



SUNWAY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00058

INTERIM REPORT 2008/2009

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 2009 (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	
	Notes	2009	2008
		HK\$'000	HK\$'000
Turnover	2	428,290	458,781
Cost of sales		(407,431)	(434,709)
Gross profit		20,859	24,072
Other revenue and gains		13,867	6,572
Selling and distribution costs		(6,313)	(3,989)
Administrative expenses		(31,135)	(22,040)
Other operating (expense)/income		(86,983)	2,278
(Loss)/Profit from operating activities	3	(89,705)	6,893
Finance costs	4	(5,964)	(3,632)
Share of profit/(loss) of a jointly-controlled entity		528	(47)
(Loss)/Profit before tax		(95,141)	3,214
Tax	5	(825)	(1,134)
(Loss)/Profit for the period attributable to equity holders of the parent		(95,966)	2,080
Interim dividend	6	Nil	Nil
(Loss)/Earnings per share attributable to ordinary equity holders of the parent	7		
– Basic		(9.50 cents)	0.20 cents
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

		(UNAUDITED) 31 March 2009 HK\$'000	(AUDITED) 30 September 2008 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		445,251	460,198
Investment properties		42,180	45,080
Prepaid land lease payments		85,561	68,228
Interest in a jointly-controlled entity		14,801	14,386
Investments available for sale		2,803	–
Deposits paid for acquisition of prepaid land lease payments and property, plant and equipment		5,743	5,743
		596,339	593,635
CURRENT ASSETS			
Inventories		268,278	394,489
Accounts receivables	9	189,115	225,274
Prepayments, deposits and other receivables		32,994	34,079
Derivative financial instruments		268	7,610
Due from a jointly-controlled entity		–	27
Tax recoverable		80	–
Pledged time deposits		8,631	140,074
Cash and cash equivalents		82,030	97,020
		581,396	898,573
CURRENT LIABILITIES			
Accounts payables	10	96,589	145,649
Accrued liabilities and other payables		32,851	47,285
Due to a jointly-controlled entity		7,212	–
Due to a director		–	2,377
Interest-bearing bank borrowings		78,367	251,238
Dividend payable		5,080	–
Tax payable		30,970	33,957
		251,069	480,506
NET CURRENT ASSETS		330,327	418,067
TOTAL ASSETS LESS CURRENT LIABILITIES		926,666	1,011,702
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowing		3,151	11,601
Deferred tax liabilities		10,572	10,572
Provision for long service payment		788	788
		912,155	988,741
CAPITAL AND RESERVES			
Issued capital	11	101,600	101,600
Reserves		810,555	882,061
Proposed final dividends		–	5,080
		912,155	988,741

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	Investment Revaluation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2007	101,600	177,325	56,471	509	44,181	88,008	12,928	-	504,639	985,661
Exchange realignment on translation of the financial statements of foreign subsidiaries	-	-	-	-	-	88,449	-	-	-	88,449
Transfer from retained profits	-	-	-	-	(1,485)	-	-	-	1,485	-
Surplus on revaluation of property, plant and equipment	-	-	-	-	12,145	-	-	-	-	12,145
Deferred tax	-	-	-	-	(2,352)	-	-	-	-	(2,352)
Loss for the year	-	-	-	-	-	-	-	-	(95,162)	(95,162)
Proposed final 2008 dividends	-	-	-	-	-	-	-	-	(5,080)	(5,080)
At 30 September 2008 and 1 October 2008	101,600	177,325	56,471	509	52,489	176,457	12,928	-	405,882	983,661
Exchange realignment on translation of the financial statements of foreign subsidiaries	-	-	-	-	-	28,528	-	-	-	28,528
Transfer from retained profits	-	-	-	-	-	-	48	-	(48)	-
Deficit on revaluation of Investments	-	-	-	-	-	-	-	(4,068)	-	(4,068)
Net loss for the period	-	-	-	-	-	-	-	-	(95,966)	(95,966)
At 31 March 2009	101,600	177,325	56,471	509	52,489	204,985	12,976	(4,068)	309,868	912,155

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(UNAUDITED)

Six months ended 31 March

	2009 HK\$'000	2008 HK\$'000
Net cash (used in)/from operating activities	(78,035)	89,809
Net cash from/(used in) investing activities	112,923	(40,267)
Net cash (used in)/from financing activities	(181,321)	17,417
	<hr/>	<hr/>
(Decrease)/Increase in cash and cash equivalents	(146,433)	66,959
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Cash and cash equivalents at beginning of period	237,094	77,907
	<hr/>	<hr/>
Cash and cash equivalents at end of period	90,661	144,866
	<hr/>	<hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	82,030	141,560
Time deposits with original maturity of less than three months when acquired, pledged as security for trust receipt loans facilities	8,631	3,306
	<hr/>	<hr/>
	90,661	144,866
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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 2008.

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.

HKFRS (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedge Items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly-controlled Entity or Associate ²
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ³
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 8	Operating Segments ²
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ³

¹ Effective for annual periods beginning on or after 1 January 2009, except the amendments to HKFRS 5 which are effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 July 2009

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 29 April 2009 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 2009. 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 2009 or its net profit from ordinary activities and cash flows for the period ended 31 March 2009.

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	
	2009	2008	2009	2008	2009	2008	2009	2008
Segment revenue:								
Sales to external customers	65,016	71,335	362,806	385,161	468	2,285	428,290	458,781
Other revenue	1,831	1,102	7,701	4,955	6	41	9,539	6,098
Total	66,847	72,437	370,507	390,116	474	2,326	437,828	464,879
Segment results	(14,466)	1,694	(78,712)	5,209	(141)	38	(93,319)	6,941
Interest and unallocated other revenue and gains							4,329	473
Unallocated expenses							(715)	(521)
(Loss)/profit from operating activities							(89,705)	6,893
Finance costs							(5,964)	(3,632)
Share of profit/(loss) of a jointly-controlled entity							528	(47)
(Loss)/profit before tax							(95,141)	3,214
Tax							(825)	(1,134)
Net (loss)/profit from ordinary activities attributable to shareholders							(95,966)	2,080

Group (HK\$'000)

	Electronic components and parts		Consumer electronic products		Trading of integrated circuits and computer components and accessories		Consolidated	
	31 March 2009	30 September 2008	31 March 2009	30 September 2008	31 March 2009	30 September 2008	31 March 2009	30 September 2008
	Segment assets	281,294	347,552	638,640	712,471	403	2,916	920,337
Interest in a jointly-controlled entity							14,801	23,037
Unallocated assets							242,597	288,206
Total assets							1,177,735	1,374,182
Segment liabilities	39,059	21,452	76,093	119,068	107	684	115,259	141,204
Unallocated liabilities							150,321	199,096
Total liabilities							265,580	340,300

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		Six months ended 31 March		Six months ended 31 March		Six months ended 31 March	
	2009	2008	2009	2008	2009	2008	2009	2008
Depreciation	7,756	15,898	18,097	9,212	-	-	25,853	25,110
Unallocated amounts							336	349
							26,189	25,459
Capital expenditure	1,200	1,594	6,705	8,340	-	-	7,905	9,934
Unallocated amounts							106	382
							8,011	10,316

(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		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	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Segment revenue:														
Sales to external customers	22,245	30,284	72,202	77,553	76,538	79,416	117,956	126,480	100,231	95,588	39,118	49,460	428,290	458,781
Other segment information:														
Capital expenditure	107	0	7,905	10,316	-	-	-	-	-	-	-	-	8,012	10,316

3. (Loss)/profit from operating activities

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

	Six months ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
Cost of inventories sold	407,431	434,709
Depreciation	26,189	25,459
Recognition of prepaid land lease payment	678	496
Staff costs (including directors' remuneration)	79,235	110,522

4. Finance costs

	Six months ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
Interest on bank loans wholly repayable within five years	5,964	3,632

5. Tax

	Six months ended 31 March	
	2009 HK\$'000	2008 HK\$'000
Provision for tax in respect of profit for the period:		
Hong Kong	0	0
Mainland China	712	1,095
	<hr/>	<hr/>
	712	1,095
Share of tax attributable to a jointly-controlled entity	113	39
	<hr/>	<hr/>
	825	1,134
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No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2008: HK\$Nil). 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 2009 (2008: Nil).

6. Interim dividend

The Board of the Company did not recommend any interim dividend for the six months ended 31 March 2009 (2008: Nil).

7. (Loss)/earnings per share

The calculation of the basic (loss)/earnings per share for the six months ended 31 March 2009 is based on the unaudited consolidated net (loss)/profit from ordinary activities attributable to shareholders of (HK\$95,966,000) (2008: HK\$2,080,000) and the weighted average number of 1,016,001,301 (2008: 1,016,001,301) ordinary shares in issue during the Period.

Diluted (loss)/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 (loss)/earnings per share for these periods.

8. Additions to fixed assets

During the Period, the Group spent approximately HK\$8,011,000 (2008: HK\$11,316,000) on additions to fixed assets to upgrade its manufacturing capabilities.

9. Accounts receivables

Accounts receivables
Less: Allowance for doubtful debts

31 March 2009 HK\$'000	30 September 2008 HK\$'000
245,535	294,225
(56,419)	(68,951)
189,115	225,274

An aged analysis of the accounts receivables as at the balance sheet date is as follows:

Current to 3 months
4 to 6 months
7 to 12 months
Over 1 year

31 March 2009 HK\$'000	30 September 2008 HK\$'000
180,369	197,217
5,040	16,818
1,179	8,477
2,527	2,762
189,115	225,274

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 payables

An aged analysis of the accounts payables at the balance sheet date is as follows:

	31 March 2009 HK\$'000	30 September 2008 HK\$'000
Current to 3 months	82,036	127,671
4 to 6 months	7,338	7,567
7 to 12 months	1,501	2,653
Over 1 year	5,714	7,758
	96,589	145,649

11. Issued share capital

	Number of shares issued	Par value HK\$'000
As at 30 September 2008 and 31 March 2009	1,016,001,301	101,600

12. Related party transactions

During the Period, the Group sold finished goods amounting to HK\$Nil (2008: HK\$3,792,000) to a company of which the spouse of Ms. Wong Choi Kam, a director of the Company in the previous period, is a director and controlling shareholder.

Ms. Wong Choi Kam resigned as a director of the Company on 27 May 2008.

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 2009 HK\$'000	30 September 2008 HK\$'000
Guarantees executed by the Company in favour of banks for general banking facilities granted to subsidiaries	172,000	172,000

MANAGEMENT DISCUSSION AND ANALYSIS

Review of results and operation

For the six months ended 31 March 2009, the Group recorded a consolidated turnover of HK\$428,290,000, representing a decrease of 6.6% compared to HK\$458,781,000 in corresponding period last year. Gross profit for the period was HK\$20,859,000 with gross profit margin of 4.9% compared with the previous 5.2%. Loss before tax for the period was HK\$95,141,000. The Group reported a net loss of HK\$95,966,000 for the period. This compared to a net profit of HK\$2,080,000 in corresponding period last year. The Group recorded a net loss because of the substantial provision made for the obsolescent stock.

Turnover of electronic calculators was HK\$214,129,000, representing an increase by 1% year-on-year. Sales of electronic calculators contributed 50% of the Group's turnover for the period and remained to be the largest business segment of the Group. The growth in sales was contributed by the increase in sales of high-end electronic calculators. The Group produced its own brand high-end calculators as well as OEM ones. We expect that the demand of these high-end calculators products will continue to grow in the coming years.

Sales of electronic watches and clocks was HK\$64,039,000, dropped 3.2% from the previous corresponding period. It accounted for 15.0% of the Group's total turnover for the period. The sales of electronic watches and clocks were comparatively steady and the Group will continue to launch new models of electronic watches and clocks to expand our market share.

Telephone products recorded a turnover of HK\$50,944,000, dropped by 52.3% compared with previous corresponding period. It represented 11.9% of the Group's turnover for the period.

Sales of digital products amounted to HK\$33,694,000. It represented 7.9% of the Group's turnover for the period. The Group has launched new models of digital photo frame, digital toys, MP3 players and camera to the market during the period. We obtained favorable response from the markets such as America and Europe. The Group will continue to innovate high-quality and value-added products to meet market needs.

Revenue from liquid crystal displays ("LCD") was HK\$32,293,000, dropped 20.3% from previous corresponding period. It represented 7.5% of the Group's turnover for the period. Sales of LCD dropped with the downturn of the market.

Finance costs were HK\$5,964,000 due to the cost of financing for our operations in China.

Administrative expenses increased due to the increase in management cost for the expansion of our high-end OEM calculator section.

Accounts receivable dropped by 16% with turnover days shortened to 161 days. The Group has executed tight control on accounts receivable and effective measures have been used to monitor the debtors' repayment time.

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 2009, the total shareholders' equity of the Group was approximately HK\$912,155,000, a decrease of 7.7% of that at 30 September 2008. The Group's cash and bank balances and time deposits stood at HK\$90,661,000. The interest-bearing bank borrowings of the Group amounted to HK\$81,518,000. 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 29.1%.

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\$8,631,000 of the Group, together with the corporate guarantees of the Company, are used to secure banking facilities of the Group. At 31 March 2009, such facilities were not utilized by the Group.

APPLICATIONS OF PROCEEDS OF SHARE OFFER

The remaining balance of about HK\$65.4 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 Ltd. As progress of the projects as implemented by Taiwan Communication (Fujian) Company Ltd proceeded at a slower pace than anticipated, the Directors are considering allocating part of such proceeds to other investment opportunities. If any specific targets are identified, the Directors will make announcement in accordance with the applicable rules.

EMPLOYEES AND REMUNERATION POLICIES

The Group employs approximately 11,000 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, there remains a lot of uncertainty in the future economic environment. Global recession is expected to continue until the fourth season of the year and our business would inevitably be negatively impacted. The business environment is still very difficult and the export business does not show any sign of recovery at the moment.

Nonetheless, the Group is well prepared to overcome the difficult conditions. During these years, the Group emphasizes product innovation and we are committed to invest in product research and development. We are cooperating with our customers to develop digital products which can offer at higher profit margin. New products like wireless rear view camera has been launched to the market during the period; computer netbook will be launched in the second half of the year. The Group also endeavors to develop our own Sunway brand multi-functions telephones. We will continue to innovate high quality and value-added products in order to attract new customers.

The sales of electronic calculators maintain a steady growth. It is contributed by the increase in sales of high-end electronic calculators. We have strengthened our sales force to markets like America and Europe and the results are promising.

Despite the declining in economic activity in several of our major markets like North America, Europe and Asia, we remain confident that the Group is well placed to strengthen its competitive position over time. We hope that by continuous products innovation, market diversification and effective cost control policies, we can pass through this difficult economic climate and improve our performance in the second half of the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2009, 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
	<u>50,200,000</u>	<u>400,000,000</u>	<u>450,200,000</u>	<u>44.3</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.

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 2008 and 31 March 2009	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 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
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	2,550,000				
	<hr/>				
Other employees in aggregate	6,000,000	25 October 1999	25 October 1999 to 24 October 2009	1.20	1.60
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	8,550,000				
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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 2008 annual report of the Company issued in January 2009 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 2009 have been reviewed and approved by the Audit Committee and the Board of Directors, 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 2009, 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 Chun Ying
Wong Kim Seong

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

Hong Kong
19 June 2009