Sun East Technology (Holdings) Limited
日 東 科 技 (控 股) 有 限 公 司 *

(incorporated in Bermuda with limited liability)

(Stock code: 365)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

ANNUAL RESULTS

The Board of directors (the "Directors") of Sun East Technology (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2008 together with comparative figures for the previous corresponding year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
REVENUE	*4*	**434,412**	500,426
Cost of sales		**(370,754)**	(424,114)
Gross profit		**63,658**	76,312
Other income and gains	*4*	**9,422**	3,971
Selling and distribution costs		**(23,872)**	(25,591)
Administrative expenses		**(43,581)**	(45,384)
Other operating expenses		**(1,681)**	(8,593)
Finance costs	*5*	**(1,363)**	(1,513)
Share of (loss)/profit of:			
Jointly-controlled entity		**(3,584)**	1,606
Associate		**(10)**	20
(LOSS)/PROFIT BEFORE INCOME TAX	*6*	**(1,011)**	828
Income tax credit	*7*	**1,516**	1,369
PROFIT FOR THE YEAR		**505**	2,197
EARNINGS PER SHARE	*8*		
– Basic		**HK0.10 cent**	HK0.49 cent
– Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**154,148**	143,064
Investment properties		**–**	2,350
Prepaid land lease payments		**10,007**	6,900
Intangible assets		**–**	467
Interests in jointly-controlled entity		**6,000**	9,676
Interests in associate		**1,020**	1,030
		171,175	163,487
CURRENT ASSETS			
Inventories		**115,559**	112,908
Trade receivables	*9*	**116,825**	112,159
Prepayments, deposits and other receivables		**12,859**	8,646
Taxes recoverable		**18**	71
Pledged bank balances		**2,261**	2,110
Cash and cash equivalents		**76,430**	77,827
		323,952	313,721
CURRENT LIABILITIES			
Trade and bill payables	*10*	**88,797**	93,502
Other payables and accruals		**51,211**	49,049
Interest-bearing bank and other borrowings		**25,752**	17,628
Taxes payable		**19,127**	19,206
		184,887	179,385
NET CURRENT ASSETS		**139,065**	134,336
TOTAL ASSETS LESS CURRENT LIABILITIES		**310,240**	297,823
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**390**	690
Deferred tax liabilities		**6,038**	5,432
		6,428	6,122
Net assets		**303,812**	291,701
EQUITY			
Share capital		**52,500**	52,500
Reserves		**251,312**	239,201
Total equity		**303,812**	291,701

Notes:

1. Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These financial statements also included the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

2. Adoption of New and Amended HKFRSs

2.1 In the current year, the Company and its subsidiaries (collectively referred to as the "Group") has applied, for the first time, the following new standards, amendment and interpretations issued by the HKICPA, which are relevant and effective for the Group's financial period beginning on 1 April 2007.

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Interpretation 8	Scope of HKFRS 2

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

2.2 HKAS 1 (Amendment) – Capital Disclosures

In accordance with the HKAS 1 (Amendment) – Capital Disclosures, the Group now reports on its capital management objectives, policies and procedures in each annual financial report.

2.3 HKFRS 7 – Financial Instruments: Disclosures

HKFRS 7 – Financial Instruments: Disclosures is mandatory for reporting period beginning on 1 January 2007 or later. The new standard replaces and amends the disclosure requirements previously set out in HKAS 32 Financial Instruments: Presentation and Disclosures and has been adopted by the Group in its consolidated financial statements for the year ended 31 March 2008. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular, the Group's financial statements now feature:

- a sensitivity analysis, to explain the Group's market risk exposure in regards to its financial instruments, and

- a maturity analysis that shows the remaining contractual maturities of financial liabilities,

each as at the balance sheet date. The first-time application of HKFRS 7, however, has not resulted in any prior-period adjustments of cash-flows, net income or balance sheet line items.

2.4 New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective for the year ended 31 March 2008.

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to HKFRS 3 [2]
HKAS 28 (Amendments)	Investments in Associates – Consequential amendments arising from amendments to HKFRS 3 [2]
HKAS 31 (Amendments)	Interests in Joint Ventures – Consequential amendments arising from amendments to HKFRS 3 [2]
HKAS 32 (Amendments)	Financial Instruments: Presentation – Amendments relating to puttable financial instruments and obligations arising on liquidation [1]
HKAS 39 (Amendments)	Financial Instruments: Recognition and measurement – Amendments relating to puttable financial instruments and obligations arising on liquidation [1]
HKFRS 2 (Amendments)	Share-based Payment – Amendment relating to vesting conditions and cancellations [1]
HKFRS 3 (Revised)	Business Combinations – Comprehensive revision on applying the acquisition method [2]
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Amendments relating to puttable financial instruments and obligations arising on liquidation [1]
HKFRS 8	Operating Segments [1]
HK(IFRIC) – Interpretation 12	Service Concession Arrangements [3]
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes [4]
HK(IFRIC) – Interpretation 14	HKAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction [3]

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 January 2008
4 Effective for annual periods beginning on or after 1 July 2008

Among these new HKFRSs, HKAS 1 (Revised) is expected to be relevant to the Group's financial statements. This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Group but may give rise to additional disclosures.

The directors of the Company are currently assessing the impact of other new or amended HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's consolidated financial statements.

3. **Segment Information**

In accordance with the Group's internal financial reporting, the Group has determined that business segment be presented as the primary reporting format.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are 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 production lines and production equipment segment consists of the design, manufacture and sale of production lines and production equipment; and

(b) the brand name production equipment segment consists of the trading and distribution of brand name production equipment.

In determining the Group's geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

(a) Business segments

The following tables present revenue, profit and certain assets, liabilities and expenditure information for the Group's business segments for the year ended 31 March 2008 and 2007.

	Production lines and production equipment		**Brand name production equipment**		**Consolidated**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**268,145**	316,925	**166,267**	183,501	**434,412**	500,426
Other revenue-external	**6,067**	2,261	**–**	–	**6,067**	2,261
Total	**274,212**	319,186	**166,267**	183,501	**440,479**	502,687
Segment results	**(14,135)**	(26,426)	**14,726**	25,431	**591**	(995)
Interest and unallocated income					**3,355**	1,710
Finance costs					**(1,363)**	(1,513)
Share of (loss)/profit of:						
Jointly-controlled entity	**(3,584)**	1,606	**–**	–	**(3,584)**	1,606
Associate	**(10)**	20	**–**	–	**(10)**	20
(Loss)/Profit before income tax					**(1,011)**	828
Income tax credit					**1,516**	1,369
Profit for the year					**505**	2,197

	Production lines and production equipment		Brand name production equipment		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**333,487**	324,435	**72,561**	58,709	**406,048**	383,144
Interests in jointly-controlled entity	**6,000**	9,676	**–**	–	**6,000**	9,676
Interests in associate	**1,020**	1,030	**–**	–	**1,020**	1,030
Unallocated assets					**82,059**	83,358
Total assets					**495,127**	477,208
Segment liabilities	**75,089**	87,819	**63,423**	48,157	**138,512**	135,976
Unallocated liabilities					**52,803**	49,531
Total liabilities					**191,315**	185,507
Other segment information:						
Depreciation and amortisation	**15,907**	21,034	**–**	–	**15,907**	21,034
Capital expenditure	**9,606**	13,410	**–**	–	**9,606**	13,410
Provision for impairment of trade receivables	**1,308**	7,041	**–**	–	**1,308**	7,041
Write down of inventories to net realisable value	**428**	1,297	**–**	–	**428**	1,297
Loss on disposals of items of property, plant and equipment	**38**	546	**–**	–	**38**	546

(b) Geographical segments

The following table presents revenue for the Group's geographical segments.

Segment revenue:

	2008	2007
	HK$'000	*HK$'000*
Hong Kong	**31,175**	74,470
Mainland China	**368,564**	378,762
Europe (principally Spain and Germany)	**18,316**	20,742
Others (principally Japan and Singapore)	**16,357**	26,452
	434,412	500,426

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, prepaid land lease payments and capital injection to jointly-controlled entity, analysed by the geographical area in which the assets are located.

	Segment assets		**Capital expenditure**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**163,206**	232,397	**6,149**	10,923
Mainland China	**327,204**	241,118	**3,457**	2,487
Europe (principally Spain and Germany)	**2,543**	11	**–**	–
Others (principally Japan and Singapore)	**2,174**	3,682	**–**	2,500
	495,127	477,208	**9,606**	15,910

4. Revenue, Other Income and Gains

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

An analysis of revenue, other income and gains is as follows:

	2008	2007
	HK$'000	*HK$'000*
Revenue – sale of goods	**434,412**	500,426
Other income:		
Gross rental income from investment properties	**62**	83
Bank interest income	**1,695**	1,627
Service income	**3,022**	872
Others	**2,233**	1,059
	7,012	3,641
Gains:		
Changes in fair value of investment properties	**812**	330
Exchange gains, net	**1,598**	–
	2,410	330
	9,422	3,971

5. Finance Costs

	2008	2007
	HK$'000	*HK$'000*
Interest on bank loans	**1,307**	1,421
Interest on finance leases	**56**	92
Total interest on financial liabilities stated at amortised cost	**1,363**	1,513

6. (Loss)/Profit Before Income Tax

	2008	2007
	HK$'000	*HK$'000*
(Loss)/Profit before income tax is arrived at after charging:		
Cost of inventories sold	**302,469**	346,522
– including write-down of inventories to net realisable value	**428**	1,297
Depreciation		
– owned assets	**14,677**	14,516
– leased assets	**580**	858
Minimum lease payments under operating leases in respect of leasehold land and buildings	**1,330**	1,565
Auditors' remuneration	**900**	900
Staff costs (including directors' remuneration and retirement scheme contribution)**	**60,280**	57,298
Amortisation of technical know-how *	**467**	5,500
Amortisation of prepaid land lease payments	**183**	160
Provision for impairment of trade receivables	**1,308**	7,041
Exchange losses, net	**–**	144
Loss on disposals of property, plant and equipment	**38**	546

* Amortisation of technical know-how of approximately HK$467,000 (2007: approximately HK$5,500,000) has been included in cost of sales on the face of the consolidated income statement.

** Retirement scheme contribution of approximately HK$224,000 (2007: approximately HK$213,000) has been included in staff costs.

7. Income Tax Credit

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the prevailing rates of tax based on existing legislation, interpretations and practices.

	2008	2007
	HK$'000	*HK$'000*
Current – Hong Kong		
Tax for the year	**205**	19
Overprovision in prior years	**(463)**	(266)
Deferred tax	**(1,468)**	1,343
Income tax (credit)/expense	**(1,726)**	1,096
Current – Mainland China		
Tax for the year	**210**	46
Overprovision in prior years	**–**	(2,511)
Income tax expense/(credit)	**210**	(2,465)
Total income tax credit	**(1,516)**	(1,369)

8. Earnings Per Share

The calculation of basic earnings per share amount is based on the net profit for the year of approximately HK$505,000 (2007: HK$2,197,000) attributable to equity holders of the Company, and the number of 525,000,000 (2007: weighed average of 449,754,373 as adjusted to reflect the rights issue) ordinary shares in issue during the year.

There has been no dilutive effect on the basic earnings per share for the years ended 31 March 2008 and 2007 as the exercise prices of the outstanding share options were higher than the average market price of the Company's shares during the years.

9. Trade Receivables

The normal credit period by the Group to its customers, each of which has a maximum credit limit, ranges from 30 to 180 days.

The carrying value of trade receivables is considered as reasonable approximation of fair value. Impairment of trade receivables is established when there is objective evidence that the Group is not able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors and default or delinquency in payments are considered indicators that the trade receivables are impaired. All of the Group's trade receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and bad debts of HK$1,308,000 for the year ended 31 March 2008 (2007: HK$7,041,000) have been recognised. The impaired trade receivables are mostly due from customers in the Group's business-to-business market that encounter financial difficulties.

Included in the Group's trade receivables are amounts due from the Group's jointly-controlled entity and associate of HK$4,519,000 (2007: HK$3,507,000) and HK$10,000 (2007: HK$10,000), respectively, which are unsecured, interest-free and repayable within 30 days.

Ageing analysis of trade receivables as at the balance sheet dates, based on invoice date and net of provision, is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 90 days	**58,805**	73,447
91 to 120 days	**12,203**	4,809
121 to 180 days	**12,891**	7,789
181 to 360 days	**24,297**	15,072
Over 360 days	**8,629**	11,042
	116,825	112,159

10. Trade and Bill Payables

Ageing analysis of the trade and bill payables as at the balance sheet date, based on invoice date, is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 90 days	**68,661**	63,298
91 to 120 days	**6,825**	16,514
Over 120 days	**13,311**	13,690
	88,797	93,502

The trade and bill payables are non-interest bearing and are normally settled within 90 days.

DIVIDENDS

No interim dividend was paid during the year and the Directors do not recommend the payment of final dividend in respect of the year (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

Summary of the financial results of the Group for the year ended 31 March 2008 are as follows:

– Turnover was approximately HK$434 million (2007: HK$500 million), represented an decrease of approximately 13.2%.

– Loss before income tax was approximately HK$1.0 million (2007: Profit before income tax of HK$0.8 million).

– Profit for the year was approximately HK$0.5 million (2007: HK$2.2 million).

– Basic earnings per share was approximately HK0.10 cent (2007: HK$0.49 cent).

BUSINESS REVIEW AND OUTLOOK

The Group enjoys a leading position in China as a manufacturing enterprise of intelligent electronic equipment and a solution provider for industrial automatic systems. As at 31 March 2008, the Group has completed its overall strategic deployments and restructuring in response to the increase in raw materials prices in China and abroad, changes of market environment during the slowdown of overall growth in the electronics industry and industry development. 日東電子科技(深圳)有限公司, a subsidiary of the Group principally engaged in the manufacturing and value-added services such as sales, trade, etc. of SMT assembly equipment and semiconductor packaging equipment, will continue its efforts in the promotion of the Sun East brand. While our subsidiary Suneast Electronics Development (Shenzhen) Co., Ltd will primarily focus on the development and manufacture of automatic equipment for automobile manufacturing, logistics equipment and precision processing, and actively pursue research and development of high-end products and accumulate technological capability to gradually establish a professional equipment research centre as the foundation for future growth of the Group. Another subsidiary, Fureach Precision Ltd., will leverage on its strength in processing such as sheet metal, spraying operation and etc. to become an enterprise with mass production. Through the various measures for improvement, the Group has strengthened its competitiveness and recorded significant progress in its primary business development and achieved better operating results after a year's efforts.

1. Establishing active sales policy, improving after-sale service and combining print and network media to promote new products

To increase the market share of our products, the Group has developed active sales policy, strengthened technical training and enhanced the quality of sales and after-sale service staff throughout China. Sales staff were re-grouped according to the products they are responsible for in order to set up professional advisory sales teams and start building a sales system based on network platform. The Group organized a series of activities under the name of "2007年日東中國質量萬里行－高端SMT巡迴報告會" in 17 cities with over 800 clients, maintaining good and interactive relationship with them and understanding their needs and the latest market trend and industry development for enhancing the Sun East brand. The implementation of the "1-2-1" service strategy means to respond to the clients' needs in one hour, arrive on-site in two hours and solve the problem in one day. The establishment of client error files and equipment error files and adoption of the speedy handing system in-house not only strengthened the good working relation with the old clients, but also attracted many clients with profound confidence towards Sun East. Currently, the PRC market is the primary market of the Group which provides the foundation for active development of international markets to extend its market share in overseas regional markets.

2. Enhancement of the initiative of research and development activities to create more advanced products by effective market drives and years of technological research and development

1. Electronics Assembly Equipment

To meet the demand for micro soldering equipment, the Group has launched new high speed and high precision printing equipment in 2007 and successfully introduced the intelligent embedding movement control system and 2D graphic processing system to enhance the speed, preciseness and reliability, which met the clients' demand for high productivity and quality and reached the target of securing its position in the middle-and-high-end market. During the year, the Group has launched another new reflow equipment and successfully introduced the online real-time temperature control system for real-time monitoring of the temperature of the clients' soldering products. Its close loop control function can provide the best soldering effect and enhance the soldering quality and efficiency of the products, realize high added-value for the clients and increase the core competitiveness of the Group's products.

2. Semiconductor Packaging Equipment

In 2007, there was new application in the wire bonding packaging market, which mainly reflected in the extensive application of LED in automobile electronics, outdoor advertisements, lightings, etc. in the past two years. Therefore, the market demand was more robust. Large LED manufacturers in China are mainly foreign enterprises, including Hong Kong funded and Taiwan funded enterprises. Domestic enterprises, particularly the non-state-owned enterprises, mostly use manual wire bonding machines but are gradually increasing their demand for automatic machines because of the quality and productivity requirements. In 2007, the Group actively expanded its wire bonding machine business which mainly focused on LED manufacturers and has made certain breakthroughs. Business contracts have been entered into with important clients such as 奧倫德, 弘亞光, 蘭科 etc. and established good demonstration lines. Manual COG benefited from industry development with continuous increase in sales orders and secured over 50% market shares in manual equipments. As a marketing strategy, we have also cooperated with Korean manufacturers to manufacture semi-automatic COG and were conducting research and development in full automatic models for launching in the market to make up a complete series.

3. Automated Equipment Mainly for Automobile Manufacturing Industry

To provide complete ancillary services, in addition to the supply of electronics assembly equipment, the Group adjusted the business of its subsidiary Suneast Electronics Development (Shenzhen) Co., Ltd, implemented active economic policies and established the automobile equipment sales department. In the area of automated equipment for automobile manufacturing industry, the Group achieved breakthroughs in three key technical areas, i.e. initial assembly line for engines, parts and components assembly line for assembly factory and assembly line for tyres, therefore increased the profits of automated equipment business.

4. *Automatic warehouse and logistics equipments*

The Group's products of automated warehouses, system integration and convey system sieve products have increased their technological contents and further improved functions through the control of critical technical check-points, and the implementation of standardization and regulation. In 2007, the Group has chosen major industries for making breakthroughs and developed other industries based on its own situation and market features. We continued to develop traditional industries such as tobacco, medicines, pharmaceuticals, machinery production, etc and actively explored potential markets such as 3PL, electronics industry, etc. We adopted an "embedding" sales method which combined logistic advisory planning and sales and provided integrated solutions to our clients. We have secured for the first time a large order from a medicine logistics enterprise which is considered more demanding.

3. For sheet metal fabrication, the Group consolidated the Japanese and European markets, strengthened and optimized the market in PRC as well as emphasized the business in the North American market

Our business concentrated on operations such as office automation, financial and communication, transformed from sole sheet metal processing model to processing and assembly model, and gradually penetrated into the sheet metal market of automobile industry with great business opportunities and market potential. The significant increase in the construction of metro/light rail provided great development opportunities for the products produced by the Group.

4. Implementation of in-depth budget management to lower costs and combine budget control and target management effectively. System improvements particularly the supervision system was carried out to prevent risks

While implementing budget management system, the Group assigned various business targets to each department and related staff and combined target management and performance management to ensure the cost of the Group was controlled effectively. Payments planning system was implemented in our subsidiaries to strengthen our unified management and control of capital, increase our overall capital operating efficiency and effectively prevent and lower capital operating risks. Internal audit system and internal control process were established and improved as we regularly conduct internal audit, risk assessment and business process audit towards our subsidiaries for better efficiency and effectiveness.

5. For raising the implementation and operation capabilities, the Group streamlined its structure and attracted talents to join the Group while emphasized on the training of management personnel to ensure the talent pool required for development

While actively dealing with market changes, the Group streamlined its headcount from 2,000 in 2005 to the current 1,400. The Group eliminates its low-end staff and emphasizes the continuous perfection of strategic human resources, and promote the growth and maturation of staff through the establishment of promotion system for the talent pool, performance appraisal system, personnel training and development system and remuneration allocation and incentive system. The Group further articulated the job requirements and responsibilities on the promotion of the talent pool for different classes of management, and prepared the "Promotion and Management Method of Each Class of Talent Pool for Sun East Group". For matching up the strategic setting and demand for restructuring of the Group and enhancing the level of senior and middle management, in April 2007, the Group and the Faculty of Management of the University of Shenzhen jointly organized the one-year course of "MBA for senior and middle management of Sun East Group" in the industrial park of the Group to introduce MBA course system. The Group also emphasized the establishment of the internal trainer team and included the trainer's qualification in the entry qualification management, established the training programs for the key technical staff, as well as increased the business level and working ability for the staff through commencing targeted and effective management and job training.

6. **Enhancement of information management platform and speeding up response**

   The Group primarily strengthens various basic management, actively implements business management and the information establishment of OA. We also improve the structure of organization, promote process reform and further strengthen the management functions and capabilities of functional departments for more speedy response.

PROSPECTS

Continuous increase in raw materials prices in 2008, coupled with factors such as the appreciation of Renminbi and increase in employees' remunerations and benefits, have brought challenges to the Group as operating costs continue to rise. We strive to improve our results in order to maintain and increase the core competitiveness and market share of the Group. Under our clear and determined business objectives, we have taken full advantage of the State's policies for supporting equipment manufacturers and further boosted our internal cost advantage and competitiveness. For the research and development work, the Group emphasizes active initiation and innovation, strives to meet the demand of possessing its own intellectual property and continues to recruit top technological experts to upgrade and innovate our products. Our technical research and development focuses on improving speed, preciseness, reliability and cost and continues to consider the application of new materials and craftsmanship, efficiency of product systems and operating costs. The Group has made over 10 applications for patents of manufacturing techniques in wave soldering system, screen printers and reflow system, which were accepted by State Intellectual Property Office. The Group also prepared to apply for various patents of its semiconductor packaging equipment such as the products of COB and COG. The Group possesses strong business drives and clear strategies and continues to consolidate its strengths, take active action, speed up its response to the market and after-sales services, as well as enhance our corporate management and elevate our market positioning to boost the Group's overall profitability so as to provide desirable returns for its shareholders.

LIQUIDITY AND CAPITAL STRUCTURE

As at 31 March 2008, the Group had current assets of HK$324 million (2007: HK$314 million) mainly comprising prepayments, deposits and other receivables of HK$13 million (2007: approximately HK$9 million), inventories of HK$116 million (2007: approximately HK$113 million), trade receivables of HK$117 million (2007: approximately HK$112 million) and cash and cash equivalents and pledged bank balances of HK$79 million (2007: HK$80 million). The Group had current liabilities of HK$185 million (2007: approximately HK$179 million). The current ratio were 1.75 for the year ended 31 March 2008 (2007: 1.75).

As at 31 March 2008, the Group had total assets of HK$495 million (2007: approximately HK$477 million) and total liabilities of HK$191 million (2007: approximately HK$186 million). The gearing ratio (calculated as a percentage of debt to equity) was 9% (2007: 6%).

FINANCIAL RESOURCES

As at 31 March 2008, the Group had interest-bearing bank and other borrowings of HK$26 million (2007: approximately HK$18 million), of which HK$25 million (2007: HK$18 million) are denominated in Renminbi and mainly used for the PRC's operating expenses and working capital. Approximately 98% of the Group's bank borrowings are repayable within one year.

Most of the transactions of the Group were made in Hong Kong dollars, Renminbi and US dollars. For the year ended 31 March 2008, the Group was not exposed to any material exchange risk as the exchange rate of Hong Kong dollars and US dollars were relatively stable under the current peg system. Further, with the natural hedging of the revenue and costs denominated in Renminbi, the Group's foreign exchange exposure in Renminbi was limited. No hedging for foreign currency transactions has been carried out during the year under review.

As at 31 March 2008, cash and cash equivalents and pledged bank balances amounted to HK$79 million (2007: approximately 80 million), of which HK$28 million (2007: approximately HK$10 million) are denominated in Renminbi and the majority of the remaining balances are denominated in Hong Kong dollars.

CHARGES ON GROUP ASSETS

Certain of the Group's bank loans are secured by:

(i) a first legal charge on certain of the Group's leasehold land and buildings, which had an aggregate net book amount at the balance sheet date of HK$2,870,000 (2007: HK$2,390,000);

(ii) pledged bank deposits of HK$2,261,000 (2007: HK$2,110,000); and

(iii) corporate guarantees provided by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2008, the Group employed approximately 1,400 full time employees in the PRC and approximately 20 were in the Hong Kong office.

The Group remunerates its employees based on industry's practice. In the PRC, the Group provides staff welfare and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, the Group provides staff benefits including pension scheme and performance related bonuses.

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 year.

CORPORATE GOVERNANCE

The director consider that the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2008, except for Code Provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The Company's non-executive directors are not appointed for a specific term but are subject to retirement by rotation in accordance with the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable with those in the Code.

AUDIT COMMITTEE

The Company has an audit committee which were established in accordance with the requirements of the Code for the purpose of reviewing and providing supervision over the Group's internal controls and financial reporting matters including the review of the results for the year ended 31 March 2008. The audit committee comprises the three independent non-executive directors of the Company.

REMUNERATION COMMITTEE

The Company has a remuneration committee which was established in accordance with the requirements of the Code for the purpose of reviewing the remuneration policy and fixing the remuneration package for all Directors. The remuneration committee currently comprises three members, namely Prof. Xu Yang Sheng and Mr. Li Wanshou who are independent non-executive directors, and Mr. But Tin Fu, who is an executive director.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors of the Company. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code for the year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company as at the date of this announcement and within the knowledge of the Directors, there was a sufficiency of public float of the Company's securities as required under the Listing Rules.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and www.irasia.com/listco/hk/suneast/index.htm. The annual report of the Company for the year ended 31 March 2008 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to thank all my fellow directors and staff for their invaluable contribution and support to the Group for the past years.

By Order of the Board of Directors
Sun East Technology (Holdings) Limited
But Tin Fu
Chairman

Hong Kong, 28 July 2008

As at the date of this announcement, the board of directors of the Company comprises Mr. But Tin Fu, Mr. But Tin Hing, Mr. Leung Cheong and Mr. Leung Kuen, Ivan as Executive Directors; Mr. See Tak Wah, Prof. Xu Yang Sheng and Mr. Li Wanshou as Independent Non-executive Directors.

* *For identification purpose only*