



Interim Report
2003/2004

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**SUNWAY INTERNATIONAL
HOLDINGS LIMITED**
(Incorporated in Bermuda with limited liability)

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Sunway International Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 March 2004 (the "Period"), together with the comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		(UNAUDITED)	
		Six months ended	
		31 March	
		2004	2003
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Turnover	2	361,210	306,045
Cost of sales		(318,944)	(265,826)
Gross profit		42,266	40,219
Other revenue and gains		2,378	6,508
Selling and distribution costs		(2,895)	(2,275)
Administrative expenses		(19,444)	(18,829)
Other operating expenses		(1,716)	(6,331)
Profit from operating activities	3	20,589	19,292
Finance costs	4	(1,800)	(3,896)
Share of loss of a jointly-controlled entity		(1)	(18)
Profit before tax		18,788	15,378
Tax	5	(2,858)	(1,648)
Net profit from ordinary activities attributable to shareholders		15,930	13,730
Interim dividend	6	Nil	Nil
Earnings per share	7		
– Basic		1.57 cents	1.35 cents
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

		(UNAUDITED) 31 March 2004 HK\$'000	(AUDITED) 30 September 2003 HK\$'000
NON-CURRENT ASSETS			
Fixed assets	8	417,835	437,568
Interest in a jointly-controlled entity		16,287	16,288
Long term investments		11,625	11,625
		<u>445,747</u>	<u>465,481</u>
CURRENT ASSETS			
Inventories		247,886	261,294
Accounts receivable	9	171,619	189,444
Prepayments, deposits and other receivables		36,130	23,312
Due from a related company		460	1,412
Short term investments		7,892	7,842
Pledged deposits with banks		3,087	3,087
Cash and cash equivalents		176,485	127,961
		<u>643,559</u>	<u>614,352</u>
CURRENT LIABILITIES			
Accounts payable	10	83,110	71,102
Accrued liabilities and other payables		31,341	31,316
Interest-bearing bank borrowings		78,949	99,025
Current portion of finance lease payable		38	94
Dividend payable		10,160	-
Tax payable		12,989	11,347
		<u>216,587</u>	<u>212,884</u>
NET CURRENT ASSETS		<u>426,972</u>	<u>401,468</u>
TOTAL ASSETS LESS TOTAL LIABILITIES		<u>872,719</u>	<u>866,949</u>
CAPITAL AND RESERVES			
Issued capital	11	101,600	101,600
Reserves		771,119	755,189
Proposed final dividend		-	10,160
		<u>872,719</u>	<u>866,949</u>

CONDENSED CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY-UNAUDITED

	Share capital	Share premium account	Contributed surplus	Capital redemption reserve	Revaluation reserve	Exchange fluctuation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2002	101,600	177,325	56,471	509	56,454	(6,651)	465,146	850,854
Exchange adjustment on translation of the financial statements of a foreign subsidiary	-	-	-	-	-	(686)	-	(686)
Net profit for the year	-	-	-	-	-	-	16,781	16,781
Proposed final 2003 dividend	-	-	-	-	-	-	(10,160)	(10,160)
	<u>101,600</u>	<u>177,325</u>	<u>56,471</u>	<u>509</u>	<u>56,454</u>	<u>(7,337)</u>	<u>471,767</u>	<u>856,789</u>
At 30 September 2003 and 1 October 2003	101,600	177,325	56,471	509	56,454	(7,337)	471,767	856,789
Net profit for the period	-	-	-	-	-	-	15,930	15,930
	<u>101,600</u>	<u>177,325</u>	<u>56,471</u>	<u>509</u>	<u>56,454</u>	<u>(7,337)</u>	<u>487,697</u>	<u>872,719</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(UNAUDITED)	
	Six months ended	
	31 March	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Net cash from operating activities	74,780	20,175
Net cash used in investing activities	(6,123)	(13,322)
Net cash used in financing activities	(20,133)	(15,266)
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(Decrease)/Increase in cash and cash equivalents	48,524	(8,413)
Cash and cash equivalents at beginning of period	131,048	135,057
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Cash and cash equivalents at end of period	179,572	126,644
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ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	176,485	88,593
Non-pledged time deposits with original maturity of less than three months when acquired	–	20,000
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	3,087	18,051
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	179,572	126,644
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Principal accounting policies and basis of preparation

- (a) The 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” issued by the Hong Kong Society of Accountants (“the HKSA”) and with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The accounting policies and basis of preparation are the same as those adopted in the Group’s annual financial statements for the year ended 30 September 2003, except for the adoption of SSAP 12 (Revised) “Income Taxes” issued by the HKSA which becomes effective in the current period.

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the revised accounting policy has been applied retrospectively. The adoption of SSAP 12 (Revised) has no material impact on the Group’s financial statements in current or prior accounting periods and comparative figures have not been restated.

- (b) Pursuant to Rule 220(2) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual, the financial statements of the Group, which have been prepared in accordance with SSAPs and accounting principles generally accepted in Hong Kong, need to be reconciled to the International Accounting Standards (“IAS”). The Company had applied to the SGX-ST for, and the SGX-ST has on 7 June 2004 granted, a waiver to the Company from complying with the requirements of Rule 220(2) of the SGX-ST Listing Manual in respect of the financial statements of the Group for the period ended 31 March 2004. A reconciliation statement has not been prepared as both the audit committee and the board of directors of the Company are of the view that the application of the IAS would not have a material effect on the measurement and determination of the amounts of the Group’s consolidated net assets at 31 March 2004 or its net profit from ordinary activities and cash flows for the period ended 31 March 2004.
- (c) Certain comparative figures have been reclassified to conform with the current period’s presentation.

2. Segment information

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group’s operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group’s business segments represents a strategic business unit that offers products which is subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the electronic components and parts segment consists of the manufacture and sale of electronic components and parts;

- (b) the consumer electronic products segment consists of the manufacture and sale of consumer electronic products; and
- (c) the integrated circuits segment consists of the trading of integrated circuits.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

(i) *Business segments*

The following tables present revenue, results 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		Consolidated	
	Six months ended 31 March		Six months ended 31 March		Six months ended 31 March		Six months ended 31 March	
	2004	2003	2004	2003	2004	2003	2004	2003
Segment revenue:								
Sales to external customers	113,248	69,262	236,245	212,903	11,717	23,880	361,210	306,045
Other revenue	166	938	186	5,003	6	105	358	6,046
Total	113,414	70,200	236,431	217,906	11,723	23,985	361,568	312,091
Segment results	3,902	10,149	14,717	9,320	130	(47)	18,749	19,422
Interest and unallocated other revenue and gains							2,020	462
Unallocated expenses							(180)	(592)
Profit from operating activities							20,589	19,292
Finance costs							(1,800)	(3,896)
Share of loss of a jointly-controlled entity							(1)	(18)
Profit before tax							18,788	15,378
Tax							(2,858)	(1,648)
Net profit from ordinary activities attributable to shareholders							15,930	13,730

Group (HK\$'000)

	Electronic components and parts		Consumer electronic products		Integrated circuits		Consolidated	
	31	30	31	30	31	30	31	30
	March	September	March	September	March	September	March	September
	2004	2003	2004	2003	2004	2003	2004	2003
Segment assets	388,147	380,459	387,982	433,620	20,494	41,333	796,623	855,412
Interest in a jointly-controlled entity							16,287	16,288
Unallocated assets							276,396	208,133
Total assets							1,089,306	1,079,833
Segment liabilities	35,807	34,229	61,753	47,414	14,173	12,188	111,733	93,831
Unallocated liabilities							104,854	119,053
Total liabilities							216,587	212,884

Other segment information:

	Electronic components and parts		Consumer electronic products		Integrated circuits		Consolidated	
	Six months ended 31 March		Six months ended 31 March		Six months ended 31 March		Six months ended 31 March	
	2004	2003	2004	2003	2004	2003	2004	2003
Depreciation	13,605	13,304	11,424	10,684	-	-	25,029	23,988
Unallocated amounts							711	715
							25,740	24,703
Capital expenditure	-	283	5,570	3,479	-	-	5,570	3,762
Unallocated amounts							593	9,985
							6,163	13,747

(ii) *Geographical segments*

The following table presents revenue and certain expenditure information for the Group's geographical segments.

Group (HK\$'000)

	Hong Kong		Mainland China		Other Asian countries		American countries		European countries		African countries		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	31 March		31 March		31 March		31 March		31 March		31 March		31 March	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Segment revenue:														
Sales to external customers	101,020	64,366	152,628	223,839	64,732	12,550	35,003	1,568	7,818	3,173	9	549	361,210	306,045
Other segment information:														
Capital expenditure	433	7	5,730	13,740	-	-	-	-	-	-	-	-	6,163	13,747

3. Profit from operating activities

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

	Six months ended 31 March	
	2004	2003
	HK\$'000	HK\$'000
Cost of inventories sold	318,944	260,826
Depreciation	25,740	24,703
Provision for inventories	-	5,000
Staff costs (including directors' remuneration)	67,612	58,799
Loss on disposal of fixed assets	117	21
Unrealised gain on revaluation of short term investments	(50)	(8)

4. Finance costs

	Six months ended 31 March	
	2004	2003
	HK\$'000	HK\$'000
Interest on bank loans wholly repayable within five years	1,797	3,887
Interest on a finance lease	3	9

5. Tax

	Six months ended 31 March	
	2004 HK\$'000	2003 HK\$'000
Provision for tax in respect of profit for the period:		
Hong Kong	835	487
Elsewhere	2,023	1,161
	<u>2,858</u>	<u>1,648</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16.0%) on the estimated assessable profits arising in Hong Kong for the Period. Provisions for tax on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the Mainland China, based on existing legislation, interpretations and practices in respect thereof.

No provision for tax has been made for the jointly-controlled entity because it did not generate any assessable profits during the Period.

The Group and the Company did not have any significant unprovided deferred tax liabilities as at 31 March 2004 (2003: Nil).

6. Interim dividend

The Board of the Company did not recommend any interim dividend for the six months ended 31 March 2004 (2003: Nil).

7. Earnings per share

The calculation of the basic earnings per share for the six months ended 31 March 2004 is based on the unaudited consolidated net profit from ordinary activities attributable to shareholders of HK\$15,930,000 (2003: HK\$13,730,000) and the weighted average number of 1,016,001,301 (2003: 1,016,001,301) ordinary shares in issue during the Period.

Diluted earnings per share for the current and last corresponding period have not been disclosed, as all potential ordinary shares of the Group outstanding during these periods in respect of the deemed exercise of all share options had anti-dilutive effects on the earnings per share for these periods.

8. Additions to fixed assets

During the Period, the Group spent approximately HK\$6,163,000 (2003: HK\$13,747,000) on additions to fixed assets to upgrade its manufacturing capabilities.

9. Accounts receivable

An aged analysis of the accounts receivable, based on invoice date, is as follows:

	31 March 2004 HK\$'000	30 September 2003 HK\$'000
Current to 3 months	139,000	159,251
4 – 6 months	23,283	22,280
7 – 12 months	7,049	5,076
Over 1 year	17,269	17,147
	186,601	203,754
Less: Provision for doubtful debts	(14,982)	(14,310)
	171,619	189,444

Payment terms with customers are mainly 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. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

An estimate for doubtful debts is made and deducted when collection of the full amount is no longer probable. Bad debts are written off as incurred.

10. Accounts payable

An aged analysis of the accounts payable, based on invoice date, is as follows:

	31 March 2004 HK\$'000	30 September 2003 HK\$'000
Current to 3 months	73,367	65,613
4 – 6 months	7,664	3,468
7 – 12 months	266	265
Over 1 year	1,813	1,756
	83,110	71,102

11. Issued share capital

	Number of shares issued	Par value HK\$'000
As at 30 September 2003 and 31 March 2004	1,016,001,301	101,600

12. Related party transactions

During the Period, the Group sold finished goods amounting to HK\$780,000 (2003: HK\$3,674,000) to a company in which the spouse of Ms Wong Choi Kam (a director of the Company), is a director and controlling shareholder.

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

13. Contingent liabilities

Contingent liabilities of the Company at the balance sheet date were as follows:

	31 March	30 September
	2004	2003
	HK\$'000	HK\$'000
Guarantees executed by the Company in favour of banks for general banking facilities granted to subsidiaries	71,000	71,000

MANAGEMENT DISCUSSION AND ANALYSIS

Review of results and operation

For the six months ended 31 March 2004, the Group recorded a consolidated turnover of HK\$361,210,000. Profits before tax for the Period and the corresponding previous period were HK\$18,788,000 and HK\$15,378,000, respectively, with gross profit ratios standing at approximately 11.7% and 13.1%, respectively. The drop in gross profit was mainly caused by increasing raw material costs affected by rising oil prices during the period. Basic earnings per share for the Period were 1.57 HK cents representing an increase of 16.3%.

With gradual economic recovery, turnover rose by 18.0%. The Group has retained its industry leadership in electronic calculators by launching newly developed products such as corded telephones and by assuring better quality.

The Group remains to be one of the largest manufacturers of electronic calculators and liquid crystal displays ("LCDs") in Mainland China. Sales of electronic calculators and LCDs together increased by 18.8%. This achievement is attributed to the Group's expansion of its LCD production capacity and demand for electronic calculators and LCDs, and also to the aggressive efforts by the marketing team. These two business categories contributed 57.9% and 12.9% respectively of the Group's turnover for the period.

During the period, a new subsidiary was set up that engages in the distribution of electronic components (especially computer parts and components) and provides total solution services. With strong logistic support, the business has enhanced the Group's sales and distribution network in Mainland China and added favourable profit to the Group.

Apart from the local and China markets, the Group has also placed more focus on overseas markets. The Group has striven to expand its business worldwide and has been rewarded with favourable results. In particular, sales to American and European countries have significantly surged from the previous period.

Finance costs went down significantly by approximately 53.8% to HK\$1,800,000 as the Group had fully redeemed its convertible bonds in 2002 with no further interest incurred thereon in the period under review.

Accounts receivable has improved since the last financial year, due to the Group's efforts in monitoring debt collection. Some long-outstanding debts have been recalled. Based on a careful review of the debtors' repayment ability and subsequent settlement of the total outstanding accounts receivable, the accumulated provision for doubtful debts of HK\$14,982,000 was considered adequate and not excessive.

Liquidity and financial resources

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in both Hong Kong and China. The Group maintains a strong financial position. As at 31 March 2004, the total shareholders' equity of the Group was approximately HK\$872,719,000, an increase of about 0.7% over that at 30 September 2003. The Group's cash and cash equivalents and bank deposits stood at HK\$179,572,000. The interest-bearing bank borrowings of the Group amounted to HK\$78,949,000, a reduction of 20.3% as compared to those as of 30 September 2003. This reduction was mainly due to the repayment of bank loans. During the period, the Group did not use any financial instruments for any hedging purposes. The Group's gearing ratio, which was computed by dividing the current liabilities and long term debt by shareholders' equity, was 24.8%.

Capital structure

No repurchases of shares were made and no share options were exercised, granted, cancelled or lapsed during the Period, except as disclosed under the section headed "Share option scheme".

Pledge of assets

The investment property, certain leasehold land and buildings held by the Group and time deposits of HK\$3,087,000 of the Group, together with the corporate guarantees of the Company, are used to secure the Group's banking facilities. At 31 March 2004, such facilities were utilised to the extent of approximately HK\$78,949,000.

APPLICATIONS OF PROCEEDS OF SHARE OFFER

The remaining balance of about HK\$137.3 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 Limited. As progress of the projects as implemented by Taiwan Communication (Fujian) Company Limited proceeded at a slower pace than anticipated, the Board is considering to allocate part of these proceeds to other investment opportunities. If any specific targets are identified, the Board will make announcement in accordance with the applicable rules.

EMPLOYEES AND REMUNERATION POLICIES

The Group employs approximately 17,000 full time management, administrative, technical and production staff in Mainland China and Hong Kong. The Group recognises the importance of its human resources. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and prevailing industry practices. The Group's directors and employees in Hong Kong have been enrolled in the Mandatory Provident Fund Scheme. Other staff benefit includes share options granted under the share option scheme of the Group.

PROSPECTS

Looking ahead, management foresees stable performance in the second half of the year. With its dominant position in Mainland China and gradual expansion into overseas markets, the Group is confident to further stabilise its business in Mainland China and to broaden its customer base through deepening its penetration of overseas markets.

The Group will continue to pursue active developments in its core business lines, including the design, manufacture and sale of an extensive range of electronic and related components and parts and consumer electronic products.

The Group is committed to leveraging its strengths to enhance corporate development and provide value added services to its customers. The Group will also strive to maintain stable profit growth, to restore its gross profit margins once oil prices revert to a normal level and to consider new synergistic business opportunities in order to maximise returns for its shareholders.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2004, the interests of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

	Number of ordinary shares held, capacity and nature of interest			Percentage of the company's issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Executive directors:				
Ms Wong King Ching, Helen and Ms Wong King Man	200,000	400,000,000 <i>(Note 1)</i>	400,200,000	39.4
Ms Wong Choi Kam	–	100,000,000 <i>(Note 2)</i>	100,000,000	9.8
Mr Wong Choi Ping	1,076,000	80,000,000 <i>(Note 3)</i>	81,076,000	8.0
Non-executive director:				
Mr Wong Kim Seong	50,000,000	–	50,000,000	4.9
	<u>51,276,000</u>	<u>580,000,000</u>	<u>631,276,000</u>	<u>62.1</u>

Notes:

- 400,000,000 shares are beneficially owned by Farnell Profits Limited, the entire issued share capital of which was previously held by the late Mr Wong Choi Fung ("Mr Wong") 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. 200,000 shares are held and owned by Ms Wong King Ching, Helen.
- These shares were held by Atworth Profits Limited, a company beneficially owned by Ms Wong Choi Kam.
- These shares were held by Notchino Investment Inc., a company beneficially owned by Mr Wong Choi Ping. 1,076,000 shares are held and owned by Mr Wong Choi Ping.

The interests of the directors in the share options of the Company are separately disclosed in the section "Share Option Scheme" below.

SHARE OPTION SCHEME

On 25 February 2003, the Company terminated its share option scheme adopted on 3 September 1999 (the "Old Option Scheme") and adopted a new share option scheme (the "New Option Scheme"). The options granted under the Old Option Scheme will remain in force and effect.

The purpose of the New Option Scheme is to provide incentives and rewards to the eligible participants who contribute to the growth and development of the Group. The New Option Scheme unless otherwise terminated or amended, will remain in force for a period of 10 years from 25 February 2003.

The following share options were outstanding under the share option schemes of the Company during the Period:

Name or category of participant	Number of share options at 1 October 2003	Number of share options lapsed during the period	Number of share options at 31 March 2004	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$	Price of Company's share at date of grant of options HK\$
Directors							
Ms Wong Choi Kam	6,000,000	–	6,000,000	25 October 1999	25 October 1999 to 24 October 2009	1.20	1.60
Ms Wong King Ching, Helen	1,500,000	–	1,500,000	25 October 1999	25 October 1999 to 24 October 2009	1.20	1.60
Mr Leung Chi Fai	1,050,000	–	1,050,000	25 October 1999	25 October 1999 to 24 October 2009	1.20	1.60
	<u>8,550,000</u>	<u>–</u>	<u>8,550,000</u>				
Other employees							
in aggregate	31,000,000	6,000,000	25,000,000	25 October 1999	25 October 1999 to 24 October 2009	1.20	1.60
	<u>39,550,000</u>	<u>6,000,000</u>	<u>33,550,000</u>				

During the Period, 6,000,000 share options lapsed automatically as the grantee of these share options has ceased to be an eligible employee in the Group. Except as just mentioned, no share options were granted, exercised, cancelled, or lapsed under the share option schemes of the Company during the Period.

Shareholders can refer to the 2003 annual report of the Company issued in January 2004 for further details of the share option scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed under the sections headed "Directors' interests and short positions in shares and underlying shares" and "Share option scheme" as disclosed in the immediately preceding section, at no time during the Period were rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Save as disclosed under the sections headed "Directors' interests and short positions in shares and underlying shares" and "Share option scheme", no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities 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. The Group's financial statements for the period ended 31 March 2004 have been reviewed by the audit committee, who are of the opinion that such statements comply with the applicable accounting standards, and the Listing Rules and legal requirements, and that adequate disclosures have been made.

CODE OF BEST PRACTICE

The Board confirms that for the period ended 31 March 2004, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules, except that the independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's bye-laws.

BOARD OF DIRECTORS

As at the date of this report, the Board of the Company comprises three executive directors, namely Ms Wong King Ching, Helen, Ms Wong King Man and Mr Leung Chi Fai and two independent non-executive directors, namely Mr So Day Wing and Mr Wong Kun Kim and two non-executive directors, namely Ms Wong Choi Kam and Mr Wong Kim Seong.

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

Hong Kong
24 June 2004