



SUNWAY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00058

Interim Report
2006/2007

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 2007 (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	
		2007	2006
	<i>Notes</i>	HK\$'000	HK\$'000
Turnover	2	513,476	453,277
Cost of sales		(483,922)	(427,717)
Gross profit		29,554	25,560
Other revenue and gains		6,214	2,366
Selling and distribution costs		(3,701)	(2,667)
Administrative expenses		(21,748)	(20,084)
Other operating income		299	1,159
Profit from operating activities	3	10,618	6,334
Finance costs	4	(873)	(305)
Share of profit of a jointly-controlled entity		1,093	185
Profit before tax		10,838	6,214
Tax	5	(1,438)	(906)
Profit for the period attributable to equity holders of the parent		9,400	5,308
Interim dividend	6	Nil	Nil
Earnings per share attributable to ordinary equity holders of the parent	7		
– Basic		0.93 cents	0.52 cents
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

		(UNAUDITED) 31 March 2007 HK\$'000	(AUDITED) 30 September 2006 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		391,517	372,959
Investment properties		32,882	30,841
Prepaid land lease payments		30,670	35,953
Interest in a jointly-controlled entity		21,570	16,720
Deferred tax assets		1,976	1,844
Deposits paid for acquisition of prepaid land lease payments and property, plant and equipment		11,996	13,496
		490,611	471,813
CURRENT ASSETS			
Inventories		295,866	266,961
Accounts receivable	9	168,215	193,597
Prepayments, deposits and other receivables		28,923	24,455
Equity investments at fair value through profit or loss		549	179
Derivative financial instruments		14,679	10,791
Due from a related company		8,095	7,713
Tax recoverable		542	539
Pledged time deposits		3,222	3,095
Cash and cash equivalents		199,676	183,571
		719,767	690,901
CURRENT LIABILITIES			
Accounts payable	10	95,576	114,105
Accrued liabilities and other payables		59,172	46,811
Interest-bearing bank borrowings		59,283	43,529
Dividend payable		10,160	–
Tax payable		28,449	27,979
		252,640	232,424
NET CURRENT ASSETS		467,127	458,477
TOTAL ASSETS LESS CURRENT LIABILITIES		957,738	930,290
NON-CURRENT LIABILITIES			
Deferred tax liabilities		6,253	5,843
		951,485	924,447
CAPITAL AND RESERVES			
Issued capital	11	101,600	101,600
Reserves		849,885	812,687
Proposed final dividend		–	10,160
		951,485	924,447

CONDENSED CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Share capital	Share premium account	Contributed surplus	Capital redemption reserve	Revaluation reserve	Exchange fluctuation reserve	Reserve fund	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2005	101,600	177,325	56,471	509	44,181	1,303	11,180	498,652	891,221
Exchange realignment on translation of the financial statements of foreign subsidiaries	-	-	-	-	-	18,749	-	-	18,749
Transfer from retained profits	-	-	-	-	-	-	996	(996)	-
Profit for the year	-	-	-	-	-	-	-	14,477	14,477
Proposed final 2006 dividend	-	-	-	-	-	-	-	(10,160)	(10,160)
At 30 September 2006 and 1 October 2006	101,600	177,325	56,471	509	44,181	20,052	12,176	501,973	914,287
Exchange realignment on translation of the financial statements of foreign subsidiaries	-	-	-	-	-	27,798	-	-	27,798
Net profit for the period	-	-	-	-	-	-	-	9,400	9,400
At 31 March 2007	101,600	177,325	56,471	509	44,181	47,850	12,176	511,373	951,485

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(UNAUDITED)

Six months ended 31 March

	2007	2006
	HK\$'000	HK\$'000
Net cash from/(used in) operating activities	14,023	(13,444)
Net cash used in investing activities	(13,545)	(40,768)
Net cash from financing activities	15,754	39,913
	<hr/>	<hr/>
Increase/(Decrease) in cash and cash equivalents	16,232	(14,299)
Cash and cash equivalents at beginning of period	186,666	170,994
	<hr/>	<hr/>
Cash and cash equivalents at end of period	202,898	156,695
	<hr/>	<hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	199,676	153,565
Time deposits with original maturity of less than three months when acquired, pledged as security for trust receipt loans facilities	3,222	3,130
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	202,898	156,695
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Principal accounting policies and basis of preparation

The condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “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 basis of preparation and accounting policies adopted in preparing these condensed financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 30 September 2006.

In the current period, the Group has applied, for the first time, a number of new HKAS, Hong Kong Financial Reporting Standards (“HKFRS”) and Interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group.

HKAS 1 Amendment	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment ²
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions ³

¹ Effective for annual periods beginning on or after 1st January 2007.

² Effective for annual periods beginning on or after 1st November 2006.

³ Effective for annual periods beginning on or after 1st March 2007.

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 15 June 2007 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 2007. 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 2007 or its net profit from ordinary activities and cash flows for the period ended 31 March 2007.

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	
	2007	2006	2007	2006	2007	2006	2007	2006
Segment revenue:								
Sales to external customers	169,053	121,911	343,720	311,767	703	19,599	513,476	453,277
Other revenue	765	163	3,602	1,324	2	2	4,369	1,489
Total	169,818	122,074	347,322	313,091	705	19,601	517,845	454,766
Segment results	1,121	449	8,351	6,142	(2)	(764)	9,470	5,827
Interest and unallocated other revenue and gains							1,844	877
Unallocated expenses							(696)	(370)
Profit from operating activities							10,618	6,334
Finance costs							(873)	(305)
Share of profit of a jointly-controlled entity							1,093	185
Profit before tax							10,838	6,214
Tax							(1,438)	(906)
Net profit from ordinary activities attributable to shareholders							9,400	5,308

Group (HK\$'000)

	Electronic components and parts		Consumer electronic products		Trading of integrated circuits and computer components and accessories		Consolidated	
	31 March 2007	30 September 2006	31 March 2007	30 September 2006	31 March 2007	30 September 2006	31 March 2007	30 September 2006
	Segment assets	340,433	363,764	519,459	477,911	7,866	10,955	867,758
Interest in a jointly-controlled entity							21,570	16,720
Unallocated assets							321,050	293,364
Total assets							1,210,378	1,162,714
Segment liabilities	36,949	31,438	109,244	118,349	11,950	14,022	158,143	163,809
Unallocated liabilities							100,750	74,458
Total liabilities							258,893	238,267

Other segment information:

	Electronic components and parts		Consumer electronic products		Trading of integrated circuits and computer components and accessories		Consolidated	
	Six months ended 31 March 2007	Six months ended 31 March 2006	Six months ended 31 March 2007	Six months ended 31 March 2006	Six months ended 31 March 2007	Six months ended 31 March 2006	Six months ended 31 March 2007	Six months ended 31 March 2006
	Depreciation	14,459	17,420	7,290	11,370	-	-	21,749
Unallocated amounts							628	293
							22,377	29,083
Capital expenditure	1,601	2,444	5,497	3,375	-	-	7,098	5,819
Unallocated amounts							199	34
							7,297	5,853

(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	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Segment revenue:														
Sales to external customers	123,412	75,463	75,492	70,824	75,789	75,804	109,800	106,072	81,298	77,921	47,685	47,193	513,476	453,277
Other segment information:														
Capital expenditure	199	34	7,098	5,819	-	-	-	-	-	-	-	-	7,297	5,853

3. Profit from operating activities

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

	Six months ended 31 March	
	2007	2006
	HK\$'000	HK\$'000
Cost of inventories sold	483,922	427,717
Depreciation	22,377	29,083
Recognition of prepaid land lease payment	413	322
Provision for/(write back of) inventories	0	(1,244)
Staff costs (including directors' remuneration)	89,078	90,214

4. Finance costs

	Six months ended 31 March	
	2007	2006
	HK\$'000	HK\$'000
Interest on bank loans wholly repayable within five years	873	305

5. Tax

	Six months ended 31 March	
	2007	2006
	HK\$'000	HK\$'000
Provision for tax in respect of profit for the period:		
Hong Kong	3	-
Mainland China	1,304	861
	1,307	861
Share of tax attributable to a jointly-controlled entity	131	45
	1,438	906

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 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 2007 (2006: Nil)

6. Interim dividend

The Board of the Company did not recommend any interim dividend for the six months ended 31 March 2007 (2006: Nil).

7. Earnings per share

The calculation of the basic earnings per share for the six months ended 31 March 2007 is based on the unaudited consolidated net profit from ordinary activities attributable to shareholders of HK\$9,400,000 (2006: HK\$5,308,000) and the weighted average number of 1,016,001,301 (2006: 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\$7,297,000 (2006: HK\$5,853,000) 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 2007 HK\$'000	30 September 2006 HK\$'000
Current to 3 months	136,934	151,763
4 to 6 months	24,340	23,413
7 to 12 months	22,053	20,591
Over 1 year	22,599	35,541
	205,926	231,308
Less: Provision for doubtful debts	(37,711)	(37,711)
	168,215	193,597

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 2007 HK\$'000	30 September 2006 HK\$'000
Current to 3 months	82,405	104,753
4 to 6 months	6,564	4,883
7 to 12 months	3,328	1,946
Over 1 year	3,279	2,523
	95,576	114,105

11. Issued share capital

	Number of shares issued	Par value HK\$'000
As at 30 September 2006 and 31 March 2007	1,016,001,301	101,600

12. Related party transactions

During the Period, the Group sold finished goods amounting to HK\$5,304,000 (2006: HK\$5,581,000) 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 2007 HK\$'000	30 September 2006 HK\$'000
Guarantees executed by the Company in favour of banks for general banking facilities granted to subsidiaries	171,000	171,000

MANAGEMENT DISCUSSION AND ANALYSIS

Review of results and operation

For the six months ended 31 March 2007, the Group recorded a consolidated turnover of HK\$513,476,000, an 13.3% increase compared with HK\$453,277,000 in corresponding period last year.

Profit before tax increased 74.4% to HK\$10,838,000. Gross profit for the period was HK\$29,554,000 with gross profit margin slightly increased to 5.8% compared with 5.6% in corresponding period last year. Net profit for the period was HK\$9,400,000, representing an increase of 77.1% from the previous period.

Sales of liquid crystal displays ("LCD") remained strong and recorded a growth of 60% to HK\$122,456,000 compared with HK\$76,556,000 in previous corresponding period. It represented 23.8% of the Group's turnover for the period. Large portion of the growth in the turnover of LCD was contributed by the rise in trading volume of TFT LCD products. Sales of STN-LCD and TN-LCD products also recorded growth.

Market of consumer electronic products faced a strong competition during the period. Turnover of electronic calculators was HK\$199,084,000, dropped by 15.5% from the previous corresponding period. This business category contributed 38.8% of the Group's turnover for the period. The Group continued to supply a wide range of electronic calculators to meet the market's need.

Revenue from electronic watches and clocks amounted to HK\$79,062,000, rose 42.4% from the previous corresponding period. It accounted for 15.4% of the Group's turnover. Telephone products recorded a turnover of HK\$65,574,000, increased by 217% compared with the previous corresponding period. Launching of new products like mobile telephone accounted for the surge in sales of the telephone products. Products like electronic watches, multifunctional corded and cordless telephones got steady demand from the market and gave stable income to the Group. The Group expects that this telephone segment will continue to generate growth in revenue in the coming years, as there is huge demand of telephone products in Mainland China. The Group will continue to innovate more high quality and value-added products to the market in order to maintain its market share.

The Group kept tight control on accounts receivable management and effective measures have continued to monitor the debtors' repayment time. Accounts receivables dropped by 13.1% with improved turnover days shortened to 119 days on average.

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 Mainland China. The Group maintains a strong financial position. As at 31 March 2007, the total shareholders' equity of the Group was approximately HK\$951,485,000, an increase of 2.9% of that at 30 September 2006. The Group's cash and cash equivalents and bank deposits stood at HK\$202,898,000. The interest-bearing bank borrowings of the Group amounted to HK\$59,283,000. 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 27.2%.

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\$3,222,000 of the Group, together with the corporate guarantees of the Company, are used to secure banking facilities of the Group. At 31 March 2007, such facilities were utilised to the extent of approximately HK\$4,181,000.

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

We anticipate a promising business growth in the second half of the year.

There are a lot of opportunities for growth and development which can be leverage from new markets and new products. The Group emphasizes product innovation and the investment in research and development will keep the Group in enlarging our market share as well as attracting new customers. Resources are used in development of new electronic calculators products such as water resistance calculators, currencies converter calculators, USB calculators and PC key calculators.

For gift section, to keep abreast of market trends, new product like Digital Photo Frame Key Chain are under development and will be launched in the second half of the year.

At the same time, new original equipment manufacturing (“OEM”) projects are in progress. The Group is cooperating with some well-established brands of consumer electronic products manufacturers to produce OEM products. The projects will generate new source of revenue to the Group.

Efforts are also made in exploring new overseas customers, including some large chain stores from USA and Europe.

Local trading of TFT LCD products is still under rapid growth. The Group is considering the selling of large size TFT LCD products in the coming future.

Business for mobile telephone is also expanding. With the huge population and the growing demand of mobile telephone in Mainland China, the Group is optimistic to the business of this segment.

During the period, we have worked hard to maintain business growth and enhance shareholder value. The Group is confident in achieving stronger results in the second half of the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2007, 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 <i>(Note 1)</i>	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 <i>(Note 2)</i>	100,000,000	9.8
	<u>50,200,000</u>	<u>500,000,000</u>	<u>550,200,000</u>	<u>54.1</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.

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 1 October 2006 and 31 March 2007	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
				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
	8,550,000				
Other employees in aggregate	25,000,000	25 October 1999	25 October 1999 to 24 October 2009	1.20	1.60
	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 2006 annual report of the Company issued in January 2007 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 2007 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 and Mr. Leung Chi Fai, 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

Code On Corporate Governance Practices

The Company has complied with the code provisions as set out in the “Code On Corporate Governance Practices” contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the six months ended 31 March 2007, except for the following deviations:

Code Provision A.2.1

Under Code Provision A.2.1, the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual.

During the reporting period, Ms. Wong King Ching, Helen holds both positions of the Chairman and the Chief Executive Officer of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Ms. Wong to hold both positions as it helps to maintain the continuity of the Company’s policies and the stability of the Company’s operations.

Code Provision A.4.1 and A.4.2

Under Code Provision A.4.1, the non-executive directors should be appointed for a specific term, subject to re-election.

The independent non-executive directors of the Company are not appointed for specific terms. According to the Company’s Bye-Law 111(A), one third of the directors shall retire from the office by rotation at each annual general meeting and their appointments will be reviewed when they are due for re-election. In the opinion of the Board, this meets the same objectives and is no less exacting than those in the Code.

Under Code Provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company’s Bye-Law 111(A) states that the Chairman is not subject to retirement by rotation and shall not be counted in determining the number of directors to retire. In the opinion of the Board, the continuity of leadership role of the Chairman is important for the stability of the Company and is considered beneficial to the growth of the Company. The Board is of the view that the Chairman should not be subject to retirement by rotation at the present time.

Model Code for Securities Transactions

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:

So Day Wing
Wong Kun Kim
Kan Lai Kuen

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
29 June 2007