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

(Incorporated in Bermuda with limited liability)

(Stock code: 58)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2019

	Notes	**2019** *HK$'000* **(unaudited)**	2018 *HK$'000* (audited)
Revenue	4	**356,952**	414,717
Cost of sales		**(276,234)**	(295,358)
Gross profit		**80,718**	119,359
Other income		**2,809**	7,079
Impairment loss of loan receivables	11	**(117,176)**	(12,963)
(Impairment loss)/reversal of trade and bill receivables, net	11	**(8,064)**	484
Impairment loss of deposits paid for acquisition of subsidiaries and etc.	12	**(106,637)**	–
(Impairment loss)/reversal of prepayments and other receivables, net	12	**(31,272)**	64
Other gains and losses, net	5	**(10,034)**	(21,404)
Selling and distribution expenses		**(69,235)**	(75,215)
Administrative expenses		**(44,070)**	(48,248)
Other expenses		**(657)**	(3,449)
Finance costs	6	**(4,008)**	(3,173)
Loss before tax	7	**(307,626)**	(37,466)
Income tax expense	8	**(13,001)**	(6,160)
Loss for the year		**(320,627)**	(43,626)
(Loss)/profit for the year attributable to:			
Owner of the Company		**(299,871)**	(50,501)
Non-controlling interests		**(20,756)**	6,875
		(320,627)	(43,626)
Loss per share	10		
Basic and diluted *(HK cents)*		**(41.7)**	(8.1)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Loss for the year		**(320,627)**	(43,626)
Other comprehensive (loss)/income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(1,753)**	(7,740)
Items that will not be reclassified to profit or loss:			
Revaluation of items of property, plant and equipment		**(13,412)**	10,618
Tax effect of revaluation of items of property, plant and equipment		**3,353**	(2,654)
Other comprehensive (loss)/income for the year, net of tax		**(11,812)**	224
Total comprehensive loss for the year		**(332,439)**	(43,402)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(305,858)**	(50,143)
Non-controlling interests		**(26,581)**	6,741
		(332,439)	(43,402)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	**2019** ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Non-current Assets			
Property, plant and equipment		**108,598**	96,380
Right-of-use assets		**43,717**	–
Prepaid land lease payments		**–**	37,738
Goodwill		**19,941**	19,941
Deferred tax assets		**1,273**	11,705
		173,529	165,764
Current Assets			
Inventories		**32,971**	25,822
Trade and bill receivables	11	**92,997**	184,584
Prepayments, deposits and other receivables	12	**63,725**	284,186
Restricted bank deposits		**4**	49
Cash and cash equivalents		**29,049**	23,156
		218,746	517,797
Current Liabilities			
Trade payables	13	**70,439**	61,890
Accruals and other payables		**27,232**	41,189
Contract liabilities		**4,760**	3,422
Lease liabilities		**4,739**	–
Interest-bearing borrowings		**33,671**	10,530
Amount due to shareholder		**2,702**	–
Amount due to a non-controlling shareholder		**483**	494
Tax payable		**7,059**	6,158
		151,085	123,683
Net current assets		**67,661**	394,114
Total assets less current liabilities		**241,190**	559,878

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

As at 31 December 2019

	Note	**2019**	2018
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current liabilities			
Interest-bearing borrowings		**15,118**	17,458
Lease liabilities		**2,466**	–
Deferred tax liabilities		**5,294**	8,639
Provision for long services payment		**15**	17
		22,893	26,114
Net assets		**218,297**	533,764
Capital and reserves			
Share capital		**74,894**	62,414
Convertible notes		**12,600**	12,600
Reserves		**77,389**	378,755
Equity attributable to owners of the Company		**164,883**	453,769
Non-controlling interests		**53,414**	79,995
Total equity		**218,297**	533,764

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Sunway International Holdings Limited (the "**Company**") 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**"). Wealthy Port Holdings Limited, Business Century Investments Limited and Everun Oil Co., Limited are the substantial shareholders of the Company. The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business in Hong Kong is 3/F, Mandarin Commercial House, 38 Morrison Hill Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding and its subsidiaries (collectively referred to as 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 and provision of financial services.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. The consolidated financial statements are presented in thousand (HK$'000), unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the ("**HKICPA**") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 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 HKAS 28	Long-term Interests in Associates and Joint Ventures
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 year has had no material impact on the Group's financial positions and financial performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases*, and the related interpretations.

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 standard 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 lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated. During the year ended 31 December 2019, application of HKFRS 16 by the Group as a lessor has no material impact on the Group's consolidated financial statements.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(ii) transition. 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:

- 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;

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

- applied a single discount rate to a portfolio of leases with a similar remaining term for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 16 *Leases* (Continued)

As a lessee (Continued)

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 incremental borrowing rate applied is 7.5%.

	At 1 January 2019 *HK$'000* (unaudited)
Operating lease commitments disclosed as at 31 December 2018	12,352
Lease liabilities discounted at relevant incremental borrowing rates	(1,107)
Less: recognition exemption – short term leases	(155)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	11,090
Analysed as reporting purposes as:	
Non-current	4,686
Current	6,404
	11,090

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Right-of-use Assets *HK$'000* (unaudited)
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	11,090
Reclassification from prepaid lease payment *(note)*	38,534
Right-of-use assets as at 1 January 2019	49,624

Note: Upfront payments for leasehold lands in the People's Republic of China (the "PRC") for own used properties 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 approximately HK$796,000 and HK$37,738,000 respectively were reclassified to right-of-use assets.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 16 *Leases* (Continued)

Sales and leaseback transactions

Upon application of HKFRS 16, the Group applies the requirements of HKFRS 15 to assess whether sales and leaseback transaction constitutes a sale. During the year ended 31 December 2019, the Group entered into a sale and leaseback transaction in relation to certain machineries and the transaction does not satisfy the requirements as a sale. Accordingly, the Group accounts for the transfer proceeds of approximately HK$15,873,000 as interest-bearing borrowings within the scope of HKFRS 9.

There was no material impact to the Group on transition to HKFRS 16 on accumulated losses as at 1 January 2019.

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

	Carrying amounts reported as at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 as at 1 January 2019
	HK$'000	*HK$'000*	*HK$'000*
	(audited)		(unaudited)
Non-current assets			
Right-of-use assets	–	49,624	49,624
Prepaid land lease payments	37,738	(37,738)	–
Current assets			
Prepayments, deposits and other receivables	284,186	(796)	283,390
Current liabilities			
Lease liabilities	–	4,686	4,686
Non-current liabilities			
Lease liabilities	–	6,404	6,404

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contract[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 29	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards will be effective for annual periods beginning on or after 1 January 2020.

Except as disclosed above, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "**CODM**") in order to allocate resources to the segments and to assess their performance.

The Group is organised into business units based on their products and services, based on which information is prepared and reported to the Group's CODM for the purposes of resource allocation and assessment of performance.

The Group is primarily engaged in three operating segments as follows:

– PC steel bar: sales and manufacturing of pre-stressed steel bar;

– PHC piles and others: sales and manufacturing of high-strength concrete piles, ready-mixed concrete, autoclaved sand-lime bricks, aerated concrete products and eco-permeable concrete products and related processing income; and

– Financial services: money lending, provision of assets management services, advising on securities services and securities brokerage services.

3. **OPERATING SEGMENT INFORMATION** *(Continued)*

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 loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that head office and corporate expenses, partial other income, partial other gains and losses, net and finance costs are excluded from such measurement. This is the measure reported to the CODM 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, deferred tax assets, restricted 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 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.

(a) Segment results, segment assets and liabilities

	PC steel bar *HK$'000* **(unaudited)**	**PHC piles and others** *HK$'000* **(unaudited)**	**Financial services** *HK$'000* **(unaudited)**	**Total** *HK$'000* **(unaudited)**
For the year ended 31 December 2019				
Segment revenue *(Note)*	**–**	**356,409**	**543**	**356,952**
Segment results	**(1,894)**	**(45,639)**	**(117,555)**	**(165,088)**
Reconciliation:				
Bank interest income				**49**
Other gains and losses, net				**(4,116)**
Finance costs				**(4,008)**
Impairment loss of deposits paid for acquisition of subsidiaries				**(106,637)**
Unallocated head office and corporate expenses				**(27,826)**
Loss before tax				**(307,626)**

3. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Segment results, segment assets and liabilities *(Continued)*

	PC steel bar	PHC piles and others	Financial services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(audited)
For the year ended 31 December 2018				
Segment revenue *(Note)*	–	403,342	11,375	414,717
Segment results	(299)	27,061	4,531	31,293
Reconciliation:				
Bank interest income				58
Other gains and losses, net				(33,819)
Finance costs				(3,173)
Unallocated head office and corporate expenses				(31,825)
Loss before tax				(37,466)

Note: Segment revenue reported above represents revenue generated from external customer. There was no inter-segment revenue in both years.

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Assets		
Reportable segment assets:		
– PC steel bar	**890**	1,716
– PHC piles and other	**330,010**	387,546
– Financial services	**1,207**	128,751
	332,107	518,013
Unallocated assets	**60,168**	165,548
Total assets	**392,275**	683,561

3. **OPERATING SEGMENT INFORMATION** *(Continued)*

(a) **Segment results, segment assets and liabilities** *(Continued)*

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Liabilities		
Reportable segment liabilities:		
– PC steel bar	**(21,545)**	(21,163)
– PHC piles and other	**(73,318)**	(77,631)
– Financial services	**(151)**	(1,084)
	(95,014)	(99,878)
Unallocated liabilities	**(78,964)**	(49,919)
Total liabilities	**(173,978)**	(149,797)

(b) **Other segment information**

Amounts included in the measure of segment profit or loss or segment assets:

	PC steel bar	**PHC piles and others**	**Financial services**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
For the year ended 31 December 2019					
Capital expenditure *(note)*	**–**	**90,032**	**–**	**11,615**	**101,647**
Loss/(gain) on disposal of property, plant and equipment	**–**	**5,918**	**–**	**(30)**	**5,888**
Depreciation for property, plant and equipment	**–**	**17,430**	**577**	**534**	**18,541**
Depreciation for right-of-use assets	**–**	**932**	**–**	**4,585**	**5,517**
Provision for impairment loss of trade and bills receivables, net	**–**	**8,062**	**117,178**	**–**	**125,240**
Provision for impairment loss of prepayments, deposits and other receivables, net	**–**	**31,249**	**–**	**23**	**31,272**
Provision for impairment loss of deposit paid for acquisition of subsidiaries and etc.	**–**	**–**	**–**	**106,637**	**106,637**

3. **OPERATING SEGMENT INFORMATION** *(Continued)*

(b) **Other segment information** *(Continued)*

	PC steel bar	PHC piles and others	Financial services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(audited)	(audited)
For the year ended 31 December 2018					
Capital expenditure *(note)*	–	18,000	88	–	18,088
Depreciation	–	(18,508)	(606)	(578)	(19,692)
Amortisation of prepaid land lease payments	–	(704)	–	–	(704)
Reversal of provision/ (provision) for impairment loss of trade receivables, net	–	483	(12,962)	–	(12,479)
Write-off of trade receivables	–	(289)	–	–	(289)
Write-off of prepayments, deposits and other receivables	–	(132)	–	–	(132)
Reversal of provision for impairment loss of prepayments, deposits and other receivables, net	–	64	–	–	64

Note: Addition to non-current assets represents addition to property, plant and equipment and right-of-use assets.

(c) **Geographical information**

The geographical location of revenue information is based on the locations of customers at which the goods and services delivered. The Group's revenue analysed by geographical location and information about its non-current assets by geographical location are detailed below:

	Non-current assets As at 31 December		**Revenue Year ended 31 December**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Hong Kong	**8,599**	22,659	**543**	11,375
The PRC (excluding Hong Kong)	**163,657**	131,400	**356,409**	403,342
	172,256	154,059	**356,952**	414,717

3. OPERATING SEGMENT INFORMATION *(Continued)*

(d) Information about major customer

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group is as follow:

	Reporting segment	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
Customer A (note)	PHC piles and others	**36,177**	N/A

Except as disclosed above, no other customers contributed 10% or more of the Group's total revenue for both years.

Note: Revenue from Customer A did not contribute 10% or more to the Group's total revenue during the year ended 31 December 2018.

4. REVENUE

	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
Sales of PHC piles and others	**356,409**	403,342
Brokerage income	**–**	1
Revenue from contracts with customers	**356,409**	403,343
Loan interest income	**543**	11,374
Total revenue	**356,952**	414,717

All revenue from contracts with customers are recognised at a point in time.

5. OTHER GAINS AND LOSSES, NET

	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
Exchange difference, net	**(2,619)**	(6,500)
Net loss arising on investments at fair value through profit or loss	**–**	(457)
Provision for impairment loss of goodwill	**–**	(1,041)
(Loss)/gain on disposal of property, plant and equipment	**(5,888)**	439
Write-off of trade receivables	**–**	(289)
Write-off of prepayments, deposits and other receivables	**–**	(132)
Provision of compensation and cost for legal cases	**(1,527)**	(1,638)
Provision for impairment loss of intangible assets	**–**	(11,786)
	(10,034)	(21,404)

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Interest on bank borrowings	**3,074**	3,005
Interest on bond	**225**	168
Imputed interest on lease liabilities	**709**	–
	4,008	3,173

7. LOSS BEFORE TAX

The Group's loss for the year is stated after charging/(crediting) the following:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Cost of inventories sold	**205,738**	214,532
Depreciation for property, plant and equipment	**18,541**	19,692
Depreciation for right-of-use assets	**5,517**	–
Amortisation of prepaid land lease payments	**–**	704
Auditor's remuneration for audit services	**700**	1,080
Operating lease payments in respect of land and buildings	**–**	4,635
Staff costs (including directors' remuneration):		
– salaries, bonuses and allowances	**35,594**	33,974
– reversal of provision for long service payment	**(2)**	(3)
– retirement benefits scheme contributions	**1,697**	1,898
	37,289	35,869

8. INCOME TAX EXPENSE

	2019 *HK$'000* (unaudited)	2018 *HK$'000* (audited)
Current tax – PRC Enterprise income tax		
– Provision for the year	**2,604**	6,591
– Over provision in prior years	**–**	(992)
	2,604	5,599
Current tax – Hong Kong Profit Tax		
– Provision for the year	**–**	930
Deferred tax	**10,397**	(369)
	13,001	6,160

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million for both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

10. LOSS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Loss		
Loss for the purpose of basic and diluted loss per share	**(299,871)**	(50,501)

	2019	2018
	'000	*'000*
	(unaudited)	(audited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basis loss per share	**719,873**	625,488

The Company's outstanding convertible bonds and share options, where applicable, had an anti-dilutive effect to the diluted loss per share calculation for both years, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted loss per share.

11. TRADE AND BILLS RECEIVABLES

	Note	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
Gross loan receivables		**130,880**	140,700
Less:			
Balance at beginning of year for provision on loan receivables		**(12,963)**	–
Impairment loss for loan receivables		**(117,176)**	(12,963)
Balance at end of year for provision on loan receivables	(a)	**(130,139)**	(12,963)
Net loan receivables	(b)	**741**	127,737
Gross trade receivables		**143,617**	101,280
Less:			
Balance at beginning of year for provision on trade receivables		**(44,433)**	(53,868)
(Impairment loss)/reversed for trade receivables, net		**(8,064)**	484
Amount written off		**–**	6,426
Exchange realignment		**1,136**	2,525
Balance at end of year for provision on trade receivables		**(51,361)**	(44,433)
Net trade receivables	(c)	**92,256**	56,847
		92,997	184,584

Note:

(a) Provision for impairment loss for loan receivables

As at 31 December 2019, the loan receivables amounted HK$130,880,000 and the impaired loan receivables represented by 6 external borrowers.

The Group had followed its own credit assessment policies and procedures which were the same as prior year. The management assessed the recoverability of each application before approving the grant.

The management took into account various factors in credit analysis, which mainly included the financial capability as well as the repayment history and recent market information (for renewal) of the borrowers. The responsible team for money lending business had to obtain and check the relevant documents including financial information, latest audited financial statements if available, identity proof and registration documents etc. for each borrower, as well as the guarantor. The team would perform due diligence as appropriate in each case which might include litigation search, credit search, company search and internet search for each borrower if considered necessary. Those searches would be done by the team or external independent professionals. In addition, all borrowers had to confirm independence to the Group by signing an independence confirmation. All loans granted had to be approved in a board meeting.

The Group has noticed that 6 borrowers (and their guarantors, if any) (together known as the "**Loan Debtors**") failed to repay any outstanding principals and interest during the year ended 31 December 2019.

According to the loan agreements, the Loan Debtors had been in default for loans repayment for which the enforceability of the collaterals, if any, was quite difficult. The maturity dates of the impaired loan receivables had already been due as at the date of the unaudited annual results announcement.

Based on the Loan Debtors' repayment history, for which contractual payments were more than 30 days past due and the responses from the Loan Debtors to the recent legal demand letters issued by the Company's solicitors in August 2019, the above were indicative of significant increases in credit risk since initial recognition.

Based on the above-mentioned factors, the Group's loan receivables were credit-impaired as one or more events that had a detrimental impact on the estimated future cash flows of that financial asset of loan receivables had occurred.

The Group has taken appropriate legal proceedings, as detailed in note 1 under the heading of "Legal Proceedings" on page 25, so as to recover the receivables.

As at 31 December 2019, provision of impairment loss on loan receivables was made amounted HK$130,139,000 (2018: HK$12,963,000).

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

	2019 ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Within 3 months	**–**	28,791
4 to 6 months	**–**	45,433
7 to 12 months	**741**	53,513
Over 12 months	**–**	–
	741	127,737

(c) The aging analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of provision, is as follows:

	2019 ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Within 3 months	**78,967**	44,182
4 to 6 months	**6,325**	1,339
7 to 12 months	**6,964**	3,267
Over 12 months	**–**	8,059
	92,256	56,847

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2019 *HK$'000* (unaudited)	2018 *HK$'000* (audited)
Refundable deposits paid for acquisition of subsidiaries and etc.		**106,637**	106,637
Less:			
Balance at beginning of year for provision for refundable deposits		**–**	–
Impairment loss for refundable deposits		**(106,637)**	–
Balance at end of year for provision for refundable deposits	(a)	**(106,637)**	–
Net Refundable deposits paid for acquisition of subsidiaries and etc.		**–**	106,637
Prepayments, deposits and other receivables		**175,037**	257,980
Less:			
Balance at beginning of year for provision on prepayments and other receivables		**(80,431)**	(84,918)
(Impairment loss)/reversal on prepayments and other receivables, net	(b)	**(31,272)**	64
Exchange realignment		**391**	4,423
Balance at end of year for provision on prepayments and other receivables		**(111,312)**	(80,431)
Net prepayments, deposits and other receivables		**63,725**	177,549
		63,725	284,186

Note:

(a) The amount is mainly related to the refundable earnest money, as detailed in note 2 under the heading of "Legal Proceedings" on page 26.

(b) As at 31 December 2019, the individually impaired receivables were mainly related to certain debtors that were in financial difficulties and overdue for more than one year. The assessment of the recoverability of these receivables were based on expected credit risk assessment in accordance with HKFRS 9 Financial Instruments.

13. TRADE PAYABLES

	2019 *HK$'000* (unaudited)	2018 *HK$'000* (audited)
Within 3 months	**51,735**	47,131
4 to 6 months	**14,322**	10,010
7 to 12 months	**–**	14
Over 1 year	**4,382**	4,735
	70,439	61,890

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS AND OPERATIONS

Construction Materials Business

Construction materials business consisted of the PHC Pile and Others Business and the PC Steel Bar Business.

PHC Pile and Others Business

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

Revenue from external customers for FY2019 was HK$356,409,000 compared with HK$403,342,000 reported last year, which decreased by approximately 11.6%. The decrease in revenue for the period was mainly attributable to the down turn on infrastructure market after the completion of relevant governmental projects.

The operations of the PHC Pile and Others Business for FY2019 incurred a segment loss HK$45,639,000 for FY2019 as compared with a segment profit of HK$27,061,000 reported last year due to the decrease in demand on construction material resulting from the several weather disruption to construction sites in Yangjiang City, the decrease in gross profit margin resulting from increase in cost of raw materials and impairments have been made against long outstanding items in accordance with the valuation report.

PC Steel Bar Business

PC Steel Bar Business is operated by a subsidiary of the Company, 珠海和盛特材股份有限公司 Zhuhai Hoston Special Materials Co., Ltd*. ("**Zhuhai Hoston**") and its production factory is situated in Zhuhai City, Guangdong Province, the PRC (the "**Zhuhai Factory**"). The operation of the Zhuhai Factory has been suspended since 1 January 2016.

PC Steel Bar Business did not generate revenue during the FY2019. Expenses incurred during the year were mainly staff costs and legal fees for the Zhuhai Factory. Segment loss for FY2019 was HK$1,894,000 as compared with HK$299,000 reported last year.

Financial Services Business

Financial services business consisted of money lending business in Hong Kong.

Money lending business contributed HK$543,000 to the revenue of the Group during FY2019 (FY2018: HK$11,375,000) which decreased by 95.2% compared with last year and represented interest income from loans granted to customers.

Segment loss for FY2019 was HK$117,555,000 mainly due to the default of several loan receivables as disclosed in the Company's announcement dated 20 January 2020 as compared with segment profit of HK$4,531,000 reported last year.

Reference was made to the announcement of the Company dated 11 February 2020 in relation to the non-renewal of money lenders licence upon its expiry on 11 February 2020.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations with equity fund raising activities, internally generated cash flow and banking facilities provided by its principal bankers in the PRC. As at 31 December 2019, the total shareholders' equity of the Group was HK$218,297,000, representing a decrease of approximately 59.1% over last year. As at 31 December 2019, the Group's cash and cash equivalents stood at HK$29,049,000 whereas interest-bearing borrowings were HK$48,789,000. The annual interest rates of the borrowings for FY2019 ranged from 4.2% to 8.12% per annum. The above borrowings were denominated in Hong Kong Dollar and Renminbi. During the year, 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 79.7% as at 31 December 2019.

CAPITAL STRUCTURE

Convertible notes

As at 31 December 2019, the Company had convertible notes with principal amount of HK$30,000,000. Based on the opinion obtained from the legal adviser of the Company, 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.

Share Allotment

On 13 March 2019, the Company entered into a subscription agreement with a subscriber to allot and issue 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. The proceeds from the share subscription would be used for general working capital purposes.

On 29 November 2019, the Company entered into a subscription agreement with Wealthy Port Holdings Limited ("**Wealthy Port**"), a substantial shareholder of the Company, which is beneficially owned by Mr. Chim Sai Yau, Oscar, an executive Director of the Company, pursuant to which the Company has conditionally agreed to allot and issue 149,063,676 ordinary shares of HK$0.1 each to Wealthy Port at a price of HK$0.1 per share. The share allotment was completed on 30 March 2020. The proceeds from the share subscription would be used for general working capital purposes.

Share options

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 the year ended 31 December 2019.

PLEDGE OF ASSETS

As at 31 December 2019, the Group's certain buildings of HK$53,830,000, certain right-of-use assets of HK$36,905,000 and certain plant and machinery of HK$27,754,000 were used to secure banking facilities for the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had approximately 420 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 on a timely and effective manner.

CONTINGENT LIABILITIES

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.

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.

The amount of the claims by Ms. Liu, in relation to the convertible notes with a face value of HK$15 million, was about HK$40 million as per the Statement of Claim dated 29 January 2016. The convertible notes were issued in favour of the vendor as part of the consideration of the sale and purchase agreement dated 3 October 2013 ("**SPA**"). According to a legal opinion dated 2 December 2019 given by the Company's solicitors, upon the fundamental breach of the SPA, it is open for the Company to argue that the terms and conditions under the SPA has failed and the outstanding convertible notes are void and have no effect.

LEGAL PROCEEDINGS

As at the date of this announcement, the Company or its subsidiaries were involved in the following material legal proceedings:

1. **Sunway Financial Management Limited**

   Reference is made to the Company's announcement dated 20 January 2020 in relation to provision of financial assistance, despite the issue of legal demand letters in August 2019, the six borrowers who are independent third parties have failed to settle any outstanding loans and interests. As a result, Sunway Financial Management Limited has taken the following legal proceedings:

   (a) Instruction has been given to British Virgin Island ("**BVI**") counsel to issue statutory demands and to handle winding up applications for those borrowers and guarantor which are incorporated in BVI;

   (b) PRC counsel has been engaged to take appropriate legal proceedings in the PRC courts against those borrowers and guarantor that are PRC citizens or PRC incorporated companies; and

   (c) Instruction has been given to Hong Kong counsel to prepare writ of summons and statement of claim against the borrower which is incorporated in Hong Kong.

2. Sunway New Energy Industry Group Limited

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.

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. However, impairment has been made against the Refundable Earnest Money during the year ended 31 December 2019 in accordance with the valuation report.

3. The Company/its subsidiary as the plaintiff

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 王天 (Wang Tian) 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.

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. According to the press release published by Guangdong Provincial Development and Reform Commission of the PRC dated 5 March 2020, the province plans to set up 1230 key projects with a total investment of RMB5.9 trillion, highlighting a new round of investment stemming from the construction of new infrastructure. In addition, according to a guideline jointly issued by the General Office of the Communist Party of China Central Committee of the PRC and the General Office of the State Council of the PRC dated 25 December 2019, restrictions on residence registration will be lifted or relaxed for cities with a residential population of less than five million in urban areas and the settlement policies for mega cities with a residential population of above five million in urban areas will also be improved. The Directors consider such policies will have positive effects to the construction material industry in PRC and thus can benefit the Group.

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

Upon specific enquiry by the Company and following confirmations from the Directors, save as set out below, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Lum Pak Sum was appointed as an independent non-executive Director by China Graphene Group Limited (Stock Code: 0063) on 30 September 2019, listed on the Main Board of the Stock Exchange of Hong Kong Limited.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Listing Rules during the year ended 31 December 2019, except for the following deviations:

Under the code provision A6.7 of the Code, independent non-executive Directors should attend general meetings of the Company and develop a balanced understanding of the views of the shareholders. The independent non-executive Directors, namely Mr. Cong Yongjian and Dr. Lam Huen Sum, were not able to attend the annual general meeting of the Company due to their other commitments.

Under the Code Provision E.1.2, the Chairman of the Board should attend the annual general meeting. Mr. Huang Weidong, the chairman of the Board was unable to attend the annual general meeting of the Company held on 24 May 2019. Mr. Li Chongyang, the executive Director of the Company, attended the said annual general meeting to respond to the queries from the shareholders.

AUDIT COMMITTEE

The Audit Committee had reviewed the annual results of the Group for the year ended 31 December 2019.

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 the Directors have confirmed that they have complied with required standard set out in the Model Code throughout the year.

DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT

Due to the novel coronavirus outbreak in January 2020, the auditing processes of the financial results of the Group for the year ended 31 December 2019 have not yet been completed as the Company's auditor has not been able to arrange its staff to travel to Mainland China to perform audit fieldwork since February 2020.

Given that the auditing processes have not yet been completed, the Company is not able to publish the audited annual results announcement of the Group for the year ended 31 December 2019 in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. As at the date of this announcement, the Directors are not able to determine the expected date of announcement of the audited annual results of the Group for the year ended 31 December 2019 as the auditor is not able to determine the timetable for arranging its staff to travel to Mainland China.

Following the completion of the auditing process, the Company will issue further announcement in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditor.

PUBLICATION OF UNAUDITED ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

The unaudited annual results will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

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

Hong Kong, 31 March 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*