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## CORPORATE INFORMATION

### Directors

*Executive Director:*

Huang Weidong (*Chairman*)  
(appointed on 10 June 2015)

Wong King Ching, Helen  
(resigned on 10 June 2015)

Fang Jing (appointed on 14 August 2015)

Leung Chi Fai

Li Chongyang (appointed on 19 May 2015)

Lin Yepan (resigned on 19 May 2015)

Qi Jiao (appointed on 20 May 2015)

Wang Tian

Wong King Man (retired on 4 June 2015)

*Independent Non-executive Director:*

Cong Yongjian (appointed on 14 August 2015)

Deng Chunmei (appointed on 29 May 2015)

Fong Yin Cheung (retired on 4 June 2015)

Hung Yat Ming (resigned on 20 May 2015)

Lam Kai Yeung (appointed on 20 May 2015)

Liu Chenli (appointed on 29 May 2015)

So Day Wing (resigned on 10 June 2015)

### Company Secretary

Leung Chi Fai

### Legal Advisers to the Company

As to Bermuda law:

Conyers Dill & Pearman  
2901 One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

### Auditors

Moore Stephens CPA Limited  
905 Slivercord, Tower 2  
30 Canton Road  
Tsim Sha Tsui  
Hong Kong

### Authorised Representatives

Leung Chi Fai

Li Chongyang

### Audit Committee

Lam Kai Yeung (*Chairman*)

Cong Yongjian

Deng Chunmei

Liu Chenli

### Remuneration Committee

Lam Kai Yeung (*Chairman*)

Cong Yongjian

Deng Chunmei

Huang Weidong

Leung Chi Fai

Liu Chenli

### Nomination Committee

Huang Weidong (*Chairman*)

Cong Yongjian

Deng Chunmei

Lam Kai Yeung

Leung Chi Fai

Liu Chenli

### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### Head Office and Principal Place of Business

Unit 1902  
Cheung Kong Center  
2 Queen's Road Central  
Central  
Hong Kong



### **Principal Share Registrar and Transfer Office**

Codan Services Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### **Hong Kong Branch Share Registrar and Transfer Office**

Tricor Tengis Limited  
22nd Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### **Principal Bankers**

In Hong Kong:  
Bank of Communication Co., Ltd,  
Hong Kong Branch  
Dah Sing Bank Ltd.  
Industrial Bank Co Ltd

In The People's Republic of China:  
Agricultural Bank of China  
Bank of China Ltd.  
Bank of Communications Co., Ltd  
China Construction Bank  
Industrial and Commercial Bank of China Ltd.  
Pingan Bank Co., Ltd

### **Website Address and Contact**

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### **Stock Code**

The Stock Exchange of Hong Kong Limited: 58

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended	
		30 June 2015 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	3	179,552	–
Cost of sales		(160,340)	–
Gross profit		19,212	–
Other income		319	22
Other gains and losses	4	(68,594)	(255)
Selling and distribution expenses		(10,697)	–
Administrative expenses		(12,528)	(5,237)
Other expenses		(2,450)	–
Finance costs	5	(7,178)	–
LOSS BEFORE TAX	6	(81,916)	(5,470)
Income tax expenses	7	(4,982)	–
Loss for the period from continuing operations		(86,898)	(5,470)
DISCONTINUED OPERATIONS			
Profit/(loss) for the period from discontinued operations	8	484,073	(114,137)
PROFIT/(LOSS) FOR THE PERIOD		397,175	(119,607)

**CONDENSED CONSOLIDATED INCOME STATEMENT** *(continued)*

		<b>Six months ended</b>	
		<b>30 June</b>	31 March
		<b>2015</b>	2014
Notes		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Restated)
Profit/(loss) for the period attributable to:			
Owners of the Company			
	– continuing operations	<b>(86,352)</b>	(5,470)
	– discontinued operations	<b>484,073</b>	(114,137)
		<hr/>	<hr/>
		<b>397,721</b>	(119,607)
Non-controlling interests			
	– continuing operations	<b>(546)</b>	–
		<hr/>	<hr/>
		<b>397,175</b>	(119,607)
		<hr/>	<hr/>
Earning/(loss) per share from continuing and discontinued operations attributable to owners of the Company for the period			
Basic and diluted			
	– continuing operations	<b>HK(6 cents)</b>	HK(1 cent)
	– discontinued operations	<b>HK34 cents</b>	HK(11 cents)
		<hr/>	<hr/>
		<b>HK28 cents</b>	HK(12 cents)
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended</b>	
	<b>30 June 2015 HK\$'000 (Unaudited)</b>	<b>31 March 2014 HK\$'000 (Restated)</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>397,175</b>	(119,607)
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will be reclassified to the consolidated income statement in subsequent periods:		
Changes in fair value of available-for-sale financial assets, net of tax	30,279	(43)
Reclassification adjustment for (gain)/loss on disposal of available-for-sale financial assets included in the consolidated income statement, net of tax	(2,685)	255
Exchange differences on translation of foreign operations	477	(570)
Reclassification adjustment for exchange fluctuation reserve upon disposal of subsidiaries	(249,713)	–
	<b>(221,642)</b>	(358)
Items that will not be reclassified to the consolidated income statement in subsequent periods:		
Revaluation of items of property, plant and equipment, net of tax	3,342	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<b>(218,300)</b>	(358)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>178,875</b>	(119,965)
Total comprehensive income for the period attributable to:		
Owners of the Company		
– continuing operations	(58,394)	(5,258)
– discontinued operations	237,702	(114,707)
	<b>179,308</b>	(119,965)
Non-controlling interests		
– continuing operations	(433)	–
	<b>178,875</b>	(119,965)



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	157,917	167,555
Intangible assets		58	80
Prepaid land lease payments		33,869	34,217
Goodwill		84,421	84,421
Available-for-sale financial assets	12	73,713	44,489
Deposits paid for acquisition of non-current assets		10,753	10,719
Deferred tax assets		5,651	4,220
Total non-current assets		366,382	345,701
<b>CURRENT ASSETS</b>			
Inventories		20,756	22,235
Trade and bill receivables	13	134,366	171,596
Prepayments, deposits and other receivables		86,074	132,672
Pledged bank deposits		418	7,485
Cash and bank balances		47,265	20,529
Assets classified as held-for-sale		288,879	354,517
		–	958,525
Total current assets		288,879	1,313,042
<b>CURRENT LIABILITIES</b>			
Trade and bill payables	14	69,234	104,831
Other payables, accruals and deposit received		17,987	28,876
Amount due to a non-controlling shareholder		111,900	80,399
Interest-bearing borrowings		92,585	112,216
Tax payable		8,127	9,316
Liabilities classified as held-for-sale		299,833	335,638
		–	892,135
Total current liabilities		299,833	1,227,773
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(10,954)</b>	85,269
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>355,428</b>	430,970



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*

	Notes	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>5,826</b>	6,216
Provision for long service payment		<b>25</b>	210
Interest-bearing borrowings		<b>13,915</b>	29,003
Other payable	15	–	129,089
Promissory note	16	–	78,559
		<hr/>	<hr/>
Total non-current liabilities		<b>19,766</b>	243,077
		<hr/>	<hr/>
<b>NET ASSETS</b>			
		<b>335,662</b>	187,893
		<hr/>	<hr/>
<b>EQUITY</b>			
Issued capital	17	<b>145,480</b>	143,430
Convertible notes	18	<b>54,597</b>	75,595
Reserves		<b>83,014</b>	(84,618)
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>283,091</b>	134,407
Non-controlling interests		<b>52,571</b>	53,486
		<hr/>	<hr/>
Total equity		<b>335,662</b>	187,893
		<hr/>	<hr/>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED**

For the six months ended 30 June 2015

	Issued capital HK\$'000	Convertible notes HK\$'000	Share premium account* HK\$'000	Contributed surplus* HK\$'000	Capital redemption reserve* HK\$'000	Share option reserve* HK\$'000	Asset revaluation reserve* HK\$'000	Exchange fluctuation reserve* HK\$'000	PRC statutory reserves* HK\$'000	Available-for-sale investment revaluation reserve* HK\$'000	Accumulated losses* HK\$'000	Total equity HK\$'000	Non-controlling interest HK\$'000	Total equity HK\$'000
As at 1 January 2015	143,430	75,595	191,419	56,471	509	5,711	181,198	249,713	15,635	2,667	(787,941)	134,407	53,486	187,893
Loss for the period	-	-	-	-	-	-	-	-	-	-	397,721	397,721	(546)	397,175
Other comprehensive income for the period:														
Changes in fair value of available-for-sale financial assets, net of tax	-	-	-	-	-	-	-	-	-	30,279	-	30,279	-	30,279
Reclassification adjustment for gain on disposal of available-for-sale financial assets included in the consolidated income statement, net of tax	-	-	-	-	-	-	-	-	-	(2,685)	-	(2,685)	-	(2,685)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	364	-	-	-	364	113	477
Reclassification adjustment for exchange fluctuation reserve upon disposal of subsidiaries	-	-	-	-	-	-	-	(249,713)	-	-	-	(249,713)	-	(249,713)
Revaluation of items of property, plant and equipment, net of tax	-	-	-	-	-	-	3,342	-	-	-	-	3,342	-	3,342
Total comprehensive income for the period	-	-	-	-	-	-	3,342	(249,349)	-	27,594	397,721	179,308	(433)	178,875
Transfer to PRC statutory reserves	-	-	-	-	-	-	-	-	1,438	-	(956)	482	(482)	-
Redemption of convertible notes	-	(20,998)	-	-	-	-	-	-	-	-	(14,002)	(35,000)	-	(35,000)
Exercise of share options	2,050	-	4,140	-	-	(2,296)	-	-	-	-	-	3,894	-	3,894
Share options lapsed	-	-	-	(56,471)	-	(3,415)	-	-	-	-	3,415	-	-	-
Release upon disposal of subsidiaries	-	-	-	-	-	-	(182,411)	-	(12,928)	-	251,810	-	-	-
As at 30 June 2015	145,480	54,597	195,559	-	509	-	2,129	364	4,145	30,261	(149,953)	283,091	52,571	335,662

\* These reserve accounts comprise the consolidated reserves of a net credit amount of HK\$83,014,000 (31 December 2014: a net debit amount of HK\$84,618,000).

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED (continued)

For the six months ended 31 March 2014

	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Asset revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	PRC statutory reserves HK\$'000	Available-for-sale investment reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
As at 1 October 2013	101,600	177,325	56,471	509	6,925	161,041	251,916	12,928	2,518	(314,760)	456,473
Loss for the period	-	-	-	-	-	-	-	-	-	(119,607)	(119,607)
Other comprehensive loss for the period:											
Changes in fair value of available-for-sale financial assets, net of tax	-	-	-	-	-	-	-	-	(43)	-	(43)
Reclassification adjustment for gain on disposal of available-for-sale financial assets included in the consolidated income statement, net of tax	-	-	-	-	-	-	-	-	255	-	255
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(570)	-	-	-	(570)
Total comprehensive income for the period	-	-	-	-	-	-	(570)	-	212	(119,607)	(119,965)
Recognition of equity-settled share-based payments	-	-	-	-	1,619	-	-	-	-	-	1,619
Share options lapsed	-	-	-	-	(336)	-	-	-	-	336	-
As at 31 March 2014	101,600	177,325	56,471	509	8,208	161,041	251,346	12,928	2,730	(434,031)	338,127



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30 June 2015 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	<b>(83,730)</b>	9,669
Net cash generated from/(used in) investing activities	<b>7,196</b>	(15,329)
Net cash generated from/(used in) financing activities	<b>67,006</b>	(36,289)
Net decrease in cash and cash equivalents	<b>(9,528)</b>	(41,949)
Cash and cash equivalents at the beginning of the period	<b>56,901</b>	148,055
Effect of foreign exchange rate changes, net	<b>(108)</b>	512
Cash and cash equivalents at the end of the period	<b>47,265</b>	106,618
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<b>47,265</b>	106,618



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Corporate Information

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”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Unit 1902, Cheung Kong Center, 2 Queen’s Road Central, Central, Hong Kong. During the period, the Company’s principal activity is investment holding.

The subsidiaries of the company (together with the Company, collectively the “Group”) is principally engaged in manufacturing and trading of pre-stressed steel bar, pre-stressed high strength concrete pile, ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-concrete products.

As stated in the announcement dated 30 January 2015, the Company had completed the disposal of the electronic business. Upon completion, the Group ceased to be engaged in design, development, manufacture and sale of a wide range of (1) electronics and related components and parts (including principally quartz crystals, liquid crystal displays, printed circuit boards and watch movements); and (2) consumer electronic products (including principally electronic calculators, telecommunication phones, electronic watches and clocks and digital products).

### 2. Basis of Preparation and Principal Accounting Policies

#### 2.1. Basis of presentation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by The Hong Kong Institution of Certified Public Accountants (“HKICPA”).

As disclosed in the Group’s Annual Report for the fifteen months ended 31 December 2014 (“Annual Report 2014”), the financial year of the Company has been changed from 30 September to 31 December. Accordingly, these condensed consolidated financial statements now presented cover a period of six months from 1 January 2015 to 30 June 2015. The comparative figures presented for the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and related notes cover the financial period from 1 October 2013 to 31 March 2014.

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain property, plant and equipment and available-for-sale financial assets which are measured at fair value.

The accounting policies used in preparation of these financial statements are consistent with those adopted in the Annual Report 2014, except for adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include HKASs and Interpretations) which are first effective for the current accounting period.



## 2. Basis of preparation and Principal Accounting Policies (continued)

### 2.1. Basis of presentation (continued)

The Group had net current liabilities of approximately HK\$10,954,000 as at 30 June 2015 of which current liabilities of approximately HK\$92,585,000 were attributable to bank borrowings due within one year. Taking into account the financial resources of the Group, the Directors of the Company are of the opinion that the Group has sufficient working capital to meet in full its financial obligations they fall due for at least the next twelve months from the end of the reporting period and accordingly, these condensed consolidated financial statements have been prepared on a going concern basis.

### 2.2 Application of new and revised HKFRSs

The Group has adopted the following new and revised HKFRSs for the first time for the current period's condensed consolidated financial statements.

HKAS 32 Amendments	Offsetting Financial Assets and Financial Liabilities
HKAS 39 Amendments	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Investment Entities
HK (IFRIC) – Int 21	Levies
HKAS 19 (2011) Amendments	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The adoption of the above new and revised HKFRSs has no material impact on the Group's results and financial position for the current period and prior years have been prepared and presented.

### 2.3 New and revised HKFRSs and new disclosure requirements under the Hong Kong Company Ordinance not yet adopted

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective in these condensed consolidated financial statements.

		<b>Effective for annual reporting periods beginning on or after</b>
HKAS 1	Disclosure initiative	1 January 2016
HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 Amendments	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (2011) Amendments	Equity Method in Separate Financial Statements	1 January 2016

## 2. Basis of preparation and Principal Accounting Policies (continued)

### 2.3 New and revised HKFRSs and new disclosure requirements under the Hong Kong Company Ordinance not yet adopted (continued)

		<b>Effective for annual reporting periods beginning on or after</b>
HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception	1 January 2016
HKFRS10 and HKAS 28 (2011) Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 Amendments	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14*	Regulatory Deferral Accounts	1 January 2016
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKFRS 9 (2014)	Financial Instruments	1 January 2018

\* HKFRS 14 applies to first annual HKFRS financial statements for a period beginning on or after 1 January 2016 and therefore is not applicable to the Group.

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, it has concluded that the above new and revised HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the condensed consolidated financial statements of the Group except for the following:

#### HKFRS 9 Financial Instruments

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The group expects to adopt HKFRS 9 from 1 January 2018. The group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.



## 2. **Basis of preparation and Principal Accounting Policies** (continued)

### 2.3 *New and revised HKFRSs and new disclosure requirements under the Hong Kong Company Ordinance not yet adopted* (continued)

#### HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

## 3. **Operating Segment Information**

For management purpose, the Group is organised into business units based on their products and has four reportable operating segments as follows:

#### *Continuing operations*

- (a) the pre-stressed ("PC") steel bars consists of the manufacture and sale of PC steel bars;
- (b) the pre-stressed high-strength concrete ("PHC") piles and others consists of the manufacture and sale of PHC piles, ready mixed concrete, sand-lime bricks, aerated concrete products and eco-concrete products;

#### *Discontinued operations*

- (c) the electronic components and parts segment consists of the design, development, manufacture and sale of electronic components and parts; and
- (d) the consumer electronic products segment consists of the design, development, manufacture and sale of consumer electronic products.

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, share of result of a joint venture, bank and other interest income, other income, other gains and losses, finance costs are excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

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

Segment assets exclude goodwill, available-for-sale financial assets, pledged bank deposits, cash and bank balances, deferred tax assets and 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.



### 3. Operating Segment Information (continued)

Segment liabilities exclude promissory note, other payable, tax payable, deferred tax liabilities, interest-bearing borrowings 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

	Continuing operations			Discontinued operations				
	PC steel bar HK\$'000 (Unaudited)	PHC piles and others HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Electronic components and parts HK\$'000 (Unaudited)	Consumer electronic products HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>For the six months ended 30 June 2015</b>								
<b>Segment revenue</b>								
Revenue from external customers	15,429	165,797	(1,674)	179,552	33,022	30,571	63,593	243,145
Reportable segment profit/(loss) from operations	(72,649)	16,904	-	(55,745)	(8,699)	(6,696)	(15,395)	(71,140)
Reconciliation:								
Bank and other interest income				297			1	298
Other income, gains and losses				(14,381)			2,570	(11,811)
Finance costs				(7,178)			(1,839)	(9,017)
Unallocated head office and corporate expenses				(4,909)			(3)	(4,912)
<b>Loss before tax</b>				<b>(81,916)</b>			<b>(14,666)</b>	<b>(96,582)</b>
Other segment information:								
Capital expenditure <sup>#</sup>	(19)	(24)	-	(43)	(686)	(478)	(1,164)	(1,207)
Depreciation	(1,301)	(8,962)	-	(10,263)	(3,254)	(2,246)	(5,500)	(15,763)
Amortisation of prepaid land lease payments	(135)	(302)	-	(437)	(105)	(69)	(174)	(611)
Amortisation of intangible asset	-	(23)	-	(23)	-	-	-	(23)
(Provision for)/Reversal of impairment on trade receivables, net	(4,475)	(6,044)	-	(10,519)	53	-	53	(10,466)
Provision for impairment on other receivables	(43,672)	-	-	(43,672)	-	-	-	(43,672)
<b>As at 30 June 2015</b>								
Segment assets	52,169	389,685	-	441,854	-	-	-	441,854
Segment liabilities	75,147	238,221	-	313,368	-	-	-	313,368

<sup>#</sup> Capital expenditure consists of additions to property, plant and equipment

### 3. Operating Segment Information (continued)

(a) Segment results, segment assets and liabilities (continued)

	Continuing operations				Discontinued operations			
	PC steel bar HK\$'000 (Restated)	PHC piles and others HK\$'000 (Restated)	Elimination HK\$'000 (Restated)	Sub-total HK\$'000 (Restated)	Electronic components and parts HK\$'000 (Restated)	Consumer electronic products HK\$'000 (Restated)	Sub-total HK\$'000 (Restated)	Total HK\$'000 (Restated)
For the six months ended 31 March 2014								
<b>Segment revenue</b>								
Revenue from external customers	-	-	-	-	161,578	188,246	349,824	349,824
Reportable segment loss from operations	-	-	-	-	(55,097)	(59,240)	(114,337)	(114,337)
Reconciliation:								
Bank and other interest income				-		288	288	
Other income, gains and losses				(233)		15,330	15,097	
Finance costs				-		(12,214)	(12,214)	
Share of profit of a joint venture				-		13	13	
Unallocated head office and corporate expenses				(5,237)		(330)	(5,567)	
<b>Loss before tax</b>				(5,470)		(111,250)	(116,720)	
Other segment information:								
Capital expenditure <sup>#</sup>	-	-	-	-	(5,181)	(5,341)	(10,522)	(10,522)
Depreciation	-	-	-	-	(22,116)	(22,979)	(45,095)	(45,095)
Amortisation of prepaid land lease payments	-	-	-	-	(466)	(480)	(946)	(946)
Write down of inventories to net realisable value	-	-	-	-	(16,996)	(17,491)	(34,487)	(34,487)
Provision for impairment of trade receivables, net	-	-	-	-	(2,635)	(2,660)	(5,295)	(5,295)
	Continuing operations				Discontinued operations			
	PC steel bar HK\$'000 (Audited)	PHC piles and others HK\$'000 (Audited)	Elimination HK\$'000 (Audited)	Sub-total HK\$'000 (Audited)	Electronic components and parts HK\$'000 (Audited)	Consumer electronic products HK\$'000 (Audited)	Sub-total HK\$'000 (Audited)	Total HK\$'000 (Audited)
As at 31 December 2014								
Segment assets	157,216	396,231	-	553,447	324,517	375,519	700,036	1,253,483
Segment liabilities	131,584	230,542	-	362,126	120,968	153,274	274,242	636,368

<sup>#</sup> Capital expenditure consists of additions to property, plant and equipment

**3. Operating Segment Information** (continued)  
 (b) Reconciliation of reportable assets and liabilities

	30 June 2015			31 December 2014		
	Continuing operations HK\$'000 (Unaudited)	Discontinued operations HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Continuing operations HK\$'000 (Audited)	Discontinued operations HK\$'000 (Audited)	Total HK\$'000 (Audited)
<b>Assets</b>						
Total reportable segment assets	<u>441,854</u>	<u>-</u>	<u>441,854</u>	<u>553,447</u>	<u>700,036</u>	<u>1,253,483</u>
Available-for-sale financial assets			73,713			44,489
Deferred tax assets			5,651			4,220
Cash and bank balances			47,265			57,645
Pledged bank deposits			418			31,556
Goodwill			84,421			84,421
Unallocated head office and corporate assets			<u>1,939</u>			<u>182,929</u>
Consolidated total assets			<u>655,261</u>			<u>1,658,743</u>
<b>Liabilities</b>						
Total reportable segment liabilities	<u>313,368</u>	<u>-</u>	<u>313,368</u>	<u>362,126</u>	<u>274,242</u>	<u>636,368</u>
Interest-bearing borrowings			-			456,430
Tax payable			-			26,561
Deferred tax liabilities			5,826			68,334
Promissory note			-			78,559
Other payable			-			129,089
Unallocated head office and corporate liabilities			<u>405</u>			<u>75,509</u>
Consolidated total liabilities			<u>319,599</u>			<u>1,470,850</u>

### 3. Operating Segment Information (continued)

#### (c) Geographical information

The geographical location of revenue information is based on the locations of customers at which the goods delivered.

#### (i) Revenue from external customers

	Continuing operations Six months ended		Discontinued operations Six months ended	
	30 June 2015 HK\$'000	31 March 2014 HK\$'000	30 June 2015 HK\$'000	31 March 2014 HK\$'000
Hong Kong	–	–	670	11,817
The PRC	179,552	–	50,429	73,473
Other Asian countries*	–	–	1,973	73,959
American countries**	–	–	9,519	169,333
European countries***	–	–	310	14,228
African countries****	–	–	692	7,014
	<hr/>	<hr/>	<hr/>	<hr/>
Consolidated	179,552	–	63,593	349,824

\* Other Asian countries principally included Indonesia, Japan, Korea, Taiwan and Pakistan.

\*\* American countries principally included the United States, Chile, Peru, Argentina, Mexico and Brazil.

\*\*\* European countries principally included Poland, Spain, France, Germany and England.

\*\*\*\* African countries principally included Lagos, Nigeria, Kenya and Egypt.

The Group's non-current assets are located in China, including Hong Kong.

#### (d) Information about major customers

There was no single customer individually contributed over 10% of the Group's total revenue during the period (six months ended 31 March 2014: Nil).

#### 4. Other Gains and Losses

An analysis of the Group's other gains and losses from continuing operations is as follows:

	Six months ended	
	30 June 2015 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Restated)
Exchange difference	(3)	–
Gain on disposal of available-for-sale financial assets	2,685	(255)
Gain on extinguishment of promissory note	2,490	–
Loss on extinguishment of other payable	(19,575)	–
Provision for impairment loss on other receivables	(43,672)	–
Provision for impairment loss on trade receivables	(10,519)	–
	<u>(68,594)</u>	<u>(255)</u>

#### 5. Finance costs

An analysis of the Group's finance costs from continuing operations is as follows:

	Six months ended	
	30 June 2015 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Restated)
Interest on interest-bearing borrowings wholly repayable within five years	4,911	–
Imputed interest expenses on other payable	1,336	–
Imputed interest expenses on promissory note	931	–
	<u>7,178</u>	<u>–</u>

## 6. Loss Before Tax

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	Six months ended	
	30 June 2015 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Restated)
Amortisation of prepaid land lease payments*	437	–
Amortisation of intangible asset#	23	–
Depreciation	10,263	–
Cost of inventories sold*	148,270	–
Minimum lease payments under operating leases in respect of land and buildings	30	–
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	13,709	3,049
Pension scheme contributions <sup>^</sup>	930	23
Reversal of provision for long service payment, net	(186)	(30)
Equity-settled share option expenses	–	1,619
	<u>14,453</u>	<u>4,661</u>

\* These items are included in "cost of sales" in the condensed consolidated income statement.

# These items are included in "administrative expenses" in the condensed consolidated income statement.

<sup>^</sup> As at 30 June 2015, the Group had no forfeited contribution available reduce its contributions to pension scheme in future years (six months ended 31 March 2014: Nil).

## 7. Income Tax

No provision for Hong Kong profits tax had been made during the period (six months ended 31 March 2014: Nil) as the Group did not generate any assessable profits arising in Hong Kong. Subsidiaries established in the PRC are subject to the PRC enterprise income tax at the standard rate of 25% (six months ended 31 March 2014: 25%).

	Six months ended	
	30 June 2015 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Restated)
Current tax – PRC Enterprises		
– Current tax for the period	6,461	–
– Under-provision in prior years	327	–
	<u>6,788</u>	<u>–</u>
Deferred tax	(1,806)	–
	<u>4,982</u>	<u>–</u>

## 8. Discontinued Operations

On 17 November 2014, the Group entered into a sale and purchase agreement with Feng Hao Holdings Limited (the "Purchaser"), pursuant to which, the Group agrees to dispose its 100% entire interests in Sunway International (BVI) Holdings Limited and Sunway International Investment Holdings Limited and its subsidiaries (collectively referred to the "Disposal Group") at a consideration of HK\$180,000,000. On 15 December 2014, the Group and the Purchaser have agreed to enter into the supplemental Agreement to increase the consideration to HK\$300,000,000. The Disposal Group was engaged in the design, development, manufacture and sale of a wide range of electronics and related components and parts and consumer electronic products in the PRC. The disposal of the Disposal Group was completed on 30 January 2015. The Disposal Group were classified as a disposal group held-for-sale and presented as a discontinued operations.

The results and net cash flows of the Disposal Group for the period from 1 January 2015 to the date of disposal (i.e. 30 January 2015) are as follows:

	Six months ended	
	30 June 2015 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Restated)
Revenue	63,593	349,824
Expenses	(78,259)	(461,074)
Loss before tax	(14,666)	(111,250)
Income tax expense	(756)	(2,887)
Loss after tax	(15,422)	(114,137)
Gain on disposal	499,495	–
Profit/(loss) for the period from discontinued operations	484,073	(114,137)
Operating cash (outflow)/inflow	(59,826)	9,653
Investing cash inflow/(outflow)	3,634	(16,581)
Financing cash inflow/(outflow)	62,238	(36,289)
Net cash inflow/(outflow)	6,046	(43,217)

For the purpose of presenting discontinued operations, the comparative condensed consolidated income statement and the related notes have been restated as if the operations discontinued had been discontinued at the beginning of the comparative period.



**8. Discontinued Operations** *(continued)*  
**Analysis of assets and liabilities at the date of disposal were as follows:**

	<b>HK\$'000</b>
Property, plant and equipment	367,907
Investment properties	90,277
Prepaid land lease payments	73,843
Deposits paid for acquisition of property, plant and equipment	731
Inventories	148,481
Trade receivables	149,361
Prepayments, deposits and other receivables	112,382
Pledged time deposits	30,003
Cash and cash equivalents	55,028
Trade payables	(154,185)
Other payables, accruals and deposit received	(138,664)
Due to a director	(72,050)
Due to the Group's companies	(363,972)
Interest-bearing bank borrowings	(522,804)
Tax payable	(26,437)
Deferred tax liabilities	(63,231)
Provision for long service payment	(424)
	<hr/>
Net liabilities disposed of	(313,754)
	<hr/>
	<b>HK\$'000</b>
<b>Gain on disposal of subsidiaries:</b>	
Total consideration satisfied by cash	300,000
Net liabilities disposed of	313,754
Waiver of receivables from the Disposal Group	(363,972)
Release of exchange fluctuation reserve	249,713
	<hr/>
	499,495
	<hr/>
	<b>HK\$'000</b>
<b>Net cash inflow arising on disposal:</b>	
Cash consideration	300,000
Less: Bank balances and cash disposed of	(55,028)
	<hr/>
	244,972
	<hr/>



## 9. Dividends

No dividend was paid or proposed during the period, nor has any dividend been proposed since the end of the reporting period (six months ended 31 March 2014: Nil).

## 10. Earning/(Loss) Per Share

The calculation of basic earning/(loss) per share amount is based on the profit/(loss) for the period attributable to owners of the Company and the weighted average number of ordinary shares in issue throughout the period.

	<b>Six months ended</b>	
	<b>30 June 2015 HK\$'000 (Unaudited)</b>	<b>31 March 2014 HK\$'000 (Restated)</b>
<b>Earning/(loss):</b>		
<b>Earning/(loss) for the period attributable to equity holders of the parent used in the basic and diluted loss per share calculation:</b>		
– continuing operations	<b>(86,898)</b>	(5,470)
– discontinued operations	<b>484,073</b>	(114,137)
	<b>397,175</b>	(119,607)
	'000	'000
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earning/(loss) per share	<b>1,439,948</b>	1,016,001

For the six months period ended 30 June 2015 and 31 March 2014, no adjustment has been made to the basic earning/(loss) per share amounts presented, as the conversion of the Company's outstanding convertible notes and exercise of outstanding share options had an anti-dilutive effect on the basic earning/(loss) per share calculation.

## 11. Property, Plant and Equipment

During the period, the Group acquired the property, plant and equipment of approximately HK\$164,000 (six months ended 31 March 2014: HK\$10,522,000).

## 12. Available-For-Sale Financial Assets

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
Listed equity security in Hong Kong, at fair value	–	1,037
Profit guarantee, at fair value	<b>73,713</b>	43,452
	<b>73,713</b>	44,489

The investment in listed equity security have no fixed maturity date or coupon rate, which was designated as available-for-sale financial assets.

The profit guarantee was obtained from the business combination in favour of the Group and the vendors guaranteed the audited after-tax net profit of Joint Expert for each of the financial year ended 31 December 2014 and financial years ending 31 December 2015 and 2016 with the net profit shall not be less than RMB30 million (the "Guaranteed Profit"). If the Guaranteed Profit could not be achieved, the Company could receive the deficient amount, which is equal to the difference between the guaranteed profit and the audited after-tax net profit, in cash. The convertible note with nominal value of HK\$100 million as mentioned in note 18 is collateral to the performance of profit guarantee. In the event that the vendors default in paying the deficient amount, the Group has the right to deduct the deficient amount from the pledged convertible notes.

The fair value of the profit guarantee of HK\$73,713,000 was estimated by applying the income approach, that the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the profit guarantee.

### 13. Trade and Bill Receivables

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
Trade receivables, gross	<b>172,310</b>	193,874
Less: provision for impairment	<b>(37,944)</b>	(27,322)
	<hr/>	<hr/>
Trade receivables, net	<b>134,366</b>	166,552
Bill receivables	–	5,044
	<hr/>	<hr/>
	<b>134,366</b>	171,596
	<hr/>	<hr/>

(a) *Ageing analysis*

The Group's trading terms with its customers are mainly on credit except for new customers, where payment in advance is normally required. The credit period is generally for a period of one to three (31 December 2014: one to three) months from the date of billing, except for certain well-established customers, where the terms are extended to six months. The Group seeks to maintain strict control over its receivables to minimise credit risk. Trade receivables are non-interest bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
Within 3 months	<b>65,097</b>	111,978
4 to 6 months	<b>31,472</b>	26,053
Over 6 months	<b>37,797</b>	28,521
	<hr/>	<hr/>
	<b>134,366</b>	166,552
	<hr/>	<hr/>

**13. Trade and Bill Receivables** (continued)

(b) *Impairment of trade receivables*

The movement in provision for impairment of trade receivables are as follows:

	<b>Period from 1 January 2015 to 30 June 2015 HK\$'000 (Unaudited)</b>
Balance at beginning of the period/year	27,322
Impairment losses recognised	11,053
Impairment losses reversed	(534)
Exchange realignment	103
	<hr/>
Balance at end of the period	<b>37,944</b>

(c) *Trade and bill receivables that are not impaired*

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
Neither past due nor impaired	34,049	50,212
Within 3 months past due	47,636	66,025
4 to 6 months past due	20,514	22,134
Over 6 months past due	28,895	26,019
	<hr/>	<hr/>
	<b>131,094</b>	164,390

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## 14. Trade and Bill Payables

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
Trade payables	<b>66,387</b>	68,768
Bill payables	<b>2,847</b>	36,063
	<b><u>69,234</u></b>	<u>104,831</u>

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

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
Within 3 months	<b>39,630</b>	43,461
4 to 6 months	<b>4,654</b>	7,993
7 to 12 months	<b>7,519</b>	9,044
Over 1 year	<b>14,584</b>	8,270
	<b><u>66,387</u></b>	<u>68,768</u>

The trade payables are non-interest bearing and the average credit terms received from suppliers of the Group is 30 days (31 December 2014: 30 days). The group has finance risk management policies in place to ensure that all payable are paid within the credit timeframe.

## 15. Other Payable

	<b>Period from 1 January 2015 to 30 June 2015 HK\$'000 (Unaudited)</b>
As at 1 January 2015	<b>129,089</b>
Imputed interest expenses charged to condensed consolidated income statement	<b>1,336</b>
Extinguishment	<b><u>(130,425)</u></b>
As at 30 June 2015	<u>—</u>

During the period, the Company paid HK\$150,000,000 in satisfaction of the post-dated cheque in connection with the acquisition of Joint Expert Global Limited and its subsidiaries. A loss of HK\$19,575,000 was arising on extinguishment of other payable.

## 16. Promissory Note

	Period from 1 January 2015 to 30 June 2015 HK\$'000 (Unaudited)
As at 1 January 2015	78,559
Imputed interest expenses charged to condensed consolidated income statement	931
Extinguishment	<u>(79,490)</u>
As at 30 June 2015	<u>-</u>

During the period, the Company paid HK\$77,000,000 in satisfaction of the promissory note in connection with the acquisition of Joint Expert Global Limited and its subsidiaries. A gain of HK\$2,490,000 was arising on extinguishment of promissory note.

## 17. Share Capital

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Authorised: 10,000,000,000 ordinary shares of HK\$0.10 each	<u>1,000,000</u>	<u>1,000,000</u>
	Number of ordinary shares of HK\$0.1 each	Amount HK\$'000
Issued and fully paid:		
As at 1 January 2015	1,434,301,299	<u>143,430</u>
Share option exercised	<u>20,500,000</u>	<u>2,050</u>
As at 30 June 2015	<u>1,454,801,299</u>	<u>145,480</u>

During the period, share option exercised resulted in 20,500,000 shares being issued at a weighted average price HK\$0.19 per share. The related weighted average share price at the time of exercise was HK\$0.74 per share.

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

## 18. Convertible Notes

On 2 May 2014, the Company issued the convertible notes with an aggregate amount of HK\$300,000,000 in connection with the acquisition of Joint Expert Global Limited and its subsidiaries. The convertible notes are denominated in Hong Kong dollars. The convertible notes carried zero interest rate per annum and will be matured on 28 April 2017.

The convertible note holders are entitled to convert the convertible notes into ordinary shares of the Company at an initial conversion price of HK\$0.3 per conversion share (subject to the normal adjustments pursuant to the terms and conditions of the convertible notes) at any time during the period commencing from the date of issuance of the convertible notes to the maturity date. On maturity date, any convertible notes not being redeemed or converted shall be automatically converted into conversion shares at the conversion price subject to compliance with the listing rules.

The Company has the right to early redeem the convertible notes before the maturity date.

As the convertible notes have no contracted obligation to repay its principal nor to pay any distributions, they do not meet the definition of classification of financial liabilities under HKAS 32. As a result, the whole instrument is classified as equity.

The movement in the equity component of the convertible notes is as follows:

	HK\$'000
As at 1 January 2015	75,595
Early redemption	<u>(20,998)</u>
As at 30 June 2015	<u>54,597</u>

During the period, the Company paid HK\$35,000,000 in redemption of the convertible notes with an aggregate principal amount of HK\$50,000,000.

## 19. Related Party Transactions

Details of transactions between the Group and other related parties, save as disclosed elsewhere in the consolidated financial statements, are as follows:

(a) *Outstanding balances with related parties*

The amount due to a non-controlling shareholder is unsecured, interest-free and repayable on demand.

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Amount due to a non-controlling shareholder of a subsidiary	<u>111,900</u>	<u>80,399</u>

**19. Related Party Transactions** (continued)

(b) *Compensation of key management personnel of the Group*

The directors of the Company are the key management personnel of the Group. Details of the directors' emoluments during the period are as follows:

	<b>Six months ended</b>	
	<b>30 June</b>	31 March
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Fees	374	480
Salaries and allowances	2,093	2,569
Reversal of long service payment	(186)	(30)
Pension scheme contributions	26	23
Equity-settled share-based payments	–	783
	<b>2,307</b>	<b>3,825</b>

(c) *Guarantees provided by related parties*

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Guarantees of interest-bearing borrowings provided by:		
Directors	18,342	103,389
Non-controlling shareholders of subsidiaries	47,754	53,908



## 20. Commitments

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

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
Contracted, but not provided for:		
Acquisition of property, plant and equipment	–	2,735
Acquisition of land use right	<b>9,757</b>	<b>9,726</b>
	<b>9,757</b>	<b>12,461</b>

## 21. Contingent Liabilities

At the end of the reporting period, contingent liabilities not provided for in the financial statements are as follows:

*The Company*

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Audited)
Guarantees executed by the Company in favour of banks for general banking facilities granted to a subsidiary	–	<b>100,000</b>

The Company had released the corporate guarantees executed by the Company in favour of banks for general banking facilities granted to subsidiaries of the Company during the period. As at 30 June 2015, the Company does not have any material contingent liabilities (31 December 2014: HK\$100,000,000). The general banking facilities were utilised to the extent of HK\$62,339,000 as at 31 December 2014.

## 22. Subsequent Events

As disclosed in the Company's announcement dated 28 July 2015, an aggregate of 290,960,000 Placing Shares have been successfully placed by the Placing Agent to not less than six Placees at the Placing Price of HK\$0.335 per Placing Share pursuant to the terms and conditions of the Placing Agreement. Accordingly, the Company issued 290,960,000 ordinary shares to the Placees. After completion of placing, the number of ordinary shares issued is 1,745,761,299.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Results and Operation

#### *Continuing Operations*

Pre-stressed steel bar (“PC steel bar”) business

Revenue represents sales of pre-stressed steel bars. Revenue for the six months period was HK\$15,429,000 in compare with HK\$69,967,000 reported in last financial period. The significant drop of turnover was affected by the business interruption in its production capacity as a result of the litigations claims from banks against certain subsidiaries of the Group as disclosed in the Annual Report 2014 and the Company’s announcements dated 14 May 2015, 5 June 2015 and 6 August 2015 as well as the possible non-recoverable prepayments and other receivables (“Non-recoverable Prepayments”) of approximately HK\$43,445,000 due from certain suppliers of Zhuhai Hoston Special Materials Co., Limited (“Zhuhai Hoston”), a Group’s subsidiary, as disclosed in the Annual Report 2014.

The Company had engaged an external professional adviser to conduct an investigation regarding the Non-recoverable Prepayments and concluded that such Non-recoverable Prepayments may involve possible commercial crimes committed by two former directors of Zhuhai Hoston. One of them is also an executive director of the Company. Zhuhai Hoston had filed a report to Zhuhai Province Public Security Bureau (the “Bureau”) against these two former directors on 30 July 2015 and was informed by the Bureau that it may take up to 60 days to decide whether to accept the reported case. The Company will update the Shareholders on the development in relation to the above matter.

In consideration of the above, the Non-recoverable Prepayments of approximately HK\$43,445,000 have been full impaired for the six months ended 30 June 2015.

As a result of the business interruption, segment loss for the period increased to HK\$72,649,000 in compare with HK\$59,397,000 over last financial period. Segment loss was mainly attributable to the provision for impairment of other receivables of HK\$43,672,000 (including the Non-recoverable Prepayments) and the provision for impairment of trade receivables of HK\$4,475,000 and various fixed manufacturing costs and administrative costs further deteriorate the performance.



## **Review of Results and Operation** *(continued)*

### *Continuing Operations (continued)*

Pre-stressed high-strength concrete piles ("PHC piles") business

Revenue mainly represents sales of pre-stressed high strength concrete pile, ready-mixed concrete and bricks. Revenue for the six months period was HK\$165,797,000 in compare with HK\$243,943,000 reported in last financial period. Other than the seasonal factor of the industry which attribute comparatively higher turnover in the last quarter of the year and lower turnover in month of the Chinese New Year, the revenue remained stable.

Segment profit for the period was HK\$16,904,000 in compare with HK\$31,904,000 over last financial period. Drop of segment profit was mainly attributable to the decrease in revenue and the provision for impairment of trade receivables of HK\$6,044,000.

Selling and distribution expenses for the period were mainly transportation costs and salaries for the sale-persons.

Administrative expenses mainly comprised of salaries for the directors and administrative staff, legal and professional fees, various taxes and levies paid to the PRC Government.

Finance costs were interest expenses for the bank borrowings and imputed interest expenses on other payable and promissory note.

Loss for the period was HK\$81,916,000 in compared with HK\$5,470,000 report in last financial period. It was mainly attributable by the provision for impairment of other receivables of HK\$43,672,000, provision for impairment of trade receivables of HK\$10,519,000 and loss on extinguishment of other payable of HK\$19,575,000.

### *Discontinued Operations*

Revenue mainly represented sales of electronic calculators, chip on glass and liquid crystal display amounted to HK\$63,593,000 for the period from 1 January 2015 to 30 January 2015. Loss attributable by the discontinued operations of HK\$15,422,000 for the period.

On the date of completion of disposal, the net liabilities from the disposal group of HK\$313,754,000 were disposed, receivables from the disposal group of HK\$363,972,000 were waived, contributed surplus, PRC statutory reserve, exchange fluctuation reserve and assets revaluation reserve from the disposal group of HK\$56,471,000, HK\$12,928,000, HK\$249,713,000 and HK\$182,411,000 were released respectively.

The gain on disposal of subsidiaries of HK\$499,495,000 was arising from the total consideration satisfied by cash of HK\$300,000,000 add the release of exchange fluctuation reserve and less the net liabilities disposed of and the receivables waived.



### **Liquidity and Financial Resources**

The Group normally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in both Hong Kong and the PRC. As at 30 June 2015, the total shareholders' equity of the Group was approximately HK\$335,662,000, representing an increase of 79% over last period. As at 30 June 2015, the Group's cash and bank balances and pledged time deposits stood at HK\$47,683,000 whereas interest-bearing borrowings were HK\$106,500,000. During the period, the Group did not use any financial instruments for any hedging purposes. The gearing ratio, which was computed by dividing the current liabilities and long term liabilities by shareholders' equity, was 95% as at 30 June 2015.

### **Significant Investments and Acquisition**

On 30 January 2015, the Company completed the disposal of electronic business as disclosed in the Note 8 for a total consideration of HK\$300,000,000 satisfied by cash.

The Group has no other significant investment and acquisition during the period.

### **Capital Structure**

No repurchases of shares were made during the period. On 2 November 2009, the Company granted options to certain directors and employees of the Group to subscribe for a total of 90,600,000 ordinary shares of HK\$0.1 per share each on or before 1 November 2019. As at 30 June 2015, the number of shares in respect of which options had been granted and exercisable was Nil. 30,500,000 share options were lapsed and 20,500,000 share options were exercised during the period.

During the period, the convertible notes with an aggregate principal amount of HK\$50,000,000 were redeemed.

### **Pledge of Assets**

The Group's certain leasehold land and buildings of HK\$66,043,000, certain prepaid land lease payments of HK\$34,414,000, certain plant and machinery of HK\$17,553,000, bank deposits of HK\$418,000, and certain other receivables of HK\$2,506,000 are used to secure banking facilities for the Group.

### **Employees and Remuneration Policies**

As at 30 June 2015, the Group has approximately 530 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. Other staff benefit includes share options granted or to be granted under the share option 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.

## Commitment

As at 30 June 2015, the Group has contracted commitments of HK\$9,757,000 (31 December 2014: HK\$9,726,000) for acquisition of land use rights and Nil (31 December 2014: HK\$2,735,000) for acquisition of property, plant and equipment.

## Contingent Liabilities

The Company had released the corporate guarantees executed by the Company in favour of banks for general banking facilities granted to subsidiaries of the Company during the period. As at 30 June 2015, the Company does not have any material contingent liabilities (31 December 2014: HK\$100,000,000). The general banking facilities were utilised to the extent of HK\$62,339,000 as at 31 December 2014.

## Purchase, Sale or Redemption of the Company's Listed Securities

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

## Prospect

After completion of disposal of the electronic business, the principal activities of the Group changed to manufacturing and trading of construction materials. The Group therefore dedicates all efforts to focus on newly acquired construction materials business.

For the PC steel bars business, we remain cautious and will continue to implement cost control measures and improve the operational efficiency in order to improve the financial performance.

We are still confident in the PHC piles business. The management will closely monitor the market situation and take timely measures and strategies to maintain its competitiveness. We will strive to maintain a stable growth in the business.

The Group is proactively seeking other business opportunities and investment in order to diversify the business and capture new opportunities. We believe that the Group will achieve better results and hence optimize return for shareholders.



### **Litigation**

As disclosed in the Company's announcement dated 23 June 2015, a writ of summons endorsed with an indorsement of claim was issued in the High Court of The Hong Kong Special Administrative Region by First Billion Global Limited, a wholly owned subsidiary of the Company, as the 1st Plaintiff and the Company as the 2nd Plaintiff on 23 June 2015 claiming against Mr. Xiao Guang Kevin, the vendor of the Acquisition as the 1st Defendant and Mr. Wang Zhining (王志寧), the guarantor of the Acquisition as the 2nd Defendant, for, amongst others, a breach of the fundamental terms and conditions of the Sale and Purchase Agreement.

On 19 August 2015, a statement of claim setting out the full particulars of the Plaintiffs' claims and the Defendants' breaches of the Sale and Purchase Agreement under the same action was filed.

The Company will keep the Shareholders and potential investors informed of any further material development in connection with the above action by way of further announcement as and when appropriate.

## DISCLOSURE OF ADDITIONAL INFORMATION

### Directors' Interests and Short Positions in Shares and Underlying Shares

At 30 June 2015, the interests of the Directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

*Long positions in ordinary shares of the Company:*

	<b>Number of shares held, capacity and nature of interest</b>	<b>Percentage of the Company's issued share capital</b>
<b>Executive Directors:</b>	<b>Directly beneficially owned</b>	
Leung Chi Fai	1,700,000	0.12%
Li Chongyang	5,000,000	0.34%
Huang Weidong	35,000,000	2.41%
	<hr/> <b>41,700,000</b>	<hr/> <b>2.88%</b>

The interests of the Directors in the share options of the Company are separately disclosed in the section "Share Option Scheme" below.



## Share Option Scheme

The Company adopted a share option scheme effective on 25 February 2003 (the “Scheme”) for the purpose of providing incentives and rewards to the eligible participants who contribute to the growth and development of the Group. The Scheme was expired on 25 February 2013. Pursuant to the Scheme, the Company granted options to certain directors and employees on 2 November 2009 to subscribe for a total of 90,600,000 ordinary shares of HK\$0.1 per share each on or before 1 November 2019.

Particulars of outstanding share options under the Scheme of the Company and options granted during the period were as follows:

Name or category of participant	Date of grant of share options	Vesting period	Exercise period of share options	Number of share options			Number of share options at 30 June 2015	Exercise price of share options HK\$	Price of Company's share at date of grant of options HK\$
				at 1 January 2015	Lapsed during the period	Exercise during the period			
Executive Directors	2.11.2009	Immediate	2.11.2009 – 1.11.2019	4,500,000	(4,000,000)	(500,000)	–	0.19	0.19
			2.11.2009 – 1.11.2010	4,500,000	(4,000,000)	(500,000)	–	0.19	0.19
			2.11.2010 – 1.11.2011	4,500,000	(4,000,000)	(500,000)	–	0.19	0.19
			2.11.2011 – 1.11.2012	4,500,000	(4,000,000)	(500,000)	–	0.19	0.19
			2.11.2012 – 1.11.2013	4,500,000	(4,000,000)	(500,000)	–	0.19	0.19
Non-executive Director	2.11.2009	Immediate	2.11.2009 – 1.11.2019	2,000,000	–	(2,000,000)	–	0.19	0.19
			2.11.2009 – 1.11.2010	2,000,000	–	(2,000,000)	–	0.19	0.19
			2.11.2010 – 1.11.2011	2,000,000	–	(2,000,000)	–	0.19	0.19
			2.11.2011 – 1.11.2012	2,000,000	–	(2,000,000)	–	0.19	0.19
			2.11.2012 – 1.11.2013	2,000,000	–	(2,000,000)	–	0.19	0.19
Independent Non-executive Directors	2.11.2009	Immediate	2.11.2009 – 1.11.2019	1,500,000	–	(1,500,000)	–	0.19	0.19
			2.11.2009 – 1.11.2010	1,500,000	–	(1,500,000)	–	0.19	0.19
			2.11.2010 – 1.11.2011	1,500,000	–	(1,500,000)	–	0.19	0.19
			2.11.2011 – 1.11.2012	1,500,000	–	(1,500,000)	–	0.19	0.19
			2.11.2012 – 1.11.2013	500,000	–	(500,000)	–	0.19	0.19



## Share Option Scheme (continued)

Name or category of participant	Date of grant of share options	Vesting period	Exercise period of share options	Number of share options			Number of share options at 30 June 2015	Exercise price of share options HK\$	Price of share at date of grant of options HK\$
				at 1 January 2015	Lapsed during the period	Exercise during the period			
Associate of a Director	2.11.2009	Immediate	2.11.2009 – 1.11.2019	2,000,000	(2,000,000)	–	–	0.19	0.19
			2.11.2009 – 1.11.2010	2,000,000	(2,000,000)	–	–	0.19	0.19
			2.11.2010 – 1.11.2011	2,000,000	(2,000,000)	–	–	0.19	0.19
			2.11.2011 – 1.11.2012	2,000,000	(2,000,000)	–	–	0.19	0.19
			2.11.2012 – 1.11.2013	2,000,000	(2,000,000)	–	–	0.19	0.19
Employees	2.11.2009	Immediate	2.11.2009 – 1.11.2019	400,000	(100,000)	(300,000)	–	0.19	0.19
			2.11.2009 – 1.11.2010	400,000	(100,000)	(300,000)	–	0.19	0.19
			2.11.2010 – 1.11.2011	400,000	(100,000)	(300,000)	–	0.19	0.19
			2.11.2011 – 1.11.2012	400,000	(100,000)	(300,000)	–	0.19	0.19
			2.11.2012 – 1.11.2013	400,000	(100,000)	(300,000)	–	0.19	0.19
				<u>51,000,000</u>			<u>–</u>		

Shareholders can refer to the Annual Report 2014 of the Company issued in April 2015 for further details of the share option scheme.

### Directors' Rights to Acquire Shares and Debentures

Save as disclosed under the sections headed "Directors' interests and short positions in shares and underlying shares" and "Share option scheme" as disclosed in the immediately preceding section, at no time during the period were rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

## Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2015, so far as is known to the Directors, the interests or short positions of the persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register maintained by the Company required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number of underlying shares (Note 1)	Percentage of shareholding (Note 2)
Wang Yalin	Beneficial owner	77,500,000 (L)	5.33%
Xiao Guang, Kevin (Note 3)	Beneficial owner	383,333,333 (L)	26.35%
Xiao Guang, Kevin (Note 3)	Beneficial owner	366,666,666 (S)	25.20%
Xie Guilin	Beneficial owner	273,333,333 (L)	18.79%

Note:

- (L) refer to long position; (S) refer to short position.
- This percentage is based on 1,454,801,299 ordinary shares of the Company issued as at 30 June 2015.
- Xiao Guang, Kevin is interested in principal amount of convertible notes of HK\$115,000,000 issued on 2 May 2014 by the Company which are convertible into ordinary shares at conversion price of HK\$0.3 per share. Convertible notes in the principal amount of HK\$100,000,000 was pledged to the Group by Xiao Guang, Kevin to secure the profit guarantee as set out in note 12.

Save as disclosed above, as at 30 June 2015, the Company had not been notified of any persons (other than the Directors and chief executive of the Company) having any interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.



### **Audit Committee**

The Company's Audit Committee was established on 6 August 1999 in accordance with the requirements of the Code of Best Practice (the "Code") for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. Members of the Audit Committee at the date of this report comprised Mr. Cong Yongyian, Ms. Deng Chunmei, Mr. Lam Kai Yeung and Mr. Liu Chenli, the four Independent Non-executive Directors of the Company. The Group's condensed consolidated financial statements for the six months ended 30 June 2015 have been reviewed by the Audit Committee, who are of the opinion that such statements comply with the applicable accounting standards, the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and legal requirements, and that adequate disclosures have been made.

### **Remuneration Committee**

The Remuneration Committee, comprises the four Independent Non-executive Directors of the Company, the Chairman, Mr. Huang Weidong and Mr. Leung Chi Fai, the Finance Director of the Company, is responsible for reviewing and evaluating the remuneration packages of the Executive Directors and making recommendations to the Board from time to time.

### **Nomination Committee**

The Nomination Committee, comprises the two Executive Directors, Mr. Huang Weidong and Mr. Leung Chi Fai and the four Independent Non-executive Directors of the Company. It is responsible for the appointment of new directors. To maintain the quality of the Board with a balance of skills and experience, the Committee will identify individuals suitably qualified to become directors when necessary. In evaluating whether an appointee is suitable to act as a director, the Committee will consider the experience, qualification and other relevant factors.

## Change in information of Directors

Pursuant to the Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the change in information of directors of the Company during the reporting period and up to the date of this report are as follows:

Name of directors	Particulars	Effective date
Lin Yepan	resigned as Executive Director	19 May 2015
Li Chongyang	appointed as Executive Director	19 May 2015
Hung Yat Ming	resigned as Independent Non-executive Director	20 May 2015
Qi Jiao	appointed as Executive Director	20 May 2015
Lam Kai Yeung	appointed as Independent Non-executive Director	20 May 2015
Deng Chunmei	appointed as Independent Non-executive Director	29 May 2015
Liu Chenli	appointed as Independent Non-executive Director	29 May 2015
Wong King Man	retired as Executive Director	4 June 2015
Fong Yin Cheung	retired as Independent Non-executive Director	4 June 2015
Wong King Ching, Helen	resigned as Executive Director	10 June 2015
Huang Weidong	appointed as Executive Director	10 June 2015

## Corporate Governance

### *Code On Corporate Governance Practices*

The Company has complied with the code provisions as set out in the “Code On Corporate Governance Practices” contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the six months ended 30 June 2015, except for the following deviations:

### *Code Provision A.2.1*

Under Code Provision A.2.1, the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual.

Up to 10 June 2015, Ms. Wong King Ching, Helen holds both positions of the Chairman and the Chief Executive Officer of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Ms. Wong to hold both positions as it helps to maintain the continuity of the Company’s policies and the stability of the Company’s operations.



## **Corporate Governance** *(continued)*

### *Code Provision A.4.1 and A.4.2*

Under Code Provision A.4.1, the Non-executive Directors should be appointed for a specific term, subject to re-election. The Independent Non-executive Directors of the Company are not appointed for specific terms. According to the Company's Bye-Law 111(A), one third of the Directors shall retire from the office by rotation at each Annual General Meeting and their appointments will be reviewed when they are due for re-election. In the opinion of the Board, this meets the same objectives and is no less exacting than those in the Code.

Under Code Provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company's Bye-Law 111(A) states that the Chairman is not subject to retirement by rotation and shall not be counted in determining the number of directors to retire. In the opinion of the Board, the continuity of leadership role of the Chairman is important for the stability of the Company and is considered beneficial to the growth of the Company. The Board is of the view that the Chairman should not be subject to retirement by rotation at the present time.

### **Model Code for Securities Transactions**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of all directors of the Company, the Company confirms that all directors of the Company have complied with required standard set out in the Model Code throughout the period.

By order of the Board

**Sunway International Holdings Limited**

**Huang Weidong**

*Chairman*

Hong Kong, 31 August 2015