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SUNWAY INTERNATIONAL HOLDINGS LIMITED

新威國際控股有限公司*

(incorporated in Bermuda with limited liability)

HKEX stock code: 58

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2010

UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of Sunway International Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 March 2010 (the “Period”), together with the comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	(UNAUDITED)	
		Six months ended 31 March	
		2010	2009
		HK\$'000	HK\$'000
Turnover	2	398,496	428,290
Cost of sales		(387,064)	(407,431)
Gross profit		11,432	20,859
Other revenue and gains		7,160	13,867
Selling and distribution costs		(8,168)	(6,313)
Administrative expenses		(35,547)	(31,135)
Other operating expenses		(10,139)	(86,983)
Loss from operating activities	3	(35,262)	(89,705)
Finance costs	4	(2,864)	(5,964)
Share of profit of a jointly-controlled entity		310	528
Loss before tax		(37,816)	(95,141)
Tax	5	(120)	(825)
Loss for the period		(37,936)	(95,966)
Loss for the period attributable to equity holders of the Company		(37,936)	(95,966)
Interim dividend	6	Nil	Nil
Loss per share attributable to ordinary equity holders of the Company	7		
– Basic		(3.73 cents)	(9.50 cents)
– Diluted		(3.68 cents)	(9.50 cents)

* For identification purposes only

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(UNAUDITED)	
	Six months ended 31 March	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(37,936)	(95,966)
Other comprehensive income		
Exchange realignment on translation of financial statements of foreign subsidiaries	<u>3,051</u>	<u>28,528</u>
Total comprehensive loss for the period	<u>(34,885)</u>	<u>(67,438)</u>
Total comprehensive loss attributable to equity holders of the Company	<u>(34,885)</u>	<u>(67,438)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		(UNAUDITED) 31 March 2010 <i>HK\$'000</i>	(AUDITED) 30 September 2009 <i>HK\$'000</i> (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		405,073	424,822
Investment properties		48,450	48,450
Prepaid land lease payments		69,470	70,184
Interest in a jointly-controlled entity		15,174	14,985
Available-for-sale investments		6,972	7,337
Deposits paid for acquisition of prepaid land lease payments and property, plant and equipment		4,349	4,349
		549,488	570,127
CURRENT ASSETS			
Inventories		212,395	222,643
Accounts receivables	9	132,310	171,640
Prepayments, deposits and other receivables		27,946	33,225
Derivative financial instruments		–	556
Tax recoverable		80	80
Pledged time deposits		12,844	11,190
Cash and cash equivalents		146,868	98,728
		532,443	538,062
CURRENT LIABILITIES			
Accounts payables	10	89,692	121,672
Accrued liabilities and other payables		34,136	29,825
Due to a jointly-controlled entity		984	194
Due to a director		–	2,020
Interest-bearing bank borrowings		140,311	93,672
Tax payable		24,624	32,177
		289,747	279,560
NET CURRENT ASSETS		242,696	258,502
TOTAL ASSETS LESS CURRENT LIABILITIES		792,184	828,629
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowing		869	3,459
Deferred tax liabilities		14,028	14,028
Provision for long service payment		818	818
		776,469	810,324
CAPITAL AND RESERVES			
Issued capital		101,600	101,600
Reserves		674,869	708,724
		776,469	810,324

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“the HKICPA”) and with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). These condensed consolidated financial statements are unaudited but have been reviewed by the Company’s audit committee.

The basis of preparation and accounting policies adopted in preparing these condensed financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 30 September 2009, except for the adoption of the following new and revised HKAS and Hong Kong Financial Reporting Standards (“HKFRS”) and Interpretations (hereinafter collectively referred to as “new HKFRSs”) which are applicable to the Group and are effective in the current period.

In the current period, the Group has applied, for the first time, a number of new standard, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedge Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a subsidiary, jointly-controlled entity or associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

The adoption of the new HKFRSs, except for HKAS 1 (Revised) and HKFRS 8 as described below, had no material impact on the reported results or financial position of the Group.

(a) HKAS 1 (Revised) Presentation of Financial Statements

The revised standard requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity (i.e. comprehensive income). All non-owner changes in equity are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The Group has elected to present two statements. Comparative amounts have been restated to conform to the new presentation.

(b) HKFRS 8 Operating Segments

HKFRS 8, which replaces HKAS 14 “Segment Reporting”, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. Financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. The adoption of this standard has no material effect on the disclosure of reportable operating segments of the Group.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group.

HKAS 24 (Revised)	Related Party Disclosures ³
HKAS 32 (Amendments)	Financial Instruments: Presentation – Classification of Rights Issues ²
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ¹
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ¹
HKFRS 9	Financial Instruments ⁴
HK(IFRIC) – Int 14 (Amendments)	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁵

¹ Effective for annual periods beginning on or after 1 January 2010

² Effective for annual periods beginning on or after 1 February 2010

³ Effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 January 2013

⁵ Effective for annual periods beginning on or after 1 July 2010

Prior year adjustments have been made in the financial statements for the year ended 30 September 2009 due to the restatement of the valuation of the Property, plant and equipment held by the Group.

Pursuant to Rule 220(2) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual, the financial statements of the Group, which have been prepared in accordance with SSAP and accounting principles generally accepted in Hong Kong, need to be reconciled to the International Accounting Standards (“IAS”). The Company had applied to the SGX-ST for, and the SGX-ST has on 7 April 2010 granted, a waiver to the Company from complying with the requirements of Rule 220(2) of the SGX-ST Listing Manual in respect of the financial statements of the Group for the period ended 31 March 2010. A reconciliation statement has not been prepared as both the audit committee and the board of directors of the Company are of the view that the application of the IAS would not have a material effect on the measurement and determination of the amounts of the Group’s consolidated net assets at 31 March 2010 or its net profit from ordinary activities and cash flows for the period ended 31 March 2010.

Certain comparative figures have been reclassified to conform with the current period’s presentation.

2. SEGMENT INFORMATION

The Group’s operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group’s business segments represents a strategic business unit that offers products which is subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the electronic components and parts segment consists of the manufacture and sale of electronic components and parts;

- (b) the consumer electronic products segment consists of the manufacture and sale of consumer electronic products; and
- (c) the trading segment consists of the trading of integrated circuits and computer components and accessories.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

(a) Business segments

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's business segments.

Group (HK\$'000)

	Electronic components and parts		Consumer electronic products		Trading of integrated circuits and computer components and accessories		Consolidated	
	Six months ended 31 March 2010	2009	Six months ended 31 March 2010	2009	Six months ended 31 March 2010	2009	Six months ended 31 March 2010	2009
Segment revenue:								
Sales to external customers	108,123	65,016	289,975	362,806	398	468	398,496	428,290
Other revenue	2,504	1,831	4,155	7,701	17	6	6,676	9,538
Total	110,627	66,847	294,130	370,507	415	474	405,171	437,828
Segment results	(9,344)	(14,466)	(25,928)	(78,712)	(24)	(141)	(35,296)	(93,319)
Interest and unallocated other revenue and gains							483	4,329
Unallocated expenses							(449)	(715)
Loss from operating activities							(35,262)	(89,705)
Finance costs							(2,864)	(5,964)
Share of profit of a jointly-controlled entity							310	528
Loss before tax							(37,816)	(95,141)
Tax							(120)	(825)
Net loss from ordinary activities attributable to shareholders							(37,936)	(95,966)

Group (HK\$'000)

	Electronic components and parts		Consumer electronic products		Trading of integrated circuits and computer components and accessories		Consolidated	
	31 March 2010	30 September 2009 (Restated)	31 March 2010	30 September 2009 (Restated)	31 March 2010	30 September 2009 (Restated)	31 March 2010	30 September 2009 (Restated)
Segment assets	246,718	270,773	513,804	567,699	235	228	760,757	838,700
Interest in a jointly-controlled entity							15,174	14,985
Unallocated assets							<u>306,000</u>	<u>254,504</u>
Total assets							<u>1,081,931</u>	<u>1,108,189</u>
Segment liabilities	33,014	20,834	91,555	127,574	121	91	124,690	148,499
Unallocated liabilities							<u>180,772</u>	<u>149,366</u>
Total liabilities							<u>305,462</u>	<u>297,865</u>

Other segment information:

	Electronic components and parts		Consumer electronic products		Trading of integrated circuits and computer components and accessories		Consolidated	
	Six months ended 31 March 2010	Six months ended 31 March 2009	Six months ended 31 March 2010	Six months ended 31 March 2009	Six months ended 31 March 2010	Six months ended 31 March 2009	Six months ended 31 March 2010	Six months ended 31 March 2009
Depreciation	9,495	7,756	22,154	18,097	-	-	31,649	25,853
Unallocated amounts							<u>275</u>	<u>336</u>
							<u>31,924</u>	<u>26,189</u>
Capital expenditure	1,535	1,200	4,122	6,705	-	-	5,657	7,905
Unallocated amounts							<u>612</u>	<u>106</u>
							<u>6,269</u>	<u>8,011</u>

(b) **Geographical segments**

The following table presents revenue and certain expenditure information for the Group's geographical segments.

Group (HK\$'000)

	Hong Kong		Mainland China		Other Asian countries		American countries		European countries		African countries		Consolidated	
	Six months ended 31 March		Six months ended 31 March		Six months ended 31 March		Six months ended 31 March		Six months ended 31 March		Six months ended 31 March		Six months ended 31 March	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Segment revenue:														
Sales to external customers	<u>20,656</u>	<u>22,245</u>	<u>69,414</u>	<u>72,202</u>	<u>76,285</u>	<u>76,538</u>	<u>108,731</u>	<u>117,956</u>	<u>86,542</u>	<u>100,231</u>	<u>36,868</u>	<u>39,118</u>	<u>398,496</u>	<u>428,290</u>
Other segment information:														
Capital expenditure	<u>612</u>	<u>107</u>	<u>5,657</u>	<u>7,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,269</u>	<u>8,012</u>

3. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

	Six months ended 31 March	
	2010	2009
	HK\$'000	HK\$'000
Cost of inventories sold	387,064	407,431
Depreciation	31,924	26,189
Recognition of prepaid land lease payment	714	678
Staff costs (including directors' remuneration)	90,920	79,235

4. FINANCE COSTS

	Six months ended 31 March	
	2010	2009
	HK\$'000	HK\$'000
Interest on bank loans wholly repayable within five years	2,864	5,964

5. TAX

	Six months ended 31 March	
	2010 HK\$'000	2009 HK\$'000
Provision for tax in respect of profit for the period:		
Hong Kong	0	0
Mainland China	0	712
	<u>0</u>	<u>712</u>
Share of tax attributable to a jointly-controlled entity	120	113
	<u>120</u>	<u>825</u>

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2009: HK\$Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof.

The Group and the Company did not have any significant unprovided deferred tax liabilities as at 31 March 2010 (2009: Nil)

6. INTERIM DIVIDEND

The Board of the Company did not recommend any interim dividend for the six months ended 31 March 2010 (2009: Nil).

7. LOSS PER SHARE

The calculation of the basic loss per share for the six months ended 31 March 2010 is based on the unaudited consolidated net loss from ordinary activities attributable to shareholders of HK\$37,936,000 (2009: HK\$95,966,000) and the weighted average number of 1,016,001,301 (2009 : 1,016,001,301) ordinary shares in issue during the Period.

The diluted loss per share for the six months ended 31 March 2010 is based on 1,031,101,301 shares, which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 18,120,000 shares deemed to be issued at no consideration if all outstanding options had been exercised. Diluted loss per share for 2009 is the same as the basic loss per share, as all share options outstanding during the period had an anti-dilutive effect on the basic loss per share for the period.

8. ADDITIONS TO FIXED ASSETS

During the Period, the Group spent approximately HK\$6,269,000 (2009: HK\$8,012,000) on additions to fixed assets to upgrade its manufacturing capabilities.

9. ACCOUNTS RECEIVABLES

	31 March 2010 HK\$'000	30 September 2009 HK\$'000
Accounts receivables	221,650	213,780
Less: Allowance for doubtful debts	(89,340)	(42,140)
	<u>132,310</u>	<u>171,640</u>

An aged analysis of the accounts receivables as at the balance sheet date is as follows:

	31 March 2010 HK\$'000	30 September 2009 HK\$'000
Current to 3 months	128,170	168,535
4 to 6 months	1,313	1,257
7 to 12 months	879	201
Over 1 year	1,948	1,647
	<u>132,310</u>	<u>171,640</u>

Payment terms with customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 90 days of issuance, except for certain well-established customers, where the terms are extended to six months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

An estimate for doubtful debts is made and deducted when collection of the full amount is no longer probable. Bad debts are written off as incurred.

10. ACCOUNTS PAYABLES

An aged analysis of the accounts payables at the balance sheet date is as follows:

	31 March 2010 HK\$'000	30 September 2009 HK\$'000
Current to 3 months	73,831	92,382
4 to 6 months	6,303	29,290
7 to 12 months	4,384	–
Over 1 year	5,174	–
	<u>89,692</u>	<u>121,672</u>

11. CONTINGENT LIABILITIES

Contingent liabilities of the Company at the balance sheet date were as follows:

	31 March 2010 HK\$'000	30 September 2009 HK\$'000
Guarantees executed by the Company in favour of banks for general banking facilities granted to subsidiaries	<u>58,000</u>	<u>58,000</u>

12. VOLUNTARY DELISTING OF THE SHARES OF THE COMPANY FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

In December 2009, the board of directors of the Company passed a resolution to approve the Company to undertake a voluntary delisting of the shares of the Company from the Official List of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The expected date for the delisting of the shares from the SGX-ST would be 30 July 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of results and operation

For the six months ended 31 March 2010, the Group recorded a consolidated turnover of HK\$398,496,000, representing a decrease of 7.0% compared to HK\$428,290,000 in corresponding period last year. Gross profit for the period was HK\$11,432,000 with gross profit margin of 2.9% compared with the previous 4.9%. The decrease in gross profit margin was due to the increase in the labour cost of the production plants in Mainland China. Loss before tax for the period was HK\$37,816,000. The Group reported a net loss of HK\$37,936,000 for the period, a decrease of 60.5% compared to HK\$95,966,000 in corresponding period last year.

Turnover of electronic calculators was HK\$196,532,000, representing a decrease of 8.2% from the previous corresponding period. Sales of electronic calculators contributed 49.3% of the Group's turnover for the period and remained to be the largest business segment of the Group. The business of high-end calculators was under steady growth while the business of low-end calculators was dropping. The Group will continue to focus on launching of new models of calculators to expand our market.

Sales of electronic watches and clocks was HK\$68,441,000, an increase of 6.9% year-on-year. It accounted for 17.2% of the Group's total turnover for the period. The Group will continue to develop value-added products to attract new customers.

Telephone products recorded a turnover of HK\$18,786,000, dropped by 63.1% compared with previous corresponding period. It represented 4.7% of the Group's turnover for the period.

Sales of digital products amounted to HK\$6,216,000, dropped by 81.6% compared with previous corresponding period. It represented 1.6% of the Group's turnover for the period. The Group scaled down the production of digital products which was less profitable.

Revenue from liquid crystal displays ("LCD") was HK\$46,745,000, an increase of 44.8% year-on-year. It represented 11.7% of the Group's turnover for the period. Sales of Quartz amounted to HK\$27,863,000, an increase of 33.8% year-on-year. Turnover of electronic components and parts got an increase of 66.3% from previous corresponding period.

Finance costs were HK\$2,864,000 due to the cost of financing for our operations in China.

Accounts receivable dropped by 22.9% with turnover days shortened to 121 days. The Group has executed tight control on accounts receivable and effective measures have been used to monitor the debtors' repayment time.

Liquidity and financial resources

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in both Hong Kong and Mainland China. The Group maintains a strong financial position. As at 31 March 2010, the total shareholders' equity of the Group was approximately HK\$776,469,000, a decrease of 4.2% of that at 30 September

2009. The Group's cash and bank balances and time deposits stood at HK\$159,712,000. The interest-bearing bank borrowings of the Group amounted to HK\$141,180,000. During the period, the Group did not use any financial instruments for any hedging purposes. The Group's gearing ratio, which was computed by dividing the current liabilities and long term debt by shareholders' equity, was 39.3%.

Capital structure

No repurchases of shares were made during the period. On 2 November 2009, 90,600,000 share options were granted to certain directors, associate of a director and employees of the Group. No share options were exercised or cancelled during the period, except as disclosed under the section headed "Share option scheme".

Pledge of assets

The group's investment property, certain leasehold land and buildings of the Group and time deposits of HK\$12,844,000 of the Group, together with the corporate guarantees of the Company, are used to secure banking facilities of the Group. At 31 March 2010, such facilities were utilized to the extent of approximately HK\$7,817,000.

APPLICATIONS OF PROCEEDS OF SHARE OFFER

The remaining balance of about HK\$65.4 million of the net proceeds raised from the share offer in 1999 has been allocated to the investment in the joint venture, Taiwan Communication (Fujian) Company Ltd. As progress of the projects as implemented by Taiwan Communication (Fujian) Company Ltd proceeded at a slower pace than anticipated, the Directors are considering allocating part of such proceeds to other investment opportunities. If any specific targets are identified, the Directors will make announcement in accordance with the applicable rules.

EMPLOYEES AND REMUNERATION POLICIES

The Group employs approximately 10,000 full time management, administrative, technical and production staff in Mainland China and Hong Kong. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and prevailing industry practice. The Group's directors and employees in Hong Kong joined the Mandatory Provident Fund Scheme. Other staff benefit includes options granted or to be granted under the share option scheme.

PROSPECTS

Looking forward to the second half of the year, the operating environment remains to be challenging. Although the overall global economy is recovering, the uncertainty in the exchange rate of Chinese Yuan and interest rate, together with the fluctuating European economy may affect our business performance.

The Group endeavors to expand the market of the high-end calculators products which has a higher profit margin. Meanwhile, we have developed a wide range of high-end electronic calculators such as foreign language talking calculators, check & correct calculators, currency calculators and world time calendar calculators. The Group will continue to innovate and develop new models of high-end calculators in order to attract new customers. In the second half of the year, we hope that we can improve the sales of these products in our major market like Europe and USA as well as new markets like Japan, Korea and Middle East.

The market of OEM calculators is under steady development. We produce high quality OEM calculators for the world's leading brands and we would continue to cooperate with these customers in the coming future.

The Group extends to develop middle-end products in watch and clocks section. We expect that these watch and clocks products can generate steady income in the years to come.

The Group has commenced a review on the existing businesses and assets of the Group, for the purpose of formulating new business plans and strategies for the future business development of the Group. The Group will from time to time seek for investment opportunity in industry that could provide investment potential and broaden the income base of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The Audit Committee, comprises the three independent non-executive directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Group's financial statements for the period ended 31 March 2010 have been reviewed and approved by the Audit Committee and the Board of Directors, who are of the opinion that such statements comply with the applicable accounting standards, and the Listing Rules and legal requirements, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Remuneration Committee, comprises the three independent non-executive directors of the Company, the Chairman 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 of directors from time to time.

NOMINATION COMMITTEE

The Nomination Committee comprises the three executive directors and the three 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.

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 31 March 2010, 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.

During the reporting period, 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.

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 for the period under review.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement and the Interim report are published on the website of Hong Kong Stock Exchange at www.hkex.com.hk and the website at www.irasia.com/listco/hk/sunway/index.htm.

BOARD OF DIRECTORS

As at the date of this report, the Board of the Company comprises:

Executive Directors:

Wong King Ching, Helen
Wong King Man
Leung Chi Fai

Independent non-executive Directors:

So Day Wing
Wong Kun Kim
Kan Lai Kuen

Non-executive Directors:

Wong Chun Ying
Wong Kim Seong

By Order of the Board
Sunway International Holdings Limited
Wong King Ching, Helen
Chairman

Hong Kong
24 May 2010