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 2012

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 2012 (the "period"), together with the comparative figures for the previous corresponding period as follows:

CONSOLIDATED INCOME STATEMENT

		(UNAUDITED) Six months ended 31 March	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
Revenue	2	**365,542**	483,057
Cost of sales		**(407,114)**	(470,969)
Gross (loss)/profit		**(41,572)**	12,088
Other income		**12,538**	10,362
Selling and distribution costs		**(5,772)**	(9,754)
Administrative expenses		**(45,493)**	(32,876)
Other operating expenses		**(123)**	(2,412)
Loss from operations		**(80,422)**	(22,592)
Finance costs		**(11,674)**	(3,812)
Share of loss of a jointly-controlled entity		**(659)**	(1,278)
Loss before taxation	3	**(92,755)**	(27,682)
Income tax	4	**(1,711)**	–
Loss for the period attributable to owners of the Company		**(94,466)**	(27,682)
Interim dividend	5	**Nil**	Nil
Loss per share attributable to owners of the Company	6		
– Basic and diluted		**(10 cents)**	(3 cents)

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(UNAUDITED) Six months ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Loss for the period attributable to owners of the Company	**(94,466)**	(27,682)
Other comprehensive income for the period (net of tax)		
Exchange differences on translation of financial statements of foreign operations	**7,429**	19,926
Gain arising on change in fair value of available-for-sale investments	**669**	180
Total comprehensive loss for the period attributable to owners of the Company	**(86,368)**	(7,576)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	(UNAUDITED) 31 March 2012 HK$'000	(AUDITED) 30 September 2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**435,529**	457,304
Investment property		**57,225**	56,712
Prepaid land lease payments		**68,284**	68,572
Interest in a jointly-controlled entity		**12,891**	13,428
Available-for-sale investments		**6,037**	5,368
Deposits paid for acquisition of property, plant and equipment		**119**	–
Total non-current assets		**580,085**	601,384
CURRENT ASSETS			
Inventories		**237,743**	270,255
Trade receivables	*8*	**116,009**	158,599
Prepayments, deposits and other receivables		**90,531**	50,942
Pledged time deposits		**45,981**	85,626
Tax recoverable		**80**	80
Cash and cash equivalents		**150,874**	223,607
Total current assets		**641,218**	789,109
CURRENT LIABILITIES			
Trade payables	*9*	**96,544**	115,091
Accrued liabilities and other payables		**18,615**	47,841
Derivative financial instruments		**1,313**	1,301
Due to a director		**1,334**	575
Due to a jointly-controlled entity		**234**	232
Interest-bearing bank borrowings		**336,821**	375,011
Tax payable		**29,020**	28,765
Total current liabilities		**483,881**	568,816
NET CURRENT ASSETS		**157,337**	220,293
TOTAL ASSETS LESS CURRENT LIABILITIES		**737,422**	821,677
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**36,253**	36,175
Provision for long service payment		**742**	626
Total non-current liabilities		**36,995**	36,801
Net assets		**700,427**	784,876
EQUITY			
Share capital		**101,600**	101,600
Reserves		**598,827**	683,276
Total equity		**700,427**	784,876

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of preparation

The condensed consolidated financial statements for the six months ended 31 March 2012 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in a jointly-controlled entity.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity.

These financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand except for per share data. Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries is HK$.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies described in the Annual Report 2011:

- investment property
- certain property, plant and equipment
- available-for-sale investments
- derivative financial instruments

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards ("HKFRSs") requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1. **BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES** *(continued)*

1.2 Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The Group has adopted the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") that are first effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKAS 27 and HKFRS 3
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Transfers of Financial Assets
HKAS 24 (as revised in 2009)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement

The application of these new and revised HKFRSs in the current period has had no material effect on the amounts reported in these financial statements and/or disclosures set out in these financial statements.

The Group has not early applied any of the following new and revised HKFRSs that have been issued but are not yet effective for annual periods beginning on 1 October 2011:

HKFRS 1 (Amendments)	Government Loans[3]
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[2]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[1]
HKAS 19 (as revised in 2011)	Employee Benefits[3]
HKAS 27 (as revised in 2011)	Separate Financial Statements[3]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[3]

1 Effective for annual periods beginning on or after 1 January 2012.
2 Effective for annual periods beginning on or after 1 July 2012.
3 Effective for annual periods beginning on or after 1 January 2013.
4 Effective for annual periods beginning on or after 1 January 2014.
5 Effective for annual periods beginning on or after 1 January 2015.

The Group is in the process of making an assessment on the impact of application of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

2. REVENUE AND SEGMENT INFORMATION

(a) Business segments

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 Six months ended 31 March		Consumer electronic products Six months ended 31 March		Other business Six months ended 31 March		Total Six months ended 31 March	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
Revenue from external customers	**86,919**	96,758	**278,623**	385,834	**–**	465	**365,542**	483,057
Reportable segment (loss)/profit from operations	**(27,231)**	(6,585)	**(63,646)**	(24,161)	**–**	23	**(90,877)**	(30,723)
Other income							**12,538**	10,362
Finance costs							**(11,674)**	(3,812)
Share of loss of a jointly-controlled entity							**(659)**	(1,278)
Unallocated head office and corporate expenses							**(2,083)**	(2,231)
Loss before taxation							**(92,755)**	(27,682)
Additions to property, plant and equipment	**4,703**	2,841	**10,922**	9,716	**–**	–	**15,625**	12,557
Amortisation of prepaid land lease payments	**273**	165	**635**	566	**–**	–	**908**	731
Depreciation	**12,362**	7,416	**28,706**	25,369	**343**	266	**41,411**	33,051
Written down of inventories	**11,008**	6,397	**25,562**	21,880	**–**	–	**36,570**	28,277

	Electronic components and parts		Consumer electronic products		Other business		Total	
	31 March 2012	30 September 2011	**31 March 2012**	30 September 2011	**31 March 2012**	30 September 2011	**31 March 2012**	30 September 2011
	HK$'000	HK$'000	***HK$'000***	HK$'000	***HK$'000***	HK$'000	***HK$'000***	HK$'000
Reportable segment assets	**270,951**	270,759	**592,526**	649,490	**–**	39	**863,477**	920,288
Reportable segment liabilities	**23,757**	20,899	**82,365**	105,588	**–**	7	**106,122**	126,494

2. **REVENUE AND SEGMENT INFORMATION** *(continued)*

(b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	Six months ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Revenue		
Consolidated turnover	**365,542**	483,057
Loss		
Total reportable segments' loss	**(90,877)**	(30,723)
Reportable segment loss derived from Group's external customers	**(90,877)**	(30,723)
Other income	**12,538**	10,362
Finance costs	**(11,674)**	(3,812)
Share of loss of a jointly-controlled entity	**(659)**	(1,278)
Unallocated head office and corporate expenses	**(2,083)**	(2,231)
Consolidated loss before taxation	**(95,925)**	(27,682)

	31 March 2012	30 September 2011
	HK$'000	*HK$'000*
Assets		
Total reportable segments' assets	**863,477**	920,288
	863,477	920,288
Available-for-sale investments	**6,037**	5,368
Cash and bank deposits	**196,855**	309,233
Interest in a jointly-controlled entity (accounted for by the equity method) *(Note 1)*	**12,891**	13,428
Unallocated head office and corporate assets	**142,043**	142,176
Consolidated total assets	**1,221,303**	1,390,493
Liabilities		
Total reportable segments' liabilities	**106,122**	126,494
	106,122	126,494
Bank loans	**336,821**	369,036
Deferred tax liabilities	**36,253**	36,175
Tax payable	**29,020**	28,765
Unallocated head office and corporate liabilities	**12,660**	45,147
Consolidated total liabilities	**520,876**	605,617

Note 1: Interest in a jointly-controlled entity is not included in the measure of segment assets but are regularly provided to the chief operating decision maker.

2. REVENUE AND SEGMENT INFORMATION *(continued)*

(c) Geographic information

The following is an analysis of geographical location of the Group's revenue from external customers and the Group's non-current assets. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The Group's non-current assets are based on the physical location of the assets, in case of property, plant and equipment, investment property and prepaid land lease payment.

	Hong Kong Six months ended 31 March		Mainland China Six months ended 31 March		Other Asian countries* Six months ended 31 March		American countries** Six months ended 31 March		European countries*** Six months ended 31 March		African countries**** Six months ended 31 March		Consolidated Six months ended 31 March	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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*
Turnover from external customers	**12,899**	9,893	**117,599**	110,875	**91,140**	95,399	**85,395**	209,885	**41,775**	37,954	**16,734**	19,051	**365,542**	483,057

	Hong Kong		Mainland China		Other Asian countries*		American countries**		European countries***		African countries****		Consolidated	
	31 March 2012	30 September 2011	**31 March 2012**	30 September 2011	**31 March 2012**	30 September 2011	**31 March 2012**	30 September 2011	**31 March 2012**	30 September 2011	**31 March 2012**	30 September 2011	**31 March 2012**	30 September 2011
	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*
Specified non-current assets *****	**16,275**	16,587	**544,882**	566,001	**-**	-	**-**	-	**-**	-	**-**	-	**561,157**	582,588

* *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.*

***** *Specified non-current assets excluded available-for-sale investments and interest in a jointly-controlled entity.*

(d) Information about major customers

Revenue from customers contributing 10% or more of the total turnover of the Group are as follows:

	Six months ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Consumer electronic products — Customer A	**N/A[1]**	121,590

[1] *The corresponding revenue does not contribute over 10% of the total turnover of the Group.*

3. LOSS BEFORE TAXATION

		Six months ended 31 March	
		2012	2011
		HK$'000	*HK$'000*
(a)	**Finance costs:**		
	Interest on bank loans wholly repayable within five years	**11,674**	3,812
	Total interest expense on financial liabilities not at fair value through profit or loss	**11,674**	3,812
(b)	**Employee benefits expense (including directors' emoluments):**		
	Pension scheme contributions (defined contribution schemes)	**2,870**	1,644
	Provision for/(Reversal of) long service payment	**116**	(34)
	Salaries, wages and allowances	**104,446**	97,933
	Share-based payments	**1,919**	2,026
		109,351	101,569
(c)	**Other items:**		
	Amortisation of prepaid land lease payments	**908**	731
	Cost of inventories sold	**407,114**	470,969
	Depreciation	**41,411**	33,051
	Written down of inventories	**36,570**	28,277

The cost of inventories sold includes write down of inventories of approximately HK$36,570,000 (2011: HK$28,277,000) and aggregate employee benefits expense, depreciation and amortisation of prepaid land lease payments of approximately HK$126,585,000 (2011: HK$118,874,000), which are also included in the respective total amounts disclosed above for each of these types of expenses.

* As at 31 March 2012, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2011: HK$Nil).

4. INCOME TAX

	Six months ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Current tax – PRC		
Charge for the period	**1,711**	–
	1,711	–

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 (2011: HK$Nil). Taxes on profits assessable in PRC have been calculated at the rates of tax prevailing in PRC, 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 2012 (30 September 2011: Nil).

5. INTERIM DIVIDEND

The Directors of the Company do not recommend payment of interim dividend for the six months ended 31 March 2012 (2011: Nil).

6. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 31 March 2012 is based on the loss for the period attributable to owners of the Company of approximately HK$94,466,000 (2011: HK$27,682,000) and the weighted average number of 1,016,001,301 (2011: 1,016,001,301) ordinary shares in issue during the period.

The Company had no dilutive potential ordinary shares in existence for the six months ended 31 March 2012 and 2011 since the Company's share options are anti-dilutive. Therefore, the diluted loss per share are the same as the basic loss per share.

7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$15,625,000 (2011: HK$12,557,000) on additions to construction in progress, plant and machinery to upgrade its manufacturing capabilities.

8. TRADE RECEIVABLES

	31 March 2012 *HK$'000*	30 September 2011 *HK$'000*
Trade receivables	**157,350**	199,581
Less: Allowance for doubtful debts	**(41,341)**	(40,982)
	116,009	158,599

(a) Ageing analysis

An ageing analysis of the trade receivables net of allowance for doubtful debts as at the end of the reporting period is presented based on the invoice date as follows:

	31 March 2012 *HK$'000*	30 September 2011 *HK$'000*
Current to 3 months	**87,613**	134,943
4 to 6 months	**26,113**	21,887
7 to 12 months	**2,283**	1,769
	116,009	158,599

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.

8. TRADE RECEIVABLES *(continued)*

(b) Impairment of trade receivables

Impairments losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

Movement in the allowance for doubtful debts for trade receivables is as follows:

	Six months ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Balance at beginning of the period	**40,982**	46,452
Exchange realignment	**359**	1,137
Balance at end of the period	**41,341**	47,589

At 31 March 2012, the management assessed the recoverability of the Group's trade receivables and believes that no further impairment allowance is necessary (2011: HK$Nil).

(c) Trade receivables that are not impaired

Included in the Group's trade receivables balance are debtors with a carrying amount of HK$83,389,000 (30 September 2011: HK$79,369,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss.

	31 March	30 September
	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**32,620**	79,230
Within 3 months past due	**54,993**	55,713
4 to 6 months past due	**26,113**	21,887
7 to 12 months past due	**2,283**	1,769
	116,009	158,599

Receivables that were neither past due nor impaired relate to 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, management believes that no impairment allowance 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. The Group does not hold any collateral over these balances.

9. TRADE PAYABLES

The following is an ageing analysis of trade payables presented based on invoice date as at the end of the reporting period:

	31 March 2012	30 September 2011
	HK$'000	*HK$'000*
Due less than 3 months or on demand	**77,510**	104,122
Due from 4 to 6 months	**9,380**	4,598
Due from 7 to 12 months	**3,468**	1,416
Due over 1 year	**6,186**	4,955
	96,544	115,091

The average credit period on purchases is 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

10. CONTINGENT LIABILITIES

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

	31 March 2012	30 September 2011
	HK$'000	*HK$'000*
Guarantees executed by the Company in favour of banks for general banking facilities granted to a subsidiary	**58,000**	58,000

The Company had given corporate guarantees to banks in connection with banking facilities granted by the banks to a subsidiary. At the end of the reporting period, such facilities was drawn down by the subsidiary to extent of HK$11,697,000 (30 September 2011: HK$17,672,000). The maximum liability of the Company under the guarantee issued represents the amount drawn down by the subsidiary of HK$11,697,000 (30 September 2011: HK$17,672,000). No recognition was made because the fair value of the guarantee was insignificant and that the Directors did not consider it is probable that a claim would be made against the Company under the guarantee.

The Group did not have any other significant contingent liabilities as at the end of the reporting period (30 September 2011: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS AND OPERATION

Turnover of the Group for the six months ended 31 March 2012 decreased by HK$117,515,000 or 24.3% to HK$365,542,000, compared to HK$483,057,000, reported last period. Sales orders from American customers dropped significantly given its unfavorable market conditions. The Group recorded gross loss of HK$41,572,000 for the period, compared to gross profit HK$12,088,000 last period. It was mainly attributable to decrease in sales, however, the overall manufacturing fixed costs remained fairly constant compare with last period. As a result, gross profit margin fell from 2.5% to -11.4%.

Net loss of the Group deteriorated to HK$94,466,000 for the period compared to HK$27,682,000 for the six months ended 31 March 2011 due to the significant decrease in turnover and increase in administrative expenses.

Consumer electronic products

Consumer electronic products mainly include calculators, watches and clocks and other digital products which represented 76.2% of the Group's revenue. Revenue from sales of consumer electronic products substantially decreased by HK$107,209,000 or 27.8% from HK$385,834,000 in the same period last year to HK$278,625,000 for the six months this period.

Turnover of electronic calculators was HK$193,664,000 representing a slight decrease of HK$3,749,000 or 1.9% compared to HK$197,413,000 last period. Sales of electronic calculators contributed 53.0% of the Group's turnover for the period. However, the growth stalled over the last two years.

Sales of electronic watches and clocks was slightly decreased by HK$2,916,000, or 4.5% to HK$62,654,000 from HK$65,570,000 last period. It accounted for 17.1% of the Group's total turnover for the period.

Sales of digital products represented 0.5% of the Group's turnover for the period, generated revenue amounted to HK$1,713,000, which decreased by HK$101,966,000 or 98.3% as compared to HK$103,679,000 last period. The significant drop in this segment was due to the once-off orders for e-books last period.

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 period were HK$43,498,000, HK$28,571,000 and HK$14,271,000. Aggregated revenue for the period decreased by HK$9,841,000 or 10.2% from HK$96,758,000 in the same period last year to HK$86,917,000 which was mainly contributed by drop of Quartz's sales. This segment has accounted for 23.8% of the Group's revenue.

As a result of the significant decrease in sales in American markets, the PRC became the largest market for the period which contributed 32.2% of the Group's turnover.

REVIEW OF RESULTS AND OPERATION (CONTINUED)

Selling and distribution expenses mainly consisted of transportation expenses and branch office expenses, which dropped in line with the decrease in revenue. It decreased by HK$3,982,000 or 40.8% from HK$9,754,000 last period to HK$5,772,000 this period.

General and administrative expenses rose by HK$12,617,000 or 38.4% from HK$32,876,000 last year to HK$45,493,000 this period. It was mainly contributed by continuously rising operating costs in the PRC.

Finance costs were HK$11,674,000, as compared to HK$3,812,000 last period. Increase of finance costs by HK$7,862,000 or 2.06 times was due to bank borrowings obtained to finance the operations in the PRC during the period.

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 31 March 2012, the total shareholders' equity of the Group was HK$700,427,000, a decrease of HK$84,449,000 or 10.8% over last year. The Group's cash and bank balances and time deposits stood at HK$196,855,000 whereas bank loans were HK$336,821,000. The gearing ratio, which was computed by dividing the current liabilities and long term liabilities by shareholders' equity, was 74.4% as at the end of the reporting period. The Group is dedicated to maintaining a sound financial position and improving the equity return to its shareholders.

SIGNIFICANT INVESTMENTS AND ACQUISITION

During the period, the Group incurred HK$15,625,000 on additions to construction in progress, plant and equipment to upgrade its manufacturing capabilities.

CAPITAL STRUCTURE

No repurchases of shares were made during the period. On 2 November 2009, the Company granted share 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 2,000,000 share options have been lapsed. At 31 March 2012, the number of shares in respect of which options had been granted and exercisable was 53,160,000. 1,500,000 share options were lapsed and no share options were exercised during the period.

PLEDGE OF ASSETS

The Group's certain leasehold land and buildings of HK$94,648,000, prepaid land lease payments of HK$11,161,000, investment property of HK$57,225,000 and time deposits of HK$45,981,000 are used to secure banking facilities for the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2012, the Group has approximately 6,300 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 not significant. However, the Group has a net exchange exposure to RMB against USD.

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.

CONTINGENT LIABILITIES

As at 31 March 2012, the Company had contingent liabilities in relation to corporate guarantees executed by the Company in favour of banks for general facilities granted to a subsidiary of the Company amounting to HK$58,000,000 and such facilities were utilised to the extent of HK$11,697,000..

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

It was a tough time over the period given the unsatisfactory results form the American markets. We believes our Group will remain full of challenges in the second half of the financial year given the complex global financial problems. It is expected these problems will continue to prevail and adversely affect the global economy and financial markets.

The Group will continue to enforce cost-saving measures, concentrate on manufacturing and selling products with high profit margin, explore potential customers and develop new products in order to improve the overall profitability. We will closely monitor our financial position and maintain a healthy cash position to provide the Group with optimum flexibility to respond to market uncertainties.

PROSPECT (CONTINUED)

In response to the successive loss in these few years, we are considering the proposal of the re-allocation of the existing resources of the Group, including but not limited to the disposal of the assets of the Group and the introduction of prospective business to the Group. We will also consider to close down the unprofitable factory to improve its financial performance.

However, as at the date hereof, the Company has no agreement, arrangement, understanding or negotiation regarding such proposal. The Company will from time to time comply with the Listing Rules if any proposal materializes.

We will continue to evaluate and restructure our investment portfolio, strategies, and business scopes and alert of the dynamic competitive market conditions to seek attractive investment opportunities in order to maximise shareholder values and returns.

We remain cautious of the outlook of the Group and will continue to use their best endeavor to strengthen and strive for improvements in all aspects and to enhance the long-term growth potential of the Group.

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 internal control and financial reporting matters related to the preparation of the unaudited interim results for the period ended 31 March 2012.

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 six months ended 31 March 2012, 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 announcement, 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 of
Sunway International Holdings Limited
Wong King Ching, Helen
Chairman

Hong Kong, 29 May 2012