

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Directors") of Sunway International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 March 2001 (the "Period"), together with the comparative figures for the corresponding period in 2000, as follows:

Condensed Consolidated Profit and Loss Account

	<i>Notes</i>	Six months ended	
		2001	2000
		(UNAUDITED)	
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	<i>2</i>	427,053	579,209
Cost of sales		(348,583)	(430,806)
		<hr/>	<hr/>
Gross profit		78,470	148,403
Other revenue		1,781	894
Selling and distribution costs		(2,086)	(2,456)
Administrative expenses		(19,226)	(17,870)
Other operating expenses		(5,283)	(3,492)
		<hr/>	<hr/>
Profit from operating activities	<i>3</i>	53,656	125,479
Finance costs	<i>4</i>	(6,456)	(5,410)
Share of loss of an associate		(2,351)	-
		<hr/>	<hr/>
Profit before tax		44,849	120,069
Tax	<i>5</i>	(5,465)	(11,931)
		<hr/>	<hr/>
Net profit attributable to shareholders		39,384	108,138
		<hr/>	<hr/>
Interim dividend	<i>6</i>	Nil	Nil
		<hr/>	<hr/>
Earnings per share	<i>7</i>		
– Basic		3.92 cents	10.8 cents
		<hr/>	<hr/>
– Diluted		3.91 cents	10.7 cents
		<hr/>	<hr/>

Other than the net profit for the Period, the Group had no recognised gains or losses.

Condensed Consolidated Balance Sheet

		31 March 2001 (UNAUDITED) HK\$'000	30 September 2000 (AUDITED) HK\$'000
Non-current assets			
Fixed assets	8	373,429	379,229
Interest in an associate		13,080	9,605
Deposit for long term investment		2,325	2,325
		388,834	391,159
Current assets			
Inventories		270,005	268,163
Accounts receivable	9	243,630	239,356
Prepayments, deposits and other receivables		68,587	71,850
Due from related companies		1,577	2,551
Pledged deposits with banks		10,218	41,877
Cash and bank balances		122,479	103,009
		716,496	726,806
Current liabilities			
Accounts payable	10	41,773	51,419
Tax payable		3,520	8,932
Accrued liabilities and other payables		25,979	32,196
Short term bank loans, secured		105,409	142,773
Trust receipt loans, secured		24,307	16,160
Current portion of finance lease payable		118	80
		201,106	251,560
Net current assets		515,390	475,246
Total assets less current liabilities		904,224	866,405
Non-current liabilities			
Convertible bonds		70,525	75,175
Long term portion of finance lease payable		211	285
Deferred tax		340	281
		71,076	75,741
		833,148	790,664
Capital and reserves			
Share capital	11	100,866	100,220
Reserves	12	732,282	690,444
		833,148	790,664

Condensed Consolidated Cash Flow Statement

	Six months ended 31 March	
	2001	2000
	(UNAUDITED)	
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	46,354	84,614
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(5,389)	(3,141)
TAXES PAID	(6,661)	(78,320)
INVESTING ACTIVITIES	13,375	(35,582)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING ACTIVITIES	47,679	(32,429)
FINANCING ACTIVITIES	(39,055)	19,978
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,624	(12,451)
Cash and cash equivalents at beginning of the period	97,225	179,185
CASH AND CASH EQUIVALENTS AT END OF PERIOD	105,849	166,734
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	122,479	178,357
Bank overdrafts, secured	-	(106)
Trust receipt loans with maturity of less than three months, secured	(16,630)	(11,517)
	105,849	166,734

Notes:

1. Principal accounting policies

a. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group have been prepared in compliance with Hong Kong Statements of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting", and on a basis consistent with the accounting policies adopted in the Group's annual financial statements for the year ended 30 September 2000.

b. *Comparative figures*

Certain comparative figures have been reclassified to conform with the current Period's presentation as required under Hong Kong SSAP 1 (revised) "Presentation of Financial Statements".

2. **Segmental information**

An analysis of the Group's turnover and contribution to profit from operating activities by principal activity and geographical area for the period ended 31 March 2001 is as follows:

	Turnover		Contribution to profit from operating activities	
	Six months ended 31 March		Six months ended 31 March	
	2001	2000	2001	2000
	(UNAUDITED)		(UNAUDITED)	
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
By principal activity:				
Integrated circuits	31,741	48,504	2,499	915
Quartz crystals	109,919	102,463	16,801	24,647
Liquid crystal displays	52,781	65,753	9,864	18,182
Watch movements	35,338	72,853	2,673	17,815
Electronic calculators	179,455	266,195	18,858	58,557
Electronic watches and clocks	14,448	18,953	2,836	4,831
Others	3,371	4,488	125	532
	427,053	579,209	53,656	125,479
By geographical area:				
The People's Republic of China:				
Hong Kong	110,123	133,101	16,096	28,860
Elsewhere	305,933	432,115	35,950	94,109
Other countries	10,997	13,993	1,610	2,510
	427,053	579,209	53,656	125,479

3. Profit from operating activities

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

	Six months ended 31 March	
	2001	2000
	(UNAUDITED)	
	<i>HKS'000</i>	<i>HKS'000</i>
Cost of inventories sold	334,846	430,806
Depreciation:		
Owned fixed assets	14,148	11,813
Leased fixed assets	21	5
Staff costs (including directors' remuneration)	63,639	62,178
Operating lease rentals on land and buildings	371	320
Provision for doubtful debts	5,581	2,400
Provision for inventories	1,173	-
Research and development costs written off	891	1,382
Loss on redemption of convertible bonds	105	-
Exchange (gains)/losses, net	(84)	1,106
Gain on disposal of fixed assets	(69)	-
Interest income	(1,067)	(2,269)
Net rental income	-	(150)

4. Finance costs

	Six months ended 31 March	
	2001	2000
	(UNAUDITED)	
	<i>HKS'000</i>	<i>HKS'000</i>
Interest on bank facilities and on other loans wholly repayable within five years	5,362	5,404
Interest on convertible bonds	1,075	-
Interest on finance leases	19	6

5. Tax

Tax in the consolidated profit and loss account represents:

	Six months ended 31 March	
	2001	2000
	(UNAUDITED)	
	<i>HKS'000</i>	<i>HKS'000</i>
Provision for tax in respect of profit for the period:		
Hong Kong	3,843	3,269
Overseas	1,563	8,662
Deferred tax	59	-

Hong Kong profits tax has been provided at the rate of 16.0% (2000: 16.0%) on the estimated assessable profits arising in Hong Kong for the Period. Provisions for tax of profits assessable in The People's Republic of China (the "PRC") have been calculated at the rates of tax prevailing in the PRC, based on existing legislation, interpretations and practices in respect thereof.

No provision for tax has been made for the associate because it did not generate any assessable profits during the Period.

The provision for deferred taxation has been made in respect of accelerated capital allowances to the extent that a liability is expected to crystallise in the foreseeable future. There were no significant potential deferred tax liabilities for the Group and the Company for which provision has not been made as at 31 March 2001.

6. Interim dividend

The Directors of the Company do not declare any interim dividend for the six months ended 31 March 2001 (2000: Nil).

7. Earnings per share

The calculation of the basic earnings per share for the six months ended 31 March 2001 is based on the unaudited consolidated net profit attributable to shareholders of HK\$39,384,000 (2000: HK\$108,138,000) and the weighted average number of 1,004,418,573 shares (2000: 1,000,305,465 shares) in issue during the Period.

The calculation of the diluted earnings per share for the six months ended 31 March 2001 is based on the unaudited consolidated net profit attributable to shareholders plus interest expense on convertible bonds of HK\$40,459,000 and the weighted average of 1,033,568,637 shares in issue, which represents the weighted average of 1,004,418,573 shares in issue during the Period, plus the weighted average number of 29,150,064 shares assumed to have been issued at no consideration on the deemed conversion of all convertible bonds during the Period. The share options were anti-dilutive for the Period and hence, were not included in the calculation of the diluted earnings per share.

The calculation of the diluted earnings per share for the prior corresponding period is based on the unaudited consolidated net profit attributable to shareholders of HK\$108,138,000 and the weighted average of 1,013,878,454 shares in issue, which represents the weighted average of 1,000,305,465 shares in issue during the Period, plus the weighted average number of 13,572,989 shares assumed to be issued at no consideration on deemed exercise of all share options during the Period.

8. Additions to fixed assets

During the Period, the Group spent approximately HK\$11,376,000 (Six months ended 31 March 2000: HK\$30,582,000) on additions to fixed assets to upgrade its manufacturing capabilities.

9. Accounts receivable

The aged analysis of accounts receivable is as follows:

	31 March 2001 HK\$'000	30 September 2000 <i>HK\$'000</i>
Less than 3 months	131,399	174,015
4 – 6 months	90,909	69,863
6 – 12 months	37,681	7,713
Over 1 year	15,336	13,879
	<hr/>	<hr/>
	275,325	265,470
<i>Less: Provision for doubtful debts</i>	(31,695)	(26,114)
	<hr/>	<hr/>
	243,630	239,356
	<hr/>	<hr/>

Payment terms with customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 60 days of issuance, except for certain well-established customers, where the terms are extended to six months. Each customer has a maximum credit limit and credit evaluations of customers are performed periodically.

10. Accounts payable

The aged analysis of accounts payable is as follows:

	31 March 2001 HK\$'000	30 September 2000 <i>HK\$'000</i>
Less than 3 months	37,371	34,403
4 – 6 months	1,919	11,312
6 – 12 months	879	4,356
Over 1 year	1,604	1,348
	<hr/>	<hr/>
	41,773	51,419
	<hr/>	<hr/>

11. Share capital

Movements in the issued share capital of the Company is as follows:

	Number of shares issued '000	Par value HK\$'000
Balance as at 30 September 2000	1,002,199	100,220
Conversion of convertible bonds	6,462	646
	<hr/>	<hr/>
Balance as at 31 March 2001	1,008,661	100,866
	<hr/>	<hr/>

12. Reserves

	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at						
30 September 2000	172,267	56,471	27,612	(6,049)	440,143	690,444
Arising on conversion of convertible bonds	2,454	-	-	-	-	2,454
Net profit for the period	-	-	-	-	39,384	39,384
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at						
31 March 2001	174,721	56,471	27,612	(6,049)	479,527	732,282
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13. Commitments

	31 March 2001 HK\$'000	30 September 2000 <i>HK\$'000</i>
Capital commitments contracted for in respect of:		
Acquisition of fixed assets and construction works	10,358	29,470
Capital contribution to an associate established in the PRC	-	7,750
Capital contribution to a long term investment in a Russian company	9,300	9,300
	<u> </u>	<u> </u>
	19,658	46,520
	<u> </u>	<u> </u>

The capital contribution to an associate established in the PRC of HK\$7,750,000 as at 30 September 2000 was paid up during the Period in November 2000.

The capital contribution to a long term investment in a Russian company of HK\$9,300,000 as at 31 March 2001 was fully paid up subsequently in April 2001.

	31 March 2001 HK\$'000	30 September 2000 <i>HK\$'000</i>
Non-cancellable operating lease commitments for land and buildings during the following year for leases expiring:		
Within one year	22	64
In the second to fifth years, inclusive	617	433
	<u> </u>	<u> </u>
	639	497
	<u> </u>	<u> </u>

The Company did not have any other significant commitments as at 31 March 2001.

14. Related party transactions

During the Period, the Group had transactions with a company of which the spouse of Ms Wong Choi Kam (a director of the Company) was also a director and controlling shareholder as set out below. In the corresponding period in 2000, the amounts also included sales to another related company which was also controlled by the spouse of Ms Wong Choi Kam but resigned as a director of that company on 21 December 1999 and accordingly, he has no longer exercised any control on that company since that date.

	Six months ended 31 March	
	2001	2000
	HKS'000	<i>HKS'000</i>
Sales to related companies	3,218	11,436

The sales to related companies are made according to the published prices and conditions offered to the major customers of the Group.