

The Board of Directors (“the Board”) of Sun East Technology (Holdings) Limited (“the Company”) announces the unaudited consolidated results (“the Unaudited Results”) of the Company and its subsidiaries (collectively, “the Group”) for the six months ended 30 September 2002 (“the Period”). The Unaudited Results have not been audited by the Company’s auditors, but have been reviewed by the Company’s Audit Committee on 19 December 2002:

CONDENSED CONSOLIDATED PROFIT & LOSS ACCOUNT

	Notes	(Unaudited) Six months ended 30 September 2002 HK\$'000	(Unaudited) Six months ended 30 September 2001 HK\$'000
TURNOVER	2	271,905	218,645
Cost of Sales		(247,491)	(159,927)
Gross profit		24,414	58,718
Other revenue		1,688	1,399
Selling and distribution costs		(16,346)	(5,674)
General and administrative expenses		(26,323)	(23,046)
Other operating expenses		(1,291)	(1,537)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	3	(17,858)	29,860
Finance costs	4	(1,030)	(348)
PROFIT/(LOSS) BEFORE TAX		(18,888)	29,512
Tax	5	(1,553)	(3,833)
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(20,441)	25,679
EARNING/(LOSS) PER SHARE			
– Basic	6	(6.55 Cents)	8.23 Cents
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	For the six months ended 30 September 2002							Total
	Issued share capital	Share premium account	Contributed Surplus	Asset revaluation reserve	Exchange fluctuation reserve	Reserve and enterprise expansion funds	Retained profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2002	31,200	50,006	4,800	4,602	(284)	510	158,974	249,808
Net loss for the period	-	-	-	-	-	-	(20,441)	(20,441)
At 30 September 2002	<u>31,200</u>	<u>50,006</u>	<u>4,800</u>	<u>4,602</u>	<u>(284)</u>	<u>510</u>	<u>138,533</u>	<u>229,367</u>

	For the six months ended 30 September 2001							Total
	Issued share capital	Share premium account	Contributed Surplus	Asset revaluation reserve	Exchange fluctuation reserve	Reserve and enterprise expansion funds	Retained profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2001	31,200	50,006	4,800	4,730	(140)	-	132,432	223,028
Net profit for the period	-	-	-	-	-	-	25,679	25,679
Translation differences arising on consolidation	-	-	-	-	(10)	-	-	(10)
At 30 September 2001	<u>31,200</u>	<u>50,006</u>	<u>4,800</u>	<u>4,730</u>	<u>(150)</u>	<u>-</u>	<u>158,111</u>	<u>248,697</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) 30 September 2002 HK\$'000	(Audited) 31 March 2002 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Fixed assets	7	195,211	200,842
Intangible asset	8	4,307	–
Goodwill	9	22,727	–
Other deposits		3,632	3,568
		<u>225,877</u>	<u>204,410</u>
CURRENT ASSETS			
Inventories		63,028	57,837
Accounts receivable	10	94,046	80,580
Prepayments, deposits and other receivable		10,236	3,544
Cash and bank balances		46,383	68,329
		<u>213,693</u>	<u>210,290</u>
CURRENT LIABILITIES			
Accounts and bills payable	11	97,026	68,101
Accruals and other payables		36,712	37,624
Interest-bearing borrowings		39,935	19,927
Finance lease payables		4,629	5,311
Tax payable		26,053	24,686
Amounts due to directors		–	1,226
		<u>204,355</u>	<u>156,875</u>
NET CURRENT ASSETS		<u>9,338</u>	<u>53,415</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>235,215</u>	<u>257,825</u>
NON-CURRENT LIABILITIES			
Finance lease payables		2,750	4,919
Deferred tax		3,098	3,098
		<u>5,848</u>	<u>8,017</u>
		<u>229,367</u>	<u>249,808</u>
CAPITAL AND RESERVES			
Issued capital	12	31,200	31,200
Reserves		198,167	218,608
		<u>229,367</u>	<u>249,808</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited)	(Unaudited)
	Six months	Six months
	ended	ended
	30 September	30 September
	2002	2001
	HK\$'000	HKD\$'000
		(restated)
NET CASH INFLOW/(OUTFLOW) FROM		
OPERATING ACTIVITIES	(2,889)	41,748
Net cash outflow from investing activities	(36,214)	(52,766)
Net cash inflow from financing activities	16,796	17,625
	 	
INCREASE/(DECREASE) IN CASH		
AND CASH EQUIVALENTS	(22,307)	6,607
Cash and cash equivalents at beginning of period	63,352	92,427
Effect of foreign exchange rate changes, net	–	(10)
	 	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	41,045	99,024
ANALYSIS OF BALANCES OF CASH AND		
CASH EQUIVALENTS		
Cash and bank balance	46,383	104,400
Bank overdraft	(5,338)	(5,376)
	41,045	99,024

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting”. The accounting policies and basis of presentation are the same as those used in the annual financial statements for the year ended 31 March 2002. Figures for the year ended 31 March 2002 are extracted from the Group’s annual financial statements for that year.

Impact of new/revised statements of standard accounting practice

The following relevant SSAPs issued by the Hong Kong Society of Accountants are effective for accounting periods commencing on or after 1 April 2002:

- SSAP 1 (Revised) : “Presentation of financial statements”
- SSAP 11 (Revised) : “Foreign currency translation”
- SSAP 15 (Revised) : “Cash flow statements”
- SSAP 25 (Revised) : “Interim financial reporting”
- SSAP 34 : “Employee benefits”

The main revision to SSAP 1 is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The condensed consolidated statement of changes in equity for the current interim period and the comparative balances have been presented in accordance with this revised SSAP.

SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions and financial statements. This revised SSAP has had no major impact on these condensed consolidated financial statements.

The main revision to SSAP 15 is to classify cash flows during the period into operating, investing and financing activities. The condensed consolidated cash flow statement for the current interim period and the comparative balances have been presented in accordance with this revised SSAP.

SSAP 25 (Revised) prescribes the presentation and disclosures following changes in SSAP 1 (Revised) and SSAP 15 (Revised). The condensed consolidated financial statements for the current interim period and comparative balances have been presented in accordance with this revised SSAP.

SSAP 34 prescribes the accounting treatment and disclosures requirements for employee benefits. This SSAP has had no major impact on these condensed consolidated financial statements.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the assess of the cost of the acquisition over the group's share of the fair value of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the balance sheet as an asset and amortised on the straight-line basis over its estimated useful life of five years.

Deferred development cost

Deferred development cost are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the products are put into commercial production.

2. SEGMENT INFORMATION

(a) Business segments

The following table presents revenue and results for the Group's business segments.

Group	Production lines and production equipment		Brand name production equipment		Consumer products		Sub-contracting services		Elimination		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Segment revenue:												
Sales to external customers	119,337	113,051	49,351	39,019	90,606	35,710	12,611	30,865	-	-	271,905	218,645
Other revenue - external	57	20	-	-	-	-	-	-	-	-	57	20
Total	119,394	113,071	49,351	39,019	90,606	35,710	12,611	30,865	-	-	271,962	218,665
Segment results	(12,144)	16,095	4,809	4,292	(8,336)	1,775	(3,209)	6,473	-	-	(18,880)	28,635
Interest and unallocated income											1,631	1,379
Unallocated expenses											(609)	(154)
Profit/(loss) from operating activities											(17,858)	29,860
Finance costs											(1,030)	(348)
Profit/(loss) before tax											(18,888)	29,512
Tax											(1,533)	(3,833)
Net profit/(loss) from ordinary activities attributable to shareholders											(20,441)	25,679

(b) Geographical segments

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

Group

	Hong Kong		The People's Republic of China		Sweden		German		Elsewhere		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:												
Sales to external customers	61,013	107,928	127,671	78,483	45,329	-	15,110	10,745	22,782	21,489	271,905	218,645
Segment results	(3,179)	14,356	(8,416)	11,410	(3,968)	-	(1,323)	956	(1,994)	1,913	(18,880)	28,635

3. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

Profit/(loss) from operating activities has been arrived at after charging:

Depreciation	14,289	7,690
Cost of inventories sold and services provided	247,491	159,927
Amortisation of goodwill	385	-
Amortisation of deferred development cost	73	-

Six months ended

30 September

2002	2001
HK\$'000	HK\$'000
14,289	7,690
247,491	159,927
385	-
73	-

4. FINANCE COSTS

Interest on bank loans and overdraft wholly repayable within five year	865	295
Interest on finance leases	165	53

Six months ended

30 September

2002	2001
HK\$'000	HK\$'000
865	295
165	53
1,030	348

5. TAX

	Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Hong Kong	–	847
Elsewhere	1,553	2,581
Deferred	–	405
Tax charge for the period	<u>1,553</u>	<u>3,833</u>

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong. Taxes on profits assessable elsewhere have also been provided based on existing legislation, interpretations and practices in the countries in which the Group has operations.

6. EARNING/(LOSS) PER SHARE

The calculations of earning/(loss) per share are based on the net loss from ordinary activities attributable to shareholders for the period of approximately HK\$20,441,000 (2001: profit of HK\$25,679,000), and the issued share capital of 312,000,000 shares (2001: 312,000,000 shares). Diluted earning per share has not been calculated as no diluting event existed during the period.

7. FIXED ASSETS

During the six months ended 30 September 2002, the additions to fixed assets including motor vehicle, machinery and equipment, and construction in progress, were approximately HK\$9 million.

8. INTANGIBLE ASSET

During the six months ended 30 September 2002, the addition to deferred development cost arising from the acquisition of a subsidiary, was approximately HK\$4 million.

9. GOODWILL

The amounts of the goodwill capitalised as an asset in the balance sheet, arising from the acquisition of a subsidiary, is as follows:

	HK\$'000
Cost:	
Acquisition of a subsidiary	23,112
Accumulated amortisation:	
Amortisation provided during the period	<u>385</u>
Net book value:	
At 30 September 2002	<u><u>22,727</u></u>

10. ACCOUNTS RECEIVABLE

The Group usually grants credit periods ranging from 30-90 days to normal customers. As at 30 September 2002, the aged analysis of accounts receivable is as follows:

	As at 30 September 2002 HK\$'000	As at 31 March 2002 HK\$'000
Within 90 days	68,912	58,395
91 to 120 days	5,410	3,714
Over 120 days	<u>31,091</u>	<u>29,884</u>
	105,413	91,993
Less: Provision for doubtful debts	<u>(11,367)</u>	<u>(11,413)</u>
	<u><u>94,046</u></u>	<u><u>80,580</u></u>

11. ACCOUNTS AND BILLS PAYABLE

As at 30 September 2002, the aged analysis of accounts and bills payable is as follows:

	As at 30 September 2002 HK\$'000	As at 31 March 2002 HK\$'000
Within 90 days	60,320	48,214
91 to 120 days	16,657	8,524
Over 120 days	20,049	11,363
	<u>97,026</u>	<u>68,101</u>

12. SHARE CAPITAL

	As at 30 September 2002 HK\$'000	As at 31 March 2002 HK\$'000
Authorised: 2,000,000,000 ordinary shares of HK\$0.10 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid: 312,000,000 ordinary shares of HK\$0.10 each	<u>31,200</u>	<u>31,200</u>

13. RELATED PARTY TRANSACTIONS

There is no significant related party transaction during the period ended 30 September 2002.

14. COMMITMENTS

At the balance sheet date, the Group had the following commitments:

	As at 30 September 2002 HK\$'000	As at 31 March 2002 HK\$'000
Capital commitments in respect of building construction contracted, but not provided for	<u>2,402</u>	<u>4,854</u>

15. CONTINGENT LIABILITIES

At the balance sheet date, the Group did not have any significant contingent liabilities.

BUSINESS REVIEW AND OUTLOOK

In spite of the continued downturn in global economy during the period under review, the Group has adopted a positive and serious attitude to tackle the difficulties. After months of endeavour, turnover of the Group increased 24% in the current period. This is a reflection of the increase in both product quality and market share of the Group. However, given the intense market competition and the fact that the selling price has come down, the results of the Group in the current period was unsatisfactory.

The PRC market continues to witness remarkable growth. This is particularly true in the semi-conductor and car-marketing industry. In an effort to diversify production of the Group and develop the enormous market of semi-conductor and car-making industry, in August 2002, the Group acquired a subsidiary, Eastern Century Speed Inc. which engaged in research and development of microelectronic precision wire solder technology. The Group believed that the finished products produced by such technology will become one of the major products, thus improve the profit margin of the Group in the future. Also, the Group has recently successfully entered into a contract worth HK\$20,000,000 for refitting a vehicle production line with a vehicle manufacturing enterprise. On the other hand, the precision sheet metal fabrication division, being the target of our major enhancement efforts during the period under review, was supported by all parties concerned. As a result, the Group has secured contracts from such large enterprises groups as Matsushita, Konica, Fuji Xerox and Isuzu.

The Group firmly believes that our business will be able to achieve steady growth through broadened product range, better product quality and stringent control over cost of production.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the first half of 2002/03, the Group had turnover of approximately HK\$272 million, and approximately HK\$219 million for the same period of 2001/02. For the period ended 30 September 2002, the Group recorded net loss from ordinary activities attributable to shareholders of approximately HK\$20 million, and a profit of approximately HK\$26 million in the first half of 2001/02.

Loss during the period is mainly attributed by downward adjustment of selling price and increase in selling, production and depreciation costs.

Production lines and production equipment

Economic slowdown put pressure on the selling price and profit margin of the Group. This, together with the increase in depreciation cost led to loss in respect of the Group's production lines and production equipment operations in the current period. In an effort to improve its results and diversify production, during the period under review, the Group acquired a subsidiary which owns microelectronic precision wire solder technology. The Group believes that finished products using such technology will improve the profit margin of its production lines and production equipment operations.

Brand name production equipment

Sales amounted to HK\$49 million during the period, an increase of 26% as compared with the corresponding period last year, while profit margin remained more or less the same.

Consumer products and sub-contracting services

In respect of consumer electronic products, although sales volume was higher than the corresponding period last year, the Group still recorded a loss of HK\$8 million in the operation due to a decline in sales price while cost of sales and license fees increased.

A price competitive consumer electronics market also led to a decline in both the pricing and volume for processing and sub-contracting services. In face of the severe business environment, the Group will undergo a series of reforms, including stringent control on the operating and production costs, for improvement of its business.

Liquidity

As at 30 September 2002, the Group had net current assets of HK\$9 million (31 March 2002: HK\$53 million), mainly comprising prepayments, deposits and other receivables of approximately HK\$10 million (31 March 2002: HK\$4 million), inventories of approximately HK\$63 million (31 March 2001: HK\$58 million) and trade receivables of the approximately HK\$94 million (31 March 2002: HK\$81 million) and current liabilities of approximately HK\$204 million (31 March 2002: HK\$157 million). The current ratio decreased from approximately 1.3 as at 31 March 2002 to approximately 1.0 as at 30 September 2002.

At 30 September 2002, the Group had total assets of approximately HK\$440 million (31 March 2002: HK\$415 million) and total liabilities of approximately HK\$210 million (31 March 2002: HK\$165 million). The gearing ratio calculated as a percentage of long term debt to equity was 1.2% (31 March 2002: 2.0%).

Financial Resources

At 30 September 2002, the Group had floating interest-bearing bank borrowings of approximately HK\$40 million (31 March 2002: HK\$20 million), of which HK\$19 million were denominated in Renminbi and HK\$21 million in Hong Kong dollars. The Group's bank borrowings are all repayable within one year. At 30 September 2002, the Group's bank borrowings were secured by (i) first legal charges on certain of the Group's leasehold land and buildings and investment properties located in Hong Kong; (ii) second legal charges on properties located in Hong Kong of a related company; (iii) a second legal charge on a property located in Hong Kong of a director.

As a significant portion of the Group's sales and purchases are denominated in Hong Kong dollars and Renminbi, in view of the stability of exchange rate of Hong Kong dollars and Renminbi, the directors consider that the Group has no significant exposure to foreign exchange fluctuation. During the period under review, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instruments outstanding as at 30 September 2002.

At 30 September 2002, cash and bank balances amounted to 46 million, approximately 16 million are denominated in Renminbi and the majority of the remaining balances are denominated in Hong Kong dollars.

Contingent Liabilities

At the balance sheet date, the Group did not have any significant contingent liabilities.

Employees

At 30 September 2002, the Group employed approximately 3500 staff and workers in PRC and approximately 51 staff in the Group's Hong Kong office. The Group's employees are remunerated in accordance with their work performance, experience and prevailing industry practices. The Group also participates in retirement benefits schemes for its staff in PRC and Hong Kong.

Interim Dividend

The Board of Directors has resolved not to pay any interim dividend for the six months ended 30 September 2002 (2001: Nil).

DISCLOSURE OF ADDITIONAL INFORMATION

Directors' Interests in Shares

As at 30 September 2002, the interests of the directors and their associates in the share capital of the Company, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), are set out below:

Name	Type of Interest	Number of ordinary shares held	Percentage of issued shares
Mr. But Tin Hing	Corporate	157,575,600	50.50
Mr. But Tin Fu	Corporate	157,575,600	50.50
Mr. Leung Cheong	Corporate	157,575,600	50.50
Mr. Leung Kuen, Ivan	Corporate	157,575,600	50.50

157,575,600 shares are held by Mind Seekers Investment Limited ("Mind Seekers"), a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Messrs. But Tin Hing, But Tin Fu, Leung Cheong and Leung Kuen, Ivan, as to 50%, 20%, 20% and 10%, respectively.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other beneficial interest in the issued share capital of the Company or any of its associated corporations, as recorded in the register required to be kept under Section 29 of the SDI Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Directors' Right to Acquire Shares or Debentures

Apart from as disclosed under the headings "Directors' Interests in Shares" above and "Share Option Scheme" below, at no time during the year were the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share Option Scheme

On 30 August 2002, the Company adopted a new share option scheme (the "New Scheme") whereby, the directors may, at their discretion, invite any eligible employees (including executive directors), any non-executive directors, suppliers, customers, consultants, advisers, managers, officers of the Group and any other parties having contributed or may contribute to the research, development or technological support of the Group to take up options to subscribe for shares.

Meanwhile, the share option scheme adopted by the Company on 16 October 2000 (the “Old scheme”) ceased to operate on 30 August 2002.

The Company did not grant any share option under the New Scheme nor the Old Scheme.

Substantial Shareholders

As at 30 September 2002 the following interest of 10% or more in the issued shares of the Company were recorded in the register of interests to be kept by the Company Pursuant to Section 16(1) of SDI Ordinance:

Name	Number of ordinary shares held	Percentage of issued shares
Mind Seekers	157,575,600	50.5%

Save for the interests disclosed above, which are also included in the section “Directors’ interests in Shares” above, the directors are not aware of any person who was, Directly or indirectly, interested in 10% or more of the issued share capital of the Company as at 30 September 2002 that was required to be recorded under Section 16(1) of the SDI Ordinance.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company’s listed securities by the Company or any of the its subsidiaries during the period.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code of Best Practice (the “Code”), for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee comprises the two independent non-executive directors of the Company. The Group’s 2002/03 interim report has been reviewed by the audit committee. The audit committee is of the opinion that these statements comply with the applicable accounting standards, and the Stock Exchange and legal requirements, and that adequate disclosures have been made.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules, throughout the period, except that the non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's bye-laws.

For and on behalf of the Board

But Tin Hing

Chairman

Hong Kong, 27 December 2002