



**SUNWAY INTERNATIONAL
HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)



**Interim Report
2004/05**



**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 2005 (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	
		2005	2004
	<i>Notes</i>	HK\$'000	HK\$'000
Turnover	2	457,594	361,210
Cost of sales		(420,350)	(318,944)
Gross profit		37,244	42,266
Other revenue and gains		761	2,378
Selling and distribution costs		(4,289)	(2,895)
Administrative expenses		(20,414)	(19,444)
Other operating income/(expenses)		1,285	(1,716)
Profit from operating activities	3	14,587	20,589
Finance costs	4	(13)	(1,800)
Share of profit/(loss) of a jointly-controlled entity		2,093	(1)
Profit before tax		16,667	18,788
Tax	5	(2,784)	(2,858)
Net profit from ordinary activities attributable to shareholders		13,883	15,930
Interim dividend	6	Nil	Nil
Earnings per share	7		
– Basic		1.37 cents	1.57 cents
– Diluted		N/A	N/A



CONDENSED CONSOLIDATED BALANCE SHEET

		(UNAUDITED)	(AUDITED)
		31 March	30 September
		2005	2004
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Fixed assets		412,223	426,498
Interest in a jointly-controlled entity		17,649	16,081
Long term investments		4,980	4,980
Deferred tax assets		1,515	1,515
Deposits paid for acquisition of fixed assets		19,836	19,836
		456,203	468,910
CURRENT ASSETS			
Inventories		258,219	240,231
Accounts receivable	9	169,576	158,103
Prepayments, deposits and other receivables		19,378	14,611
Due from a related company		4,950	2,940
Tax recoverable		2,731	178
Pledged time deposits		3,087	3,087
Cash and cash equivalents		174,343	179,420
		632,284	598,570
CURRENT LIABILITIES			
Accounts payable	10	101,458	111,721
Accrued liabilities and other payables		38,761	32,563
Interest-bearing bank borrowings		20,171	11,610
Dividend payable		10,160	-
Tax payable		22,773	20,145
		193,323	176,039
NET CURRENT ASSETS		438,961	422,531
TOTAL ASSETS LESS CURRENT LIABILITIES		895,164	891,441
NON-CURRENT LIABILITIES			
Deferred tax liabilities		6,668	6,668
		888,496	884,773
CAPITAL AND RESERVES			
Issued capital	11	101,600	101,600
Reserves		786,896	773,013
Proposed final dividend		-	10,160
		888,496	884,773

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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 October 2003	101,600	177,325	56,471	509	56,454	(7,337)	471,767	856,789
Prior year adjustment:								
SSAP 12- restatement deferred tax	-	-	-	-	(8,172)	-	1,078	(7,094)
Exchange adjustment on translation of the financial statements of a foreign subsidiary	-	-	-	-	-	2	-	2
Net profit for the year	-	-	-	-	-	-	35,076	35,076
Proposed final 2004 dividend	-	-	-	-	-	-	(10,160)	(10,160)
	<u>101,600</u>	<u>177,325</u>	<u>56,471</u>	<u>509</u>	<u>48,282</u>	<u>(7,335)</u>	<u>497,761</u>	<u>874,613</u>
At 30 September 2004 and 1 October 2004	101,600	177,325	56,471	509	48,282	(7,335)	497,761	874,613
Net profit for the period	-	-	-	-	-	-	13,883	13,883
	<u>101,600</u>	<u>177,325</u>	<u>56,471</u>	<u>509</u>	<u>48,282</u>	<u>(7,335)</u>	<u>511,644</u>	<u>888,496</u>
At 31 March 2005	101,600	177,325	56,471	509	48,282	(7,335)	511,644	888,496



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(UNAUDITED)	
	Six months ended	
	31 March	
	2005	2004
	HK\$'000	HK\$'000
Net cash from/(used in) operating activities	(1,312)	74,780
Net cash used in investing activities	(12,326)	(6,123)
Net cash from/(used in) financing activities	8,561	(20,133)
	<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	(5,077)	48,524
Cash and cash equivalents at beginning of period	182,507	131,048
	<hr/>	<hr/>
Cash and cash equivalents at end of period	177,430	179,572
	<hr/>	<hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	174,343	176,485
Time deposits with original maturity of less than three months when acquired, pledged as security for trust receipt loans facilities	3,087	3,087
	<hr/>	<hr/>
	177,430	179,572
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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 Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA") 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"). These condensed consolidated financial statements are unaudited but have been reviewed by the Company's audit committee. 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 2004.
- (b) In 2004, the HKICPA issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the six months ended 31 March 2005.

The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are presented. These new HKFRSs may result in changes in the future as to how the results and financial position are presented.

- (c) 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 SSAP 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 17 June 2005 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 2005. 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 2005 or its net profit from ordinary activities and cash flows for the period ended 31 March 2005.
- (d) 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 trading segment consists of the trading of integrated circuits and computer components and accessories.

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

(a) *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		Trading of integrated circuits and computer components and accessories		Consolidated	
	Six months ended 31 March		Six months ended 31 March		Six months ended 31 March		Six months ended 31 March	
	2005	2004	2005	2004	2005	2004	2005	2004
Segment revenue:								
Sales to external customers	104,973	113,248	332,331	236,245	20,290	11,717	457,594	361,210
Other revenue	143	166	211	186	-	6	354	358
Total	105,116	113,414	332,542	236,431	20,290	11,723	457,948	361,568
Segment results	2,285	3,902	13,024	14,717	(830)	130	14,479	18,749
Interest and unallocated other revenue and gains							407	2,020
Unallocated expenses							(299)	(180)
Profit from operating activities							14,587	20,589
Finance costs							(13)	(1,800)
Share of profit/(loss) of a jointly-controlled entity							2,093	(1)
Profit before tax							16,667	18,788
Tax							(2,784)	(2,858)
Net profit from ordinary activities attributable to shareholders							13,883	15,930



Group (HK\$'000)

	Electronic components and parts		Consumer electronic products		Trading of integrated circuits and computer components and accessories		Consolidated	
	31	30	31	30	31	30	31	30
	March	September	March	September	March	September	March	September
	2005	2004	2005	2004	2005	2004	2005	2004
Segment assets	365,154	376,536	447,193	390,196	5,976	37,454	818,323	804,186
Interest in a jointly-controlled entity							17,649	16,081
Unallocated assets							252,515	247,213
Total assets							1,088,487	1,067,480
Segment liabilities	51,173	46,455	81,344	87,039	11,205	15,224	143,722	148,718
Unallocated liabilities							56,269	33,989
Total liabilities							199,991	182,707

Other segment information:

	Electronic components and parts		Consumer electronic products		Trading of integrated circuits and computer components and accessories		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	
	2005	2004	2005	2004	2005	2004	2005	2004
Depreciation	15,708	13,605	10,426	11,424	-	-	26,134	25,029
Unallocated amounts							697	711
							26,831	25,740
Capital expenditure	-	-	11,385	5,570	-	-	11,385	5,570
Unallocated amounts							1,167	593
							12,552	6,163

(b) *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 31 March		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		Six months ended 31 March	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Segment revenue:														
Sales to external customers	104,404	101,020	52,571	152,628	77,196	64,732	86,758	35,003	78,935	7,818	57,730	9	457,594	361,210
Other segment information:														
Capital expenditure	31	433	12,521	5,730	-	-	-	-	-	-	-	-	12,552	6,163

3. Profit from operating activities

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

	Six months ended 31 March	
	2005	2004
	HK\$'000	HK\$'000
Cost of inventories sold	417,623	318,944
Depreciation	26,831	25,740
Provision for inventories	2,727	-
Staff costs (including directors' remuneration)	86,733	67,612
Loss on disposal of fixed assets	-	117
Gain on revaluation of short term investments	-	(50)
	_____	_____

4. Finance costs

	Six months ended 31 March	
	2005	2004
	HK\$'000	HK\$'000
Interest on bank loans wholly repayable within five years	13	1,797
Interest on a finance lease	-	3
	_____	_____
	13	1,800

**5. Tax**

	Six months ended	
	31 March	
	2005	2004
	HK\$'000	HK\$'000
Provision for tax in respect of profit for the period:		
Hong Kong	–	835
Mainland China	2,485	2,023
	<hr/>	<hr/>
	2,485	2,858
Share of tax attributable to a jointly-controlled entity	299	–
	<hr/>	<hr/>
	2,784	2,858
	<hr/>	<hr/>

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the Period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof.

The Group and the Company did not have any significant unprovided deferred tax liabilities as at 31 March 2005 (2004: Nil).

6. Interim dividend

The Board of the Company did not recommend any interim dividend for the six months ended 31 March 2005 (2004: Nil).

7. Earnings per share

The calculation of the basic earnings per share for the six months ended 31 March 2005 is based on the unaudited consolidated net profit from ordinary activities attributable to shareholders of HK\$13,883,000 (2004: HK\$15,930,000) and the weighted average number of 1,016,001,301 (2004: 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 share options outstanding during these periods had an anti-dilutive effect on the basic earnings per share for these periods.

8. Additions to fixed assets

During the Period, the Group spent approximately HK\$12,552,000 (2004: HK\$6,163,000) 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 2005 HK\$'000	30 September 2004 HK\$'000
Current to 3 months	134,459	134,065
4 to 6 months	28,820	23,940
7 to 12 months	10,124	15,350
Over 1 year	30,401	20,559
	<hr/>	<hr/>
	203,804	193,914
Less: Provision for doubtful debts	(34,228)	(35,811)
	<hr/>	<hr/>
	169,576	158,103
	<hr/>	<hr/>

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 2005 HK\$'000	30 September 2004 HK\$'000
Current to 3 months	90,632	106,011
4 to 6 months	7,746	3,423
7 to 12 months	1,156	369
Over 1 year	1,924	1,918
	<hr/>	<hr/>
	101,458	111,721
	<hr/>	<hr/>

11. Issued share capital

	Number of shares issued	Par value HK\$'000
As at 30 September 2004 and 31 March 2005	1,016,001,301	101,600
	<hr/>	<hr/>



12. Related party transactions

During the Period, the Group sold finished goods amounting to HK\$5,632,000 (2004: HK\$780,000) 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
	2005	2004
	HK\$'000	HK\$'000
Guarantees executed by the Company in favour of banks for general banking facilities granted to subsidiaries	111,000	111,000

MANAGEMENT DISCUSSION AND ANALYSIS

Review of results and operation

For the six months ended 31 March 2005, the Group recorded an 26.7% increase in consolidated turnover to HK\$457,594,000. Profit before tax for the Period was HK\$16,667,000, with gross profit ratio standing at approximately 8.1%. The drop in gross profit was mainly caused by price cutting pressure in the electronics market during the period. Basic earnings per share for the Period were 1.37 cents.

Despite strong competition and price war, the Group still retained its industry leadership in consumer electronic products by launching newly developed products such as corded telephones, large-sized liquid crystal displays ("LCDs") clocks, and by assuring better quality. Coped with the production capacity of corded telephones, sales of these products generated positive results and demand, which contributed to about 4.4% of the total revenue.

The Group maintained its stable turnover from selling its core products, namely electronic calculators, electronic watches and clocks and LCDs. These three business categories contributed 56.6%, 11.7% and 10.4%, respectively of the Group's turnover for the period. Our continuous efforts in tapping into overseas markets were revealed in the period as well, with surged sales to American, European and African countries. Such major products were highly demanded and are seen to predominately capture these market segments in the future.

Reviewing the business of trading computer components and accessories, demand of memory products such as Moving Picture Experts Group or MPEG 4, USB Flash Disk and NAND Flash for MP3 increased a lot whereby turnover of these items experienced significant growth, representing 4% of the total turnover. Our designs have captured some key customers in Hong Kong and Mainland China using our Portable DVD and MPEG 4 solutions. The Group has started selling other products like TFT LCD, main decoder chipset and driving board in kit form as well. The sales and marketing team has been strengthened to handle the overseas LCD and LCD Module ("LCM") markets.

Finance costs went down by approximately 99.3% as the Group had repaid most bank loans from last year end, which has revealed the strong liquidity and financial position of the Group.

Every year, Sunway's production technology and product development have gained recognition from government authorities in Mainland China. The Period was not an exception. The Group is accredited as "福建省百家重點企業" by 福建省經濟貿易委員會 and obtained "兩個密集型企業認定證書" affirmed by 福建省科學技術廳.

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 2005, the total shareholders' equity of the Group was approximately HK\$888,496,000, an increase of about 0.4% over that at 30 September 2004. The Group's cash and cash equivalents and bank deposits stood at HK\$177,430,000. The interest-bearing bank borrowings of the Group amounted to HK\$20,171,000, an increase of 73.7% as compared to those as of 30 September 2004. 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 22.5%.

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 group's investment property, certain leasehold land and buildings of 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 banking facilities of the Group. At 31 March 2005, such facilities were utilised to the extent of approximately HK\$11,771,000.



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 20,000 full time management, administrative, technical and production staff in Mainland China and Hong Kong. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and prevailing industry practice. The Group's directors and employees in Hong Kong joined the Mandatory Provident Fund Scheme. Other staff benefit includes options granted or to be granted under the share option scheme.

PROSPECTS

Looking forward to the second half of the year, management foresees stable performance, although anticipation of price pressure would still exist. The Group is confident that with the coming up of capital investment in Chip on Glass (COG) technology in around July and continuous upgrade of STN-LCD production lines, its production scale would further be enlarged and enhanced. New developments on corded telephones, with current daily production capacity of 15,000 units and sales order books to October already, Radio Control Clocks and other digital products, for example, MP3 players, will start extensively once the installation of sophisticated equipments is ready. Possessed with a dominant position in major cities in Mainland China, the Group's endeavour to move inland will certainly enjoy the benefit of low cost and abundant labor force.

The Group will also enlarge the sales and engineering teams in Shenzhen to support the local Original Equipment Manufacturing (OEM) customers and further develop overseas LCD and LCM markets, especially in Japan, as backed up by our strong LCD production base. We also aim to commence the large sized TFT LCD business with some local customers in Mainland China for Personal Computer monitors and Industrial Control System.

In order to strengthen our business, the Group is committed to projects and investments that bring returns and value-added results. We will continue streamlining our existing operations and tightening cost control measures. We believe that our strategic pursuit, business experience and healthy financial position can sustain and enhance business growth.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2005, 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 ("Model Code"), were as follows:

	Number of 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 (Note 1)	400,200,000	39.4
Non-executive directors:				
Mr Wong Kim Seong	50,000,000	–	50,000,000	4.9
Ms Wong Choi Kam	–	100,000,000 (Note 2)	100,000,000	9.8
Mr Kuo Yen Ting	4,452,000	–	4,452,000	0.4
	<u>54,652,000</u>	<u>500,000,000</u>	<u>554,652,000</u>	<u>54.5</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.

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**

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to the eligible participants who contribute to the growth and development of the Group. The Scheme became effective on 25 February 2003 and 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 scheme of the Company during the Period:

Name or category of participant	Number of share options at		Date of grant of share options	Exercise period of share options	Exercise price of share options	Price of Company's share at date of grant of options
	1 October 2004	and 31 March 2005			HK\$	HK\$
Directors						
Ms Wong Choi Kam	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		25 October 1999	25 October 1999 to 24 October 2009	1.20	1.60
Mr Leung Chi Fai	1,050,000		25 October 1999	25 October 1999 to 24 October 2009	1.20	1.60
	<hr/>					
	8,550,000					
Other employees						
in aggregate	25,000,000		25 October 1999	25 October 1999 to 24 October 2009	1.20	1.60
	<hr/>					
	33,550,000					

No share options were granted, exercised, cancelled, or lapsed under the share option scheme of the Company during the Period.

Shareholders can refer to the 2004 annual report of the Company issued in January 2005 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, comprises the three independent non-executive directors of the Company, 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 2005 have been reviewed and approved 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.

REMUNERATION COMMITTEE

The Remuneration Committee, comprises the three independent non-executive directors of the Company, the Chairman of the Company and 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 of directors from time to time.



CORPORATE GOVERNANCE

The Board confirms that for the period ended 31 March 2005, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 to the Listing Rules in force prior to 1 January 2005, 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.

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.

BOARD OF DIRECTORS

As at the date of this report, the Board of the Company comprises:

Executive Directors:

Wong King Ching, Helen
Wong King Man
Leung Chi Fai

Independent non-executive Directors:

Kuo Yen Ting
So Day Wing
Wong Kun Kim

Non-executive Directors:

Wong Choi Kam
Wong Chun Ying
Wong Kim Seong

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

Hong Kong
24 June 2005