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 2011

HIGHLIGHTS

- Consolidated revenue was HK$1,021,413,000, compared to HK$981,860,000 last year, representing an increase of 4.0%
- Loss attributable to owners of the Company was HK$88,245,000, compared to HK$36,724,000 last year, representing a increase of 140.3%
- Basic loss per share amounted to 9 Hong Kong cents, compared to 4 Hong Kong cents last year, representing a increase of 125.0%
- No final dividend was proposed for the year (2010: Nil)

* *For identification purposes only*

The Board of Directors (the "Board") of Sunway International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 September 2011, together with the comparative figures for 2010, as follows:

Consolidated Income Statement

		Year ended 30 September	
		2011	2010
	Note	***HK$'000***	*HK$'000*
REVENUE	*2*	**1,021,413**	981,860
Cost of sales		**(995,004)**	(911,520)
Gross profit		**26,409**	70,340
Other income		**7,029**	10,647
Other net gain		**13,929**	815
Selling and distribution costs		**(17,160)**	(17,914)
Administrative expenses		**(91,887)**	(73,778)
Other operating expenses		**(5,604)**	(15,645)
Finance costs	*3(a)*	**(13,393)**	(6,527)
Share of loss of a jointly-controlled entity		**(2,118)**	(375)
LOSS BEFORE TAXATION	*3*	**(82,795)**	(32,437)
Income tax	*4*	**(5,450)**	(4,287)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(88,245)**	(36,724)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*6*		
Basic		**(9 cents)**	(4 cents)
Diluted		**(9 cents)**	(4 cents)

Consolidated Statement of Comprehensive Income

	Year ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(88,245)**	(36,724)
Other comprehensive income for the year (net of tax)		
Exchange differences on translation of financial statements of foreign operations	**39,917**	13,108
Surplus on revaluation of property, plant and equipment	**22,593**	27,120
Loss arising on change in fair value of available-for-sale investments	**(1,657)**	(936)
Other comprehensive income for the year attributable to owners of the Company	**60,853**	39,292
Total comprehensive (loss)/income for the year attributable to owners of the Company	**(27,392)**	2,568

Consolidated Statement of Financial Position

	Note	At 30 September 2011 HK$'000	2010 HK$'000 (Restated)	At 1 October 2009 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**457,304**	447,484	422,640
Investment property		**56,712**	48,404	48,450
Prepaid land lease payments		**68,572**	66,961	67,265
Interest in a jointly-controlled entity		**13,428**	14,840	14,985
Available-for-sale investments		**5,368**	7,025	7,337
Deposits paid for acquisition of property, plant and equipment		**–**	651	4,349
Total non-current assets		**601,384**	585,365	565,026
CURRENT ASSETS				
Inventories		**270,255**	285,896	222,643
Trade receivables	*7*	**158,599**	196,409	171,640
Prepayments, deposits and other receivables		**50,942**	58,444	33,146
Derivative financial instruments		**–**	–	556
Pledged time deposits		**85,626**	27,058	11,190
Tax recoverable		**80**	80	80
Cash and cash equivalents		**223,607**	71,751	98,728
Total current assets		**789,109**	639,638	537,983
CURRENT LIABILITIES				
Trade payables	*8*	**115,091**	145,110	121,672
Accrued liabilities and other payables		**47,841**	39,081	29,825
Derivative financial instruments		**1,301**	–	–
Due to a director		**575**	293	2,020
Due to a jointly-controlled entity		**232**	22	194
Interest-bearing bank borrowings		**375,011**	172,573	93,672
Tax payable		**28,765**	30,028	32,177
Total current liabilities		**568,816**	387,107	279,560
NET CURRENT ASSETS		**220,293**	252,531	258,423
TOTAL ASSETS LESS CURRENT LIABILITIES		**821,677**	837,896	823,449
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings		**–**	–	3,459
Deferred tax liabilities		**36,175**	26,963	13,515
Provision for long service payment		**626**	690	818
Total non-current liabilities		**36,801**	27,653	17,792
NET ASSETS		**784,876**	810,243	805,657
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital		**101,600**	101,600	101,600
Reserves		**683,276**	708,643	704,057
TOTAL EQUITY		**784,876**	810,243	805,657

Notes:

1.1 Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 September 2011 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 set out below:

- 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.

1.2 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)	Amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 and HKFRS 8 as part of Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKAS 27 and HKFRS 3 as part of Improvements to HKFRSs Issued in 2010
HKAS 32 (Amendments)	Classification of Rights Issues
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendments)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of these new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

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

Amendments to HKAS 17 Leases, as part of Improvements to HKFRSs issued in 2009

HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid land lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 October 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid land lease payment to property, plant, and equipment retrospectively.

The effect of the adoption of the amendments to HKAS 17 is as follows:

	30 September		1 October
	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Increase in property, plant and equipment	**2,840**	2,919	2,998
Decrease in prepaid land lease payments	**2,761**	2,840	2,919
Decrease in prepayments, deposits and other receivables	**79**	79	79

The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

The Group has not early applied any of the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKAS 27 and HKFRS 3[1]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[2]
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[5]
HKFRS 11	Joint Arrangements[5]
HKFRS 12	Disclosure of Interests in Other Entities[5]
HKFRS 13	Fair Value Measurement[5]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
HKAS 19 (as revised in 2011)	Employee Benefits[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HKAS 27 (as revised in 2011)	Separate Financial Statements[5]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[5]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[5]

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

[1] Amendments that are effective for annual periods beginning on or after 1 January 2011.
[2] Effective for annual periods beginning on or after 1 July 2011.
[3] Effective for annual periods beginning on or after 1 January 2012.
[4] Effective for annual periods beginning on or after 1 July 2012.
[5] Effective for annual periods beginning on or after 1 January 2013.
[6] Effective for annual periods beginning on or after 1 January 2011.

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) 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	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
Revenue from external customers	**216,677**	188,224	**804,271**	792,896	**465**	740	**1,021,413**	981,860
Reportable segment (loss)/ profit from operations	**(18,994)**	(5,662)	**(58,837)**	(28,418)	**2**	2	**(77,829)**	(34,078)
Other income							**7,029**	10,647
Other net gain							**6,327**	815
Finance costs							**(13,393)**	(6,527)
Share of loss of a jointly-controlled entity							**(2,118)**	(375)
Unallocated head office and corporate expenses							**(2,811)**	(2,919)
							(82,795)	(32,437)
Other segment information								
Additions to property, plant and equipment	**8,882**	9,969	**26,059**	32,092	**–**	–	**34,941**	42,061
Depreciation	**(19,191)**	(15,096)	**(56,310)**	(48,598)	**(630)**	(695)	**(76,131)**	(64,389)
Amortisation of prepaid land lease payments	**(447)**	(320)	**(1,312)**	(1,029)	**–**	–	**(1,759)**	(1,349)
Reversal of write down of inventories	**1,001**	2,300	**2,939**	7,404	**–**	–	**3,940**	9,704
Reportable segment assets	**270,759**	271,356	**649,490**	702,250	**39**	87	**920,288**	973,693
Reportable segment liabilities	**20,899**	28,767	**105,588**	134,646	**7**	4	**126,494**	163,417

2. **Revenue and segment information** *(continued)*

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

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Consolidated turnover	**1,021,413**	981,860
Loss		
Total reportable segment loss	**(77,829)**	(34,078)
Reportable segment loss derived from Group's external customers	**(77,829)**	(34,078)
Share of loss of a jointly-controlled entity	**(2,118)**	(375)
Bank and other interest income	**1,440**	2,297
Finance costs	**(13,393)**	(6,527)
Other revenue and net gain	**11,916**	9,165
Unallocated head office and corporate expenses	**(2,811)**	(2,919)
Consolidated loss before taxation	**(82,795)**	(32,437)
Assets		
Total reportable segment assets	**920,288**	973,693
	920,288	973,693
Cash and bank deposits	**309,233**	98,809
Interest in a jointly-controlled entity (accounted for by the equity method) *(Note 1)*	**13,428**	14,840
Unallocated head office and corporate assets	**142,176**	130,636
Available-for-sale investments	**5,368**	7,025
Consolidated total assets	**1,390,493**	1,225,003
Liabilities		
Total reportable segment liabilities	**(126,494)**	(163,417)
	(126,494)	(163,417)
Unallocated head office and corporate liabilities	**(45,147)**	(26,504)
Bank loans	**(369,036)**	(167,848)
Tax payable	**(28,765)**	(30,028)
Deferred tax liabilities	**(36,175)**	(26,963)
Consolidated total liabilities	**(605,617)**	(414,760)

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 payments.

	Hong Kong		PRC		Other Asian countries*		American countries**		European countries***		African countries****		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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*
		(Restated)		(Restated)										(Restated)
Turnover from external customers	**30,763**	51,986	**230,287**	234,952	**222,357**	212,947	**406,133**	325,674	**92,661**	119,523	**39,212**	36,778	**1,021,413**	981,860
Specified non-current assets *****	**16,587**	14,983	**566,001**	548,517	**–**	–	**–**	–	**–**	–	**–**	–	**582,588**	563,500

* 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 revenue of the Group are as follows:

	2011	2010
	HK$'000	*HK$'000*
Consumer electronic products – customer A	**195,738**	158,297

3. Loss before taxation

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
(a) Finance costs:		
Interest on bank loans wholly repayable within five years	**13,393**	6,527
Total interest expense on financial liabilities not at fair value through profit or loss	**13,393**	6,527
(b) Employee benefits expense (excluding directors' emoluments):		
Pension scheme contributions (defined contribution schemes)*	**5,963**	5,849
Reversal of provision for long service payment	**(41)**	(83)
Equity-settled share-based payments expenses	**1,126**	1,128
Salaries, wages and allowances	**258,347**	204,650
	265,395	211,544
(c) Other items:		
Cost of inventories sold	**995,004**	911,520
Depreciation	**76,131**	64,389
Amortisation of prepaid land lease payments	**1,759**	1,349
Minimum lease payments under operating leases in respect of land and buildings	**1,334**	3,351
Auditor's remuneration	**1,087**	970
Rental income from investment property	**(2,140)**	(2,048)
Rental income from operating leases, other than those relating to investment property	**(1,487)**	(1,362)
Reversal of write down of inventories	**(3,940)**	(9,704)
(Reversal of)/allowance for doubtful debts	**(7,602)**	3,600
Foreign exchange difference, net	**4,214**	62
Gain on disposal of derivative financial instruments	**–**	(67)
Loss arising on change in fair value of derivative financial instruments	**1,301**	–
(Gain)/loss arising on change in fair value of investment property	**(5,707)**	797
Surplus on revaluation of property, plant and equipment	**–**	(1,545)
(Reversal of)/impairment losses recognised on other receivables	**(620)**	1,971

The cost of inventories sold includes reversal of write down of inventories of approximately HK$3,940,000 (2010: HK$9,704,000) and aggregate employee benefits expense, depreciation and amortisation of prepaid land lease payments of approximately HK$301,307,000 (2010: HK$247,631,000), which are also included in the respective total amounts disclosed above for each of these types of expenses.

* As at 30 September 2011, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2010: HK$Nil).

4. Income tax

	2011	2010
	HK$'000	*HK$'000*
Current tax – PRC		
Charge for the year	**4,023**	4,187
Over-provision in respect of previous years	**–**	(695)
Deferred tax	**1,427**	795
	5,450	4,287

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 year (2010: 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 5th Session of the 10th National People's Congress approved the Corporate Income Tax Law of the PRC (the "New Corporate Income Tax Law") on 16 March 2007 and the State Council has announced the Detailed Implementation Regulations on 7 December 2007, which has been effective from 1 January 2008. According to the New Corporate Income Tax Law, the income tax rates for both domestic and foreign investment enterprises have been unified at 25% effective from 1 January 2008. Foreign enterprises which are entitled to special incentives will be given concessions throughout a 5-year transition period and the applicable rate will increase progressively to 25%. The Group's subsidiaries located in PRC were subject to corporate income tax at a rate of 20% commencing on 1 January 2010 which will increase progressively to 25%.

A reconciliation of the tax expense applicable to loss before tax using the statutory rates for the region in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2011	2010
	HK$'000	*HK$'000*
Loss before taxation	**(82,795)**	(32,437)
Notional tax on loss before taxation, calculated at the applicable tax rates in the respective jurisdictions	**(17,121)**	(6,489)
Tax effect of share of loss of a jointly-controlled entity	**530**	94
Lower tax rate for specific province or local entity	**–**	387
Income not subject to tax	**(197)**	(2,247)
Expenses not deductible for tax	**19,482**	10,319
Over-provision in respect of previous years	**–**	(695)
Tax losses not recognised	**2,756**	2,314
Effect of change in tax rates	**–**	604
Tax charge for the year	**5,450**	4,287

The share of tax attributable to the jointly-controlled entity amounting to HK$Nil (2010: HK$137,000) is included in "Share of loss of a jointly-controlled entity" on the face of the consolidated income statement.

5. Dividends

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period (2010: HK$Nil).

6. Loss per share attributable to owners of the Company

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$88,245,000 (2010: HK$36,724,000) and 1,016,001,301 (2010: 1,016,001,301) ordinary shares in issue during the year.

The Company had no dilutive potential ordinary shares in existence for the years ended 30 September 2011 and 2010 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. Trade receivables

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**199,581**	242,861
Less: Allowance for doubtful debts	**(40,982)**	(46,452)
	158,599	196,409

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:

	2011	2010
	HK$'000	*HK$'000*
Current to 3 months	**134,943**	155,737
4 to 6 months	**21,887**	36,556
7 to 12 months	**1,769**	4,116
Over 1 year	**–**	–
	158,599	196,409

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.

7. **Trade receivables** *(continued)*

b) Impairment of trade receivables

Impairment 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:

	2011	2010
	HK$'000	*HK$'000*
Balance at beginning of the year	**46,452**	42,140
Impairment losses recognised on receivables	**2,900**	3,600
Impairment losses reversed	**(10,502)**	–
Exchange realignment	**2,132**	712
Balance at end of the year	**40,982**	46,452

At 30 September 2011, the Group's trade receivables of HK$2,900,000 (2010: HK$3,600,000) was individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and over due for more than one year and management assessed that the recoverability of these receivables is in doubt. The Group does not hold any collateral over these balances.

c) Trade receivables that are not impaired

Included in the Group's trade receivables balance are debtors with a carrying amount of HK$79,369,000 (2010: HK$66,066,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss.

	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	**79,230**	130,343
Within 3 months past due	**55,713**	25,394
4 to 6 months past due	**21,887**	36,556
7 to 12 months past due	**1,769**	4,116
Over 1 year past due	**–**	–
	158,599	196,409

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, 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.

8. Trade payables

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

	2011	2010
	HK$'000	*HK$'000*
Due less than 3 months or on demand	**104,122**	124,683
Due from 4 to 6 months	**4,598**	9,774
Due from 7 to 12 months	**1,416**	3,907
Due over 1 year	**4,955**	6,746
	115,091	145,110

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.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS AND OPERATION

Turnover of the Group for the year ended 30 September 2011 increased by HK$39,553,000 or 4.0% to HK$1,021,413,000, compared to HK$981,860,000, reported last year. Gross profit for the year was HK$26,409,000, compared to HK$70,340,000 last year. Given the recovering global economy and continuing growth in the PRC's economy, turnover of the Group was slightly improved. Simultaneously, the growth in the PRC led to increase the average national income and general price of commodities which burden the costs of production in the PRC. As a result, gross profit was dropped by HK$43,931,000 or 62.5%.

Net loss of the Group was also deteriorated by HK$51,521,000 or 140.3% to HK$88,245,000 for the year ended 30 September 2011 compared to HK$36,724,000 last year. Facing the pressure from inflation in the PRC, we had strictly imposed cost control policy to minimize our other operating costs.

Consumer electronic products
Turnover of electronic calculators was HK$453,069,000 representing a slight decrease of HK$1,901,000 or 0.4% compared to HK$454,970,000 last year. Sales of electronic calculators contributed 44.4% of the Group's turnover for the year. It remained the largest business segment of the Group and was fairly consistent with last year. The business of high-end calculators delivers a minimal growth whereas low-end calculators business is deteriorated, showing a shift in consumers' preference. Thus, we will continue to modify the existing products and launch new models of calculators to maintain our market shares.

Sales of digital products represented 17.0% of the Group's turnover for the year, generated revenue amounted to HK$173,534,000, which increased by HK$17,960,000 or 11.5% as compared to HK$155,574,000 last year. The success in launching the new product, e-books, contributed to the significant growth in sales of this segment.

REVIEW OF RESULTS AND OPERATION (CONTINUED)

Sales of electronic watches and clocks decreased by HK$14,483,000, or 9.6% to HK$136,730,000 from HK$151,213,000 last year. It accounted for 13.4% of the Group's total turnover for the year.

Telephone products represented 4.0% of the Group's turnover for the year which recorded a turnover of HK$40,938,000, representing an increment of HK$9,799,000 or 31.5% compared to HK$31,139,000 last year. Sales of telephone products were boosted by attractive new designs of household telephones.

Taking into account of the substantial operating loss of this business segment, we will closely monitor its operating results and adopt an appropriate strategy in a timely manner.

Electronic components and parts
Revenue from liquid crystal displays ("LCD") represented 15.8% of the Group's turnover for the year which was HK$160,951,000, representing a significant growth of HK$81,807,000 or 103.4% compared to HK$79,144,000 last year. Constant and continuously increasing orders from customer drove the growth in this segment.

American countries and PRC markets remain the Group's major markets which dominated 39.8% and 22.6% of the Group's turnover, respectively.

Selling and distribution expenses mainly consisted of transportation expenses, which dropped slightly by HK$754,000 or 4.2% from HK$17,914,000 last year to HK$17,160,000 this year.

Administrative expenses rose by HK$18,109,000 or 24.6% from HK$73,778,000 last year to HK$91,887,000 this year. It was mainly contributed by continuing increment in staff costs and its related expenses in the PRC.

Finance costs were HK$13,393,000, compared to HK$6,527,000 last year. Increase of finance costs by HK$6,866,000 or 105.2% 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 2011, the total shareholders' equity of the Group was approximately HK$784,876,000, representing a decrease of 3.1% over last year. The Group maintained a high level of cash and cash equivalents at the year-end which were sourced externally from banks. As at 30 September 2011, the Group's cash and bank balances and time deposits stood at HK$309,233,000 whereas bank loans were HK$369,036,000 and trust receipt loans were HK$5,975,000. The gearing ratio, which was computed by dividing the current liabilities and long term liabilities by shareholders' equity, was 77.2% 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$34,941,000 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 500,000 share options have been lapsed. At 30 September 2011, the number of shares in respect of which options had been granted and exercisable was 36,040,000. No share options were exercised or cancelled during the year.

PLEDGE OF ASSETS

The Group's certain leasehold land and buildings of HK$97,999,000, prepaid land lease payments of HK$11,260,000, investment property of HK$56,712,000 and time deposits of HK$85,626,000 are used to secure banking facilities for the Group.

APPLICATIONS OF PROCEEDS OF SHARE OFFER

The remaining balance of approximately 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

As at 30 September 2011, the Group has approximately 8,500 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 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 30 September 2011, the Company had contingent liabilities in relation to corporate guarantees executed by the Company in favour of banks for general banking facilities granted to a subsidiary of the Company amounting to HK$58,000,000. As at 30 September 2011, such facilities were utilised to the extent of approximately HK$17,672,000.

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 year.

PROSPECTS

Looking forward to the coming year, the management expects the overall business environment remain challenging given the uncertainties arising from the Europe's sovereign debt crisis. The Group will continue to be on the alert and modify our existing business strategies to cope with the changing business environment.

To ensure growth is sustained over the long term, the Group will continue to leverage its research and development expertise to develop products desired by consumers. The Group has been actively exploring new digital products, such as recording pen and portable game, this year and expecting these products will bring favourable results for the Group in the coming year. The Group continues to optimize its product mix and put more efforts to develop high value-added products to improve its sales.

In the long term, the management expects different investments in the PRC will provide strong growth opportunities for the Group. The Group is strengthening its expansion of business network in the PRC as part of the means to achieve long-term sustainable growth.

Appreciation of Renminbi and inflation in the PRC remain a challenge to the Group in the future, thus the management will remain its cost conscious and adopt timely control measures to minimise the costs and maintain the Group's competitiveness. The management will also closely monitor cash flow, ever mindful of maintaining a strong cash position, which is of utmost importance in these financially turbulent times.

The Group also adopted measures and exploring other means to meet these challenges and to turn them into opportunities. Group restructuring is planned in the coming year in order to have better resources allocation for the Group and maximise the shareholders' interests. The management will from time to time seek for investment opportunity in difference industry that could enhance corporate development and broaden the income base of the Group. Meanwhile, the management will continue to review the performance of existing businesses and seek for any investment opportunity in fast growing industry. Should any suitable business opportunity arise, the Group may change its existing business activities and redeploy any assets of the Group.

Through the Group restructing, the management remains cautiously optimistic about perpetuating the Group's steady growth over the long term.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 9 February 2012 to Thursday, 16 February 2012 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 Wednesday, 8 February 2012.

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. Kan Lai Kuen, Alice, Mr. So Day Wing and Mr. Wong Kun Kim, the three Independent Non-executive Directors of the Company. The Group's financial statements for the year ended 30 September 2011 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 2011, 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 2011

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. Kan Lai Kuen, Alice, Mr. So Day Wing and Mr. Wong Kun Kim and two Non-executive Directors, namely Ms. Wong Chun Ying and Mr. Wong Kim Seong.