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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)

ANNOUNCEMENT

UPDATE ON THE STATUS OF THE REPORTED CASE, THE INVESTIGATION AND REMEDIAL ACTIONS

Reference is made to the annual report of Sunway International Holdings Limited (the “**Company**”) for the fifteen months ended 31 December 2014 (“**Annual Report 2014**”) and the interim report of the Company for the six months ended 30 June 2015 (“**Interim Report 2015**”), pursuant to which, the Board reported that:

1. the Company had engaged Cheng & Cheng Limited, Certified Public Accountants (“**Cheng & Cheng**”) as an independent professional adviser to conduct an investigation (the “**Investigation**”) regarding the possible non-recoverable prepayments and other receivables (“**Non-recoverable Prepayments**”) of approximately HK\$ 43,445,000 due from certain suppliers of Zhuhai Hoston Special Materials Co., Limited (“**Zhuhai Hoston**”), a Group’s subsidiary;
2. the Non-recoverable Prepayments was fully impaired for the six months ended 30 June 2015;
3. such Non-recoverable Prepayments may involve possible commercial crimes committed by the two former directors of Zhuhai Hoston (one of them is also an executive director of the Company) based on the finding of the Investigation; and
4. Zhuhai Hoston had filed a report to Zhuhai Public Security Bureau (the “**Bureau**”) against these two former directors on 30 July 2015 in respect of the possible commercial crimes (“**Reported Case**”) and was informed by the Bureau that it may take up to 60 days to decide whether to accept the Reported Case.

THE REPORTED CASE

The Board would like to update the shareholders of the Company (the “**Shareholders**”) that the Bureau has accepted the Reported Case and will conduct a formal investigation against one former director of Zhuhai Hoston to start with.

The Board is reviewing the Bureau’s decision on the Reported Case and will update the Shareholders and potential investors with respect to any further developments concerning the Reported Case as well as any further actions, if any, will be taken by the Company as and when appropriate.

INTERNAL CONTROL REVIEW FINDINGS AND REMEDIAL MEASURES BEING UNDERTAKEN BY THE COMPANY

In addition to the findings of the possible commercial crimes regarding the Non-recoverable Prepayments and the Reported Case, Cheng & Cheng has highlighted certain internal control issues of the Company and its subsidiaries (the “**Group**”) regarding the business operation flow of the Group’s subsidiaries.

The Company, with the recommendation of the Cheng & Cheng and the Company’s audit committee, has been undertaking a series of remedial measures to improve its internal control system and corporate governance, as follows:

- 1 To review and improve the internal control policy for handling conflict of interest/anti-fraud issues; and
- 2 To review and improve the Group’s financial reporting and control as well as the business operation flow of the sales and payment cycles of the Group’s subsidiaries to ensure compliance with the respective policies and procedures.

The Board has accepted the report submitted by Cheng & Cheng and agrees to adopt the recommendations suggested by Cheng & Cheng and the Company’s audit committee to improve the internal control system of the Group. It is expected that a follow up review will be performed by the Company during the annual audit for the year ending 31 December 2015 to assess the effectiveness and adequacy of the enhanced internal control system after the implementation of the abovementioned remedial measures.

Whilst the Board is waiting for the outcome of the investigation by the Bureau, the Board would as soon as possible seek to suspend the directorate of the executive director who is suspected to have participated in the alleged possible commercial crime.

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

Hong Kong, 14 October 2015

As at the date of this announcement, the Board comprises six Executive Directors, namely, Mr. Huang Weidong (Chairman), Ms. Fang Jing, Mr. Leung Chi Fai, Mr. Li Chongyang, Ms. Qi Jiao and Mr. Wang Tian, and four Independent Non-executive Directors, namely, Mr. Cong Yangjian, Ms. Deng Chunmei, Mr. Lam Kai Yeung and Mr. Liu Chenli.

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

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