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

(incorporated in Bermuda with limited liability)

HKEX stock code: 58

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2013

HIGHLIGHTS

- Revenue for the year ended 30 September 2013 was HK$788,347,000, compared to HK$794,333,000 last year, representing a decrease of 1%.
- Gross loss for the year ended 30 September 2013 was HK$75,838,000, compared to HK$60,370,000 last year, representing an increase of 26%.
- Loss attributable to owners of the parent was HK$213,323,000, compared to HK$210,948,000 last year, representing an increase of 1%.
- Loss per share attributable to equity holders of parent amounted to HK21 cents, compared to HK21 cents last year, which was stable.
- No final dividend was proposed for the year (2012: Nil).

* *For identification purposes only*

The Board of Directors (the "Board") of Sunway International Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 September 2013, together with the comparative figures for 2012, as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 30 September 2013

	Notes	2013 HK$'000	2012 HK$'000
REVENUE	4	**788,347**	794,333
Cost of sales		**(864,185)**	(854,703)
Gross loss		**(75,838)**	(60,370)
Other income and gains		**29,096**	21,609
Selling and distribution expenses		**(12,749)**	(13,719)
Administrative expenses		**(95,018)**	(102,689)
Other operating expenses		**(4,234)**	(16,303)
Finance costs		**(40,372)**	(29,844)
Share of loss of a jointly-controlled entity		**(7,561)**	(4,049)
LOSS BEFORE TAX	5	**(206,676)**	(205,365)
Income tax expenses	6	**(6,647)**	(5,583)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**(213,323)**	(210,948)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		**HK(21 cents)**	HK(21 cents)
Diluted		**HK(21 cents)**	HK(21 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 30 September 2013

	2013	2012
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(213,323)**	(210,948)
OTHER COMPREHENSIVE INCOME		
Items may be reclassified to the consolidated income statement in subsequent periods:		
Available-for-sale investment:		
Changes in fair value	**3,541**	1,062
Reclassification adjustment for loss on disposal included in the consolidated income statement	**(1,295)**	–
	2,246	1,062
Exchange differences on translation of foreign operations	**17,694**	4,740
	19,940	5,802
Items may not to be reclassified to the consolidated income statement in subsequent periods:		
Surplus on revaluation of items of property, plant and equipment, net of tax	**28,456**	21,914
Surplus on revaluation of items of property, plant and equipment transferred to investment properties	**15,784**	–
	44,240	21,914
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**64,180**	27,716
TOTAL COMPREHENSIVE LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT	**(149,143)**	(183,232)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**430,152**	459,176
Investment properties		**91,432**	63,770
Prepaid land lease payments		**67,281**	67,137
Interest in a jointly-controlled entity		**2,072**	9,456
Available-for-sale investment		**2,373**	6,430
Deposits paid for acquisition of property, plant and equipment		**731**	711
Total non-current assets		**594,041**	606,680
CURRENT ASSETS			
Inventories		**251,140**	293,595
Loan receivables		**–**	155,918
Trade receivables	*9*	**205,478**	148,495
Prepayments, deposits and other receivables		**21,113**	24,693
Due from a jointly-controlled entity		**–**	326
Tax recoverable		**–**	80
Pledged time deposits		**–**	16,354
Cash and cash equivalents		**148,055**	270,573
Total current assets		**625,786**	910,034
CURRENT LIABILITIES			
Trade payables	*10*	**121,330**	151,815
Other payables and accruals		**69,484**	33,539
Due to a director		**5,908**	2,681
Interest-bearing bank borrowings		**325,535**	650,164
Tax payable		**29,786**	28,928
Total current liabilities		**552,043**	867,127
NET CURRENT ASSETS		**73,743**	42,907
TOTAL ASSETS LESS CURRENT LIABILITIES		**667,784**	649,587
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**56,245**	45,215
Provision for long service payment		**689**	742
Other borrowings		**154,377**	–
Total non-current liabilities		**211,311**	45,957
Net Assets		**456,473**	603,630
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**101,600**	101,600
Reserves		**354,873**	502,030
Total equity		**456,473**	603,630

NOTES TO 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 The 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 Rooms 1708–1710, Nan Fung Centre, 264–298 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong.

During the year, the Group was principally engaged in the 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). They are also engaged in the trading of integrated circuits.

2. BASIS OF PRESENTATION

Notwithstanding that (i) the Group incurred a loss attributable to equity holders of the parent of HK$213,323,000 for the year ended 30 September 2013; and (ii) the Group has capital commitment of HK$1,897,000 and bank borrowings of HK$325,535,000 due within one year as at 30 September 2013, in the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into account the Group has unutilised banking facilities, the letter of intent obtained from the banks for their intention to renew certain of the Group's existing banking facilities for one year upon maturity and financial support from the major shareholder of the Company. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3.1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). They have been prepared under the historical cost convention, except for investment properties, certain property, plant and equipment and available-for-sale investment. These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's consolidated financial statements.

HKAS 1 Amendments	Presentation of Items of Other Comprehensive Income
HKAS 12 Amendments	Deferred Tax: Recovery of Underlying Assets

Other than as further explained below regarding the impact of amendments to HKAS 1, the adoption of the revised HKFRSs has had no significant financial effect on these consolidated financial statements.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gain and loss on defined benefit plans and revaluation of land and buildings). The amendments have been applied retrospectively, with the presentation of items of other comprehensive income modified to reflect the changes. Other than the said presentation changes, the amendments did not have any impact on the Group's financial position or performance.

4. OPERATING SEGMENT INFORMATION

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

(a) the electronic components and parts segment consists of the design, development, manufacture and sale of electronic components and parts;

(b) the consumer electronic products segment consists of the design, development, manufacture and sale of consumer electronic products; and

(c) the trading segment consists of the trading of integrated circuits.

Since (c) individually do not meet the quantitative thresholds to be separately reported, (c) is reported under "Other businesses".

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 results of a jointly-controlled entity, bank and other interest income, other income and gains, 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 interest in a jointly-controlled entity, available-for-sale investment, loan receivables, pledged time deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

Segment liabilities exclude tax payable, deferred tax liabilities, interest-bearing bank 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.

4. OPERATING SEGMENT INFORMATION *(continued)*

a) *Segment results, assets and liabilities*

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker is set out below:

	Electronic components and parts		Consumer electronic products		Other business		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	HK$'000
Segment revenue								
Revenue from external customers	**211,999**	166,218	**576,348**	626,661	**–**	1,454	**788,347**	794,333
Reportable segment loss from operations	**(49,010)**	(45,376)	**(126,337)**	(144,151)	**–**	(288)	**(175,347)**	(189,815)
Bank and other interest income							**349**	8,030
Other income and gains							**21,226**	13,426
Finance costs							**(40,372)**	(29,844)
Share of loss of a jointly-controlled entity							**(7,561)**	(4,049)
Unallocated head office and corporate expenses							**(4,971)**	(3,113)
Loss before tax							**(206,676)**	(205,365)
Other segment information								
Additions to property, plant and equipment	**4,229**	15,492	**10,752**	45,829	**–**	–	**14,981**	61,321
Depreciation*	**25,329**	20,708	**63,680**	61,260	**–**	686	**89,009**	82,654
Amortisation of prepaid land lease payments*	**531**	462	**1,327**	1,368	**–**	–	**1,858**	1,830
(Reversal of write-down)/ write-down of inventories to net realisable value, net*	**(3,077)**	8,796	**(7,691)**	26,019	**–**	–	**(10,768)**	34,815
Reversal of impairment of trade receivables, net	**1,982**	36	**5,539**	117	**–**	–	**7,521**	153
Segment assets	**255,793**	227,595	**642,418**	682,681	**–**	243	**898,211**	910,519
Segment liabilities	**31,576**	31,316	**98,599**	136,602	**–**	934	**130,175**	168,852

* *Included in the "Reportable segment loss from operations" disclosed above.*

4. OPERATING SEGMENT INFORMATION *(CONTINUED)*

b) *Reconciliation of reportable segment, assets and liabilities*

	2013	2012
	HK$'000	*HK$'000*
Assets		
Total reportable segment assets	**898,211**	910,519
Available-for-sale investment	**2,373**	6,430
Cash and cash equivalents and pledged time deposits	**148,055**	286,927
Interest in a jointly-controlled entity	**2,072**	9,456
Loan receivables	**–**	155,918
Unallocated head office and corporate assets	**169,116**	147,464
Consolidated total assets	**1,219,827**	1,516,714
Liabilities		
Total reportable segment liabilities	**130,175**	168,852
Interest-bearing bank borrowings	**323,718**	644,086
Other borrowings	**154,377**	–
Tax payable	**29,786**	28,928
Deferred tax liabilities	**56,245**	45,215
Unallocated head office and corporate liabilities	**69,053**	26,003
Consolidated total liabilities	**763,354**	913,084

c) *Geographic information*

The geographical location of revenue information is based on the locations of customers at which the services were provided or the goods delivered. The Group's non-current assets are based on the location of the assets and excludes interest in a jointly-controlled entity available-for-sale investment and deposits paid for acquisition of property plant and equipment.

	Hong Kong		PRC		Other Asian countries*		American countries**		European countries***		African countries****		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**28,926**	28,353	**172,865**	240,839	**226,253**	200,615	**201,599**	222,445	**135,363**	71,680	**23,341**	30,401	**788,347**	794,333
Non-current assets *****	**31,720**	15,913	**557,145**	574,170	**-**	-	**-**	-	**-**	-	**-**	-	**588,865**	590,083

* 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.

***** Non-current assets information above is based on the location of assets and excluded interest in a jointly-controlled entity available-for-sale investment and deposits paid for acquisition of property, plant and equipment.

d) *Information about a major customer*

During the year ended 30 September 2013, the Group had transactions with one customer (2012: Nil), which contributed over 10% of the Group's revenue. The total revenue earned from this customer amounted to HK$94,783,000 (2012: Nil).

5. LOSS BEFORE TAX

	2013	2012
	HK$'000	*HK$'000*
The Group's loss before tax is arrived at after charging/(crediting):		
Cost of inventories sold	**784,760**	736,090
Depreciation	**89,009**	82,654
Amortisation of prepaid land lease payments*	**1,858**	1,830
Minimum lease payments under operating leases in respect of land and buildings	**1,927**	1,089
Auditor's remuneration	**1,259**	880
Rental income on investment property (net of direct operating expenses of Nil (2012: Nil)	**(2,306)**	(2,538)
Rental income from operating leases, other then those relating to investment properties	**(93)**	(1,771)
(Reversal of write-down)/write-down of inventories to net realisable value, net*	**(10,768)**	34,815
Reversal of impairment of trade receivables, net	**(7,521)**	(153)
Foreign exchange difference, net	**(3,669)**	888
Impairment of amount due from a jointly-controlled entity#	**331**	–
Impairment of other receivables#	**2,029**	7,637
Impairment of items of property, plant and equipment#	**–**	7,352
Loss on disposal of items of property, plant and equipment#	**–**	339
Loss on disposal of available-for-sale investment#	**1,295**	–
Employee benefits expense (excluding directors' and chief executive's remuneration):		
Pension scheme contributions	**(10,388)**	7,214
(Reversal of)/provision for long service payment, net	**(34)**	77
Equity-settled share option expense	**1,090**	1,090
Wages and salaries	**184,238**	207,164
	174,906	215,545

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

These items are included in "other operating expenses" in the consolidated income statement.

6. INCOME TAX EXPENSES

No provision for Hong Kong profits tax had been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2012: Nil). Subsidiaries established in the PRC are subject to the PRC enterprise income tax at the standard rate of 25% (2012: 25%).

	2013	2012
	HK$'000	*HK$'000*
Current tax – Mainland China	**5,702**	3,900
Deferred tax	**945**	1,683
	6,647	5,583

7. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period (2012: Nil).

8. LOSS PER SHARE

The calculation of basic loss per share amount is based on the loss for the year attributable to equity holders of the parent, and the weighted average number of ordinary shares in issue during the year.

The calculation of basic and diluted loss per share are based on:

	2013	2012
	HK$'000	*HK$'000*
Loss:		
Loss for the year attributable to equity holders of the parent	**213,325**	210,946
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**1,016,001**	1,016,001
Weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year	**4,281**	9,020
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,020,282**	1,025,021

9. TRADE RECEIVABLES

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 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.

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**226,296**	189,552
Impairment	**(20,818)**	(41,057)
	205,478	148,495

Ageing analysis

An aged 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:

	2013	2012
	HK$'000	*HK$'000*
Current to 3 months	**100,757**	111,375
4 to 6 months	**75,475**	35,895
7 to 12 months	**29,246**	1,225
	205,478	148,495

10. TRADE PAYABLES

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

	2013	2012
	HK$'000	*HK$'000*
Within 3 months	**71,656**	133,328
4 to 6 months	**34,910**	10,109
7 to 12 months	**7,683**	3,060
Over 1 year	**7,081**	5,318
	121,330	151,815

The trade payables are non-interest bearing and are normally settled on 90-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS AND OPERATION

Turnover of the Group for the year ended 30 September 2013 decreased slightly by HK$5,986,000 or 0.8% to HK$788,347,000, compared to HK$794,333,000, reported last year. The Group recorded gross loss of HK$75,838,000 for the year, compared to HK$60,370,000 last year. The gross loss was mainly attributable to depreciation for plant and machinery of HK$88,335,000 for the year. It was increased by HK$15,468,000 or 25.6%.

Net loss of the Group was also increased by HK$2,375,000 or 1.1% to HK$213,323,000 for the year ended 30 September 2013 compared to HK$210,948,000 last year.

Consumer electronic products

Consumer electronic products mainly include calculators, watches and clocks and other digital products which represented 73.1% of the Group's revenue. Revenue from sales of consumer electronic products decreased by HK$50,313,000 or 8.0% from HK$626,661,000 last year to HK$576,348,000 this year.

Turnover of electronic calculators was HK$361,339,000 representing a decrease of HK$29,640,000 or 7.6% compared to HK$390,979,000 last year. Sales of electronic calculators contributed 45.8% of the Group's turnover for the year. It remained the largest business segment of the Group.

Sales of electronic watches and clocks significantly decreased by HK$67,999,000, or 48.4% to HK$72,543,000 from HK$140,542,000 last year. It accounted for 9.2% of the Group's total turnover for the year.

Sales of digital products represented 16.3% of the Group's turnover for the year, generated revenue amounted to HK$128,742,000, which increased by HK$62,352,000 or 93.9% as compared to HK$66,390,000 last year. The significant increase in this segment was arising from the sales of tablets.

Electronic components and parts

Electronic components and parts mainly comprised of Liquid Crystal Displays ("LCD"), Chip On Glass ("COG") and Quartz and their respective revenue for the year were HK$88,698,000, HK$94,783,000 and HK$22,705,000. Aggregated revenue for the year increased by HK$45,781,000 or 27.5% from HK$166,218,000 last year to HK$211,999,000. This segment has accounted for 26.9% of the Group's revenue.

Revenue from other Asian countries, mainly attributable from Taiwan and Japan, was the largest geographical segment this year which contributed 28.7% of the Group's turnover.

Selling and distribution expenses mainly consisted of transportation expenses, and dropped by HK$970,000 or 7.1% from HK$13,719,000 last year to HK$12,749,000 this year.

Administrative expenses slightly dropped by HK$7,671,000 or 7.5% from HK$102,689,000 last year to HK$95,018,000 this year. These were mainly staff related expenses including salaries, pension scheme contributions and staff welfare expenses and represented 66% of the general and administrative expenses this year.

Finance costs were HK$40,372,000, compared to HK$29,844,000 last year. Increase of finance costs by HK$10,528,000 or 35.3% was due to bank borrowings obtained to finance the operations in the PRC during the year.

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 September 2013, the total shareholders' equity of the Group was approximately HK$456,473,000, representing a decrease of 24.4% over last year. As at 30 September 2013, the Group's cash and bank balances and time deposits stood at HK$148,055,000 whereas bank and other borrowings were HK$479,912,000. During the year, the Group did not use any financial instruments for any hedging purposes. The gearing ratio, which was computed by dividing the current liabilities and long term liabilities by shareholders' equity, was 1.67 times this year. The Group is dedicated to maintaining a sound financial position and improving the equity return to its shareholders.

SIGNIFICANT INVESTMENTS AND ACQUISITION

During the year, the Group incurred HK$14,981,000 on additions to construction in progress, plant and equipment to upgrade its manufacturing capabilities.

CAPITAL STRUCTURE

No repurchases of shares were made during the year. 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 of which 12,300,000 share options have been lapsed during the year. At 30 September 2013, the number of shares in respect of which options had been granted and exercisable was 61,840,000. No share options were exercised or cancelled during the year.

PLEDGE OF ASSETS

The Group's certain leasehold land and buildings of HK$110,563,000, prepaid lease payments of HK$14,217,000 and investment property of HK$21,510,000 are used to secure banking facilities for the Group.

APPLICATIONS OF PROCEEDS OF SHARE OFFER

The remaining balance of approximately HK$65,400,000 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 Limited. As progress of the projects as implemented by Taiwan Communication (Fujian) Company Limited 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

As at 30 September 2013, the Group has approximately 4,400 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"), United States Dollars ("USD") 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 USD and RMB, respectively. Considering that HKD is pegged against USD, the Group believes that the corresponding exposure to USD exchange rate fluctuation is nominal. However, 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. The Group has entered into foreign currency forward contracts to mitigate the risk.

COMMITMENT

As at 30 September 2013, the Group has contracted commitments of HK$1,897,000 (2012: HK$9,805,000).

CONTINGENT LIABILITIES

As at 30 September 2013, the Company had contingent liabilities in relation to corporate guarantees executed by the Company in favour of banks for general banking facilities granted to subsidiaries of the Company amounting to HK$28,000,000 and none of the facilities were utilized.

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 year.

PROSPECTS

Looking forward, the global economy continues to face uncertainties. The US economy will continue its slow recovery, while euro sovereign debt crisis remains the biggest risk to world economy. Given these economic factors, it will be difficult to remain optimistic in the export electronic business. Also, the PRC government announced various policies to stabilise growth and imply the PRC's economic growth will be slow-down. We expect the business volume will continue to wither in the future.

The unstable labour supply in the PRC and appreciation of RMB will continue to drive up the production costs. Raising production costs will remain the major challenges to our performance. We will continue to review the production costs and tightly monitored at each production process. Also, we will streamline operations and optimize efficiency by sub-contracting some of the manufacturing processes.

Our strategic aim remains to achieving a long-term sustainable growth by strengthening its existing business and seeking investment opportunities to expand in other business sectors.

On 3 October 2013, the Group as the purchaser entered into a sale and purchase agreement with Mr. Xiao Guang Kevin as the vendor and Mr. Wang Zhining as the guarantor of the Vendor, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the entire issued share capital of Joint Expert Global Limited and the shareholder's loan at a consideration of HK$550,000,000 (the "Proposed Acquisition"). The Target Company and its subsidiaries are building and construction materials manufacturers in the PRC specialized in production of high quality pre-stressed steel bars, pre-stressed high-strength concrete piles, ready-mixed concrete and various types of bricks, etc. As at the date hereof, certain conditions precedent to the completion of the Proposed Acquisition have yet to be fulfilled.

We have been studying the potential of shifting its resources to another profitable industry and are confident that the construction materials manufacturing business in the PRC, which is fueled by the growth of the property market in the PRC has a promising prospect. We hope the Proposed Acquisition, if completed, will provide an opportunity for the Group to turnaround its unfavorable financial performance and to generate diversified income and additional cash flow for its continuous development.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 25 February 2014 to 4 March 2014 both dates inclusive, during which period no transfer of shares will be registered.

In order to qualify for exercising the voting rights of shareholders at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Tricor Tengis Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 24 February 2014.

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 announcement comprised Ms. Fong Yin Cheung, Mr. Hung Yat Ming and Mr. So Day Wing the three Independent Non-executive Directors of the Company. The Group's financial statements for the year ended 30 September 2013 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 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 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 year ended 30 September 2013, 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 throughout the year.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

All information required by paragraph 45 inclusive of Appendix 16 of the Listing Rules will be submitted to the Stock Exchange for publication on its website in due course.

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

Hong Kong, 30 December 2013

As at the date of this announcement, the Board comprises three Executive Directors, namely Ms. Wong King Ching, Helen, Ms. Wong King Man and Mr. Leung Chi Fai and three Independent Non-executive Directors, namely Ms. Fong Yin Cheung, Mr. Hung Yat Ming and Mr. So Day Wing and two Non-executive Directors, namely Ms. Wong Chun Ying and Mr. Wong Kim Seong.