



CHAIRMAN'S STATEMENT

The year's positive results have demonstrated the value of our corporate strategies. Strong and extensive distribution network, product advancement, ongoing innovative designs, operations management, research and development efforts and maintenance of high staff morale are critical for our continuous growth.

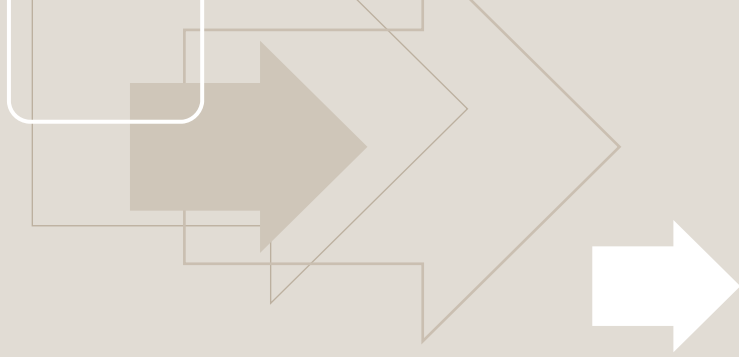
During the year, we have established several new sales and representative offices which we believe a greater reach to customers and an opportunity to market our products. Apart from the traditional electronic calculators, we have dedicated our efforts in launching "S.L.T." corded telephones and multifunctional products incorporating (i) radio and alarm functions, (ii) temperature measuring, (iii) calculator and (iv) multi-languages speakers, into the market. These new and diversified products gained unparalleled recognitions in both local and oversea markets like Dubai, USA, Japan and Chili etc.

Business extension towards the computer parts and components market by linking with integrated circuit ("IC") suppliers to build its total solutions was one of the Group's motives last year and has proved to be achievable. We have set up related branch offices in Hong Kong, Xiamen and Shenzhen of Mainland China and the business has been able to generate satisfactory revenue. It has succeeded in building our own portable Moving Picture Experts Group or MPEG 4 player solution and

design in several major customers by cooperating with some IC suppliers and design houses. Our look is optimistic and we will devote more emphasis and efforts to this business segment.

Our product development and diverse production technology are accredited with excellent awards from the relevant government authorities in Mainland China. To name a few, Sunway has been granted the "Key High-Tech Enterprise of China", "Enterprise Adhering to Contracts and Observing Credit", "全國百家企業科教興企示範企業", "Advanced Enterprise of Quality and Profit", "質量放心品牌企業", "AAA Grade Enterprise" and "Technology Development Centre". In addition, the Company's own-branded electronic products such as KENKO, GAVAO and SUNWAY have been awarded the "Fujian Famous Brand" in 2004.

Coming up on the agenda will be the launch of Radio Control Clocks ("RCC"), MP3 and Digital Enhanced Cordless Telecommunications ("Dect") phones. RCC are now particularly popular in USA, Germany and Japan and Sunway has utilised such outstanding time adjustment technology on its products, which are ready to introduce to the market in the not too distant future. The Dect phone series, stimulated by market demands in Asia, is undergoing final trials and is of anticipation to contribute as a main growth driver for the Group in the coming year.



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Possessing abundant and fundamental research and development resources, we are also capable of applying a higher production technology, "Chip On Glass" ("COG") onto our products. Followed by the sophisticated development of high-density liquid crystal display panels ("LCD"), Sunway has rapidly started to capture the utilisation of such COG technology in producing more advanced LCD modules. We have the strong belief that the application of these new production techniques will elicit refinement in our business.

In light of the on-going development of the electronic information industry and the ever-changing global electronic product market, the Group will strive to strengthen its existing core product base through continuous innovations and continue to seek for business opportunities, targeting international markets by leveraging on its own edges to welcome new challenges.

Finally, I would like to thank all employees for their continuing dedication and contribution towards our business success. Last but not least, I would also like to extend my appreciation to all our business partners and customers for their valuable support throughout the years.

Wong King Ching, Helen
Chairman

Hong Kong
24 January 2005