# 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 2009

### 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 2009 together with comparative figures for the previous corresponding year as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31 March 2009*

| | *Notes* | **2009** ***HK$'000*** | 2008 *HK$'000* |
|---|---|---|---|
| **Revenue** | *4* | **374,860** | 434,412 |
| Cost of sales | | **(348,934)** | (370,754) |
| **Gross profit** | | **25,926** | 63,658 |
| Other income and gains | *4* | **4,522** | 9,422 |
| Selling and distribution costs | | **(25,497)** | (23,872) |
| Administrative expenses | | **(44,777)** | (43,581) |
| Other operating expenses | | **(10,779)** | (1,681) |
| Finance costs | *5* | **(1,219)** | (1,363) |
| Share of losses of : | | | |
| Jointly-controlled entity | | **(6,000)** | (3,584) |
| Associate | | **(1)** | (10) |
| **Loss before income tax** | *6* | **(57,825)** | (1,011) |
| Income tax credit | *7* | **688** | 1,516 |
| **(Loss)/Profit for the year** | | **(57,137)** | 505 |
| **(Loss)/Earnings per share** | *8* | | |
| – Basic | | **(HK10.88) cents** | HK0.10 cent |
| – Diluted | | **N/A** | N/A |

**CONSOLIDATED BALANCE SHEET**

*As at 31 March 2009*

| | Notes | 2009 HK$'000 | 2008 HK$'000 |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **138,147** | 154,148 |
| Prepaid land lease payments | | **9,932** | 10,007 |
| Intangible assets | | **–** | – |
| Interests in jointly-controlled entity | | **–** | 6,000 |
| Interests in associate | | **1,019** | 1,020 |
| | | **149,098** | 171,175 |
| **Current assets** | | | |
| Inventories | | **70,560** | 115,559 |
| Trade and bill receivables | 9 | **68,067** | 116,825 |
| Prepayments, deposits and other receivables | | **17,368** | 12,859 |
| Taxes recoverable | | **191** | 18 |
| Pledged bank balances | | **–** | 2,261 |
| Cash and cash equivalents | | **61,594** | 76,430 |
| | | **217,780** | 323,952 |
| **Current liabilities** | | | |
| Trade and bill payables | 10 | **62,420** | 88,797 |
| Other payables and accruals | | **35,535** | 51,211 |
| Interest-bearing bank and other borrowings | | **256** | 25,752 |
| Taxes payable | | **18,501** | 19,127 |
| | | **116,712** | 184,887 |
| **Net current assets** | | **101,068** | 139,065 |
| **Total assets less current liabilities** | | **250,166** | 310,240 |
| **Non-current liabilities** | | | |
| Interest-bearing bank and other borrowings | | **136** | 390 |
| Deferred tax liabilities | | **4,113** | 6,038 |
| | | **4,249** | 6,428 |
| **Net assets** | | **245,917** | 303,812 |
| **EQUITY** | | | |
| **Equity attributable to Company's equity holders** | | | |
| Share capital | | **52,500** | 52,500 |
| Reserves | | **193,417** | 251,312 |
| **Total equity** | | **245,917** | 303,812 |

*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 include 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 HKFRS**

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRS") issued by HKICPA, which are effective for the Group's financial statements for the annual period beginning on 1 April 2008:

| | |
|---|---|
| HKAS 39 and HKFRS 7 (Amendments) | Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets |
| HK(IFRIC) – Interpretation 12 | Service Concession Arrangements |
| HK(IFRIC) – Interpretation 14 | HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

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

The Group has not early adopted the HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's 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 its operations and the products and services it provides. 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. 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

3. **SEGMENT INFORMATION *(Continued)***

(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 years ended 31 March 2009 and 2008.

| | **Production lines and production equipment** | | **Brand name production equipment** | | **Consolidated** | |
|---|---|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Segment revenue: | | | | | | |
| Sales to external customers | **221,177** | 268,145 | **153,683** | 166,267 | **374,860** | 434,412 |
| Other revenue – external | **2,824** | 6,067 | **–** | – | **2,824** | 6,067 |
| Total | **224,001** | 274,212 | **153,683** | 166,267 | **377,684** | 440,479 |
| Segment results | **(59,318)** | (14,135) | **7,015** | 14,726 | **(52,303)** | 591 |
| Interest and unallocated income | | | | | **1,698** | 3,355 |
| Finance costs | | | | | **(1,219)** | (1,363) |
| Share of losses of: | | | | | | |
| Jointly-controlled entity | **(6,000)** | (3,584) | **–** | – | **(6,000)** | (3,584) |
| Associate | **(1)** | (10) | **–** | – | **(1)** | (10) |
| Loss before income tax | | | | | **(57,825)** | (1,011) |
| Income tax credit | | | | | **688** | 1,516 |
| (Loss)/Profit for the year | | | | | **(57,137)** | 505 |

3. **SEGMENT INFORMATION *(Continued)***

(a) **Business segments *(Continued)***

| | Production lines and production equipment | | Brand name production equipment | | Consolidated | |
|---|---|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Segment assets | **235,620** | 333,487 | **65,494** | 72,561 | **301,114** | 406,048 |
| Interests in jointly-controlled entity | **–** | 6,000 | **–** | – | **–** | 6,000 |
| Interests in associate | **1,019** | 1,020 | **–** | – | **1,019** | 1,020 |
| Unallocated assets | | | | | **64,745** | 82,059 |
| Total assets | | | | | **366,878** | 495,127 |
| Segment liabilities | **48,422** | 75,089 | **47,537** | 63,423 | **95,959** | 138,512 |
| Unallocated liabilities | | | | | **25,002** | 52,803 |
| Total liabilities | | | | | **120,961** | 191,315 |
| Other segment information: | | | | | | |
| Depreciation and amortisation | **15,502** | 15,907 | **–** | – | **15,502** | 15,907 |
| Capital expenditure | **2,893** | 9,606 | **–** | – | **2,893** | 9,606 |
| Provision for impairment of trade and bill receivables | **8,689** | 1,308 | **–** | – | **8,689** | 1,308 |
| Write down of inventories to net realisable value | **4,120** | 428 | **–** | – | **4,120** | 428 |
| Loss on disposals of items of property, plant and equipment | **10** | 38 | **–** | – | **10** | 38 |

(b) **Geographical segments**

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

Segment revenue:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Mainland China | **335,930** | 368,564 |
| Hong Kong | **19,207** | 31,175 |
| Europe (principally Spain and Germany) | **11,738** | 18,316 |
| Others (principally Japan and Singapore) | **7,985** | 16,357 |
| | **374,860** | 434,412 |

3. **SEGMENT INFORMATION *(Continued)***

**(b) Geographical segments *(Continued)***

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

| | **Segment assets** | | **Capital expenditures** | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Mainland China | **223,643** | 327,204 | **1,820** | 3,457 |
| Hong Kong | **141,320** | 163,206 | **1,073** | 6,149 |
| Europe (principally Spain and Germany) | **657** | 2,543 | **–** | – |
| Others (principally Japan and Singapore) | **1,258** | 2,174 | **–** | – |
| | **366,878** | 495,127 | **2,893** | 9,606 |

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:

| | **Group** | |
|---|---|---|
| | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* |
| **Revenue-sale of goods** | **374,860** | 434,412 |
| **Other income:** | | |
| Gross rental income | **988** | 62 |
| Bank interest income | **710** | 1,695 |
| Service income | **10** | 3,022 |
| Bad debt recovery | **737** | – |
| Others | **2,077** | 2,233 |
| | **4,522** | 7,012 |
| **Gains:** | | |
| Changes in fair value of investment properties | **–** | 812 |
| Exchange gain, net | **–** | 1,598 |
| | **–** | 2,410 |
| | **4,522** | 9,422 |

## 5. FINANCE COSTS

| | Group | |
|---|---|---|
| | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* |
| Interest on bank loans | **1,189** | 1,307 |
| Interest on finance leases | **30** | 56 |
| Total interest on financial liabilities stated at amortised cost | **1,219** | 1,363 |

## 6. LOSS BEFORE INCOME TAX

| | Group | |
|---|---|---|
| | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* |
| Loss before income tax is arrived at after charging: | | |
| Cost of inventories sold | **279,470** | 302,469 |
| – including write-down of inventories to net realisable value | **4,120** | 428 |
| Depreciation | | |
| – owned assets | **15,041** | 14,677 |
| – leased assets | **220** | 580 |
| Research and development costs | **3,402** | 896 |
| Minimum lease payments under operating leases in respect of leasehold land and buildings | **511** | 1,330 |
| Auditors' remuneration | **850** | 900 |
| Staff costs (including directors' remuneration) | | |
| – Wages and salaries | **55,468** | 57,803 |
| – Defined contribution scheme | **2,104** | 2,477 |
| | **57,572** | 60,280 |
| Amortisation of technical know-how * | **–** | 467 |
| Amortisation of prepaid land lease payments | **241** | 183 |
| Provision for impairment of trade and bill receivables | **8,689** | 1,308 |
| Loss on disposals of property, plant and equipment | **10** | 38 |
| Exchange loss, net | **1,608** | – |

* Amortisation of technical know-how was included in cost of sales on the face of the consolidated income statement.

## 7. INCOME TAX CREDIT

No Hong Kong profits tax has been provided during the year as the Group did not generate any assessable profits arising from its operations in Hong Kong (2008: 17.5%). Taxes assessable in Mainland China have been calculated at the prevailing rates of tax based on existing legislation, interpretations and practices.

| | Group | |
|---|---|---|
| | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* |
| Current – Hong Kong | | |
| Tax for the year | **–** | 205 |
| Overprovision in prior years | **(313)** | (463) |
| Deferred tax | **(559)** | (1,468) |
| Income tax credit | **(872)** | (1,726) |
| Current – Mainland China | | |
| Tax for the year | **184** | 210 |
| Income tax expense | **184** | 210 |
| Total income tax credit | **(688)** | (1,516) |

## 8. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the net loss for the year of approximately HK$57,137,000 (2008: profit of HK$505,000) attributable to equity holders of the Company, and the number of 525,000,000 (2008: 525,000,000) ordinary shares in issue during the year.

There has been no dilutive effect on the basic (loss)/earnings per share for the years ended 31 March 2009 and 2008 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 AND BILL 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 and bill receivables is considered as reasonable approximation of fair value. Impairment of trade and bill 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 and bill receivables are impaired. All of the Group's trade and bill receivables have been reviewed for indicators of impairment. As at 31 March 2009, the Group has determined trade receivables of HK$3,200,000 (2008: Nil) as individually written off and certain trade and bill receivables were found to be impaired and bad debts of HK$8,689,000 for the year ended 31 March 2009 (2008: HK$1,308,000) have been recognised. The impaired trade and bill receivables are mostly due from customers in the Group business-to-business market that encounter financial difficulties.

Included in the Group's trade and bill receivables are amounts due from the Group's jointly-controlled entity and associate of HK$3,212,000 (2008: HK$4,519,000) and Nil (2008: HK$10,000) respectively, which are unsecured, interest-free and repayable within 30 days.

9. **TRADE AND BILL RECEIVABLES *(Continued)***

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

| | Group | |
|---|---|---|
| | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* |
| Within 90 days | **30,132** | 58,805 |
| 91 to 120 days | **423** | 12,203 |
| 121 to 180 days | **12,394** | 12,891 |
| 181 to 360 days | **11,890** | 24,297 |
| Over 360 days | **13,228** | 8,629 |
| | **68,067** | 116,825 |

10. **TRADE AND BILL PAYABLES**

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

| | Group | |
|---|---|---|
| | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* |
| Within 90 days | **30,949** | 68,661 |
| 91 to 120 days | **4,554** | 6,825 |
| Over 120 days | **26,917** | 13,311 |
| | **62,420** | 88,797 |

The trade and bill payables are non-interest bearing and are normally settled within 90 to 180 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 (2008: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL RESULTS

Summary of the financial results of the Group for the year ended 31 March 2009 are as follows:

- Turnover was approximately HK$375 million (2008: HK$434 million), represented a decrease of approximately 13.7%.
- Loss before income tax was approximately HK$57.8 million (2008: HK$1.0 million).
- Loss for the year was approximately HK$57.1 million (2008: Profit for the year of HK$0.5 million).
- Basic loss per share was approximately HK10.88 cent (2008: Earnings per share HK0.10 cent).

## BUSINESS REVIEW

The Group enjoys a leading position in China as a manufacturing enterprise of intelligent electronic equipment and a solution provider for industrial automatic systems. The Group has strived to continuously enhance competitiveness and profitability through:

1. **Actively developing new markets, and comprehensive improvement of after-sales service**

   In response to the global market downturn, while we focus on strengthening the competitive advantages of our SMT integrated solution, we have actively developed the domestic market for high growth sectors such as LED lighting and communication. Our sales in the northern region increased over 9% as compared to last year amid a generally declining market. Through the implementation of "1-2-1" service strategy (which means to respond to the clients' needs in one hour, arrive on-site in two hours and solve the problem in one day), establishment of client error files and further improvement of speedy problem solving mechanism, we have significantly raised client satisfaction.

2. **Increasing effort on technology research and development and allocating more resources for new product development, ensuring leading position in technology and responding timely to customers' need for business adjustment**

   I. *Electronics Assembly Equipment:*

   As there is an increasing requirement in the EMS circuit board assembly market for assembling techniques in respect of products with high precision components, fine pitch and miniaturization, the Group has actively invested, despite of the market weakness, in developing integrated solution to meet customer demands. We leveraged on our advantages in process technology built over years, and conducted joint development with strategic partners with specific advantages in various modules to satisfy the demand from various customers for comprehensive solution. This enabled us to launch a complete series of high-end to low-end products with balanced features, functions, reliability, safety and costs, and maximized our share in the EMS market.

*II. Liquid Crystal Modules Packaging Equipment:*

There is an increasing market demand for LCM modules in the PRC, standards for the size of laminates and chips, and the techniques in assembling components are getting higher, as such, further upgrade in the Group's processing procedures, the technology and technique in COG packaging equipment has become necessary, and the development of equipment of larger scale with several laminates and chips has become a trend. The Group has planned ahead and taken preemptive measures, and we are preparing to launch the semi-automatic COG300 series for large-sized equipment with several laminates and chips and a fully automatic 1-12 inches COG packaging equipment. Such equipment is capable of meeting market demands for vehicle mounted displays, digital photo frames and notebook. Their features are of world class standard, and as the Group enjoys great advantages in respect of product price, localization and government policies, we expect to take a market share of 15-20%.

*III. Automated Equipment Mainly for Automobile Manufacturing Industry:*

The Group's techniques in automobile component assembly have been maturing and have earned awareness in the PRC. Installation of the automobile assembly line in Shanghai was completed in 2008, while the automobile manufacturing line for Shanghai General Motors has been delivered to the customer in 2009, and commenced production, marking the Group's successful entrance into the whole-car assembly line market. In February 2009, the Group signed a contract with BYD, Shenzhen for engine testing machine. Testing equipment is an area demanding more technology among automobile equipment, and the Group will capture the opportunity to power into the high-end automobile equipment market.

*IV. Automatic Storage and Logistics Equipment:*

We have been investing in logistics technology for a long period and established a logistics business chain with proprietary intellectual property. During the period, the Group's logistics chain achieved continuing increase in sales for three consecutive years. In customer acquisition, we have constructed our first project for the steel industry, which is also the first modern accessories distribution center of the industry. The Group also secured a project in the domestic electronic sector covering a most modern logistics distribution center. The project will achieve automation in operations from procurement, storage and distribution, custody and distribution of semi-finished products, to finished products delivery, as well as integrating information flows with logistics. In addition to a continual expansion of market reach into different industries, the Group's logistics business also made progress in cooperating with international renowned enterprises. In early 2009, in collaboration with SIEMENS, Sun East secured a project of the UPS transshipment center for Asia Pacific supplying a majority of the logistics equipment.

3. **Integrating our manufacturing resources for machining, sheet metal fabrication, software development and design to enhance manufacturing capabilities and processing efficiency**

   With the aim of enhancing our designing and manufacturing capabilities and overall competitiveness, the Group integrated its separate internal resources for sheet metal fabrication, machining, assembly and software development, streamlined operation structure and processes, resulting in significant enhancement of manufacturing capabilities and processing efficiency. In addition, the Group's OEM (Original Equipment Manufacturer) solely for sheet metal processing has been transformed into an ODM (Original Design Manufacturer) operation, forming an indispensable part of the industry chain. During the period, the Group in cooperation with GRG Banking Equipment, a leading ATM manufacturer of the PRC, completed the ticketing machines project for the Beijing Olympic Games.

4. **Implementing comprehensive in-depth management to lower costs. Adhering to solid financial policies, ensuring balance of income and expenditure and maintaining a sufficient cash reserve to resist the impact of financial turmoil**

   In the course of implementing comprehensive in-depth management to lower costs, 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. Income and expenditure of our subsidiaries are monitored and controlled to ensure the Company has maintained a sufficient level of cash flow. The Group has effectively prevented the impact of the financial crisis by relying on its solid financial strategies. It also strengthened its centralized management on the finance of its subsidiaries, regulated and standardized the financial management system, optimized the accounting procedures, increased the overall operating efficiency and profitability by sharing and optimizing the allocation of resources. The Group has also further improved the internal audit system and internal control process, and regularly conducted internal audit and risk assessment towards our subsidiaries to effectively prevent operational risks.

5. **Implementing staff brand name management, building comprehensive brand strength**

   While establishing excellent brand name for our enterprise, products and distribution channels, the Group focused on implementing staff brand name management during the period to achieve enhancement of staff value and extension of brand name. Total number of staff was streamlined from 1,400 to the current 1,000. In addition to eliminating low-end staff not appropriate to the enterprise's development, we strengthened cooperation with various well-known colleges and recruited talents despite of the adversary environment in order to build up a talent reserve in preparation for opportunities ahead. The Group also actively established and perfected its strategic human resources, and promotes the growth and maturation of staff through the establishment of system for maintaining and nurturing of a talent pool, performance appraisal system, personnel training and development system and remuneration allocation and incentive system, to achieve enhancement of staff value.

## PROSPECTS

2009 is a year of challenge and opportunities for the Group. The operating environment of 2009 remains severe and the impact of financial crisis on the real economy is beginning to be seen. The positive side is that the price of raw materials has dropped significantly from late 2008, enabling the Group to develop business with lower costs. As for state policies, the "Restructuring and Development Plan for the Equipment Manufacturing Industry", "Restructuring and Development Plan for the Automobile Industry" and various plans for the increase of infrastructure construction and stimulation of domestic demand announced by the PRC government will help improve the industry development environment and product demand of the Group and provide extensive room for its development. In April 2009, our subsidiary 日東電子科技（深圳）有限公司 has been listed among the top 100 key development enterprises of equipment manufacturing industry, which will significantly increase the influence of the Sun East brand as a leader in the specialized equipment manufacturing sector and is beneficial to our marketing effort. The Group will build on and improve its existing business model. Leveraging on its years of experience in process technology, and through cooperation with strategic partners in the development of application module system, the Group will promptly launch new products to take market share. The Group is fully aware that the focus of our work in 2009 is to lower operating costs and risks. It will therefore implement various measures including improvement in risk management for account receivables, strict cost control and comprehensive in-depth management to improve our operating results generally.

Difficulties and hardship may provide the foundation for great successes. The difficulties confronting us in 2009 are also the opportunities for the Group to enhance its overall management level. The Group will continue integrating various resources and advantages, taking environmental and new energy sector as a target, enhancing corporate governance standard, as well as strengthening our overall profitability to provide remarkable return to shareholders.

## LIQUIDITY AND CAPITAL STRUCTURE

As at 31 March 2009, the Group had current assets of HK$218 million (2008: HK$324 million) mainly comprising prepayments, deposits and other receivables of HK$17 million (2008: approximately HK$13 million), inventories of HK$71 million (2008: approximately HK$116 million), trade and bill receivables of HK$68 million (2008: approximately HK$117 million) and cash and cash equivalents and pledged bank balances of HK$62 million (2008: HK$79 million). The Group had current liabilities of HK$117 million (2008: approximately HK$185 million). The current ratio were 1.87 for the year ended 31 March 2009 (2008: 1.75).

As at 31 March 2009, the Group had total assets of HK$367 million (2008: approximately HK$495 million) and total liabilities of HK$121 million (2008: approximately HK$191 million). The gearing ratio (calculated as a percentage of debt to equity) was 0.16% (2008: 9%).

## FINANCIAL RESOURCES

As at 31 March 2009, the Group had interest-bearing bank and other borrowings of HK$0.4 million (2008: approximately HK$26 million), of which Nil (2008: HK$25 million) is denominated in Renminbi. Except finance lease liabilities, there are no other bank borrowings as at the year end.

Most of the transactions of the Group were made in Hong Kong dollars, Renminbi and US dollars. For the year ended 31 March 2009, 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 2009, cash and cash equivalents and pledged bank balances amounted to HK$62 million (2008: approximately HK$79 million), of which HK$25 million (2008: approximately HK$28 million) are denominated in Renminbi and the majority of the remaining balances are denominated in Hong Kong dollars.

## CHARGES ON GROUP ASSETS

The banking facilities including the Group's import/export, letter of credit, documentary credits, trust receipt and bank loans as at balance sheet date 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 (2008: HK$2,870,000);

(ii) As at 31 March 2008, pledged bank deposits of HK$2,261,000; and

(iii) corporate guarantees provided by the Company.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2009, the Group employed approximately 1,000 full time employees in the PRC and approximately 25 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 2009, 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 2009. 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 2009 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, 23 July 2009

*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*