SUNLINK INTERNATIONAL HOLDINGS LIMITED
科浪國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2336)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

The Board of Directors (the "Board") of Sunlink International Holdings Limited (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 together with last year's comparative figures are as follows:–

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	NOTES	2007 HK$'000	2006 HK$'000
Revenue	2	**1,314,867**	807,690
Cost of sales		**(1,117,186)**	(727,220)
Gross profit		**197,681**	80,470
Other income		**2,980**	9,676
Selling and distribution costs		**(17,727)**	(13,331)
General and administrative expenses		**(49,603)**	(37,315)
Finance costs		**(8,491)**	(9,347)
Share of results of an associate		**(5)**	–
Profit before taxation	3	**124,835**	30,153
Income tax expense	4	**(24,205)**	(4,817)
Profit for the year		**100,630**	25,336
Attributable to:			
Equity holders of the Company		**100,510**	25,268
Minority interests		**120**	68
		100,630	25,336
		HK cents	*HK cents*
Earnings per share			
Basic	6	**5.81**	2.05
Diluted	6	**5.78**	2.04

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2007

	NOTES	**2007** **HK$'000**	2006 HK$'000
Non-current assets			
Property, plant and equipment		**9,854**	3,579
Interest in an associate		**–**	–
Available-for-sale investments		**–**	2,238
Club debenture		**636**	–
Deposits for acquisition of property, plant and equipment		**4,653**	–
		15,143	5,817
Current assets			
Investment held for trading		**55**	38
Inventories		**62,750**	34,959
Debtors, deposits and prepayments	*7*	**387,914**	206,041
Amount due from an associate		**1,526**	–
Tax recoverable		**259**	902
Pledged bank deposits		**2,000**	39,656
Bank balances and cash		**98,828**	29,698
		553,332	311,294
Current liabilities			
Creditors and accrued charges	*8*	**52,903**	49,706
Bills payables		**1,591**	–
Taxation		**20,821**	5,009
Trust receipt loans		**155,106**	112,369
Bank borrowings		**32,058**	28,576
Bank overdrafts		**–**	997
		262,479	196,657
Net current assets		**290,853**	114,637
Total assets less current liabilities		**305,996**	120,454
Non-current liability			
Deferred taxation		**179**	312
		305,817	120,142
Capital and reserves			
Share capital	*9*	**186,468**	47,300
Reserves		**118,246**	72,004
Equity attributable to equity holders of the Company		**304,714**	119,304
Minority interests		**1,103**	838
		305,817	120,142

NOTES:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
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 adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirement under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions[3]
HK(IFRIC) – Int 12	Service Concession Arranagements[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] *Effective for annual periods beginning on or after 1 January 2009*
[2] *Effective for annual periods beginning on or after 1 July 2009*
[3] *Effective for annual periods beginning on or after 1 March 2007*
[4] *Effective for annual periods beginning on or after 1 January 2008*
[5] *Effective for annual periods beginning on or after 1 July 2008*

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

2. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers.

Business segments

For management purposes, the Group was organised into two operating divisions – distribution of semiconductors and development and provision of electronic turnkey device solutions in prior year. Due to expansion of its business of the Group, the management of the Group identifies auto parts and devices and wireless devices and solutions business, which were included in development and provision of electronic turnkey device solutions in prior year, as two reportable segments in current year. The distribution of semiconductors and the remaining business for consumer electronic products included in development and provision of electronic turnkey device solutions in prior year are combined into a reportable segment of semiconductor and related business.

Principal activities are as follows:

Semiconductors and related business	–	sale of semiconductors and related products
Auto parts and devices business	–	sale of terminals and accessories for vehicle tracking and monitoring system
Wireless devices and solutions business	–	sale of industrial wireless and communication modules and devices

Segment information about these businesses is presented below:

Income statement

for the year ended 31 December 2007

	Semiconductors and related business *HK$'000*	Auto parts and devices business *HK$'000*	Wireless devices and solutions business *HK$'000*	Consolidated *HK$'000*
Revenue				
External sales	**672,560**	**381,560**	**260,747**	**1,314,867**
Segment results	**18,915**	**86,327**	**27,080**	**132,322**
Unallocated corporate income				**1,009**
Finance costs				**(8,491)**
Share of result of an associate				**(5)**
Profit before taxation				**124,835**
Income tax expense				**(24,205)**
Profit for the year				**100,630**

Balance sheet
as at 31 December 2007

	Semiconductors and related business *HK$'000*	Auto parts and devices business *HK$'000*	Wireless devices and solutions business *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	**296,403**	**93,176**	**75,592**	**465,171**
Amount due from an associate	**–**	**1,526**	**–**	**1,526**
Unallocated corporate assets				**101,778**
Consolidated total assets				**568,475**
Liabilities				
Segment liabilities	**22,910**	**9,294**	**22,290**	**54,494**
Unallocated corporate liabilities				**208,164**
Consolidated total liabilities				**262,658**
Other information				
Additions to property, plant and equipment	**1,941**	**3,267**	**2,619**	**7,827**
Allowance for (reversal of allowance for) doubtful debts	**356**	**–**	**(15)**	**341**
Allowance for slow moving inventories	**468**	**–**	**–**	**468**
Depreciation of property, plant and equipment	**1,394**	**–**	**391**	**1,785**

Income statement

for the year ended 31 December 2006

	Semiconductors and related business	Auto parts and devices business	Wireless devices and solutions business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
External sales	642,350	36,084	129,256	807,690
Segment results	21,296	2,319	10,077	33,692
Unallocated corporate income				5,918
Unallocated corporate expenses				(110)
Finance costs				(9,347)
Profit before taxation				30,153
Income tax expense				(4,817)
Profit for the year				25,336

Balance sheet
as at 31 December 2006

	Semiconductors and related business *HK$'000*	Auto parts and devices business *HK$'000*	Wireless devices and solutions business *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets	199,260	5,873	39,446	244,579
Unallocated corporate assets				72,532
Consolidated total assets				317,111
Liabilities				
Segment liabilities	35,402	2,998	11,306	49,706
Unallocated corporate liabilities				147,263
Consolidated total liabilities				196,969
Other information				
Additions to property, plant and equipment	–	–	108	108
Allowance for doubtful debts	71	–	13	84
Allowance for slow moving inventories	104	–	11	115
Depreciation of property, plant and equipment	1,713	–	352	2,065

Geographical segments

The Group's operations are principally located in Hong Kong and the People's Republic of China ("PRC").

The following table provides an analysis of the Group's revenue by geographical location of customers, irrespective of the origin of the goods/services:

	2007	2006
	HK$'000	*HK$'000*
Hong Kong	**1,079,906**	593,819
PRC	**150,629**	204,320
Others	**84,332**	9,551
	1,314,867	807,690

The following is an analysis of the carrying amount of segment assets analysed by the geographical area in which the assets are located at the balance sheet date and additions to property, plant and equipment during the year:

	Carrying amount of segment assets		**Additions to property, plant and equipment**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**401,311**	199,720	**1,941**	–
PRC	**52,123**	44,452	**5,886**	108
Others	**11,737**	407	**–**	–
	465,171	244,579	**7,827**	108

3. PROFIT BEFORE TAXATION

	2007	2006
	HK$'000	*HK$'000*
Profit before taxation is arrived at after charging:		
Allowance for doubtful debts included in general and administrative expenses	**341**	84
Allowance for slow moving inventories included in cost of sales	**468**	115
Auditors' remuneration:		
Current year	**1,500**	1,200
Underprovision for previous years	**51**	136
Depreciation of property, plant and equipment:		
Own assets	**1,785**	2,065
Loss on disposal of investment properties	**–**	110
Operating leases in respect of		
Office premises	**1,911**	1,341
Office equipment	**22**	17
Research and development cost	**155**	368
Staff costs inclusive of directors' remuneration	**33,200**	24,388
Share-based payment expense		
– included in selling and distribution costs	**3,395**	–
– included in general and administrative expenses	**7,105**	1,782
Total staff costs	**43,700**	26,170
Exchange loss, net	**1,162**	327

4. INCOME TAX EXPENSE

	2007	2006
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax		
Current year	**24,713**	4,595
(Over)underprovision in prior year	**(375)**	439
	24,338	5,034
Deferred taxation		
Current year	**(133)**	(217)
	24,205	4,817

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the year.

5. DIVIDEND

The directors do not recommend the payment of a dividend and proposed the profit for the year be retained.

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2007	2006
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the year attributable to equity holders of the Company	**100,510**	25,268

	2007	2006
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	**1,728,588,390**	1,235,447,761
Effect of dilutive potential shares – Share options	**9,112,304**	1,780,944
Weighted average number of shares for the purpose of diluted earnings per share	**1,737,700,694**	1,237,228,705

The weighted average number of ordinary shares for the purposes of basic earnings per share in both years have been adjusted for the bonus element in relation to open offer of new shares during the current year.

7. DEBTORS, DEPOSITS AND PREPAYMENTS

	2007	2006
	HK$'000	*HK$'000*
Debtors	**357,619**	187,804
Less: allowance for doubtful debts	**(681)**	(340)
	356,938	187,464
Deposits and prepayments	**30,976**	18,577
Total debtors, deposits and prepayment	**387,914**	206,041

The Group has a policy of allowing average credit period of 30 to 90 days to its trade customers. For following is an aged analysis of trade debtors, net of allowance for doubtful debts at the reporting date:

	2007	2006
	HK$'000	*HK$'000*
Within 30 days	**111,063**	97,533
Between 31 to 60 days	**93,823**	60,067
Between 61 to 90 days	**84,328**	22,567
Over 90 days	**67,724**	7,297
	356,938	187,464

8. CREDITORS AND ACCRUED CHARGES

An aged analysis of the trade creditors is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 30 days	**17,645**	20,808
Between 31 to 60 days	**9,742**	8,335
Over 60 days	**4,468**	3,603
	31,855	32,746
Other creditors and accrued charges	**21,048**	16,960
	52,903	49,706

The average credit period on purchases of goods is 60 days. The Group has financial risk management policy in place to ensure that all payables are within the credit timeframe.

9. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2006 and 31 December 2006	1,000,000,000	100,000
Increase in authorised share capital *(note a)*	2,000,000,000	200,000
At 31 December 2007	3,000,000,000	300,000
Issued and fully paid:		
At 1 January 2006 and 31 December 2006	473,000,000	47,300
Shares issued on open offer *(note a)*	921,600,000	92,160
Shares issued on subscription agreement *(note b)*	315,392,000	31,539
Shares issued on placing agreement *(note c)*	114,688,000	11,469
Shares issued upon exercise of share options	40,000,000	4,000
At 31 December 2007	1,864,680,000	186,468

Notes:

(a) Pursuant to the resolutions passed in the Company's extraordinary general meeting on 22 January 2007:

 (i) the authorised share capital of the Company was increased from HK$100,000,000 to HK$300,000,000 by the creation of an additional 2,000,000,000 new ordinary shares of HK$0.10 each.

 (ii) the open offer of new ordinary shares of HK$0.10 each in the share capital of the Company on the basis of one offer share at HK$0.18 each for every five existing shares with bonus shares to be issued on the basis of eight bonus shares for every fully paid offer share. A total number of 102,400,000 offer shares and 819,200,000 bonus shares, with an aggregate number of 921,600,000 shares were issued.

(b) On 15 February 2007, the Company entered into a subscription agreement with a subscriber in relation to the subscription of 315,392,000 subscription shares at the subscription price of HK$0.128 per share, representing 22.0% of the existing issued share capital of the Company as at 15 February 2007. Completion of the subscription agreement took place on 16 April 2007 and the Company had issued 315,392,000 shares of HK$0.128 per share for a total consideration of HK$40,370,000.

(c) On 15 February 2007, the Company also entered into a placing agreement with an independent third party, Kingsway Financial Services Group Limited ("Kingsway") pursuant to which Kingsway would procure the placing to subscribe for a maximum of 114,688,000 placing shares at the placing price of HK$0.128 per share, representing in aggregate 8.0% of the existing issued share capital of the Company as at 15 February 2007. Completion of the placing agreement took place on 13 April 2007 and the Company had issued 114,688,000 shares of HK$0.128 per share for a total consideration of HK$14,680,000.

The new shares rank pari passu in all respects with the existing shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Overall Review

For the year ended 31 December 2007, the Group recorded a significant increase of approximately 297.2% in net profit comparing with 2006. The turnover and net profit of the Group for the year ended 31 December 2007 amounted to approximately HK$1,314.9 million and HK$100.6 million respectively. The notable accomplishment that the increase of turnover of 62.8% brought the Group the significant increase of net profit of 297.2% for the year under review was mainly attributable to the Group's effort in capturing the rising demand for the products under the Auto Devices and Parts ("Auto") Business and Wireless Devices and Solutions ("Wireless") Business.

In 2007, the Group recorded a significant increase of approximately 957.4 % and 101.7% in the turnovers of Auto Business and Wireless Business respectively compared with 2006. The turnovers for Auto Business, Wireless Business and Semiconductor & Related ("Semicon") Business are HK$381.6 million (2006: HK$36.1 million), HK$260.7 million (2006: HK$129.2 million) and HK$672.6 million (2006: HK$642.4 million) respectively. The total turnover of the Group was approximately HK$1,314.9 million (2006: HK$807.7 million), an increase of approximately 62.8% comparing with 2006. Net profit for the fiscal 2007 of the Group was approximately HK$100.6 million (2006: HK$25.3 million).

The selling and distribution costs were increased by approximately HK$4.4 million while general and administrative expenses were increased by approximately HK$12.3 million. The increase of selling and distribution costs was mainly due to greater expenses incurred for team of salesman in the current year. The increase of general and administrative expenses was mainly attributable to additional costs incurred for new management and relevant operations to match with the growth of auto parts and devices business. As a result, the profit of the Group for the year ended 31 December 2007 amounted to approximately HK$100.6 million, representing an increase of approximately 297.2% as compared with that of prior year.

Financial Resources and Liquidity

As at 31 December 2007, the Group had bank balances and cash of approximately HK$100.8 million (2006: HK$69.4 million). The Group had total assets of approximately HK$568.5 million (2006: HK$317.1 million) which was financed by current liabilities of approximately HK$262.5 million (2006: HK$196.7 million), minority interests of approximately HK$1.1 million (2006: HK$0.8 million) and shareholders' equity of approximately HK$304.7 million (2006: HK$119.3 million). The current ratio was approximately 2.1 (2006: 1.6) and the gearing ratio of the Group was approximately 38.1% (2006: 54.3%). The gearing ratio has been calculated based on the total borrowings to the sum of equity attributable to equity holders of the Company and total borrowings of the Group.

The total facilities granted to the Group by its bankers amounted to approximately HK$221.0 million (2006: HK$163.0 million). The management believes that the Group has adequate financial resources for its business requirement for the year as well as its forecast requirement for the coming year.

Treasury Policies

The Group generally finances its operations with internally generated resources and banking facilities provided by the banks in Hong Kong. The banking facilities are mainly trust receipt loans and invoice finance tenor up to 120 days from the invoice date. The bank interest rate is mainly fixed by reference to either in the Hong Kong best lending rate or the Hong Kong Interbank Offered Rate for Hong Kong dollars loans and London Interbank Offered Rate or Singapore Interbank Offered Rate for United States dollars loans.

Bank deposits of the Group are in Hong Kong dollars, United States dollars or Renminbi.

Transactions of the Group are mainly denominated either in Hong Kong or United States dollars.

Charges on Assets

The Group's certain bank deposits were pledged to its bankers to secure certain banking facilities granted to the Group.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2007.

Employees and Remuneration Policies

As at 31 December 2007, the Group had approximately 153 employees (2006: 122). The Group remunerates its employees based on their performance and the prevailing industry practices. The Board reviews the remuneration policy and package on a periodical basis. Bonus and share options may be awarded to employees based on the performance appraisal.

Business Review

The Group's mission is to be a global market leader in industrial wireless communication. During the year, the Group has obtained the leading position in Asia in industrial wireless communication based on its 20 years of experience in wireless communications and electronics applications, its strong research and development capabilities and its stringent quality management.

Industrial wireless communication devices have much higher requirements in terms of their specifications, quality and reliability in comparison to those used in the consumer electronic sector, we call them as "M2M products". The core components of industrial wireless communication devices are the industrial wireless communication module. The company's KENJI mCar Terminals ("Vehicle Black Box") was developed based on the industrial wireless communication module. Apart from terminals for vehicle tracking and monitoring, the Group has also developed other devices and solutions such as Automatic Metering Reader, POS machine and VAT Controller etc.

During the year, the Group recorded a significant growth of 297.2% in net profit as a result of sales of "Vehicle Black Box" and other industrial wireless communication modules and devices.

As a result of the continuous expansion of the Group, the management of the Group identifies (i) Auto Parts and Devices Business; and (ii) Wireless Devices and Solutions Business, which were included in development and provision of electronic turnkey device solutions in prior year, as two additional reportable business segments in current year.

Having these achievements, the Group has committed to the following strategies during the year under review.

– Alliance – form strong business partnerships with both suppliers and distributors to have more rapid business growth.

– Branding – focus on brand building to extend its sales network and strengthen the Sunlink International brand, products and customer service.

– Commercialization – diversify products with the support of its strong research and development teams and partnerships with universities in order to meet industrial requirements.

Major corporate activities undertaken in 2007 were summarized as follows:

February:	Established Intelligent Transportation System Research Laboratory with Macau University of Science and Technology and CASTEL SpaceiNet (Macau) Communications Co. Limited aiming at promoting the application and research of Intelligent Transportation System in Macau.
May:	Signed a letter of intent with Xinyi Glass Holdings Limited in relation to a proposed cooperation of distributing the Group's automobile related electronic products via Xinyi Glass's global sales network.
July:	Through a co-owned company with Wavecom S.A. to develop and support products or solutions that address wireless machine-to-machine applications using development licenses of Wavecom's Open AT® software Suite and its wireless CPU® components, including the latest wireless Microprocessor® technologies.
October:	Signed distribution agreements with six new regional sales agents, who will sell the Group's Automatic Vehicle Locative products and solutions, including KENJI Vehicle Black Box, personal navigation device, rearview LCD display and other auto parts in China.

November:	Through a joint venture company with Concord Pacific Satellite Technologies Limited to develop and provide intelligent transportation solutions and products.
	Set up the Provincial Operation Center for Central China Sales Agent in Hunan.
December:	Introduced the first intelligent transportation technology for taxi service in Hong Kong.

Auto Business

During the year, the Group is pleased to announce that Auto Business achieved a significant development in 2007. Its revenue increased from approximately HK$36.1 million to approximately HK$381.6 million, representing an increase of nearly 9.6 times from the year of 2006.

The significant increase of shipment of KENJI mCar Terminals compared with 2006 is in light of the booming demand in intelligent transportation systems. In 2006, the Group mainly focused on the development of the application system for logistic companies, of which the products include Vehicle Black Box and VTrack4U Fleet Management. While in 2007, the Group also developed a number of application systems, including an intelligent Taxi Dispatch System, Bus Dispatch System and Marine Security Tracking System for yacht fleet. With quality products and advanced technologies, the Group has been meeting the demands of customers from different industries through its professional services.

Wireless Business

During the year, the revenue of Wireless Business increased from approximately HK$129.3 million to approximately HK$260.7 million, representing an increase of approximately 101.7% from the year of 2006. For the shipment of modules, it reached approximately 0.9 million for the year of 2007, representing an increase of nearly 191.5% from the year of 2006.

The increase in revenue was attributable to the development by the Group of diversified wireless communication terminals, parts and application software for various application industries. The Group provided total solutions for diverse markets, empowering companies to quickly and broadly apply wireless communication technology in the rapidly changing business environment. These included the solutions applied in electricity meters and water meters for public utilities, Fixed Cellular Terminals, Personal Tracking Devices and Automatic Vending Machines. With the increasing availability of wireless communication networks and technological advancements, the industries such as transportation, public utilities and energy, finance and insurance, communications and networks, and security, etc., all now involve the use of these applications. After forming the joint venture Company with Wavecom S.A. and with the cooperation with Wavecom S.A., the Group successfully embedded its key technology in manufacturing industrial wireless communication into Sunlink-branded modules, which can be widely used in different wireless communication solutions for different industries.

Semicon Business

During the year, the Group managed to maintain its level of revenue and profit margin amid fierce competition in the semiconductor distribution industry compared with 2006. As the rapid growth of Auto Business as well as Wireless Business, the revenue of Semicon Business attributed to approximately 51.2% of the Group's revenue, which dropped from nearly 79.5% in 2006. As the Auto Business and Wireless Business have become more and more mature, the Group expects that the synergies between the Group's Semicon Business and Auto Business as well as Wireless Business would impose greater influence on the Group's overall profit.

Corporate Governance and Investors Relation Strategy

Unlike traditional business operations in the stock markets, the Group understands that its business nature is not easily understood by the investing community in Asia and believes that a more proactive channel of communication needs to be established to explain our business models and the potential of the market for industrial wireless communication globally.

The Group continued to pay great efforts to enhance investor relations during 2007 and the Group has established various means of communication channels in order that the Group's management philosophy, operations, and future investment and development strategies are communicated to existing shareholders and the investing community.

During the year, representatives from the Group met with the investors and relevant parties for a total attendance of 345.

In 2007, the Group participated in corporate briefings to financial institutions organized by various international securities houses, including CLSA Limited, Daiwa Securities SMBC Hong Kong Limited, Kingsway Financial Services Group Limited, Mega Capital (Asia) Co. Ltd. and Mirae Asset Investment Management Co. Ltd in Hong Kong, Singapore, Korea, Taiwan and Mainland China.

The Board believes that an effective practice in corporate governance and a disciplined approach to build a platform of communication with the investing community for industrial wireless communication companies could generate better value for the Group in the long term and achieve better shareholders' value.

Prospects

Following the Group's successes in 2007, the Group will continue to implement its business strategies in the two growing businesses, auto and wireless business.

Auto Business

The demand for intelligent transportation systems is increasing as many developed and developing countries face with the problems of traffic accidents and traffic congestion. The industrial wireless communication device is a major element in the master plan for the future development of intelligent transportation system. The Group will capture these booming demands by followings:

a) Expand its sales channels
b) Enrich its products

a) Expand its sales channels

With appointment of six PRC Regional Sales Agents (the "Agents") in the third quarter of 2007, the six Agents will develop more than 720 sales points and will purchase not less than 300,000 units of KENJI Vehicle Black Box in the coming 12 months from the agreement date. The Group is confident that the six Agents will bring positive contribution to the Group's turnover and profit in 2008. Therefore, apart from the six Agents, the Group will continue to strengthen its sales network by appointing more sales agents in PRC as well as oversea in 2008.

b) Enrich its products

Apart from KENJI Vehicle Black Box and VTRACK4U for logistic companies, the Group had developed different terminals and solutions for Bus, Taxi and Yacht in 2007. With the strong customers' response, the Group expected that those new products developed in 2007 will lead to increase in revenue and profit of 2008. Therefore, with the supports of universities and alliance, the Group will continue to develop different products and solution for different vehicles or moving objects.

Wireless Business

Business of M2M Industry Specific Application is growing with stronger momentum in 2007, from the aspect of both volume of terminals and wide spread of applications, with more advanced mobile telecommunication technology, every business is willing to utilize mobile telecommunication technology to gain efficiency and real-time access to its business. M2M Industry Specific Application is gradually applying to every business.

With the Group's success in providing modules, devices and solutions in the market of the public electricity industry, the Group has become Asia's market leader in M2M industrial wireless communication modules, devices and solutions.

Being a pioneer in this field of Asia, in July 2007, the Group cooperated with Wavecom S.A. and successfully manufactured its own industrial wireless communication modules branded with Sunlink in December 2007. With this highly cost-effective wireless communication modules and cooperation with universities such as Beijing University of Posts and Telecommunication and South China University of Technology, the Group will develop other industrial applications and solutions for other markets, such as public utilities and energy, finance and insurance, communication networks, and security etc. to capture the growth of M2M market. In order to strengthen its leadership position in the industry, the Group will continue to form partnership with major players in the industry. Apart form technology partners and distributers, telecommunication operators such as China Mobile Limited in China, Hong Kong CSL Limited and call center operators such as Sege and Huaqiang in PRC are the next targets for forming alliance in 2008.

Semicon Business

Semiconductor business will remain as the major source of revenue for the Group in this coming year. The management will continue the proven strategy in the past year to maintain the segment's profit margin. In addition, the management will pay special attention to boost the synergies between its semiconductor business and the growing power metering and auto parts and devices business to strengthen its overall business performance.

Conclusion

Looking ahead, the Group expects industrial wireless communication modules to become its major growth driver in the year to come. The market for the product type is expected to grow at a CAGR (Compounded Annual Grow Rate) of 29.5% between 2006 and 2011.

Nothing better illustrates the opportunities and the evolution of the business than the Group's results. Being the market leader in the industry, the Group understands that there are many challenges and risks associated with the industry. The Group will keep reviewing and responding accordingly in applying its business strategies. The Group is optimistic about its outlook in 2008 and is in a state of readiness to actively explore and pursuer different expansion possibilities.

PURCHASE, SALE OF REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2007.

EXPOSURE TO FOREIGN EXCHANGE RISK

During the year, the Group conducted its business transactions principally in Hong Kong dollars and United States dollars. The Group had not experienced any material difficulties or negative effects on its operations as a result of fluctuations in currency exchange rates. The Board believed it was not necessary to hedge the exchange risk. Nevertheless, the management will continue to monitor the foreign exchange exposure and will take prudent measure as deemed appropriate.

AUDIT COMMITTEE

As required in the Listing Rules, the Company has set up Audit Committee. The terms of reference thereof is set out as follows:

- Review on the audited accounts and annual results announcement;
- Review the interim report and interim results announcement;
- Meeting with the external auditors and management of the Company to discuss issues arising from the audit of annual accounts and interim accounts;
- Considering and recommending adoption of new accounting policies and standards;
- Review on and approving the remuneration in respect of audit and non-audit services provided by the external auditors;
- Review on the Terms of Reference of the Audit Committee;
- Review on internal control documentation update and internal checking.

As at the date of this announcement, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Yeung Ming Tai, Professor Sun Hanxu and Mr. Chan Kwok Ming Daniel.

The Audit Committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2007.

MODEL CODE OF THE LISTING RULES

The Company has adopted a code of conduct regarding securities transactions by Directors on terms as set out in Appendix 10 to the Listing Rules ("the Model Code"). Having made specific enquiry to all Directors, the Company was not aware of any non-compliance with the required standard in the Model Code for dealing in securities of the Company throughout the year ended 31 December 2007.

REMUNERATION COMMITTEE

A Remuneration Committee has been established in accordance with the requirements to the Code on Corporate Governance Practices. As at the date of this announcement, the Remuneration Committee comprises three Independent Non-executive Directors. Mr. Yeung Ming Tai, an Independent Non-executive Director, is the Chairman of the Remuneration Committee.

CORPORATE GOVERNANCE

During the reporting period, the Company has been proactively complying with all code provisions of the Code on Corporate Governance Practices in Appendix 14 of Listing Rules, and implementing improved governance and disclosure measures. The Board has established Audit Committee and Remuneration Committee so as to ensure the efficient operation of the Board and set up a regulation system catering to the management of the company, aiming to implement their respective duties efficiently. The Company will continue to enhance its corporate governance measures and transparency in the Shareholder's regard.

The Board is of the opinion that the Company has complied with the requirements of all the code provision of the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules during the reporting period of the 2007 annual report, details of which are set out in the Corporate Governance Report in the 2007 annual report.

The Board has conducted review on the internal control system of the Company and its subsidiaries and concluded the effectiveness thereof.

PUBLICATION OF FINAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

A detailed results announcement of the Group for the year ended 31 December 2007 containing all information required by Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

APPRECIATION

On behalf of the Board of Directors, I wish to take this opportunity to extend my sincere gratitude to our shareholders, customers, suppliers, bankers and other business partners for their continuous and valuable supports. I would also like to express my heartfelt appreciation to all our dedicated management team and committed staff for their honour, hard work and continuous efforts over the years.

By order of the Board
Sunlink International Holdings Limited
Wong Shu Wing
Chairman

Hong Kong, 15 April 2008

As at the date of this announcement, the Board comprises four Executive Directors, namely Dr. Wong Shu Wing (Chairman), Mr. Choi Tat Kai, Mr. Han Yang and Mr. Liu Shun Keung, and three Independent Non-executive Directors, namely Mr. Yeung Ming Tai, Professor Sun Hanxu and Mr. Chan Kwok Ming Daniel.