SUNWAY INTERNATIONAL HOLDINGS LIMITED
新威國際控股有限公司*

(incorporated in Bermuda with limited liability)
(Website: http://www.irasia.com/listco/hk/sunway)
HKEX stock code: 58

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2006

HIGHLIGHTS

- Consolidated revenue was HK$1,027,607,000, an increase of 7.5%
- Profit attributable to equity holders of the parent was HK$14,477,000, a decrease of 46.6%
- Earnings per share amounted to 1.4 Hong Kong cents, a decrease of 48.1%
- Final dividend per share: one Hong Kong cent

The Board of Directors (the "Directors") of Sunway International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 September 2006, together with the comparative figures for 2005, as follows:

Condensed Consolidated Income Statement

	Notes	Year ended 30 September 2006 *HK$'000*	 2005 *HK$'000* (Restated)
REVENUE		1,027,607	956,134
Cost of sales		(946,059)	(855,984)
Gross profit		81,548	100,150
Other income and gain		5,241	1,948
Selling and distribution costs		(8,093)	(8,384)
Administrative expenses		(52,887)	(48,831)
Write-back of/(impairment of) accounts receivable		2,898	(6,370)
Other operating expenses		(9,270)	(5,578)
Finance costs	*3*	(1,276)	(36)
Share of profit of a jointly-controlled entity		892	1,092
PROFIT BEFORE TAX	*4*	19,053	33,991
Tax	*5*	(4,576)	(6,882)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		14,477	27,109
DIVIDENDS	*6*	10,160	10,160
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*7*		
Basic		1.4 cents	2.7 cents
Diluted		N/A	N/A

* *For identification purposes only*

Condensed Consolidated Balance Sheet

	Notes	2006 HK$'000	2005 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		372,959	390,713
Investment properties		30,841	2,460
Prepaid land lease payments		35,953	29,648
Interest in a jointly-controlled entity		16,720	15,901
Deferred tax assets		1,844	1,761
Deposits paid for acquisition of prepaid land lease payments and property, plant and equipment		13,496	15,805
Total non-current assets		471,813	456,288
CURRENT ASSETS			
Inventories		266,961	272,626
Accounts receivable		193,597	181,883
Prepayments, deposits and other receivables		24,455	20,133
Equity investments at fair value through profit or loss		179	–
Derivative financial instruments		10,791	4,980
Due from a related company		7,713	6,247
Tax recoverable		539	658
Pledged time deposits		3,095	15,555
Cash and cash equivalents		183,571	155,439
Total current assets		690,901	657,521
CURRENT LIABILITIES			
Accounts payable		114,105	126,357
Accrued liabilities and other payables		46,811	43,378
Interest-bearing bank borrowings		43,529	13,288
Tax payable		27,979	23,118
Total current liabilities		232,424	206,141
NET CURRENT ASSETS		458,477	451,380
TOTAL ASSETS LESS CURRENT LIABILITIES		930,290	907,668
NON-CURRENT LIABILITIES			
Deferred tax liabilities		5,843	6,287
Net assets		924,447	901,381
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		101,600	101,600
Reserves		812,687	789,621
Proposed final dividend	*6*	10,160	10,160
Total equity		924,447	901,381

Notes:

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the investment properties, certain property, plant and equipment, derivative financial instruments and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Compliance with Rule 220(2) of The Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual

Pursuant to Rule 220(2) of the SGX-ST Listing Manual, the financial statements of the Group, which have been prepared in accordance with HKFRSs and accounting principles generally accepted in Hong Kong, need to be reconciled to the International Accounting Standards ("IAS"). The Company has applied to the SGX-ST for, and the SGX-ST has on 12 January 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 year ended 30 September 2006. A reconciliation statement has not been prepared as the company is 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 30 September 2006 or its profit for the year and cash flows for the year ended 30 September 2006.

1.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following new and revised HKFRSs affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of the above HKASs has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements except for the following:

(a) HKAS 1 – Presentation of Financial Statements

In prior periods, the Group's share of tax attributable to a jointly-controlled entity was presented as a component of the Group's total tax charge in the consolidated income statement. Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of the jointly-controlled entity is presented net of the Group's share of tax attributable to the jointly-controlled entity.

(b) HKAS 24 – Related Party Disclosures

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

(c) HKAS 17 – Leases

In prior years, leasehold land and buildings held for own use were stated at cost or valuation less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is reclassified from property, plant and equipment to prepaid land lease payments, while leasehold buildings continue to be classified as part of property, plant and equipment. Prepaid land premiums for land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Upon the adoption of HKAS 17, prior year revaluation reserve attributable to leasehold land and buildings, the opening balance of retained profits and the results for the comparative period have been restated to reflect this change retrospectively.

(d) HKAS 32 and HKAS 39 – Financial Instruments

In prior years, the Group classified its investments in debt securities as short term investments, and were stated at amortised cost less any impairment losses, on an individual basis. Upon the adoption of HKAS 39, these investments held by the Group at 1 October 2005 in the amount of HK$4,980,000 are designated as derivative financial instruments under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised in the income statement.

This change in accounting policy has had no effect on the consolidated income statement and retained profits.

(e) HKAS 40 – Investment Property

In prior years, changes in the fair value of investment properties were dealt with as movements in the investment property revaluation reserve. If the total of this reserve was insufficient to cover a deficit, on a portfolio basis, the excess of the deficit was charged to the income statement. Any subsequent revaluation surplus was credited to the income statement to the extent of the deficit previously charged.

Upon the adoption of HKAS 40, gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. This change in accounting policy has had no effect on the consolidated income statement and retained profits.

(f) HKFRS 2 – Share-based Payment

In prior years, no recognition and measurement of share-based payment transactions in which employees (including directors) were granted share options over shares in the Company were required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted.

The main impact of HKFRS 2 on the Group is the recognition of the cost of these transactions and a corresponding entry to equity for employee share options.

The Group has adopted the transitional provisions of HKFRS 2 under which the new measurement policies have not been applied to (i) options granted to employees on or before 7 November 2002; and (ii) options granted to employees after 7 November 2002 but which had vested before 1 October 2005.

As the Group did not have any employee share options which were granted during the period from 7 November 2002 to 30 September 2005 but had not yet vested as at 1 October 2005, the adoption of HKFRS 2 has had no impact on the retained profits as at 30 September 2004 and 30 September 2005.

(g) HKAS-Int 21 – Income Taxes – Recovery of Revalued Non-depreciable Assets

In prior years, deferred tax arising on the revaluation of investment properties was recognised based on the tax rate that would be applicable upon the sale of the investment properties.

Upon the adoption of HKAS-Int 21, deferred tax arising on the revaluation of the Group's investment properties is determined depending on whether the properties will be recovered through use or through sale. The Group has determined that its investment properties will be recovered through use, and accordingly the profits tax rate has been applied to the calculation of deferred tax. This change in accounting policy has had no effect on the consolidated income statement and retained profits.

1.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

HKAS 1 Amendment	Capital Disclosures
HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 27 Amendment	Consolidated and Separate Financial Statements: Amendments as a consequence of the Companies (Amendment) Ordinance 2005
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a lease
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of HKAS 32.

In accordance with the amendments to HKAS 39 regarding financial guarantee contracts, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18.

HK(IFRIC)-Int 7, HK(IFRIC)-Int 8, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 10 shall be applied for annual periods beginning on or after 1 March 2006, 1 May 2006, 1 June 2006 and 1 November 2006, respectively.

Except as stated above, the Group expects that the adoption of the other pronouncements will not have any significant impact on the Group's financial statements in the period of initial application.

1.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

(a) Effect on the consolidated balance sheet

At 1 October 2005 Effect of new policies (Increase/(decrease))	Effect of adopting HKAS 17# Prepaid land lease payments *HK$'000*	 HKAS 32 and 39+ Change in classification of investments *HK$'000*	Total *HK$'000*
Assets			
Property, plant and equipment	(40,006)	–	(40,006)
Prepaid land lease payments	29,648	–	29,648
Short term investments	–	(4,980)	(4,980)
Derivative financial instruments	–	4,980	4,980
Prepayments, deposits and other receivables	825	–	825
			(9,533)
Liabilities/equity			
Deferred tax liabilities	2	–	2
Revaluation reserve	(4,101)	–	(4,101)
Retained profits	(5,434)	–	(5,434)
			(9,533)

+ *Adjustments taken effect prospectively from 1 October 2005*

Adjustments/presentation taken effect retrospectively

At 30 September 2006 Effect of new policies (Increase/(decrease))	Effect of adopting HKAS 17 Prepaid land lease payments *HK$'000*	 HKAS 32 and 39 Change in classification of investments *HK$'000*	Total *HK$'000*
Assets			
Property, plant and equipment	(47,136)	–	(47,136)
Prepaid land lease payments	35,953	–	35,953
Short term investments	–	(10,970)	(10,970)
Equity investments at fair value through profit or loss	–	179	179
Derivative financial instruments	–	10,791	10,791
Prepayments, deposits and other receivables	825	–	825
			(10,358)
Liabilities/equity			
Deferred tax liabilities	2	–	2
Revaluation reserve	(4,101)	–	(4,101)
Retained profits	(6,259)	–	(6,259)
			(10,358)

(b) Effect on the balances of equity at 1 October 2004 and at 1 October 2005

Effect of new policies (Increase/(decrease))	Effect of adopting HKAS 17 Prepaid land lease payments *HK$'000*
1 October 2004	
Revaluation reserve	(4,101)
Retained profits	(4,878)
	(8,979)
1 October 2005	
Revaluation reserve	(4,101)
Retained profits	(5,434)
	(9,535)

(c) **Effect on the consolidated income statement for the years ended 30 September 2006 and 2005**

Effect of new policies	**Effect of adopting HKAS 1** Share of post-tax profits and losses of a jointly-controlled entity *HK$'000*	**HKAS 17** Prepaid land lease payments *HK$'000*	**Total** *HK$'000*
Year ended 30 September 2006			
Increase in cost of sales	–	(554)	(554)
Increase in administrative expenses	–	(271)	(271)
Decrease in share of profit of a jointly-controlled entity	(138)	–	(138)
Decrease in tax	138	–	138
Total decrease in profit	–	(825)	(825)
Decrease in basic earnings per share	–	(0.1) cents	(0.1) cents
Year ended 30 September 2005			
Increase in cost of sales	–	(186)	(186)
Increase in administrative expenses	–	(74)	(74)
Decrease in share of profit of a jointly-controlled entity	(373)	–	(373)
Decrease/(increase) in tax	373	(296)	77
Total decrease in profit	–	(556)	(556)
Decrease in basic earnings per share	–	–	–

2. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

(a) **Business segments**

The following table presents revenue, profit and expenditure information for the Group's business segments for the years ended 30 September 2006 and 2005.

	Electronic components and parts		Consumer electronic products		Trading of integrated circuits and computer components and accessories		Consolidated	
	2006 *HK$'000*	2005 *HK$'000* (Restated)	2006 *HK$'000*	2005 *HK$'000* (Restated)	2006 *HK$'000*	2005 *HK$'000* (Restated)	2006 *HK$'000*	2005 *HK$'000* (Restated)
Segment revenue:								
Sales to external customers	332,896	224,488	659,904	680,779	34,807	50,867	1,027,607	956,134
Other income and gain	597	93	2,981	1,166	19	2	3,597	1,261
Total	333,493	224,581	662,885	681,945	34,826	50,869	1,031,204	957,395
Segment results	1,726	3,441	18,640	34,879	(1,257)	(5,060)	19,109	33,260
Interest and unallocated other income and gain							1,644	687
Unallocated expenses							(1,316)	(1,012)
Finance costs							(1,276)	(36)
Share of profit of a jointly-controlled entity							892	1,092
Profit before tax							19,053	33,991
Tax							(4,576)	(6,882)
Profit for the year attributable to equity holders of the parent							14,477	27,109

(b) **Geographical segments**

The following table presents revenue information for the Group's geographical segments for the years ended 30 September 2006 and 2005.

	Hong Kong		Mainland China		Other Asian countries+		American countries++		European countries+++		African countries++++		Consolidated	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
	HK$'000	*HK$'000* (Restated)	*HK$'000*	*HK$'000* (Restated)	*HK$'000*	*HK$'000* (Restated)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue: Sales to external customers	299,087	242,220	152,948	134,478	116,826	132,050	210,847	200,295	158,949	150,524	88,950	96,567	1,027,607	956,134

\+ *Other Asian countries principally included Indonesia, Japan, Mettmann and Taiwan, etc.*

++ *American countries principally included Chile, Puru, Argentina, Mexico and Brazil, etc.*

+++ *European countries principally included Poland, Spain, France, Germany and England, etc.*

++++ *African countries principally included India, Nigeria, Kenya, Pakistan and Egypt, etc.*

3. FINANCE COSTS

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	1,276	36

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2006	**2005**
	HK$'000	*HK$'000* (Restated)
Cost of inventories sold	946,059	855,984
Depreciation	59,195	57,236
Recognition of prepaid land lease payments	825	683
Research and development costs	290	70
Minimum lease payments under operating leases in respect of land and buildings	1,124	814
Auditors' remuneration	1,080	940
Employee benefits expense (excluding directors' remuneration):		
Wages, salaries and allowances	183,804	170,129
Pension schemes contributions (defined contribution schemes)+	5,241	3,691
	189,045	173,820
Gross rental income	169	152
Less: outgoings	(11)	(11)
Net rental income	158	141
Provision for/(write-back of) inventories	(265)	9,571
Bad debts written off	1,403	–
Foreign exchange differences, net	7,147	5,089
Loss on disposal of derivative financial instruments	364	–
Loss on disposal of items of property, plant and equipment	–	150
Changes in fair value of an investment property	190	(310)

The cost of inventories sold includes write-back of inventories of HK$265,000 (2005: provision for inventories of HK$9,571,000) and aggregate employee benefits expense, depreciation and recognition of prepaid land lease payments of approximately HK$222,107,000 (2005 (Restated): HK$206,615,000), which are also included in the respective total amounts disclosed above for each of these types of expenses.

\+ *As at 30 September 2006, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2005: Nil).*

5. TAX

	Group 2006 HK$'000	Group 2005 HK$'000 (Restated)
Current – Hong Kong		
Overprovision in prior years	–	(60)
Current – Mainland China		
Charge for the year	5,418	7,275
Deferred tax	(842)	(333)
	4,576	6,882

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 year (2005: 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.

On 14 April 2003, 4 April 2004, 28 March 2005 and 10 July 2006, tax concessions have been granted by the local municipal tax bureau, under which the effective income tax rate applicable to Xinwei Electronic Industrial Co., Ltd., Fujian ("Fujian Xinwei"), a wholly-owned subsidiary of the Company, has remained at 10% for the periods from 1 January 2003 to 31 December 2006. As a result, for the years ended 30 September 2005 and 2006, a provision for income tax has been made at a tax rate of 10% for the entire assessable profit attributable to Fujian Xinwei.

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates for the region in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, is as follows:

Group – 2006

	Hong Kong HK$'000	Mainland China HK$'000	Total HK$'000
Profit/(loss) before tax	(9,980)	29,033	19,053
Tax at the statutory tax rate	(1,747)	9,581	7,834
Lower tax rate for specific province or local authority	–	(5,032)	(5,032)
Profits and losses attributable to a jointly-controlled entity	–	(138)	(138)
Income not subject to tax	(262)	–	(262)
Expenses not deductible for tax	978	165	1,143
Tax losses utilised from previous periods	(148)	–	(148)
Tax losses not recognised	1,179	–	1,179
Tax charge at the Group's effective rate	–	4,576	4,576

Group – 2005

	Hong Kong HK$'000 (Restated)	Mainland China HK$'000 (Restated)	Total HK$'000 (Restated)
Profit/(loss) before tax	(10,847)	44,838	33,991
Tax at the statutory tax rate	(1,898)	14,797	12,899
Lower tax rate for specific province or local authority	–	(9,239)	(9,239)
Adjustments in respect of current tax of previous periods	(60)	–	(60)
Profits and losses attributable to a jointly-controlled entity	–	(373)	(373)
Income not subject to tax	(252)	–	(252)
Expenses not deductible for tax	463	1,757	2,220
Tax losses utilised from previous periods	(173)	–	(173)
Tax losses not recognised	1,860	–	1,860
Tax charge/(credit) at the Group's effective rate	(60)	6,942	6,882

The share of tax attributable to the jointly-controlled entity amounting to HK$138,000 (2005: HK$373,000) is included in "Share of profit of a jointly-controlled entity" on the face of the consolidated income statement.

6. DIVIDENDS

	2006 HK$'000	2005 HK$'000
Proposed final – 1 cent (2005: 1 cent) per ordinary share	10,160	10,160

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of HK$14,477,000 (2005 (Restated): HK$27,109,000) and 1,016,001,301 (2005: 1,016,001,301) ordinary shares in issue during the year.

Diluted earnings per share amounts for the years ended 30 September 2006 and 2005 have not been disclosed, as the share options outstanding during these years do not have dilutive effect on the basic earnings per share for these years.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results and Operation

Turnover of the Group for the year ended 30 September 2006 was HK$1,027,607,000 representing 7.5% increase compared with last year. Profit before tax for the year was HK$19,053,000. The Group's gross profit for the year was HK$81,548,000 with gross profit margin of 7.9% compared with the previous 10.5%. The decrease in gross profit was due to price competition and the increase in cost of raw materials as a result of high oil price. The proportion of trading business, which has a lower profit margin, rose during the year also caused the drop in our gross profit margin. Profit for the year was HK$14,477,000, representing a decrease of 46.6% from HK$27,109,000 a year ago.

Turnover of liquid crystal displays ("LCD") recorded a significant growth of 88.1% to HK$232,830,000 compared with HK$123,754,000 in previous year. Sales of LCD represented 22.7% of the Group's turnover for the year. The Group's expansion on LCD production capacity, growing applications and demand for LCD products together with the aggressive efforts of our marketing teams boost our sales of LCD. The rise in sales was supported by our sophisticated LCD production line in Mainland China.

Sales of electronic calculators was HK$447,758,000, down 12.4% from last year's. It represented 43.6% of the Group's turnover and was the largest business segment of the Group. During the year, the Group continued to launch a wide range of electronic calculators with value-added functions to the market with a view to maintain our market shares and market leading position.

Revenue from electronic watches and clocks was HK$118,853,000, slightly decreased by 6.9% from last year. It accounted for 11.6% of the Group's total sales for the year.

Turnover of telephone products amounted to HK$93,293,000, rose 121.5% compared with last year. It contributed 9.1% of total turnover of the Group, up 4.7% from last year. During the year, the launching of new models of multifunctional corded and cordless telephone got favourable response and demand from the market. Business from this section was still under expansion.

Sales of trading of computer parts and components recorded HK$27,127,000, decreased by 32.7% year on year. The Group has changed to trade TFT-LCD modules instead of memory products during the year.

Selling and distribution costs, which decreased by 3.5% year on year, were kept under control. Finance costs were HK$1,276,000 due to the cost of financing of our investment projects in China.

In geographical segments, there was double-digit sales growth in sales to Mainland China and local sales in Hong Kong.

Liquidity and Financial Resources

The Group normally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in both Hong Kong and Mainland China. At 30 September 2006, the total shareholders' equity of the Group was approximately HK$924,447,000, an increase of 2.6% over last year. The Group's cash and bank balances and time deposits stood at HK$186,666,000. The Group's bank loans were HK$34,286,000 and trust receipt loans were HK$9,243,000 this year. During the year, the Group did not use any financial instruments for any hedging purposes. The gearing ratio, which was computed by dividing the current liabilities and long term liabilities by shareholders' equity, was 25.8%. The Group is dedicated to maintaining a sound financial position and improving the equity return to its shareholders.

Capital Structure

No repurchases of shares were made and no share options were exercised, granted, cancelled or lapsed during the year.

Pledge of Assets

The Group's investment property, certain buildings and prepaid land lease payments of the Group and time deposits of HK$3,095,000 of the Group, together with the corporate guarantees given by the Company are used to secure banking facilities for the Group. At 30 September 2006, such facilities were utilised to the extent of approximately HK$9,243,000.

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 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 to allocate 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.

Prospects
Looking ahead, the management sees a lot of opportunities for growth and development in the coming year.

The investment in new products' research and development will be continued so as to keep abreast of consumer needs and market trends. It also contributes to our growth in turnover.

With its huge population in Mainland China, telephone market has a great potential to develop. New product like mobile phone will be launched in the coming fiscal year. Resources are used in the developments of other new products such as digital products which include electronic dictionary and digital language learning machine. The Group also endeavoured to produce high-end calculators. The Group expected to produce its own brand high-end calculator in the coming year. We are expanding our OEM production line and will cooperate with some well-established brands of consumer electronic products manufacturers to produce new OEM products.

The sales of LCD are expected to continue to boost. The Group is successful in capturing this growing demand LCD market. The sales of LCD products are supported by our sophisticated LCD production plant in Fujian, Mainland China. We will continue to streamline our STD-LCD production lines and upgrade our products to cope with the increasing demand in LCD products. The Chip-On Glass (COG) LCD production technology has been developed to a mature stage. The Group will continue to produce high quality products to meet the customers' needs and enhance our competitiveness in the market.

The new production plant in Henan, Mainland China has started its operation during the year for the production of consumer electronic products. The Group intends to continue to expand its production capacity in Mainland China in order to support its business growth in the future.

Under the pressure of high material costs which is due to persistent high oil price, the Group will continue to reduce our production and operating costs through streamlining the production process, improving operational efficiency and tightening cost control measures.

During the year, the Group recorded increase in sales to our major markets like China, Hong Kong and American countries. We are striving to seek new marketing opportunity in prospective markets such as PRC, Europe and America.

With high quality and diversification of products, strong sales and distribution network and effective cost control policies, we expect that we can improve our competitive edge and sustain business growth and development in the coming year. We remain optimistic about the business prospects and long term future of the Group.

EMPLOYEES AND REMUNERATION POLICIES
The Group has 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 the prevailing industry practice. The Group's Directors and employees in Hong Kong joined the Mandatory Provident Fund Scheme. Other staff benefit includes share options granted or to be granted under the share option scheme.

FOREIGN EXCHANGE AND CURRENCY RISKS
Since most of the revenue generated from the sale of products and the payment for purchases of materials, components, equipment and salaries are either made in Hong Kong dollars, Renminbi, or Hong Kong dollars pegged currencies, no use of financial instruments for hedging purposes is considered necessary and the exposure to exchange rate fluctuations is minimal.

CONTINGENT LIABILITIES
At 30 September 2006, the Company had contingent liabilities in relation to corporate guarantees executed by the Company in favour of banks for general banking facilities granted to subsidiaries of the Company amounting to HK$171,000,000.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 27 February 2007 to Tuesday, 6 March 2007 both dates inclusive, during which period no transfer of shares will be registered.

In order to determine who are entitled to attend the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Tengis Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 26 February 2007.

AUDIT COMMITTEE

The Company's audit committee was established on 6 August 1999 in accordance with the requirements of the Code of Best Practice (the "Code") for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. Members of the audit committee at the date of this announcement comprised Ms. Kan Lai Kuen, Alice, Mr. So Day Wing and Mr. Wong Kun Kim, the three independent non-executive directors of the Company. The Group's financial statements for the year ended 30 September 2006 have been reviewed by the audit committee, who are of the opinion that such statements comply with the applicable accounting standards, the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 year ended 30 September 2006, 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 throughout the year.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

All information required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 of the Listing Rules will be submitted to the Stock Exchange for publication on its website in due course.

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

Hong Kong, 25 January 2007

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