

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SUNWAY INTERNATIONAL HOLDINGS LIMITED

新威國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 58)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

- Revenue for the year ended 31 December 2024 was HK\$256,385,000, compared with HK\$246,531,000 last year, representing an increase of HK\$9,854,000.
- Gross profit for the year ended 31 December 2024 was HK\$43,832,000, compared with HK\$37,556,000 last year, representing an increase of HK\$6,276,000.
- Loss for the year attributable to owners of the Company was HK\$56,122,000, compared with HK\$45,146,000 last year, representing an increase of HK\$10,976,000.
- Loss per share attributable to owners of the Company amounted to HK30.71 cents, compared with HK25.14 cents last year, representing an increase of HK5.57 cents.
- No final dividend was proposed for the year ended 31 December 2024 (2023: Nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	5	256,385	246,531
Cost of sales		<u>(212,553)</u>	<u>(208,975)</u>
Gross profit		43,832	37,556
Other income	6	374	75
Other gains and losses, net	7	(7,037)	601
Impairment losses recognised on non-financial assets		—	(21,570)
Impairment losses recognised under expected credit loss model, net of reversal		(38,815)	(6,241)
Selling and distribution expenses		(54,086)	(46,480)
Administrative expenses		(22,105)	(23,977)
Other operating expenses		(4,323)	(2,227)
Finance costs	8	<u>(2,146)</u>	<u>(1,624)</u>
Loss before tax		(84,306)	(63,887)
Income tax credit/(expense)	10	<u>4,211</u>	<u>(375)</u>
Loss for the year	9	<u>(80,095)</u>	<u>(64,262)</u>
Loss for the year attributable to:			
Owners of the Company		(56,122)	(45,146)
Non-controlling interests		<u>(23,973)</u>	<u>(19,116)</u>
		<u>(80,095)</u>	<u>(64,262)</u>
Loss per share	12		
Basic and diluted (HK cents)		<u>(30.71)</u>	<u>(25.14)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year	<u>(80,095)</u>	<u>(64,262)</u>
Other comprehensive (loss)/income:		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of financial statements of foreign operations	(10,832)	(4,934)
<i>Items that will not be reclassified to profit or loss:</i>		
(Loss)/gain on revaluation of property, plant and equipment	(191)	1,914
Tax effect of revaluation of items of property, plant and equipment	<u>48</u>	<u>(479)</u>
Other comprehensive loss for the year, net of tax	<u>(10,975)</u>	<u>(3,499)</u>
Total comprehensive loss for the year	<u><u>(91,070)</u></u>	<u><u>(67,761)</u></u>
Total comprehensive loss for the year attributable to:		
Owners of the Company	(63,698)	(47,824)
Non-controlling interests	<u>(27,372)</u>	<u>(19,937)</u>
	<u><u>(91,070)</u></u>	<u><u>(67,761)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		79,991	102,427
Right-of-use assets		43,347	32,283
Goodwill		—	—
Deposits paid for non-current assets		51	—
		<u>123,389</u>	<u>134,710</u>
Current assets			
Inventories		11,823	9,688
Trade, bill and loan receivables	<i>13</i>	114,453	108,172
Amount due from a related company		3,509	—
Prepayment, deposits and other receivables		17,350	50,619
Cash and cash equivalents		10,593	27,749
		<u>157,728</u>	<u>196,228</u>
Current liabilities			
Trade payables	<i>14</i>	91,836	81,268
Accruals and other payables		76,514	63,544
Contract liabilities		6,127	4,818
Lease liabilities		5,081	193
Amounts due to non-controlling interests		568	476
Amount due to a shareholder		—	18,677
Interest-bearing borrowings		11,465	15,511
Tax payables		—	6,150
		<u>191,591</u>	<u>190,637</u>
Net current (liabilities)/assets		<u>(33,863)</u>	<u>5,591</u>
Total assets less current liabilities		<u>89,526</u>	<u>140,301</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	4,912	1,627
Interest-bearing borrowings	5,872	3,000
	10,784	4,627
NET ASSETS	78,742	135,674
Capital and reserves		
Share capital	21,552	17,960
Convertible notes	35,736	6,300
Reserves	4,719	67,701
Equity attributable to owners of the Company	62,007	91,961
Non-controlling interests	16,735	43,713
TOTAL EQUITY	78,742	135,674

NOTES

For the year ended 31 December 2024

1. GENERAL INFORMATION

Sunway International Holdings Limited (the “**Company**”) is a limited liability company incorporated in Bermuda and the issued shares of which are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business are disclosed in the corporate information section to the annual report. Its controlling shareholder is Wealthy Port Holdings Limited (“**Wealthy Port**”), a company incorporated in Hong Kong and ultimately controlled by Mr. Chim Pui Chung.

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, autoclaved sand-lime bricks, aerated concrete products and eco-concrete products and related processing income (“**PHC piles and other products**”).

The consolidated financial statements are presented in thousands of units of Hong Kong dollar (“**HK\$’000**”), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain property, plant and equipment that are measured at revalued amounts at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Going concern basis

During the year ended 31 December 2024, the Group incurred a net loss of approximately HK\$80,095,000 and net cash used in operating activities of approximately HK\$13,062,000. As at 31 December 2024, the Group’s current liabilities exceeds its current assets by approximately HK\$33,863,000.

These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

In view of these circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- taking active measures to collect trade, bill and other receivables to improve operating cash flows and its financial position;
- the management closely monitors the Group's customers base and it will be more selective to do business with those customers with better creditability so as to minimise the percentage of doubtful debts;
- the Group will continue to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flows from its operation in the future; and
- the Group will consider other financing arrangements and fund-raising alternatives with a view to increase the Group's capitalisation/equity and to support the daily operations of the Group.

The directors have reviewed the Group's cash flow projection covering a period of not less than twelve months from 31 December 2024 prepared by the management and have considered the possible downward changes in its operating performance. They are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations when they fall due within twelve months from 31 December 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HK-Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

The directors anticipate that application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

4. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the executive director of the Company, being the chief operating decision maker (the “CODM”), for the purpose of monitoring segment performance and allocating resources between segments and that are used to make strategic decisions.

The Group has one reportable segment for both years. The determination of the reportable segment is based on the information about the operations of the Group that management uses to make decisions.

Particular of the Group’s reportable segment is summarised as follows:

Sales and manufacturing of PHC piles and other products

The CODM considered the Group has only one reportable and operating segment under HKFRS 8 *Operating Segments*, thus no other discrete financial information is provided other than the Group’s result and financial position as a whole.

Since all of the Group’s revenue were derived from the People’s Republic of China (the “PRC”) and all of the Group’s non-current assets (excluded financial instruments) were located in the PRC for both years, no geographical segment information in accordance with HKFRS 8 is presented.

Information about major customer

Details of customers individually representing 10% or more of the Group’s revenue are as follows:

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Customer A	29,178	—
Customer B (<i>note</i>)	<u>26,781</u>	<u>N/A</u>

Except for disclosed above, no other customer contributed 10% or more to the Group’s revenue for both years.

Note: The corresponding revenue did not contribute 10% of the total revenue of the Group.

5. REVENUE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers recognised at a point in time:		
PHC piles	49,028	70,147
Ready-mixed concrete	191,135	145,885
Concrete blocks	16,138	29,522
Other products	84	977
	<u>256,385</u>	<u>246,531</u>

6. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Compensation income	319	47
Government grants	4	—
Sundry income	51	28
	<u>374</u>	<u>75</u>

During the year ended 31 December 2024, the Group recognised government grants of HK\$4,000 (2023: nil) in respect of subsidies provided by the PRC local government as a support. There were no unfulfilled conditions or contingencies relating to these government grants.

7. OTHER GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Exchange loss, net	—	(66)
Loss on disposal of property, plant and equipment	(9,003)	(573)
Over-provision of other payables	—	546
Gain on deregistration of subsidiaries	1,966	694
	<u>(7,037)</u>	<u>601</u>

8. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on leases liabilities	649	163
Interest on interest-bearing borrowings	1,497	1,461
	<u>2,146</u>	<u>1,624</u>

9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of material used	139,144	147,149
Carriage expense	78,078	65,897
Depreciation of property, plant and equipment	13,217	14,430
Depreciation of right-of-use assets	2,308	1,200
Provision for compensation and cost for legal cases	2,684	126
Auditor's remuneration:		
– audit services	649	684
– non-audit services	103	103
Impairment losses recognised under expected credit loss model, net of reversal:		
– trade and bill receivables	28,519	66
– deposits and other receivables	10,296	6,175
	38,815	6,241
Impairment losses recognised on non-financial assets:		
– property, plant and equipment	—	32
– right-of-use assets	—	1,597
– goodwill	—	19,941
	—	21,570
Staff costs (including directors' remuneration):		
– salaries, allowances and benefits in kind	22,460	28,988
– discretionary bonus	135	135
– retirement benefits scheme contributions	2,713	2,632
	<u>25,308</u>	<u>31,755</u>

There was no forfeiture of retirement benefits scheme contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) in the Group for both years. As at 31 December 2024 and 2023, no forfeited contribution under the retirement benefits scheme of the Group is available to reduce the contribution payable in future years.

10. INCOME TAX (CREDIT)/EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – PRC Enterprise Income Tax		
– Over provision in prior years	(5,436)	(1,042)
Deferred tax charge	<u>1,225</u>	<u>1,417</u>
Income tax (credit)/expense	<u><u>(4,211)</u></u>	<u><u>375</u></u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduced 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\$2,000,000 of profits of the qualifying group entity are taxed at 8.25%, and profits above HK\$2,000,000 are 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%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements for both years. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The PRC subsidiaries are subject to the PRC Enterprise Income Tax at 25% for both years.

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax have been made for both years as the Group has no assessable profits arising in Hong Kong and PRC or taxable profits were wholly absorbed by estimated tax losses brought forward.

11. DIVIDEND

No final dividend was paid or proposed during the year ended 31 December 2024 (2023: Nil), nor any dividend has been proposed by the board of directors subsequent to the end of the reporting period.

12. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss:		
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	<u>(56,122)</u>	<u>(45,146)</u>
	2024 <i>'000</i>	2023 <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	<u>182,741</u>	<u>179,600</u>

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

13. TRADE, BILL AND LOAN RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables from contracts with customers	196,484	165,746
Less: allowance for credit losses	<u>(84,111)</u>	<u>(58,258)</u>
Trade receivables (net of allowance for credit losses)	112,373	107,488
Bill receivables	2,898	1,523
Less: allowance for credit losses	<u>(818)</u>	<u>(839)</u>
Trade and bill receivables (net of allowance for credit losses)	<u>114,453</u>	<u>108,172</u>
Loan receivables	—	95,454
Less: allowance for credit losses	<u>—</u>	<u>(95,454)</u>
Loan receivables (net of allowance for credit losses)	<u>—</u>	<u>—</u>
Total trade, bill and loan receivables (net of allowance for credit losses)	<u>114,453</u>	<u>108,172</u>

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 PHC piles and other products, the credit period is generally 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 months from the date of inception or renewal. The Group seeks to maintain strict control over its receivables to minimise credit risk.

(a) Aging analysis

The aging analysis of trade and bill receivables (net of allowance for credit losses), based on earlier of the invoice date or revenue recognition date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	57,028	75,463
4 to 6 months	32,259	17,920
7 to 12 months	25,166	14,789
	114,453	108,172

14. TRADE PAYABLES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	56,256	28,511
4 to 6 months	25,449	20,993
7 to 12 months	7,565	18,224
Over 12 months	2,566	13,540
	91,836	81,268

The average credit terms received from suppliers of the Group is one month. All trade payables are denominated in RMB as at 31 December 2024 and 2023.

15. PLEDGED OF ASSETS

Assets with the following carrying amounts have been pledged to secure bank borrowings of the Group:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Buildings	42,115	51,439
Plant and machinery	8,691	11,691
Right-of-use assets	21,157	22,115
	<u>71,963</u>	<u>85,245</u>

In addition, as at 31 December 2023 the bank borrowings were secured by leasehold land and buildings held by a related company of a subsidiary of the Group and guarantee provided by non-controlling interests of the Group.

Lease liabilities of approximately HK\$8,414,000 (2023: nil) are recognised with related right-of-use assets of approximately HK\$12,967,000 (2023: nil) as at 31 December 2024 and secured by the title of plant and machinery.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS AND OPERATIONS

Construction Materials Business

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

PHC Pile and Others Business

PHC Pile and Others Business is operated by a subsidiary of the Company, 廣東恒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 FY2024 was HK\$256,385,000 compared with HK\$246,531,000 reported last year, which increased by approximately 4%. The increase in revenue for the year was mainly attributable to the increase in sales of ready-mixed concrete which has higher profit margin than the others.

Other gains and losses, net

Other gains and losses, net for FY2024 amounted to loss of HK\$7,037,000 (FY2023: gain of HK\$601,000), represented a difference of HK\$7,638,000. Such difference was mainly due to the compliance with the environmental requirements, part of the production facilities have to be relocated or re-arranged and this gives rise to a loss on disposal of property, plant and equipment amounting to approximately HK\$9,003,000 during the year and partially offset by gain on deregistration of subsidiaries of approximately HK\$1,966,000.

Administrative expenses

Administrative expenses for FY2024 amounted to HK\$22,105,000 (FY2023: HK\$23,977,000), representing a decrease of approximately 8%, which was mainly due to the decrease in staff salaries and welfare.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations with equity fund raising activities, internally generated cash flow, advances from controlling shareholder and banking facilities provided by its principal bankers in the PRC. As at 31 December 2024, equity attributable to owners of the Company was HK\$62,007,000, representing a decrease of approximately 33% over last year. As at 31 December 2024, the Group's cash and cash equivalents stood at HK\$10,593,000 whereas interest-bearing borrowings were HK\$17,337,000. The annual interest rates of the borrowings for FY2024 ranged from 1.91% to 7.50% 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 total equity, was approximately 257% as at 31 December 2024.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSAL

The Group has no significant investment, acquisition and disposal during the year.

CAPITAL STRUCTURE

Convertible notes

As at 31 December 2024, the Company had convertible notes 2014 CN and 2024 CN with principal amounts of HK\$15,000,000 and HK\$30,000,000 respectively. Based on the opinion obtained from the legal advisers of the Company, in view of the on-going legal proceedings mentioned under the paragraphs headed "Contingent Liabilities" and "Legal Proceedings" in this announcement, the Company maintains the position that all remaining 2014 CN of the Company are void and are not capable of converting into shares of the Company.

Share subscription and issue of convertible notes

On 6 September 2024, the Company entered into the following agreements with Wealthy Port Holdings Limited (“**Wealthy Port**”), the then controlling shareholder of the Company, which is beneficially owned by Mr. Chim Pui Chung:

- (1) share subscription agreement pursuant to which the Company has conditionally agreed to allot and issue 35,920,000 ordinary shares of HK\$0.1 each to Wealthy Port at a price of HK\$0.1 per share (“**Share Subscription**”); and
- (2) the 2024 CN subscription agreement pursuant to which the Company has conditionally agreed to issue the 2024 CN in the principal amount of HK\$30,000,000 to Wealthy Port. The 2024 CN subscription price was partially set-off against the amount due by the Company to Wealthy Port as a Shareholder in the amount of HK\$22,677,000 and the balance of HK\$7,323,000 was paid by Wealthy Port in cash upon completion. Based on the initial conversion price of HK\$0.1 per conversion share, a maximum number of 300,000,000 conversion shares will be allotted and issued upon exercise of the conversion rights attaching to the 2024 CN in full.

Both of the Share Subscription and the issuance of the 2024 CN were completed on 29 November 2024 and it was expected that the net proceeds arising from Share Subscription and the issuance of the 2024 CN, in the total amount of approximately HK\$10.3 million (before general offer expenses of approximately HK\$1.4 million), would be used for general working capital purposes. During the year ended 31 December 2024, the net proceeds was utilised as follows:

Intended usage of the net proceeds	Estimated amount <i>(HK\$ million)</i>	Actual usage as at 31 December 2024 <i>(HK\$ million)</i>
Directors’ remuneration and staff costs	3.9	0.34
Audit fee and other legal and professional expenses	4.4	1.37
Rental and other administration expenses	2.0	0.20
Total	10.3	1.91

Share options

No share options were granted, exercised, lapsed or cancelled during the years ended 31 December 2024 and 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had approximately 258 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 Dollar (“**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.

COMMITMENT

The Group did not have material commitments as at 31 December 2024 and 31 December 2023.

CONTINGENT LIABILITIES

Please refer the details to the section under “Legal Proceedings” relating to the Plaintiffs (comprising the Company and First Billion Global Limited) and the Defendants (comprising Xiao Guang Kevin (蕭光) and Wang Zhining (王志寧)). Pleadings have recently been amended on 16 September 2022, in that the Defendants have belatedly lodged counterclaims, in the total amount of HK\$262,000,000, against the Plaintiffs.

According to the legal opinion dated 31 March 2023, which is updated on 17 March 2025, the counterclaims, which may be disallowed, be recognised as contingent liability on the following groundings:

- (a) these counterclaims belatedly raised recently so that it may be time-barred and/or is an abuse of process of the court; and
- (b) the counterclaims may be dismissed because of the breaches, which are supported by an independent professional adviser's investigation report dated 24 July 2015, and misrepresentations made by the Defendants as stated in the Amended Statement of Claim.

LEGAL PROCEEDINGS

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

1. 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 were 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 claimed that the Defendants had fundamentally breached the terms and conditions of the SPA (the “**SPA Legal Proceedings**”). Accordingly, the Plaintiffs were seeking to rescind the SPA under which, as part of the consideration price, the 2014 CN were issued by the Company to Mr. Xiao. As at 31 December 2024, the outstanding 2014 CN, with principal amount of HK\$15,000,000, were under dispute.

On 16 March 2017, the Plaintiffs filed an Amended Statement of Claim to the Court of First Instance adding Liu Qian (劉倩) (“**Ms. Liu**”) a defendant to the SPA Legal Proceedings claiming, amongst other things, that Ms. Liu was a nominee of Mr. Wang and further claimed against the Defendants for misrepresentation regarding the undisclosed guarantees given by 珠海和盛特材股份有限公司 (Zhuhai Hoston Special Materials Co., Ltd.*) (“**Zhuhai Hoston**”) in favour of Wang Tian (王天) which had led to the Group’s involvement in such litigation.

Pleadings had recently been amended on 16 September 2022, in that the Defendants have belatedly lodged counterclaims, as mentioned under the section of “Contingent Liabilities”, against the Plaintiffs. The Plaintiffs accordingly prepared a defence to such counterclaims which was also filed on 17 November 2022.

In early 2023, Ms. Liu had requested to discontinue her claims against the Company provided that the Plaintiffs discontinued their claims against Ms. Liu upon the receipt of the 2014 CN with a face value of HK\$15,000,000 by the Company’s solicitors. According to the consent order dated 21 June 2023, the Plaintiffs’ claims against Ms. Liu was dismissed with no order as to costs.

2. The Company's subsidiary as the defendant

Reference was made to the Company's announcement dated 11 November 2016 and the Annual Report 2022 in relation to the legal proceedings involving 寇金水 (Kou Jinshui) and 珠海河川商貿有限公司 (Zhuhai Hechuan Commercial and Trade Co., Ltd.*) ("**Zhuhai Hechuan**"), independent third parties, as Plaintiffs and Zhuhai Hoston, an indirectly non-wholly owned (95%) subsidiary of the Company, as defendant. Upon the application of Kou Jinshui, who was also the legal representative of Zhuhai Hechuan, Zhuhai Hoston's 70% equity interest in 廣東恒佳建材股份有限公司 (Guangdong Hengjia Construction Materials Co., Ltd.*) ("**Guangdong Hengjia**") was suspended for the three years from 23 August 2022 to 22 August 2025 (the "**Frozen Shares**") by the Xiangzhou People's Court (the "**Xiangzhou Court**") pursuant to an execution order dated 9 August 2022. On 10 April 2023, it was held by the Xiangzhou Court that the suspended equity interest in Guangdong Hengjia be reduced from 70% to 50%.

As at 31 December 2024, the total outstanding amounts including interest due by Zhuhai Hoston to Kou Jinshui and Zhuhai Hechuan were approximately RMB2,200,000 and RMB4,700,000 respectively. The freezing of the Frozen Shares is only an assets preservation measure by litigants in pending lawsuits. Nevertheless, the Group retains to have control and ownership in such Frozen Shares and there will not have material impact on the operations of Guangdong Hengjia. As at the date of this announcement, the Frozen Shares are still in force pending the repayment of the outstanding debts that will be handled as soon as possible.

PROSPECT

According to Yangjiang Daily on 6 February 2025, the deputy director of the Development and Reform Bureau of Yangjiang stated that:

1. Yangjiang municipal committee and municipal government will follow their work arrangements, striving to achieve the target of an approximately 5% growth in local GDP and further drive fixed investment amount to exceed RMB70 billion;
2. focuses will be attached to green energy, commercial aerospace, low-altitude economy, marine ranching and other aspects;
3. construction of a multi-billion-dollar energy base will be accelerated to further promote the reputation of our "International Wind Power City";
4. construction of key provincial and municipal projects will be promoted vigorously; and

5. construction of Yangjiang Airport and Guangzhou-Zhanjiang High-speed Railway will be accelerated.

In addition, Guangdong Province's GDP reached approximately RMB14 trillion last year, ranking first nationwide for 36 consecutive years. Guangdong Province's total import and export volume exceeded RMB9 trillion last year, ranking first nationwide for 39 consecutive years.

The Directors consider that these policies and historical records will have positive effects to the construction material industry in the Guangdong Province and thus can benefit the Group. In addition, 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 for the year ended 31 December 2024 and up to the date of this announcement:

Mr. Choi Pun Lap was appointed as an independent non-executive director by China Smarter Energy Group Holdings Limited (stock code: 1004) on 1 August 2024.

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 C1 to the Listing Rules during the year ended 31 December 2024 and as at the date of this announcement, except for the following deviations:

Identity of the chairman and chief executive and whether their roles are separate

Following the resignation of Mr. Li Chongyang, former Managing Director, and Mr. Fok Po Tin, former Chairman, on 27 August 2021 and 1 January 2022 respectively, the Company had no designated Director to act as a chairman or a chief executive. The responsibility of a chairman or a chief executive rests with the board of directors of the Company and the Company fails to comply with code provision C.2.1 of the Code contained in Appendix C1 to the Listing Rules.

The Company has made endeavors however more time is required to identify suitable candidates to be the chairman and chief executive in order to comply with the Code. The Company will continue with such endeavors and will comply with the Code as soon as possible.

AUDIT COMMITTEE

The Audit Committee had reviewed the annual results of the Group for the year ended 31 December 2024.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Jon Gepsom CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by Jon Gepsom CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Jon Gepsom CPA Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S OPINION

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2024.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainties related to going concern

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$80,095,000 and net cash used in operating activities of approximately HK\$13,062,000 during the year ended 31 December 2024. As at 31 December 2024, the Group's current liabilities exceeds its current assets by approximately HK\$33,863,000. These conditions, together with other matters described in note 2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 C3 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.

PUBLICATION OF ANNUAL REPORT

The annual report 2024 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, 28 March 2025

As at the date of this announcement, the Board comprises one executive Director, namely, Mr. Law Chun Choi, one non-executive Director, namely, Mr. Yu Shui Sang Bernard, and three independent non-executive Directors, namely, Mr. Choi Pun Lap, Mr. Wong Yue Kwan Alan and Ms. Tsang Ngo Yin.

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

** For identification purpose only*