

## 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 2002 (the "Period"), together with the comparative figures for the previous corresponding period are as follows:

### Condensed Consolidated Profit and Loss Account

	Notes	Six months ended 31 March	
		2002 HK\$'000	2001 HK\$'000
		<b>(UNAUDITED)</b>	
Turnover	2	<b>348,012</b>	427,053
Cost of sales		<b>(295,383)</b>	(348,583)
Gross profit		<b>52,629</b>	78,470
Other revenue		<b>1,866</b>	1,781
Selling and distribution costs		<b>(2,215)</b>	(2,086)
Administrative expenses		<b>(22,844)</b>	(19,226)
Other operating expenses		<b>(482)</b>	(5,283)
Profit from operating activities	3	<b>28,954</b>	53,656
Finance costs	4	<b>(10,059)</b>	(6,456)
Share of loss of an associate		<b>(558)</b>	(2,351)
Profit before tax		<b>18,337</b>	44,849
Tax	5	<b>(2,794)</b>	(5,465)
Net profit attributable to shareholders		<b>15,543</b>	39,384
Interim dividend	6	<b>Nil</b>	Nil
Earnings per share	7		
– Basic		<b>1.54 cents</b>	3.92 cents
– Diluted		<b>N/A</b>	3.91 cents

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

## Condensed Consolidated Balance Sheet

		<b>31 March 2002 (UNAUDITED) HK\$'000</b>	30 September 2001 (AUDITED) HK\$'000
	<i>Notes</i>		
Non-current assets			
Fixed assets	8	<b>361,763</b>	372,695
Interest in an associate		<b>14,256</b>	14,814
Long term investments		<b>11,625</b>	11,625
Deposit for acquisition of fixed assets		<b>80,582</b>	80,582
		<b>468,226</b>	479,716
Current assets			
Inventories		<b>259,043</b>	260,688
Accounts receivable	9	<b>205,968</b>	205,597
Prepayments, deposits and other receivables		<b>40,543</b>	67,271
Due from a related company		<b>1,671</b>	1,971
Pledged deposits with banks		<b>8,326</b>	11,270
Cash and bank balances		<b>89,817</b>	73,969
		<b>605,368</b>	620,766
Current liabilities			
Accounts payable	10	<b>56,646</b>	72,776
Accrued liabilities and other payables		<b>27,201</b>	31,492
Short term bank loans, secured		<b>124,364</b>	110,864
Convertible bonds		<b>23,250</b>	59,675
Trust receipt loans, secured		<b>10,214</b>	10,107
Bank overdrafts, secured		<b>2,145</b>	2,663
Current portion of finance lease payable	11	<b>103</b>	88
Tax payable		<b>6,772</b>	5,404
		<b>250,695</b>	293,069
Net current assets		<b>354,673</b>	327,697
Total assets less current liabilities		<b>822,899</b>	807,413
Non-current liabilities			
Non-current portion of finance lease payable	11	<b>140</b>	197
Deferred tax		<b>340</b>	340
		<b>480</b>	537
		<b>822,419</b>	806,876
Capital and reserves			
Share capital	12	<b>101,208</b>	101,208
Reserves	13	<b>721,211</b>	705,668
		<b>822,419</b>	806,876

**Condensed Consolidated Cash Flow Statement**

	<b>Six months ended 31 March</b>	
	<b>2002</b>	2001
	<b>(UNAUDITED)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<b>47,830</b>	46,354
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<b>(9,383)</b>	(5,389)
TAXES PAID	<b>(1,427)</b>	(6,661)
INVESTING ACTIVITIES	<b>(1,813)</b>	13,375
NET CASH INFLOW BEFORE FINANCING ACTIVITIES	<b>35,207</b>	47,679
FINANCING ACTIVITIES	<b>(22,967)</b>	(39,055)
INCREASE IN CASH AND CASH EQUIVALENTS	<b>12,240</b>	8,624
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>66,131</b>	97,225
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<b>78,371</b>	105,849
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>89,817</b>	122,479
Bank overdrafts, secured	<b>(2,145)</b>	-
Trust receipt loans with maturity of less than three months, secured	<b>(9,301)</b>	(16,630)
	<b>78,371</b>	105,849

Notes:

**1. Principal accounting policies and basis of preparation**

- (a) 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 2001, except that the Group has adopted the SSAP No. 26 "Segment Reporting" issued by the Hong Kong Society of Accountants which is effective for the accounting periods commencing on or after 1 January 2001. Having complied with SSAP, no Generally Accepted Accounting Principles adjustment or reconciliation between SSAP and International Accounting Standards is necessary for the financial statements concerned.
- (b) Certain comparative figures have been reclassified to conform with the current Period's presentation.

**2. Segmental information**

The Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

The Group is principally engaged in the manufacture and sale of (i) electronics and related components and parts and (ii) consumer electronic products and in the trading of electronics and related components and parts, particularly, Russian-made integrated circuits. These businesses are the basis on which the Group reports its primary segment information. Segment disclosures for the prior period have been amended so that they are presented on a consistent basis.

(a) *Business segments*

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments.

**Group (HK\$'000)**

	Electronic components and parts		Consumer electronic products		Integrated circuits		Eliminations		Consolidated	
	Six months ended 31 March		Six months ended 31 March		Six months ended 31 March		Six months ended 31 March		Six months ended 31 March	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Segment revenue:										
External sales	<b>82,448</b>	201,409	<b>233,797</b>	193,903	<b>31,767</b>	31,741	-	-	<b>348,012</b>	427,053
Inter-segment sales	<b>51,902</b>	60,670	<b>63,845</b>	75,458	<b>9,334</b>	35,632	<b>(125,081)</b>	(171,760)	-	-
Total	<b>134,350</b>	262,079	<b>297,642</b>	269,361	<b>41,101</b>	67,373	<b>(125,081)</b>	(171,760)	<b>348,012</b>	427,053
Segment results	<b>12,138</b>	37,550	<b>33,440</b>	29,480	<b>4,536</b>	3,773	-	-	<b>50,114</b>	70,803
Interest income from banks									<b>676</b>	1,067
Unallocated revenue									<b>1,190</b>	714
Unallocated expenses									<b>(23,026)</b>	(18,928)
Profit from operating activities									<b>28,954</b>	53,656
Finance costs									<b>(10,059)</b>	(6,456)
Share of loss of an associate									<b>(558)</b>	(2,351)
Profit before tax									<b>18,337</b>	44,849
Tax									<b>(2,794)</b>	(5,465)
Net profit attributable to shareholders									<b>15,543</b>	39,384

	Electronic components and parts		Consumer electronic products		Integrated circuits		Consolidated	
	31 March 2002	30 September 2001	31 March 2002	30 September 2001	31 March 2002	30 September 2001	31 March 2002	30 September 2001
	Segment assets	457,799	432,904	379,716	417,152	62,226	61,412	899,741
Interest in an associate							14,256	14,814
Unallocated assets							159,597	174,200
Total assets							<b>1,073,594</b>	<b>1,100,482</b>
Segment liabilities	25,283	37,791	24,190	29,191	17,479	15,174	66,952	82,156
Unallocated liabilities							184,223	211,450
Total liabilities							<b>251,175</b>	<b>293,606</b>

	Electronic components and parts		Consumer electronic products		Integrated circuits		Consolidated	
	Six months ended 31 March 2002	Six months ended 31 March 2001	Six months ended 31 March 2002	Six months ended 31 March 2001	Six months ended 31 March 2002	Six months ended 31 March 2001	Six months ended 31 March 2002	Six months ended 31 March 2001
	Other segment information:							
Depreciation								
– segment	5,395	4,308	9,794	9,429	–	–	15,189	13,737
– unallocated							500	432
							<b>15,689</b>	<b>14,169</b>
Capital expenditure								
– segment	–	4,162	3,429	7,214	–	–	3,429	11,376
– unallocated							127	–
							<b>3,556</b>	<b>11,376</b>

(b) *Geographical segments*

The following tables present revenue, results and certain asset and expenditure information for the Group's geographical segments.

**Group (HK\$'000)**

	Hong Kong		Mainland China		Others		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended	
	31 March		31 March		31 March		31 March	
	2002	2001	2002	2001	2002	2001	2002	2001
Segment revenue:								
External sales	<b>93,336</b>	110,123	<b>216,375</b>	305,933	<b>38,301</b>	10,997	<b>348,012</b>	427,053
Segment results	<b>13,440</b>	20,518	<b>31,158</b>	48,234	<b>5,516</b>	2,051	<b>50,114</b>	70,803
Other segment information:								
Segment assets	<b>101,655</b>	98,567	<b>946,752</b>	978,982	<b>25,187</b>	22,933	<b>1,073,594</b>	1,100,482
Capital expenditure	-	156	<b>3,556</b>	11,220	-	-	<b>3,556</b>	11,376

**3. Profit from operating activities**

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

	Six months ended 31 March	
	2002	2001
	(UNAUDITED)	
	HK\$'000	HK\$'000
Cost of inventories sold	<b>280,104</b>	334,846
Depreciation:		
Owned fixed assets	<b>15,668</b>	14,148
Leased fixed assets	<b>21</b>	21
Staff costs (including directors' remuneration)	<b>57,848</b>	63,639
Loss on redemption of convertible bonds	-	105
Gain on disposal of fixed assets	-	(69)
	<b>453,646</b>	527,704

#### 4. Finance costs

	<b>Six months ended</b>	
	<b>31 March</b>	
	<b>2002</b>	2001
	<b>(UNAUDITED)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on bank loans wholly repayable within five years	<b>4,509</b>	5,362
Interest on convertible bonds	<b>5,535</b>	1,075
Interest on finance leases	<b>15</b>	19
	<b>10,059</b>	6,456

#### 5. Tax

Tax in the consolidated profit and loss account represents:

	<b>Six months ended</b>	
	<b>31 March</b>	
	<b>2002</b>	2001
	<b>(UNAUDITED)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>
Provision for tax in respect of profit for the period:		
Hong Kong	<b>955</b>	3,843
Overseas	<b>1,780</b>	1,563
Deferred tax	<b>59</b>	59
	<b>2,794</b>	5,465

Hong Kong profits tax has been provided at the rate of 16.0% (2001: 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 tax 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 2002.

#### 6. Interim dividend

The Directors of the Company did not recommend the payment of interim dividend for the six months ended 31 March 2002 (2001: Nil).



## 7. Earnings per share

The calculation of the basic earnings per share for the six months ended 31 March 2002 is based on the unaudited consolidated net profit attributable to shareholders of HK\$15,543,000 (2001: HK\$39,384,000) and the weighted average number of 1,012,079,340 (2001: 1,004,418,573) ordinary shares in issue during the Period.

The calculation of diluted earnings per share for the current period has not been presented because any potential ordinary shares of the Group outstanding during the period in respect of the deemed exercise of all share options and the deemed conversion of all convertible bonds had anti-dilutive effects on the earnings per share for the current period. The calculation of the diluted earnings per share for the six months ended 31 March 2001 was 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 that 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 that period. The share options were anti-dilutive for the prior corresponding period and hence, were not included in the calculation of the diluted earnings per share.

## 8. Additions to fixed assets

During the Period, the Group spent approximately HK\$3,556,000 (2001: HK\$11,376,000) on additions to fixed assets to upgrade its manufacturing capabilities.

## 9. Accounts receivable

The aged analysis of accounts receivable is as follows:

	<b>31 March 2002 HK\$'000</b>	30 September 2001 HK\$'000
Current to 3 months	<b>147,916</b>	119,081
4 – 6 months	<b>32,294</b>	44,386
7 – 12 months	<b>38,940</b>	47,129
Over 1 year	<b>24,061</b>	31,944
	<b>243,211</b>	242,540
Less: Provision for doubtful debts	<b>(37,243)</b>	(36,943)
	<b>205,968</b>	205,597

Payment terms with customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 90 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:

	<b>31 March 2002 HK\$'000</b>	30 September 2001 HK\$'000
Current to 3 months	<b>46,435</b>	60,167
4 – 6 months	<b>6,522</b>	9,543
7 – 12 months	<b>1,584</b>	960
Over 1 year	<b>2,105</b>	2,106
	<b>56,646</b>	72,776

**11. Finance lease payable**

At 31 March 2002, future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
	<b>31 March 2002 HK\$'000</b>	30 September 2001 HK\$'000	<b>31 March 2002 HK\$'000</b>	30 September 2001 HK\$'000
Amounts payable:				
Within one year	<b>118</b>	118	<b>103</b>	88
In the second year	<b>118</b>	118	<b>108</b>	103
In the third to fifth years, inclusive	<b>39</b>	98	<b>32</b>	94
Total minimum finance lease payments	<b>275</b>	334	<b>243</b>	285
Less: Future finance charges	<b>32</b>	49		
Total net finance lease payable	<b>243</b>	285		
Less: Portion classified as current liability	<b>103</b>	88		
Non-current portion of finance lease payable	<b>140</b>	197		

**12. Share capital**

	<b>Number of shares issued</b>	<b>Par value HK\$'000</b>
At 30 September 2001	<u>1,012,079,340</u>	<u>101,208</u>
At 31 March 2002	<u>1,012,079,340</u>	<u>101,208</u>

**13. Reserves**

	<b>Share premium account HK\$'000</b>	<b>Contributed surplus HK\$'000</b>	<b>Capital redemption reserve HK\$'000</b>	<b>Revaluation reserve HK\$'000</b>	<b>Exchange fluctuation reserve HK\$'000</b>	<b>Retained profits HK\$'000</b>	<b>Total HK\$'000</b>
At 1 October 2000	172,267	56,471	-	27,612	(6,049)	440,143	690,444
Arising on conversion of convertible bonds	3,639	-	-	-	-	-	3,639
Arising on repurchase of shares	(45)	-	23	-	-	(23)	(45)
Revaluation of fixed assets	-	-	-	6,177	-	-	6,177
Net profit for the year	-	-	-	-	-	5,453	5,453
At 30 September 2001 and 1 October 2001	<u>175,861</u>	<u>56,471</u>	<u>23</u>	<u>33,789</u>	<u>(6,049)</u>	<u>445,573</u>	<u>705,668</u>
Net profit for the period	-	-	-	-	-	15,543	15,543
At 31 March 2002	<u>175,861</u>	<u>56,471</u>	<u>23</u>	<u>33,789</u>	<u>(6,049)</u>	<u>461,116</u>	<u>721,211</u>

**14. Commitments**

	<b>31 March 2002 HK\$'000</b>	<b>30 September 2001 HK\$'000</b>
(a) Capital commitments contracted for in respect of:		
Acquisition of fixed assets and construction works	<b>69,933</b>	71,813
Capital contribution to a wholly-owned subsidiary established in the PRC	<b>12,737</b>	12,737
	<b><u>82,670</u></b>	<u>84,550</u>

- (b) Aggregate commitments payable in the following years under non-cancellable operating leases in respect of the land and buildings:
- Within one year
- In the second to fifth years, inclusive

	<b>31 March 2002 HK\$'000</b>	30 September 2001 HK\$'000
	297	664
	—	44
	<b>297</b>	<b>708</b>

The Company did not have any other significant commitments at 31 March 2002.

### 15. 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.

	<b>Six months ended 31 March</b>	
	<b>2002 HK\$'000</b>	2001 HK\$'000
Sales to a related company	<b>3,384</b>	3,218

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of results and operation

The Group's business has continued to revive since the second half of the previous year. For the six months ended 31 March 2002, the Group recorded a consolidated turnover of HK\$348,012,000. Profits before tax for the Period and the corresponding previous period were HK\$18,337,000 and HK\$44,849,000, respectively, with gross profit ratios standing at approximately 15% and 18%, respectively. Basic earnings per share for the Period were 1.54 HK cents. Compared with a full-year net profit of HK\$5,453,000 and gross profit of 13% in the last financial year, the Group's interim net profit of HK\$15,543,000 and gross profit of 15% in the current period represent a significant turnaround.

Despite the price pressure across the electronics industry, the Group has tried to retain its market position and market share in electronic calculators and electronic watches and clocks, driving their sales to surge by 21% and 18%, respectively. The sales growth was particularly noticeable in electronic calculators following the successful introduction of the Euro-conversion calculators. Sales increases were also attributable to other new products such as scientific and double-line display calculators for secondary schools.

Sales of quartz crystals and liquid crystal displays ("LCD") accounted for 9% and 6% respectively of the Group's total turnover. Currently, the Group is one of the largest manufacturers of quartz crystals and LCD in China. Sales in this sector declined in

the Period, but management anticipates improvements in performance in the coming periods following the completion of factory plants and installation of production facilities, which will position the Group as the largest supplier of LCD products and quartz crystals in China.

The decline in profit before tax was due to the decrease in sales and the share of loss of an associated company for the Period. Finance costs rose by approximately 56% to HK\$10,059,000, mainly attributed to the interest paid for the convertible bonds redeemed during the period.

The Group's management team was also further strengthened with the joining of several professionals and experienced businessmen. The extensive experience and knowledge of the management team will be a main driver for the Group's business expansion and development.

### **Liquidity and financial resources**

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in both Hong Kong and the PRC. Such facilities were secured by fixed deposits amounted to approximately HK\$8,326,000, certain properties and plant and machinery held by the Group and the corporate guarantees of the Company. The Group maintains a strong financial position. At 31 March 2002, the total shareholders' equity of the Group was approximately HK\$822.4 million, an increase of 1.9% over that at 30 September 2001. The Group's cash and bank balances at 31 March 2002 stood at HK\$89.8 million. The bank borrowings and trust receipt loans of the Group amounted to HK\$136.7 million, an increment of 10.6% as compared to that at 30 September 2001. The increment was mainly due to the increase in secured short term bank loans of HK\$13.5 million. The bank loans were denominated in Renminbi and US dollars. The Group's gearing ratio, which was computed by dividing the current liabilities and long term debt by shareholders' equity, has lowered from 36.4% at 30 September 2001 to 30.5% at 31 March 2002. Borrowings are closely monitored by the Group to maintain gearing at a reasonable level.

Accounts receivable, in terms of debtors' turnover days, has been down to 108 days from 123 days since last financial year, due to the Group's efforts in monitoring and improving accounts receivable. In particular, the outstanding accounts receivable aged from seven to twelve months and due over one year has been lowered by 17% and 25% respectively over that of 30 September 2001. Although the normal terms of payment were within 90 days of issuance, certain well-established customers were granted a longer settlement period to six months. Having reviewed their repayment history, the Group was confident that the outstanding debts could be recovered since these customers have had longstanding business relationship with the Group. Based on a careful review of the debtors' repayment ability and subsequent settlement of 56% of the total outstanding accounts receivable, the accumulated provision for doubtful debts of HK\$37.2 million was considered adequate and not excessive.

### **Capital structure**

At 31 March 2002, the number of share options outstanding remained the same as that at 30 September 2001.

During the Period, the Company has redeemed a total of HK\$36,425,000 convertible bonds. Subsequent to the balance sheet date and up to the date of this report, a total sum of US\$0.4 million bonds was converted, which resulted in the balance of the convertible bonds reduced to US\$2.6 million at the date of this report.

### **Pledge of assets**

Certain leasehold land and buildings, plant and machinery and certain time deposits of the Group, together with the corporate guarantees of the Company, are used to secure banking facilities of the Group. At 31 March 2002, such facilities were utilised to the extent of approximately HK\$136.7 million.

### **Application of proceeds of share offer**

During the Period and up to the date of this report, the remaining balance of about HK\$137.3 million of the net proceeds raised from the share offer in September 1999, is allocated to be applied to the investment in the joint venture, Taiwan Communication (Fujian) Company Limited. The actual and intended applications of the net proceeds of the share offer were in line with the plans set out in the prospectus of the Company dated 25 August 1999.

As the progress of the projects implemented by Taiwan Communication (Fujian) Company Limited proceeded at a slower pace than planned, 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.

### **Prospects**

The management foresees continued improvements in performance in the second half of the year. The establishment of a representative office in Shenzhen in January 2002 would further strengthen the Group's sales and distribution network in China. New opportunities will arise with China's recent accession to the World Trade Organisation and improvements in living standards in western and northern China.

The Group will continue to pursue active developments in its core business lines, including the design, manufacture and sale of a wide range of electronic and related components and parts (comprising quartz crystals, LCDs, and watch movements) and consumer electronic products (comprising electronic calculators and electronic clocks and watches).

The Group also anticipates favourable market response to its line of high-frequency quartz crystals due to its wide application in different kinds of telecommunications devices. Taiwan is presently the major market for this type of product. The Group hopes to enhance profitability by maximising such production capacity in line with future market demand.

Continuous capital investment in the expansion of the LCD production line in the coming year will further enhance the Group's LCD production capacity and position the Group as one of the major LCD manufacturers in China.

In the second half of the current financial year, the Group will actively develop new markets and continue to strengthen the competitiveness of existing business operations. In addition, the Group will continue its efforts in the development of overseas markets in Japan, USA, South America and Europe. The Group will also strive to maintain a stable profit growth and to consider new synergistic business opportunities in order to maximise returns for our shareholders.

### **Employees and remuneration policies**

At 31 March 2002, the Group has approximately 14,800 full time management, administrative and production staff in the PRC and in Hong Kong. The Group has a

share option scheme and offers rent-free quarters to its employees in the PRC. The employees are remunerated based on their work performance, work and professional experiences and the prevailing industry practice. The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the Scheme.

## DIRECTORS' INTERESTS IN SECURITIES AND SHARE OPTIONS

At 31 March 2002, the interests of the directors in the share capital of the Company or its associated corporations as recorded in the register maintained pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of director	Number of ordinary shares held			Number of share options held (Note 4)
	Personal interests	Family interests	Corporate interests	
<i>Executive directors:</i>				
Ms Wong King Ching, Helen	200,000	–	400,000,000 (Note 1)	1,500,000
Ms Wong Choi Kam	500,000	–	100,000,000 (Note 2)	6,000,000
Ms Wong King Man	–	–	400,000,000 (Note 1)	–
Ms Lam Kam Chun	–	100,000,000 (Note 3)	–	6,000,000
Mr Leung Chi Fai	–	–	–	1,050,000
<i>Non-executive director:</i>				
Mr Wong Kim Seong	50,000,000	–	–	–

### Notes:

- As at the said date, these shares were beneficially owned by Farnell Profits Limited, the entire issued share capital of which was previously held by the late Mr Wong Choi Fung and currently forms part of the estate of the late Mr Wong. Ms Wong King Ching, Helen and Ms Wong King Man, directors of the Company, are beneficiaries of the said estate, whose interest in the shares of Farnell Profits Limited is not yet ascertained until completion of the administration of estate of the late Mr Wong.
- These shares were beneficially owned by Atworth Profits Limited, the entire issued share capital of which was held by Ms Wong Choi Kam.
- As at the said date, these shares were beneficially owned by Notchino Investment Inc., the entire issued share capital of which was held by Mr Wong Choi Ping, who is the spouse of Ms Lam Kam Chun.
- Pursuant to the share option scheme adopted on 6 August 1999, the board of directors may, on or before 5 August 2009, at its discretion invite any full-time employees, including directors, of the Company or any of its subsidiaries to take up options to subscribe for shares of the Company. The subscription price is the higher of 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the five trading days immediately preceding the date of the offer of the option and the nominal value of the shares. The maximum number of shares in



respect of which options may be granted under the share option scheme may not exceed in nominal amount 25% of the issued share capital of the Company which has been duly allotted and issued.

In October 1999, 40,000,000 share options were granted to certain directors and employees of the Group for subscription for the ordinary shares of the Company at HK\$1.20 per share exercisable up to 24 October 2009. At 31 March 2002, the number of shares being the subject of such options exercisable by such Directors and outstanding share options remained the same as that at 30 September 2001.

Other than disclosed above, at 31 March 2002, none of the directors of the Company had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Other than the share option scheme of the Company as disclosed in the immediately preceding section, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **SUBSTANTIAL SHAREHOLDERS**

Save as disclosed under the section headed "Directors' interests in securities and share options", no persons had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Period.

### **AUDIT COMMITTEE**

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited consolidated interim financial statements for the six months ended 31 March 2002 of the Company now reported on.

### **CODE OF BEST PRACTICE**

The Directors confirm that for the period ended 31 March 2002, the Company complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

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

Hong Kong  
25 June 2002