建材股份有限公司 (Guangdong Hengjia Building Materials Co., Ltd)* ("**Guangdong Hengjia**") were suspended/impounded by the Xiangzhou People's Court pursuant to an execution order dated 27 December 2016.

Zhuhai Hoston received a civil ruling on 13 April 2017 in relation to disputes over private lending pursuant to a lending contract dated 6 April 2013 entered into between Zhuhai Hoston as the borrower and Zhuhai Hechuan as the lender (the "**Dispute**"), that the said lending has been fully settled by Zhuhai Hoston already and Zhuhai Hoston was not liable to any repayment of the loan and the respective interest thereon to Zhuhai Hechuan.

On 8 September 2017, Zhuhai Hechuan filed an appeal at the Zhuhai Intermediate People's Court. By a civil ruling on 22 January 2018, Zhuhai Intermediate People's Court allowed the appeal, reversed the aforementioned civil ruling dated 13 April 2017 and ordered that the case be remitted back to the Xiangzhou People's Court for a re-trial.

On 7 June 2018, the Xiangzhou People's Court had conducted a re-trial of the Dispute and made a civil ruling as follows: (1) Zhuhai Hoston shall be liable to pay the outstanding loan in the principal amount of RMB2,000,000 to Zhuhai Hechuan; and (2) Zhuhai Hoston shall be liable to pay to the Zhuhai Hechuan the default interest at the rate of 24% per annum on the principal amount of RMB2,000,000 within ten days from the date of the civil ruling (i.e. from 1 January 2015 up to the actual repayment date of the principal amount).

On 16 August 2018, Zhuhai Hoston filed an appeal at the Zhuhai Xiangzhou People's Court for the ruling. On 4 March 2019, the Zhuhai Intermediate People's Court rejected the appeal of Zhuhai Hoston and the original judgment was upheld. Accordingly, Zhuhai Hoston applied to the Higher People's Court of Guangdong Province for retrial. On 29 May 2019, the Higher People's Court of Guangdong Province rejected the application of Zhuhai Hoston for re-trial.

(c) Reference is made to the announcement of the Company dated 15 December 2017 in relation to the outstanding claims against Zhuhai Hoston:

(i) As of 20 November 2017, Zhuhai Hoston was indebted to Guangdong Hengjia for a total sum of RMB34,772,335.50 (the "**Guangdong Hengjia Debt**").

Zhuhai Hoston received an execution order dated 21 November 2017 made by 陽江市江城區人民法院 (Yangjiang Jiangcheng People's Court)* ("**Yangjiang Jiangcheng People's Court**") on the application of Guangdong Hengjia to seize certain tools and equipment of Zhuhai Hoston (the "**Seized Tools and Equipment**") for a period of 2 years as security for the debt owed by Zhuhai Hoston to Guangdong Hengjia.

Zhuhai Hoston received an auction notice dated 6 February 2018 issued by the Yangjiang Jiangcheng People's Court that the Seized Tools and Equipment would be listed for auction from 9 March 2018 to 10 March 2018. The Company was informed by Zhuhai Hoston that the Seized Tools and Equipment were not sold at the auction.

On 27 March 2018, Yangjiang Jiangcheng People's Court ordered that after Guangdong Hengjia has paid RMB50,000 and the respective valuation and enforcement fees, the Seized Tools and Equipment at the auction reserve price of RMB2,666,544 was applied to settle part of the Guangdong Hengjia Debt of RMB2,570,744 whereas Zhuhai Hoston was still liable for the remaining amount of the Guangdong Hengjia Debt. After applying the Seized Tools and Equipment as partial settlement, Zhuhai Hoston is indebted to Guangdong Hengjia for a total sum of RMB32,201,591.50.

(ii) Pursuant to the civil ruling issued by Xiangzhou People's Court on 25 April 2018, Zhuhai Hoston was ordered to repay an outstanding loan in the amount of RMB2,000,000 owed to Liu Shao Zhuang (劉少妝) and the overdue interests accrued on such outstanding loan. On 14 January 2019, Zhuhai Hoston made an application to Xiangzhou People's Court to request for a suspension of the execution of the aforesaid judgment on the ground that the relevant court documents and notice of the legal proceedings were not delivered to Zhuhai Hoston such that Zhuhai Hoston was deprived of the right to defend its interest in the legal proceedings. On 5 March 2019, Zhuhai Hoston applied to the Zhuhai Intermediate People's Court for retrial of the case. The Zhuhai Intermediate People's Court rejected the application for retrial of Zhuhai Hoston in a civil judgment dated 5 June 2019. As a result of the rejection of the application for appeal, Zhuhai Hoston would execute the judgement in accordance with the judgement of the court of trial.

The directors of the Company are of the opinion that the trade and other payables and provision for late penalty charges and corresponding legal fees are sufficiently made in the consolidated financial statements as at 30 June 2019.

The Company/its subsidiary as the plaintiff

(d) By a Generally Indorsed Writ of Summons dated 23 June 2015 and Statement of Claim dated 18 August 2015 issued by the Company and First Billion Global Limited, a wholly-owned subsidiary of the Company (collectively, the "**Plaintiffs**") against Xiao Guang Kevin (蕭光) ("**Mr. Xiao**") and Wang Zhining (王志寧) ("**Mr. Wang**") (collectively, the "**Defendants**"), the vendor and the guarantor, respectively, all of whom are parties to a very substantial acquisition of the Company (the "**VSA**") as announced by the Company in its announcement dated 30 January 2014 and its circular dated 31 March 2014, the Plaintiffs claim that the Defendants have fundamentally breached the terms and conditions of the SPA (the "**SPA Legal Proceedings**"). Accordingly, the Plaintiffs are seeking to rescind the SPA under which, as part of the consideration price, certain convertible notes were issued by the Company to Mr. Xiao.

On 16 March 2017, the Plaintiffs filed an Amended Statement of Claim to the Court of First Instance adding Ms. Liu as a defendant to the SPA Legal Proceedings claiming, amongst other things, that Ms. Liu is a nominee of Mr. Wang and further claim against the Defendants for misrepresentation regarding the undisclosed guarantees given by Zhuhai Hoston in favour of Wang Tian (王天) referred to in paragraph (b) above which has led to the Group's involvement in such litigation.

Pursuant to the Order of the Court of First Instance dated 5 December 2017, the Plaintiffs filed and served on the Defendants their Further and Better Particulars of the Amended Statement of Claim on 9 January 2018. Upon counsel's advice, the Plaintiffs are considering to further amend the Amended Statement of Claim in order to, amongst other things, simplify their claims and to make clear their causes of action. For the purpose of saving costs, the Plaintiffs have allowed the Defendants to withhold preparing their Amended Defence pending the Plaintiff's aforesaid application to further amend the Amended Statement of Claim.

As at the date of this announcement, no judgment has been made by the Court.

(e) On 29 February 2016, Zhuhai Hoston filed a lawsuit in the Xiangzhou People's Court against the Former Directors and 珠海市鑫鋒發展有限公司 (Zhuhai Xinfeng Development Co., Ltd.)*, the controlled company of the Former Directors (the "**Controlled Company**"), regarding the prepayment to a supplier of Zhuhai Hoston of RMB4,840,000 for the purchase of machinery. The sum was subsequently transferred to the Controlled Company based on the instructions of the Former Directors to the supplier. According to civil ruling from the Xiangzhou People's Court dated 30 May 2016, the lawsuit has been suspended pending for the investigation results of the Reported Case as the prepayment to the supplier is part of the subject matter of the Reported Case.

On 12 October 2018, the Zhuhai Intermediate People's Court revoked the first instance judgement on the ground that the subject matter for rejection of the lawsuit filed by the plaintiff was removed after the issue of the first instance judgement, and ordered the Zhuhai Xiangzhou People's Court to conduct trial.

On 18 June 2019, the Zhuhai Xiangzhou People's Court ruled that the Controlled Company, Wang Zhining (王志寧) and Wang Tian (王天) made compensation to Zhuhai Hoston in an amount of RMB4,840,000 and made compensation for interest loss from 11 February 2016 to the date of settlement.

(f) On 20 July 2018, Zhuhai Hoston applied to the Zhuhai Xiangzhou People's Court that Zhuhai Hoston performed its legal obligations under the Zhuhai Intermediate People's Court judgement on 21 November 2017 and performed compensation and guarantee obligations by paying RMB1,288,833 to Chen Xiaodong (陳曉東) and seek repayment from Wang Tian (王天) for RMB1,288,833 and interest thereof according to the law.

On 23 November 2018, the Zhuhai Xiangzhou People's Court ruled that two flats and one parking space owned by Wang Tian at No. 123, Shihua East Road, Jida, Xiangzhou District, Zhuhai shall be impounded. The properties are pending for seal up and are not allowed to be disposed of in the meantime.

(g) On 19 July 2018, Zhuhai Hoston filed a lawsuit against Wang Zhining (王志寧), Wang Tian (王天), Yang Jianru (楊健茹) and 珠海市鑫鋒發展有限公司 (Zhuhai Xinfeng Development Co., Ltd.*) with the Zhuhai Xiangzhou People's Court, and requested compensation for loss be made to Zhuhai Hoston in an amount of RMB1,000,000 together with interest thereof on the ground that Zhuhai Hoston performed its legal obligations under the ruling of the Zhuhai Intermediate People's Court by paying RMB1,000,000 to Bi Xiaohui (畢肖輝).

On 21 June 2019, the Zhuhai Xiangzhou People's Court ruled against that Zhuhai Hoston's request for the commencement of litigation. Zhuhai Hoston made an appeal to the Zhuhai Intermediate People's Court on 16 July 2019 and the appeal was accepted by the court.

Save as disclosed above and in the paragraph headed "Event After The Reporting Period", as at the date of this announcement, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2019 and as at the date of this announcement.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the financial reporting, risk management and internal controls of the Group. The Audit Committee comprises the three independent non-executive Directors, namely, Mr. Choi Pun Lap (chairman of the Audit Committee) Mr. Tong Leung Sang and Mr. Chan Sung Wai. The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2019 have been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with required standard set out in the Model Code throughout the six months ended 30 June 2019.

PUBLICATION OF UNAUDITED INTERIM REPORT

The unaudited interim report 2019 of the Company containing all information required by the Listing Rules will be published on the website of the Company at http://www.hk0058.com and the website of the Stock Exchange at http://www.hkexnews.hk in due course.

By order of the Board
Sunway International Holdings Limited
Law Chun Choi
Executive Director and Company Secretary

Hong Kong, 30 August 2019

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.

* *For identification purpose only*