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

(Incorporated in Bermuda with limited liability)

(Stock Code: 58)

SECOND INTERIM RESULTS ANNOUNCEMENT FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2014

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Sunway International Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the twelve months ended 30 September 2014 (the "period"), together with the comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Twelve months ended 30 September	
		2014	2013
		HK$'000	*HK$'000*
	Notes	***(Unaudited)***	*(Restated)*
Revenue	*3*	**896,955**	788,347
Cost of sales		**(962,453)**	(864,185)
Gross loss		**(65,498)**	(75,838)
Other income		**39,126**	13,742
Other gains and losses		**(27,838)**	11,699
Selling and distribution expenses		**(16,242)**	(12,749)
Administrative expenses		**(89,249)**	(89,253)
Other operating expenses		**(1,316)**	(579)
Finance costs		**(43,302)**	(40,372)
Share of loss of a joint venture		**(611)**	(7,561)
Loss before tax	*4*	**(204,930)**	(200,911)
Income tax expenses	*5*	**(8,518)**	(6,647)
Loss for the period/financial year		**(213,448)**	(207,558)

* *For identification purposes only*

CONDENSED CONSOLIDATED INCOME STATEMENT *(continued)*

		Twelve months ended 30 September	
		2014	2013
		HK$'000	*HK$'000*
	Notes	***(Unaudited)***	*(Restated)*
Loss for the period/financial year attributable to:			
Owners of the Company		**(217,139)**	(207,558)
Non-controlling interests		**3,691**	–
		(213,448)	(207,558)
Dividend	*6*	–	–
Loss per share attributable to owners of the Company	*7*		
Basic		**HK(20 cents)**	HK(20 cents)
Diluted		**HK(20 cents)**	HK(20 cents)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Twelve months ended 30 September 2014 HK$'000 (Unaudited)	2013 HK$'000 (Restated)
LOSS FOR THE PERIOD/FINANCIAL YEAR	**(213,448)**	(207,558)
OTHER COMPREHENSIVE INCOME		
Items may be reclassified to the consolidated income statement in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**(29)**	951
Reclassification adjustment for loss on disposal included in the consolidated income statement	**255**	1,295
	226	2,246
Exchange differences on translation of foreign operations	**995**	17,694
	1,221	19,940
Items may not to be reclassified to the consolidated income statement in subsequent periods:		
Revaluation of items of property, plant and equipment, net of tax	**7,466**	28,456
Surplus on revaluation of items of property, plant and equipment transferred to investment properties	**–**	15,784
	7,466	44,240
OTHER COMPREHENSIVE INCOME FOR THE PERIOD/FINANCIAL YEAR, NET OF TAX	**8,687**	64,180
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**(204,761)**	(143,378)
Total comprehensive income for the period/financial year attributable to:		
Owners of the Company	**(208,619)**	(143,378)
Non-controlling interests	**3,858**	–
	(204,761)	(143,378)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2014 HK$'000 (Unaudited)**	30 September 2013 HK$'000 (Restated)	1 October 2012 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**532,305**	430,152	459,176
Investment properties		**90,277**	91,432	63,770
Prepaid land lease payments		**104,608**	67,281	67,137
Goodwill		**163,873**	–	–
Interest in a joint venture		**1,461**	2,072	9,456
Available-for-sale investments		**28,856**	2,373	6,430
Deposit paid for acquisition of land use right		**10,657**	–	–
Deposits paid for acquisition of property, plant and equipment		**731**	731	711
Deferred tax assets		**3,792**	–	–
Total non-current assets		**936,560**	594,041	606,680
CURRENT ASSETS				
Inventories		**232,006**	251,140	293,595
Loan receivables		**–**	–	155,918
Trade receivables	8	**357,251**	205,478	148,495
Prepayments, deposits and other receivables		**214,167**	21,113	24,693
Due from a joint venture		**–**	–	326
Tax recoverable		**1,045**	–	80
Pledged bank deposits		**16,846**	–	16,354
Cash and cash equivalents		**141,980**	148,055	270,573
Total current assets		**963,295**	625,786	910,034
CURRENT LIABILITIES				
Trade and bill payables	9	**309,978**	121,330	151,815
Other payables and accruals		**273,795**	149,538	116,920
Due to a director		**70,998**	5,908	2,681
Interest-bearing bank borrowings		**563,110**	325,535	650,164
Tax payable		**34,303**	29,786	28,928
Total current liabilities		**1,252,184**	632,097	950,508
NET CURRENT LIABILITIES		**(288,889)**	(6,311)	(40,474)
TOTAL ASSETS LESS CURRENT LIABILITIES		**647,671**	587,730	566,206

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Notes	**30 September 2014** ***HK$'000*** ***(Unaudited)***	30 September 2013 *HK$'000* *(Restated)*	1 October 2012 *HK$'000* *(Restated)*
NON-CURRENT LIABILITIES				
Deferred tax liabilities		**63,735**	56,245	45,215
Provision for long service payment		**606**	689	742
Other borrowing		**–**	154,377	–
Interest-bearing bank borrowings		**29,634**	–	–
Cash consideration payable		**135,061**	–	–
Promissory notes		**80,241**	–	–
Total non-current liabilities		**309,277**	211,311	45,957
NET ASSETS		**338,394**	376,419	520,249
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Issued capital		**142,250**	101,600	101,600
Convertible notes		**75,595**	–	–
Reserves		**79,200**	274,819	418,649
Equity attributable to owners of the Company		**297,045**	376,419	520,249
Non-controlling interests		**41,349**	–	–
Total equity		**338,394**	376,419	520,249

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of preparation

The unaudited condensed consolidated financial statements for the twelve months ended 30 September 2014 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by The Hong Kong Institution of Certified Public Accountants ("HKICPA").

Pursuant to a resolution of the board of directors dated 28 July 2014, the financial year of the Company (together with its subsidiaries collectively referred to as the "Group") has been changed from 30 September to 31 December. Accordingly, these condensed consolidated financial statements now presented cover a period of twelve months from 1 October 2013 to 30 September 2014. The comparative figures presented for the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and related notes cover the financial year from 1 October 2012 to 30 September 2013. The change of the financial year end date of the Company is to align its financial year end date with all of its major operating subsidiaries.

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

The accounting policies used in preparation of these financial statements are consistent with those adopted in the Group's Annual Report for the year ended 30 September 2013, except for adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include HKASs and Interpretations) which are first effective for the current accounting period.

Notwithstanding that (i) the Group incurred a loss attributable to owners of the Company of approximately HK$217,139,000 for the period ended 30 September 2014; (ii) the Group has capital commitment of approximately HK$14,972,000; (iii) the Group has bank borrowings of approximately HK$563,110,000 due within one year as at 30 September 2014; and (iv) the Group's current liabilities exceeded its current assets by approximately HK$288,889,000, 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 condensed consolidated financial statements have been prepared on a going concern basis.

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

1.2 Application of new and revised HKFRSs

In current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA:

HKFRS 1 Amendment	Government Loans
HKFRS 7 Amendment	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 Amendment	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009–2011 Cycle

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

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

1.2 Application of new and revised HKFRSs *(continued)*

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 2013:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Investment Entities[1]
HKAS 32 Amendments	Offsetting Financial Assets and Financial Liabilties[1]
HKAS 36 Amendments	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 Amendments	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]
HKAS 19 (2011) Amendments	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HKAS 16 and HKAS 38 Amendments	Classification of Acceptable Methods of Depreciation and Amortisation[3]
HKAS 16 and HKAS 41 Amendments	Agriculture: Bearer Plants[3]
HKAS 27 (2011) Amendments	Equity Method in Separate Financial Statements[3]
HKFRS 10 and HKAS 28 (2011) Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 11 Amendments	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[3]
HKFRS 15	Revenue from Contracts with Customers[4]
HKFRS 9 (2014)	Financial Instruments[5]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Effective for annual periods beginning on or after 1 January 2016.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2018.

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. PRIOR YEAR ADJUSTMENTS

In preparing the unaudited condensed consolidated financial statements of the Group for the twelve months ended 30 September 2014, the Directors of the Company had revisited the facts and circumstances associated with provision for social security contribution and severance payments in the PRC and discovered the understatement of provision for social security contribution and severance payment in prior years. As a result of a detailed review, the total comprehensive income for the year ended 30 September 2013 has been understated by approximately HK$3,327,000 and the opening balance of equity as at 1 October 2012 have been overstated approximately by HK$83,381,000.

As a result of the above restatements, the opening statement of condensed consolidated financial position as at 1 October 2012 has also been presented in accordance with the requirement of the HKAS 1 (Revised). The effects of the prior period adjustments are summarised below:

Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the financial year ended 30 September 2013:

	HK$'000 *(Unaudited)*
Decrease in administrative expenses	(5,764)
Decrease in exchange reserve	2,437
Increase in total comprehensive income for the year	3,327

Condensed Consolidated Statement of Financial Position:

	30 September 2013 *HK$'000* *(Unaudited)*	**1 October 2012** *HK$'000* *(Unaudited)*
Equity attributable to the owners of the Company:		
Decrease in exchange reserve	2,437	–
Increase in accumulated losses	77,617	83,381
Decrease in total equity	80,054	83,381
Increase in accruals and other payables	80,054	83,381
Decrease in net assets	80,054	83,381

	Year ended 30 September 2013 *HK cents* *(Unaudited)*
Loss per share	
Basic and diluted loss per share, as previously reported	21
Adjustments	(1)
Basic and diluted loss per share, as restated	20

3. REVENUE AND SEGMENT INFORMATION

As a result of the acquisition as set in note 10, the Group has one addition reportable business segment – construction materials.

(a) Segment results, assets and liabilities

Twelve months ended 30 September 2014	**Electronic components and parts** *HK$'000* *(Unaudited)*	**Consumer electronic products** *HK$'000* *(Unaudited)*	**Construction materials business** *HK$'000* *(Unaudited)*	**Total** *HK$'000* *(Unaudited)*
Segment revenue				
Revenue from external customers	**325,451**	**395,027**	**176,477**	**896,955**
Reportable segment (loss)/profit from operations	**(98,388)**	**(112,557)**	**17,146**	**(193,799)**
Reconciliation:				
Other income				**39,126**
Other gains and losses				**(1,504)**
Finance costs				**(43,302)**
Share of loss of a joint venture				**(611)**
Unallocated head office and corporate expenses				**(4,840)**
Loss before tax				**(204,930)**
Other segment information:				
Capital expenditure#	**12,950**	**14,302**	**54**	**27,306**
Depreciation*	**(40,581)**	**(45,221)**	**(9,165)**	**(94,967)**
Amortisation of prepaid land lease payments*	**(936)**	**(1,032)**	**(334)**	**(2,302)**
Reversal of write down of inventories to net realisable value, net*	**2,701**	**2,980**	**–**	**5,681**
Provision of impairment of trade receivables, net*	**(10,985)**	**(12,122)**	**–**	**(23,107)**
At 30 September 2014				
Segment assets	**356,332**	**404,943**	**770,962**	**1,532,237**
Segment liabilities	**126,388**	**159,924**	**297,865**	**584,177**

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

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

Twelve months ended 30 September 2013	Electronic components and parts *HK$'000* *(Restated)*	Consumer electronic products *HK$'000* *(Restated)*	Construction materials business *HK$'000* *(Restated)*	Total *HK$'000* *(Restated)*
Segment revenue				
Revenue from external customers	211,999	576,348	–	788,347
Reportable segment loss from operations	(46,891)	(118,997)	–	(165,888)
Reconciliation:				
Other income				13,742
Other gains and losses				2,840
Finance costs				(40,372)
Share of loss of a joint venture				(7,561)
Unallocated head office and corporate expenses				(3,672)
Loss before tax				(200,911)
Other segment information:				
Capital expenditure#	4,229	10,752	–	14,981
Depreciation*	(25,329)	(63,680)	–	(89,009)
Amortisation of prepaid land lease payments*	(531)	(1,327)	–	(1,858)
Reversal of write down of inventories to net realisable value, net*	3,077	7,691	–	10,768
Reversal of impairment of trade receivables, net	1,982	5,539	–	7,521
At 30 September 2013				
Segment assets	255,793	642,418	–	898,211
Segment liabilities	71,859	199,351	–	271,210

* Included in the "Reportable Segment (loss)/profit from operations" disclosed above.

Capital expenditure consists of additions to property, plant and equipment.

3. REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Geographic information

The geographical location of revenue information is based on the location of customers at which the services were provided or the goods delivered. The Group's non-current assets are based on the locations of the assets and exclude goodwill, interest in a joint venture, available-for-sale investment, deferred tax assets and deposits paid for acquisition of land and property, plant and equipment.

	Hong Kong Twelve months ended 30 September		PRC Twelve months ended 30 September		Other Asian countries* Twelve months ended 30 September		American countries** Twelve months ended 30 September		European countries*** Twelve months ended 30 September		African countries**** Twelve months ended 30 September		Consolidated Twelve months ended 30 September	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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*
	(Unaudited)	*(Audited)*	***(Unaudited)***	*(Audited)*	***(Unaudited)***	*(Audited)*	***(Unaudited)***	*(Audited)*	***(Unaudited)***	*(Audited)*	***(Unaudited)***	*(Audited)*	***(Unaudited)***	*(Audited)*
Revenue from external customers	**24,755**	28,926	**328,760**	172,865	**119,500**	226,253	**382,103**	201,599	**27,388**	135,363	**14,449**	23,341	**896,955**	788,347
Non-current assets *****	**31,614**	31,720	**695,576**	557,145	**-**	-	**-**	-	**-**	-	**-**	-	**727,190**	588,865

* 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 goodwill, interest in a joint venture, available-for-sale investment, deferred tax assets and deposits paid for acquisition of land use right and property, plant and equipment.

(c) Information about major customers

There was no single customer individually contributed over 10% of the Group's total revenue during the period (year ended 30 September 2013: one) For the year ended 30 September 2013, the total revenue earned from this customer amounted to approximately HK$94,783,000.

4. LOSS BEFORE TAX

	Twelve months ended 30 September 2014 HK$'000 (Unaudited)	2013 HK$'000 (Restated)
The Group's loss before tax is arrived at after charging/(crediting):		
Cost of inventories sold*	**872,499**	784,760
Depreciation	**94,967**	89,009
Amortisation of prepaid land lease payments*	**2,302**	1,858
Reversal of provision for inventories*	**(5,681)**	(10,768)
Impairment/(Reversal of impairment) on trade receivables#	**23,107**	(7,521)
Impairment on other receivables, net#	**–**	2,029
Loss on disposal of available-for-sale investment#	**255**	1,295
Loss on disposal of property, plant and equipment#	**4,722**	–
Employee benefits expense (including directors' emoluments):		
Pension scheme contributions	**10,527**	10,433
Reversal of provision for long service payment, net	**(83)**	(53)
Equity-settled share-based payments expenses	**1,618**	1,986
Salaries, wages and allowances	**152,447**	190,917
	164,509	203,283

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

These items are included in "other gains and losses" in the condensed consolidated income statement.

5. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made during the period as the Group did not generate any assessable profits arising in Hong Kong (year ended 30 September 2013: Nil). Subsidiaries established in the PRC are subject to the PRC enterprise income tax at the standard rate of 25% (year ended 30 September 2013: 25%).

	Twelve months ended 30 September 2014 HK$'000 (Unaudited)	2013 HK$'000 (Audited)
Current tax – PRC	**8,651**	5,702
Deferred tax	**(133)**	945
	8,518	6,647

6. INTERIM DIVIDEND

No dividend has been paid or declared during the period, nor has any dividend been proposed since the end of the reporting period (year ended 30 September 2013: HK$Nil).

7. LOSS PER SHARE

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

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

Loss attributable to owners of the Company	**Twelve months ended 30 September**	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	*(Restated)*
Loss:		
Loss for the purpose of basic and diluted loss per share	**213,448**	207,558
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,056,285**	1,020,282

For the period ended 30 September 2014, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible notes and exercise of outstanding share options as they had an anti-dilutive effect on the loss per share calculation (year ended 30 September 2013: Nil).

8. TRADE RECEIVABLES

	30 September 2014	30 September 2013
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Trade receivables	**401,176**	226,296
Less: Provision for impairment	**(43,925)**	(20,818)
	357,251	205,478

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.

An aging 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:

	30 September 2014	30 September 2013
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Within 3 months	**224,189**	100,757
4 to 6 months	**61,882**	75,475
Over 7 months	**71,180**	29,246
	357,251	205,478

9. TRADE AND BILL PAYABLES

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

	30 September 2014	30 September 2013
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Within 3 months	**163,954**	71,656
4 to 6 months	**65,265**	34,910
7 to 12 months	**26,504**	7,683
Over 1 year	**54,255**	7,081
	309,978	121,330

The trade payables are non-interest bearing and 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. BUSINESS ACQUISITION DURING THE PERIOD

As set out in the announcement on 2 May 2014, the Group completed the acquisition of 100% equity interest in Joint Expert Global Limited and its subsidiaries including the following entities (collectively the "Target Group"):

	Percentage of ownership interest acquired by the Group
Royal Asia International Limited	100%
Zhuhai Hoston Special Materials Co., Ltd.	95%
Guangdong Hengjia Building Materials Co., Ltd.	66.5%

The principal activities of the Target Group are manufacturing and trading of pre-stressed steel bar, pre-stressed high strength concrete pile, ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-permeable concrete products. The acquisition was made with the aims to diversity the Group's business.

10. BUSINESS ACQUISITION DURING THE PERIOD *(continued)*

The provisional fair value of identifiable assets and liabilities of the Target Group at the date of acquisition were:

	Fair value recognised on acquisition *HK$'000* *(Unaudited)*
Property, plant and equipment	179,762
Land use rights	32,304
Intangible assets	111
Deferred tax assets	4,057
Deposit paid for acquisition of land use right	5,598
Inventories	37,568
Trade and bills receivables	148,587
Prepayment, deposit and other receivables	157,588
Tax recoverable	500
Pledged bank deposits	5,758
Cash and cash equivalents	5,087
Interest-bearing bank borrowings	(119,080)
Trade and bills payables	(148,574)
Other payables and accruals	(113,658)
Tax payables	(11,166)
Deferred tax liabilities	(5,541)
Non-controlling interest	(37,889)
	141,012
Goodwill arising on acquisition	163,873
	304,885
Satisfied by:	
Cash consideration	129,285
Promissory note	77,350
Convertible notes	125,992
Profit guarantee	(27,742)
	304,885

MANAGEMENT DISCUSSION AND ANALYSIS

On 2 May 2014, the Group completed an acquisition of 100% equity interest in Joint Expert Global Limited and its subsidiaries (collectively the "Target Group"). The Target Group is principally engaged in the production of building and construction materials in the PRC, in particular pre-stressed ("PC") steel bars, pre-stressed high-strength concrete ("PHC") piles, ready-mixed concrete and various types of bricks.

REVIEW OF RESULTS AND OPERATION

Revenue of the Group for the period ended 30 September 2014 increased by HK$108,608,000 or 13.8% to HK$896,955,000, compared to HK$788,347,000, reported last period. The increase in revenue was brought by the newly acquired construction materials business. The Group recorded gross loss of HK$65,498,000 for the period, compared to HK$75,838,000 last period. Gross loss margin improved from 9.6% to 7.3% this year. The improvement of gross loss was attributable by the construction materials business.

Electronics business

Consumer electronic products mainly consist of electronic calculators, watches and clocks and digital products and their respective revenues for the period were HK$242,773,000, HK$65,156,000 and HK$75,854,000. It remained the largest business segment of the Group during the period and represented 44.0% of the Group's turnover. Aggregated revenue for the period was HK$395,027,000 compared with HK$576,348,000 last period, represented a significant decrease of HK$181,321,000 or 31.5%. The decrease was mainly driven by the drop of revenue from electronic calculator. Shortage of labour in the PRC caused significant delay on the production lead time and thus, sales volume dropped.

Electronic components and parts mainly comprised of Chip On Glass ("COG"), Liquid Crystal Displays ("LCD") and Quartz and their respective revenue for the period were HK$230,509,000, HK$76,477,000 and HK$18,092,000. Aggregated revenue for the period increased significantly by HK$113,452,000 or 53.5% from HK$211,999,000 in the same period last year to HK$325,451,000. This segment has accounted for 36.3% of the Group's revenue. COG boosted up the revenue of this segment and was mainly due to the launchment of bigger size of the COG for tablet with higher selling price.

The electronics products were mainly sold in the PRC and the North/South America countries.

REVIEW OF RESULTS AND OPERATION *(continued)*

Construction materials business

From the date of acquisition to 30 September 2014, the construction materials business generated revenue of HK$176,477,000 which was mainly attributable by sales of PC steel bars and PHC piles. All products are sold in the PRC in this segment. Segment profit derived from the construction materials business was HK$17,146,000. The Board expects a stable stream of income from the construction materials business in the future.

All expenses were generally increased due to the acquisition of construction materials business. On the other hand, due to contraction of the electronics business, its expenses generally dropped. Selling and distribution expenses represented mainly carriage expenses. General and administrative expenses mainly consisted of administrative staff costs, directors' remuneration, legal and professional fees and various taxes paid to the PRC government. Finance costs were the bank loan interest and imputed interest expenses.

LIQUIDITY AND FINANCIAL RESOURCES

The Group usually 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 2014, the total equity of the Group was HK$338,393,000, a decrease of 10.1% over last period. The Group's cash and bank balances and pledged bank deposits stood at HK$158,826,000 whereas bank loans were HK$592,744,000. The gearing ratio, which was computed by dividing the current liabilities and long-term liabilities by total equity, was 4.6 times as at the end of the reporting period.

SIGNIFICANT INVESTMENTS AND ACQUISITION

On 2 May 2014, the Group completed the acquisition of 100% equity interest in Joint Expert Global Limited and its subsidiaries. The aggregate consideration payable by the Group to the Vendor was HK$550,000,000 and to be satisfied by cash of HK$150,000,000 payable on 1 November 2015, convertible notes in the aggregate principal amount of HK$300,000,000 which will be matured on 28 April 2017 and interest-free promissory note of HK$100,000,000 which will be matured on 2 May 2017. As at the date of completion, the fair value of the aggregate consideration payable was HK$304,885,000.

During the period, the Group incurred HK$28,307,000 on additions to construction in progress, plant and equipment to upgrade its manufacturing capacity.

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. At 30 September 2014, the number of shares in respect of which options had been granted and exercisable was 64,300,000. 5,500,000 share options were lapsed and 6,500,000 share options were exercised during the period.

CAPITAL STRUCTURE *(continued)*

On 2 May 2014, the Company issued convertible notes with an aggregate amount of HK$300,000,000 in connection with the acquisition of the Target Group. The convertible notes will be matured on 28 April 2017. During the period, the convertible notes with an aggregate carrying amount of HK$50,397,000 had been exercised. 399,999,998 ordinary shares of HK$0.1 per share each has been issued accordingly.

PLEDGE OF ASSETS

The Group's certain leasehold land and buildings of HK$156,532,000, certain prepaid land lease payments of HK$16,956,000, an investment property of HK$21,510,000, time deposits of HK$16,392,000, certain inventories of HK$15,279,000, and certain other receivable of HK$5,253,000 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 2014, the Group has approximately 3,700 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.

CONTINGENT LIABILITIES

As at 30 September 2014, 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$100,000,000 and such facilities were utilised to the extent of HK$32,264,000.

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

Profit arising from the construction materials business brings a positive signal to the Group. Looking forward, we will strengthen the knowledge in the construction materials business and aspire to expand in this area.

Aligning with the Group's strategy to diversify its business, the Acquisition has provided a good opportunity to tap into the PRC's construction materials market. The Board expects that the Target Group will become a driver to enhance growth and overall performance of the Group in the future.

Negative impacts on the electronics business remained in place in the second half of the period. We had been planning group restructuring to better allocate the Group's assets. We will consider to scale down certain loss-making electronics manufacturing business and dispose the existing assets. Preliminary discussions have been taken place but no terms and conditions have been agreed as at the date thereof.

AUDIT COMMITTEE

The Audit Committee, comprises the three Independent Non-executive Directors of the Company, has discussed with management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters related to the preparation of the unaudited interim results for the period ended 30 September 2014. The Group's unaudited second interim results for the twelve months ended 30 September 2014 have been reviewed by the Audit Committee.

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, Ms. Wong King Ching Helen, Ms. Wong King Man and Mr. Leung Chi Fai, 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 twelve months ended 30 September 2014, 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
Lin Yepan
Wang Tian

Independent Non-executive Directors:
Fong Yin Cheung
Hung Yat Ming
So Day Wing

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

Hong Kong, 14 November 2014