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 2015

ANNUAL RESULTS

The Board of Directors (the "Board") 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 2015 together with the comparative figures of the corresponding last year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	4	**838,203**	787,603
Cost of sales		**(731,685)**	(679,266)
Gross profit		**106,518**	108,337
Other income and gains	4	**28,600**	20,049
Selling and distribution costs		**(63,540)**	(55,749)
Administrative expenses		**(55,777)**	(53,747)
Other expenses		**(6,886)**	(5,229)
Finance costs	5	**(4,594)**	(865)
Profit before income tax	6	**4,321**	12,796
Income tax expense	7	**(1,786)**	(3,370)
Profit for the year attributable to owners of the Company		**2,535**	9,426

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of properties held for own use		**4,491**	9,373
Deferred tax relating to revaluation surplus		**4,015**	(2,258)
Items that may be reclassified subsequently to profit or loss:			
Exchange gain on translation of financial statements of foreign operations		**106**	2,682
Other comprehensive income for the year, net of tax		**8,612**	9,797
Total comprehensive income for the year attributable to owners of the Company		**11,147**	19,223
Earnings per share for profit attributable to owners of the Company	*8*		
– Basic		**HK0.48 cents**	HK1.80 cents
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**167,349**	165,129
Prepaid land lease payments		**11,181**	9,705
Available-for-sale financial assets		**–**	1,262
		178,530	176,096
Current assets			
Inventories		**166,263**	119,301
Trade and bills receivables	*9*	**373,628**	266,671
Prepayments, deposits and other receivables		**47,533**	21,909
Derivative financial instruments		**–**	451
Tax reserve certificates		**3,600**	3,600
Taxes recoverable		**191**	191
Pledged deposits		**2,934**	68,044
Cash and bank balances		**51,700**	88,525
		645,849	568,692
Current liabilities			
Trade and bills payables	*10*	**178,612**	156,382
Other payables and accruals		**150,769**	144,273
Bank and other borrowings	*11*	**105,447**	60,967
Finance lease liabilities		**93**	–
Derivative financial instruments		**–**	460
Taxes payable		**33,263**	33,881
		468,184	395,963
Net current assets		**177,665**	172,729
Total assets less current liabilities		**356,195**	348,825
Non-current liabilities			
Finance lease liabilities		**262**	–
Deferred tax liabilities		**12,881**	16,920
		13,143	16,920
Net assets		**343,052**	331,905
EQUITY			
Equity attributable to owners of the Company			
Share capital		**52,500**	52,500
Reserves		**290,552**	279,405
Total equity		**343,052**	331,905

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 OR AMENDED HKFRSs

During the year, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting year and relevant to the Group. The adoption of these new and amended HKFRSs did not result in material changes to the Group's accounting policies.

At the date of this results announcement, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Directors are currently assessing the impact of the new and amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these HKFRSs will not result in material financial impact on the consolidated financial statements. Information on new and amended HKFRSs that are expected to have an impact on the Group's accounting policies is provided below.

HKFRS 9 (2014) – Financial Instruments

The standard is effective for accounting periods beginning on or after 1 January 2018. HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for de-recognition of financial assets and financial liabilities.

2. ADOPTION OF NEW OR AMENDED HKFRSs *(Continued)*

HKFRS 15 – Revenue from Contracts with Customers

The standard is effective for accounting periods beginning on or after 1 January 2017. The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

3. SEGMENT INFORMATION

The executive directors have identified the Group's two product lines as reportable segments:

(i)	Production lines and production equipment	–	Design, manufacture and sale of production lines and production equipment
(ii)	Brand name production equipment	–	Trading and distribution of brand name production equipment

	Production lines and production equipment		**Brand name production equipment**		**Consolidated**	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**416,103**	442,037	**422,100**	345,566	**838,203**	787,603
Other revenue – external	**11,829**	11,744	**13,463**	–	**25,292**	11,744
Reportable segment revenue	**427,932**	453,781	**435,563**	345,566	**863,495**	799,347
Reportable segment results	**12,149**	10,709	**5,085**	6,217	**17,234**	16,926
Depreciation and amortisation	**10,606**	10,104	**–**	–	**10,606**	10,104
Loss on disposal of property, plant and equipment	**8**	20	**–**	–	**8**	20
Bad debt written off	**97**	–	**–**	–	**97**	–
Provision for impairment of trade and bills receivables	**6,749**	5,161	**–**	–	**6,749**	5,161
(Write-back)/Write-down of inventories to net realisable value	**(788)**	2,859	**–**	–	**(788)**	2,859
Write-off of property, plant and equipment	**40**	68	**–**	–	**40**	68
Reportable segment assets	**529,795**	433,757	**226,668**	146,495	**756,463**	580,252
Capital expenditure	**9,837**	3,195	**–**	–	**9,837**	3,195
Reportable segment liabilities	**273,528**	209,844	**54,043**	89,148	**327,571**	298,992

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

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2015	2014
	HK$'000	*HK$'000*
Reportable segment results	**17,234**	16,926
Rental income	**17**	14
Interest and other corporate income	**3,291**	8,291
Corporate expenses	**(11,627)**	(11,570)
Finance costs	**(4,594)**	(865)
Profit before income tax	**4,321**	12,796
Segment assets		
Production lines and production equipment	**529,795**	433,757
Brand name production equipment	**226,668**	146,495
	756,463	580,252
Available-for-sale financial assets	**–**	1,262
Derivative financial instruments	**–**	451
Tax reserve certificates	**3,600**	3,600
Taxes recoverable	**191**	191
Pledged deposits	**2,934**	68,044
Cash and bank balances	**51,700**	88,525
Other corporate assets	**9,491**	2,463
Total assets	**824,379**	744,788
Segment liabilities		
Production lines and production equipment	**273,528**	209,844
Brand name production equipment	**54,043**	89,148
	327,571	298,992
Bank and other borrowings	**105,447**	60,967
Derivative financial instruments	**–**	460
Finance lease liabilities	**355**	–
Deferred tax liabilities	**12,881**	16,920
Other corporate liabilities	**35,073**	35,544
Total liabilities	**481,327**	412,883

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

The Group's revenue from external customers and segment assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets (excluded available-for-sale financial assets)	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China (domicile)	**804,221**	747,970	**152,269**	152,139
Hong Kong	**9,242**	13,308	**26,261**	22,695
Europe (principally Spain)	**13,000**	19,766	**–**	–
Others (principally Japan)	**11,740**	6,559	**–**	–
	838,203	787,603	**178,530**	174,834

The geographical location of customers is based on the location at which the goods delivered. The geographical location of non-current assets is based on the physical location of the assets. The Company is an investment holding company where the Group has majority of its operation and workforce in Mainland China, and therefore, Mainland China is considered as the Group's country of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segments".

4. **REVENUE, OTHER INCOME AND GAINS**

The Group's turnover, represents revenue from its principal activities, measured at 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:

	2015	2014
	HK$'000	*HK$'000*
Revenue – sale of goods	**838,203**	787,603
Other income:		
Rental income	**17**	14
Bank interest income	**2,971**	3,021
Impairment loss on trade receivables written back	**2,260**	2,893
Government grants*	**16,827**	583
Sales of scrap	**2,516**	2,648
Discount received on the settlement of other payables	**1,740**	2,455
Others	**1,949**	2,344
	28,280	13,958
Gains:		
Exchange gain, net	**320**	6,091
Other income and gains	**28,600**	20,049

* Non-refundable government subsidies were received from the PRC government for subsidising the Group in conducting and launching projects relating to research and development activities, development of the high-tech operating system and imports of the high-tech equipments. There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank and other borrowings, wholly repayable within one year	**4,587**	865
Finance lease charges	**7**	–
Total interest on financial liabilities stated at amortised cost	**4,594**	865

6. PROFIT BEFORE INCOME TAX

	2015	2014
	HK$'000	*HK$'000*
The Group's profit before income tax is arrived at after charging/(crediting):		
Cost of inventories sold	**570,625**	544,599
– including (write-back)/write-down of inventories to net realisable value	**(788)**	2,859
Depreciation		
– Owned	**10,279**	9,836
– Held under finance leases	**30**	–
Fair value loss on derivative financial instruments	**1,103**	909
Research and development costs	**6,128**	5,971
Minimum lease payments under operating leases in respect of leasehold land and buildings	**2,732**	1,504
Loss on disposal of property, plant and equipment	**8**	20
Auditor's remuneration	**950**	900
Staff costs (including directors' remuneration)		
– Wages and salaries	**130,687**	122,019
– Defined contribution scheme	**8,913**	7,754
	139,600	129,773
Amortisation of prepaid land lease payments	**297**	268
Provision for impairment of trade and bills receivables	**6,749**	5,161
Bad debts written off	**97**	–
Write-off of property, plant and equipment	**40**	68

7. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Current tax – Elsewhere		
– Tax for the year	**1,810**	4,502
– Over-provision in prior year	**–**	(673)
	1,810	3,829
Deferred tax	**(24)**	(459)
Income tax expense	**1,786**	3,370

No Hong Kong profits tax was provided as the Group did not generate any assessable profits arising from its operations in Hong Kong during the current and prior years. Taxes assessable in elsewhere have been calculated at the prevailing rates of tax based on existing legislation, interpretations and practices.

The PRC enterprise income tax for foreign enterprises have been calculated on the estimated assessable profits for the year at 25% except that 日東電子科技(深圳)有限公司 and 日東電子發展(深圳)有限公司 are granted the tax benefit for the National High-Tech Enterprise for three years starting from the year ended 31 December 2014. They are subject to income tax rate of 15%.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of approximately HK$2,535,000 (2014: HK$9,426,000) attributable to owners of the Company, and 525,000,000 (2014: 525,000,000) ordinary shares in issue during the year.

Diluted earnings per share for the year ended 31 March 2015 and 2014 are not presented as there were no potential ordinary shares in issue during the year.

9. TRADE AND BILLS RECEIVABLES

The normal credit period granted by the Group to its customers, each of which has a maximum credit limit, ranges from 30 to 180 days (2014: 30 to 180 days).

Ageing analysis of trade and bills receivables as at the reporting dates, based on the date of revenue recognition and net of provision, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**148,552**	105,868
91 to 120 days	**33,903**	22,864
121 to 180 days	**34,988**	26,829
181 to 360 days	**73,439**	71,006
Over 360 days	**82,746**	40,104
	373,628	266,671

As at 31 March 2015, there are bills receivable of approximately HK$63.3 million (2014: HK$36.6 million) included in trade and bills receivables.

10. TRADE AND BILLS PAYABLES

Ageing analysis of trade and bills payables as at the reporting dates, based on invoice date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**166,744**	147,663
91 to 120 days	**2,686**	1,682
Over 120 days	**9,182**	7,037
	178,612	156,382

11. BANK AND OTHER BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Current portion		
– Secured bank loans due for repayment within one year (note i)	**78,639**	60,967
– Asset-backed financing (note ii)	**20,493**	–
– Unsecured bank loans due for repayment within one year	**6,315**	–
	105,447	60,967

Notes:

(i) These bank borrowings are secured by the Group's leasehold land and buildings in Hong Kong and the PRC and guaranteed by the Company (2014: secured by pledged deposits of HK$61,073,000).

(ii) The asset-backed financing represents the amount of financing obtained in factoring transactions which do not meet the de-recognition requirements in HKAS 39. The corresponding financial assets are included in bills receivable.

As at 31 March 2015 and 31 March 2014, all bank and other borrowings are due for repayment within one year.

The interest-bearing bank and other borrowings are carried at amortised cost.

As at 31 March 2015, the bank and other borrowings included bank and other loans of approximately USD1,998,000 and RMB71,227,000 (2014: HK$60,967,000).

Effective interest rate of the bank and other borrowings ranged from 1.73% to 19.20% (2014: from 1.71% to 2.20%) per annum for the year.

Up to the report date, bank and other borrowings of HK$57,002,000 were repaid.

12. 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 (2014: Nil).

13. COMMITMENTS

At the reporting date, the Group had the following outstanding commitments:

(a) Operating lease commitments – as lessee

The Group leases certain of its offices premises under operating lease arrangements. Leases for these assets are negotiated for the terms ranging between one and three years.

At 31 March 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**1,313**	1,604
In the second to fifth years, inclusive	**92**	384
	1,405	1,988

(b) Capital commitments

	2015	2014
	HK$'000	*HK$'000*
Contracted but not accounted for in respect of acquisition of property, plant and equipment	**100**	169

14. CONTINGENT LIABILITIES

There were no material contingent liabilities as at 31 March 2015 and 2014.

15. RELATED PARTY TRANSACTIONS

Key management remuneration

The remuneration of the directors and other members of key management during the year were as follows:

	2015	2014
	HK$'000	*HK$'000*
Short term employee benefits	**10,219**	10,757
Post-employment benefits	**148**	125
	10,367	10,882

CHAIRMAN STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Sun East Technology (Holdings) Limited, I am pleased to present the audited annual results of the Company and its subsidiaries (the "Sun East Group") for the year ended 31 March 2015.

Business review

In the year, despite the complicated and ever-changing market, Sun East Group maintained a steady growth of its sales with its extensive market distribution and consistent efforts in building competitiveness of core products, including optimizing and updating products and introducing new products. Meanwhile, Sun East Group implemented the strategy of implementing a small profit margin in pursuit of large sale quantity, increasing the brand's market share and preparing for future growth.

The sales of Sun East Group for the year amounted to approximately HK$838.2 million, representing an increase of approximately 6.4% compared to the same period of last year, mainly benefiting from the Free Trade Agreement between China and ASEAN. With the agreement, wedge bonders can be imported tariff-free, which increased its price advantage. Therefore, the sales of wire bonders for the year increased by approximately HK$47.4 million. The sales of other SMT products were at a level similar to that of last year.

Automated and logistics business experienced rapid growth in the past few years. It maintained a stable development this year. Meanwhile, the increase in labour costs cannot be transferred to users as the market matures and the pricing has become transparent. It had a direct impact on the profit of the automated and logistics business.

In terms of internal management, Sun East Group aligned the current situation with its goals for future prospect and made adjustments to the management structure. Staff of high caliber were recruited and restructuring efforts were conducted for each business division. Systems such as internal management, risk control and financial budgeting were further improved and strengthened in order to adapt to the Group's future development and efficiency enhancement.

Outlook

Given the slowdown and transition of the Chinese economy, the outlook for next year is cautiously optimistic. Aligned with financial budgeting, the Group will reduce costs in various production and management segments to increase profit. In terms of the SMT industry, the Group will mainly adopt the strategy of implementing a small profit margin in pursuit of large sale quantity and seize market share, taking advantage of the slowdown of the market. On the contrary, in terms of the automated and logistics business, the Group will target major clients and large orders to lower potential credit risks and improve the cash flow of the Group.

In terms of robotic arms, as the agent of 7 robotic arm brands and the developer and assembler of end-user application, the Group will benefit from the growth in bonus due to the common use of robotic arms. Sun East Group wishes to take this opportunity to find partners and potential merger and acquisition to lay the foundation for future expansion.

Other than operational investment in Sun East Group's own traditional industries, the Group will seek development and opportunities given in other industries or sectors in the future as the environment changes. For example, given the aging population in China, the medical industry will be a sector worthy of investment. Manufacturing and sales of medical equipment will be an ideal investment target.

Besides, as increasing affluence leads to higher demands for quality of life, there will be significant room for development in the environmental protection sector. Especially in sewage treatment, as water resources diminish, the Chinese government will enforce the law rigorously, leading to an inelastic demand.

Given the change in the processing techniques of mobile phone production, the application of digital machinery tool has been extensively promoted. The huge demand for it has been expanded from previously the manufacturing of production facilities to manufacturing mobile phones. Therefore, this sector also has potential.

In line with the market development, Sun East Group will begin tapping business opportunities in the sectors above. The Group expects to enter related industries and find new highlight for the Group's future profit.

Appreciation

This financial year is the 15th anniversary of the Group's listing in Hong Kong. On behalf of the Board, I hereby express our gratitude for the support of our shareholders and partners and also for the effort and contribution of all the staff of the Group. I will continue to lead the Group and create better returns for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Sun East Production Line Equipment Business

As the use of LED light in Guangdong province has become more universal, the sales of SMT machines and semi-conductor of the Group continued the trend from last year and was on the growth. Of which the sales of wire bonders were particularly outstanding. They benefit from the China-ASEAN Free Trade Agreement and were imported tariff-free. Its sales increased by approximately HK$47.4 million compared to last year.

During the year, sale of SMT and welding related equipment amounted to approximately HK$590.7 million, representing an increase of 16.4% when compared to approximately HK$507.3 million in last year. In a market environment with transparent price and keen competition, the Group mainly adopted the strategy of profit margin small relative to sales quantity. Therefore, the gross profit ratio was decreased from 13.3% to 12.7%.

OEM Industry

With the increase of China's production costs such as wages and raw materials, the profit of OEM business is slimmed. The sales amount also dropped due to the loss of some clients. Compared with last year, the sale amount dropped from approximately HK$72.3 million to approximately HK$61.0 million, representing a decrease of 15.6%. Due to factors such as increase in direct labour costs, there was a drop in the gross profit margin.

Because of the market conditions, the increased costs would not directly pass onto the customers. To sustain Group's competitiveness in the OEM market, the group strategizes to achieve economies of scale, cost reduction, quality control, rework rate reduction and improved operational efficiency with limited wastage.

Automated and Logistic Business

As the automated and logistic market in China matures, sales amount of this business remained at a stable level. The sales amount is at approximately HK$186.5 million for the year. However, the requirements for capital investment for this industry is relatively high and the time required for project delivery is relatively long, the Group will subsequently target major clients and orders of high quality.

Despite the relative high gross profit margin of the automated and logistic business division, the profit of the division was harmed as the capital cost increases.

FINANCIAL REVIEW

Turnover and gross profit

Turnover of the Group reached approximately HK$838.2 million and represented an increase of approximately HK$50.6 million and 6.4% when compared with approximately HK$787.6 million in last year. The upturn of sale amount was mainly due to the increase in sales of wire bonders. It is because the price of wire bonders dropped as they were imported tariff-free under the China-ASEAN Free Trade Agreement. In terms of other businesses, despite the Group's strategy of profit margin small relative to sales quantity and its effort in lengthening the ageing of major clients specifically, the business was only maintained at a stable level given the keen competition.

During the year under review, the gross profit ratio for the year was approximately 12.7%, representing a slightly drop of approximately 1.1%, as compared with last year approximately 13.8%. Other than the rise in basic salary, the decrease of the gross profit ratio was driven by the Group's also taking the import subsidies by the government into account in pricing in order to maintain its market share.

Other income and gains

During the year, the Group recorded other income and gains at approximately HK$28.6 million, mainly due to the interest income of approximately HK$3.0 million. The Group recorded recover of trade receivables at approximately HK$2.3 million, gain from scrap materials at approximately HK$2.5 million, government grant at approximately HK$16.8 million (including import facilities subsidise of HK$13.5 million).

Selling and distribution costs

During the year, the Group recorded a selling and distribution cost at approximately HK$63.5 million and it represents 7.6% of the turnover but it was 7.1% in the same period last year. The main reason for the increase is the salary of sales increased.

General and administrative expenses

The management of the Group implemented various methods to control its general and administrative expenses including departmental cost budgeting and enhancement of the efficiency by review manpower. During the year, the administrative expenses were approximately HK$55.8 million and it increased approximately HK$2.1 million compared to last year approximately HK$53.7 million. Such increase was mainly due to the increase in the cost of management personnel.

Finance costs

Finance costs for the year under review amounted to approximately HK$4.6 million, representing an increase of approximately HK$3.7 million, as compared with approximately HK$0.9 million in the same period last year. The increase mainly came from new bank borrowing of approximately HK$85.0 million and discounted bank acceptance bills of approximately HK$20.5 million.

Profit for the period

As result of the foregoing, the profit attributable to owners of the Company for the year under review was approximately HK$2.5 million, representing a decrease of approximately HK$6.9 million, as compared with approximately HK$9.4 million in corresponding year. The net profit margin was approximately 0.3% for the year under review as compared with approximately 1.2% in year 2014.

EBITDA

The following table illustrates the Group's EBITDA for the respective years. The Group's EBITDA margin was 2.3% for the year under review as compared with 3.0% in corresponding period in 2014.

	Year ended 31 March	
	2015	2014
	HK'000	*HK'000*
Profit for year attributable to owners of the Company	**2,535**	9,426
Finance cost	**4,594**	865
Income tax expenses	**1,786**	3,370
Depreciation and amortisation	**10,606**	10,104
EBITDA	**19,521**	23,765

Financial resource, liquidity and gearing ratio

During the past year, there was no material change in the Group's treasury policy. As there were more and more projects taken by the automated and logistics business and the capital being invested was also increasing, the cash level was reduced significantly. As at 31 March 2015, the Group had sufficient cash and banking facilities from its main bankers to finance ongoing working capital requirements. The Group maintained high value of net current assets at approximately HK$177.7 million and healthy current ratio at 1.4 times. The total equity ratio attributable to the owners of the Company was calculated with reference to the total bank and other borrowings and finance lease liabilities (but discounted bank acceptance bills of approximately HK$20.5 million are not included) as at 31 March 2015. The gearing ratio of the Group was 24.8% (2014: 0%, the pledged deposit and bank borrowing under hedging purpose are excluded).

Working capital management

The Group continued to maintain a healthy financial position. As at 31 March 2015, the Group held cash and bank balances of approximately HK$51.7 million, which declined approximately HK$36.8 million from approximately HK$88.5 million at the beginning of the year. Meanwhile, the Group obtained bank loans of approximately HK$85.0 million (but discounted bank acceptance bills of approximately HK$20.5 million are not included). The group's average inventory turnover days was approximately 71 days (2014: 55 days). The Group's average debtors turnover days was approximately 139 days (2014: 102 days). The Group's average creditors turnover days was approximately 84 days (2014: 71 days). The Group remains confident that the net cash position will improve further given continuing profitability and management's continued focus on close working control.

Capital Expenditure on property, plant and equipment and prepaid land lease payments

Total capital expenditure for the year was approximately HK$9.8 million, out of which approximately HK$1.0 million was spent on the acquisition of machinery and equipment, HK$1.6 million on acquisition of furniture, fixture and leasehold improvement, HK$1.3 million on acquisition of computer software, HK$1.4 million on acquisition of motor vehicles and HK$4.5 million on acquisition of leasehold land and building.

Charges on Group Assets

As at 31 March 2015, the Group's banking facilities including its performance letter of guarantees, import/export loan, letter of credit, documentary credits, trust receipt and bank borrowings are secured by:

(i) a first legal charge on certain of the Group's leasehold land and buildings, which had an aggregate net carrying amount at the reporting date of HK$105.0 million (2014: HK$11.4 million);

(ii) bank deposits approximately HK$2.9 million (2014: HK$68.0 million);

(iii) cross guarantee provided by subsidiaries in the Group; and

(iv) corporate guarantees provided by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group employed approximately 1,404 full time employees in the PRC and approximately 15 were in the Hong Kong office. The Group remunerates its employees based on the 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 PRACTICES

The Company acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent board of directors, sound internal controls and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavors to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards. The Company has adopted the Code Provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules.

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Code. Save and except as hereinafter mentioned, the Company was in compliance with the Code for the year ended 31 March 2015 except for the derivations from the Code Provision A.4.1 and A.6.7 as set out below.

Code Provision A.4.1

Code Provision A.4.1 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 14.

Code Provision A.6.7

Pursuant to the Code Provision A.6.7, all Directors of the Company should attend general meetings. However, two Independent Non-Executive Directors were absent from the annual general meeting held on 18 August 2014 due to other business commitments. To ensure compliance with the Code in the future, the Company has arranged and will continue to arrange to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way that all Directors can attend the general meetings.

AUDIT COMMITTEE

The Company has an audit committee which was 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 annual results for the year ended 31 March 2015. The audit committee comprises the three independent non-executive directors of the Company.

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 the website of the Company (www.suneasthk.com). The annual report of the Company for the year ended 31 March 2015 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.

CAUTION STATEMENT

This announcement contains forward-looking statements regarding the objectives and expectations of the Group with respect to its opportunities and business prospects. Such forward-looking statements do not constitute guarantees of future performance of the Group and are subject to factors that could cause the Company's actual results, plans and objectives to differ materially from those expressed in the forward-looking statements. These factors include, but not limited to, general industry and economic conditions, shifts in customer demands, and changes in government policies. The Group undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

List of all Directors of the Company as at the date of this announcement:

Executive Directors:
Mr. But Tin Fu *(Chairman)*
Mr. But Tin Hing
Mr. Leung Cheong
Mr. Leung Kuen, Ivan

Independent Non-Executive Directors:
Mr. See Tak Wah
Prof. Xu Yang Sheng
Mr. Li Wanshou

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

Hong Kong, 19 June 2015

* *For identification purpose only*