Sun East Technology (Holdings) Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 365

Interim Report 2010

The Board of Directors ("the Board") of Sun East Technology (Holdings) Limited ("the Company") is pleased to announce the unaudited consolidated results ("the Unaudited Results") of the Company and its subsidiaries (collectively, "the Group") for the six months ended 30 September 2010 ("the Period"). The Unaudited Results have not been audited but they have been reviewed by the Company's Audit Committee on 22 November 2010:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	Notes	Six months ended 30 September 2010 (Unaudited) HK$'000	2009 (Unaudited) HK$'000
Revenue	2	**405,934**	232,352
Cost of sales		**(349,825)**	(202,328)
Gross profit		**56,109**	30,024
Other income and gains		**3,180**	3,216
Selling and distribution expenses		**(18,559)**	(18,442)
General and administrative expenses		**(21,488)**	(16,819)
Other expenses		**(14,254)**	–
Finance costs	3	**(13)**	(18)
Profit/(Loss) before income tax	4	**4,975**	(2,039)
Income tax expense	5	**(975)**	(129)
Profit/(Loss) for the period attributable to the owners of the Company		**4,000**	(2,168)
Other comprehensive income, including reclassification adjustments and net of tax			
Exchange differences on translation of financial statements of foreign operations		**1,459**	(107)
Total comprehensive income for the period attributable to the owners of the Company		**5,459**	(2,275)
Earnings/(Loss) per share for profit/(loss) attributable to the owners of the Company	6		
– Basic		**0.76 cents**	(0.41) cents
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2010

	Notes	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**119,066**	131,549
Prepaid land lease payments		**9,583**	9,704
		128,649	141,253
Current assets			
Inventories		**68,107**	61,254
Trade and bills receivables	7	**105,058**	90,842
Prepayments, deposits and other receivables		**8,951**	15,078
Tax reserve certificates		**3,000**	3,000
Taxes recoverable		**–**	191
Cash and cash equivalents		**179,932**	139,224
		365,048	309,589
Current liabilities			
Trade and bills payables	8	**149,800**	127,280
Other payables and accruals		**63,646**	49,776
Finance lease obligations		**83**	108
Due to directors		**2,969**	2,972
Taxes payable		**23,473**	22,413
		239,971	202,549

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2010

	Notes	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
Net current assets		125,077	107,040
Total assets less current liabilities		253,726	248,293
Non-current liabilities			
Finance lease obligations		–	28
Deferred tax liabilities		5,177	5,177
		5,177	5,205
Net assets		248,549	243,088
EQUITY			
Equity attributable to Company's owners			
Share capital	9	52,500	52,500
Reserves		196,049	190,588
Total equity		248,549	243,088

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

For the six months ended 30 September 2010

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Asset revaluation reserve HK$'000	Exchange reserve HK$'000	Reserve and enterprise expansion funds HK$'000	Share based payment reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
Balance at 1 April 2010	52,500	87,728	4,800	16,250	11,552	3,659	–	66,599	243,088
Profit for the period	–	–	–	–	–	–	–	4,000	4,000
Other comprehensive income									
Exchange gain on translation of financial statements of foreign operations	–	–	–	–	1,459	–	–	–	1,459
Total comprehensive income for the period	–	–	–	–	1,459	–	–	4,000	5,459
Exchange realignment	–	–	–	–	–	2	–	–	2
Balance at 30 September 2010	52,500	87,728	4,800	16,250	13,011	3,661	–	70,599	248,549

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED (Continued)

For the six months ended 30 September 2009

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Asset revaluation reserve HK$'000	Exchange reserve HK$'000	Reserve and enterprise expansion funds HK$'000	Share based payment reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
Balance at 1 April 2009	52,500	87,728	4,800	11,041	11,397	2,245	–	76,206	245,917
Loss for the period	–	–	–	–	–	–	–	(2,168)	(2,168)
Other comprehensive income									
Exchange gain on translation of financial statements of foreign operations	–	–	–	–	(107)	–	–	–	(107)
Total comprehensive income for the period	–	–	–	–	(107)	–	–	(2,168)	(2,275)
Balance at 30 September 2009	52,500	87,728	4,800	11,041	11,290	2,245	–	74,038	243,642

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

For the six months ended 30 September 2010

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	**40,812**	28,212
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(211)**	(8)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	**(53)**	(222)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**40,548**	27,982
Cash and cash equivalents at 1 April	**139,224**	61,594
Effect of foreign exchange rate changes on cash and cash equivalents	**160**	(229)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	**179,932**	89,347

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2010 have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (HKICPA).

The condensed consolidated financial statements have been prepared on the historical cost basis except for land and buildings, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2010.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2010.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
Various	Improvements to HKFRSs 2009

The application of the above new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

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

	Production lines and production equipment Six months ended 30 September (Unaudited)		Brand name production equipment Six months ended 30 September (Unaudited)		Six months ended 30 September (Unaudited)	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Segment revenue	**187,939**	179,591	**217,995**	52,761	**405,934**	232,352
Segment results	**(6,058)**	(3,442)	**7,866**	(1,795)	**1,808**	(5,237)
Interest and unallocated income					**3,180**	3,216
Finance costs					**(13)**	(18)
Income tax expense					**(975)**	(129)
Profit/(Loss) for the period					**4,000**	(2,168)

3. FINANCE COSTS

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on finance leases	**13**	18

4. PROFIT/(LOSS) BEFORE INCOME TAX

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit/(Loss) before income tax has been arrived at after charging:		
Cost of inventories sold	**349,825**	202,328
Depreciation	**8,586**	7,259
Staff costs (including directors' remunerations)		
– wages and salaries	**20,262**	21,330
– defined contribution scheme	**765**	730
Provision for impairment of trade and bills receivables	**2,768**	–
Provision for impairment of other receivables	**6,420**	–
Provision for impairment of property, plant and equipment	**5,066**	–

5. INCOME TAX EXPENSE

	Six months ended 30 September 2010 (Unaudited) HK$'000	Six months ended 30 September 2009 (Unaudited) HK$'000
Hong Kong	–	–
Mainland China	975	129
Total income tax expense	975	129

No Hong Kong profits tax was provided as the Group did not generate any assessable profits arising from its operation in Hong Kong during the period (2009: Nil). Taxes assessable in Mainland China have been calculated at the prevailing rates of tax based on existing legislation, interpretations and practices.

6. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit for the period of approximately HK$4,000,000 (2009: loss of HK$2,168,000) attributable to the owners of the Company and 525,000,000 (2009: 525,000,000) ordinary shares in issue during the period. Diluted earnings/(loss) per share has not been presented as there were no potential ordinary shares in issue during the period.

7. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The normal credit period granted by the Group to its customers ranges from 30 to 180 days.

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

	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
Within 90 days	42,788	59,489
91 to 120 days	21,266	5,025
121 to 180 days	9,481	7,669
181 to 360 days	16,693	6,665
Over 360 days	14,830	11,994
	105,058	90,842

8. TRADE AND BILLs PAYABLES

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

	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
Within 90 days	128,167	109,247
91 to 120 days	14,338	3,405
Over 120 days	7,295	14,628
	149,800	127,280

9. SHARE CAPITAL

	As at 30 September 2010 (Unaudited) HK$'000	As at 31 March 2010 (Audited) HK$'000
Authorised:		
2,000,000,000 ordinary shares of HK$0.10 each	200,000	200,000
Issued and fully paid:		
525,000,000 (2009: 525,000,000) ordinary shares of HK$0.10 each	52,500	52,500

SUBSEQUENT EVENTS

On 19 October 2010, Sun East Electronic Development (Shenzhen) Ltd, a wholly owned foreign enterprise established under the laws of the People's Republic of China (the "PRC") and an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement with Sichuan Mianyang Minshan Industrial Group Company Limited for the establishment of an equity joint venture company in Mianyang City, Sichuan Province, the PRC.

The equity joint venture company will principally engage in the design, manufacture and sale of automated production lines and production equipments in the PRC markets.

The registered capital of the equity joint venture company will be RMB 20,000,000. It will be contributed as to RMB10,200,000 by Sun East Electronic Development (Shenzhen) Ltd and as to RMB 9,800,000 by Mianyang Minshan Industrial Group Company Limited. Upon the establishment of the equity joint venture company, it will be owned as to 51% by Sun East Electronic Development (Shenzhen) Ltd and as to 49% by Mianyang Minshan Industrial Group Company Limited.

Sun East Electronic Development (Shenzhen) Ltd and Mianyang Minshan Industrial Group Company Limited will be entitled to share the profit or to bear the loss of the joint venture company in proportion to their respective equity interests in the joint venture company.

BUSINESS REVIEW

For the six months ended 30 September 2010, the turnover of the Company amounted to approximately HK$405 million (30 September 2009: HK$232 million), representing a remarkable increase of 74.7% as compared to that of the corresponding period of last year. Meanwhile, the gross profit increased by HK$26 million to HK$56 million (30 September 2009: HK$30 million). For the period under review, the profit attributable to owners of the Company amounted to HK$4.0 million (30 September 2009: Loss of HK$2.1 million).

During the first half of 2010, under the support of state policies, the economy has improved and the domestic market demand has increased significantly. Sun East seized the opportunities and achieved a fruitful result. In July and August, market demand decreased and Sun East promptly adjusted its policies to tighten internal cost control and reduce wear and tear. Meanwhile, talented staff were introduced and trained by focusing on the training center to supplement the future demand of market expansion. Externally, strategic cooperation was developed to seek co-development of new projects led by the solar photovoltaic industry. We will follow the market trend and update the new technology of our products constantly. We will also increase the strategic cooperation with the government with a great foresight and create a new status in the new energy domain. Sun East will continue to seize new economic growth points through a series of reforms and adjustments, so as to bottom out and create a favorable position of steady growth in results.

1. Guided by State Policy for a Sustainable New Energy and Environmental Protection Economy

We adhered to the guideline of the state policies and followed the trend of the market, so as to continue the development in the new energy and environmental protection domain. Since the plan for introduction of the solar photovoltaic business began in 2009 till the operation of the solar photovoltaic business commenced at the beginning of 2010, Sun East has continued its technological and strategic cooperation with industry leaders and foreign advanced companies and achieved initial results. With increased support on the solar energy industry from the PRC and the continued growth in demand for low-carbon environmental protection by the market, the new energy domain of the solar photovoltaic industry will also become a sustainable business and highly regarded and developed by Sun East as a new economic growth point.

2. Putting Technology First and Encouraging Innovation and Development

Sun East enhanced its core competitiveness based on technology upgrades and was awarded a total of six patents from 2009 to the first half of 2010. We have also issued a series of incentive policies to encourage technological innovation and research and development internally.

On product development in the traditional SMT business, we adhered to the development of intelligence, module and human nature and continued to lead in industry standards. Meanwhile, software development and application are gradually showing their effects, technology of visual design for product interface is gradually improved and matured and degree of intelligent equipment is further enhanced.

Meanwhile, the key equipment for chip packaging on glass developed by us has passed the test and inspection of the Guangdong Provincial Department of Science and Technology during the first half of 2010.

3. Cooperating in the Industrial Development in the West and Creating New Economic Growth

In 2010, the agreement for the investment in factory in Mianyang was entered into. We have cooperated with well-known enterprises in Mianyang and introduced automated and logistics equipment to the central and western regions. We have also increased the brand awareness of Sun East in the inland areas with the favorable development conditions from the government and provided opportunities for further development of Sun East's other businesses.

4. **Sense of Unity and Establishing Overall Objectives**

After the financial crisis, Sun East recognized that a sense of unity and clear overall objectives are essential for an enterprise to overcome difficulties and develop in the long run. Since the end of 2009, we have formulated our overall strategic guiding principles and objectives and strengthened their implementation through regular quarterly and annual meetings.

5. **Strengthening Cost Control and Reducing Wear and Tear**

We have established an independent cost control department to strengthen cost control in every position and segment of production based on process calculation and reduce wear and tear in the production process.

6. **Strengthening System Rebuild and Implementation and Carrying Out Performance Appraisal**

We have performed carding for the management system from its basis and carried out timely amendment and improvement according to the implementation. We have further refined the KPI performance index, which will be introduced, and strengthened its implementation, promotion and performance.

7. **Establishing Foundation for the Training Center and Enhancing Overall Quality of Staff**

We have established a manpower pool to store information of manpower reserve in various positions and further expanded the channels for introduction of manpower to supplement and enhance the overall quality of internal staff. Meanwhile, we have established foundation for the training center and created a platform for mutual learning and exchange to further strengthen and enhance the overall quality of all staff, so as to prepare for the development opportunities in the central and western regions.

Risk Management:

The Group adopted a comprehensive in-depth management approach to improve and systematise its management framework for the sake of lowering its costs and management its risks. We also established and optimised the performance appraisal system by segmenting the performance goal for different hierarchies within the Group in order to well define responsibilities, rights and interests of individuals, aiming at controlling our cost and expense in an efficient way. According to our stringent financial audit systems and internal control procedures, the Group implemented regular internal audits and risk assessments for its subsidiaries for effective prevention of inherent risks of business operations. The Group also supervised and controlled its income and expense status closely to maintain a sufficient level of cash flow for the Company, and improved the overall operating efficiency and profitability by sharing and optimising the allocation of resources.

Human Resource Management:

The Group cherished its people and recognised the importance of training and recruiting employees with high calibre in order to further upgrade our quality of management and to establish our brand culture. The Group had a current workforce of approximately 1,200 employees. With the challenging financial crisis, the Group reformed and rationalised its internal management system by strengthening its performance appraisal system to eliminate staff unable to adapt to the development of the Group and to identify those with competency and sharing the same view with us. With continuous endorsement of our corporate culture and training in this respect, the Group strived to establish the brand image of its own and promote the concept of "branded" staff. Moreover, the Group worked together with vocational training institutions and tertiary colleges to organise training courses to create value for its employees, and also introduced talents of high technology industries from various famous tertiary education institutions to build up a reserve for our development in the future. The Group established and optimised its talent reserve and training system, performance appraisal system, staff training and development system and remuneration system to upgrade our employee, ultimately aiming at providing the Group with a core team for its strategic missions.

PROSPECTS

Faced with a changing market after the crisis, Sun East adhered to the guideline of the state policies and adjusted its strategies in sales and strategic cooperation. Internally, we shall continue to enhance our inner strengths and unity and base our development on staff introduction and training, set technology as our core competitiveness and base our management on execution and efficiency enhancement, so as to create a modernized corporate management system. For the future, Sun East has always been optimistic about the development trend of the domestic market and focused on the new energy and environmental protection domain for future development. We will enhance and solidify the technology in the solar photovoltaic business, increase market share and create brand products. For the SMT business, in addition to solidifying the existing market, we will focus on LED semiconductor equipment, industrial automated and logistics equipment as the new growth point and increase cooperation with international well-known enterprises to provide state-of-the-art technology and services, so as to broaden strategic cooperation based on product sales. For geographical expansion, we will enter the central and western regions with industrial automated and logistics equipment so as to promote further penetration of other products. We will carry out our slogan of "establishing transitional platforms for the old business and developing new industry" and continue to create new prospects for the long-term development of Sun East.

LIQUIDITY

As at 30 September 2010, the Group had current assets of HK$365 million (31 March 2010: HK$309 million), mainly comprising cash and bank balances of approximately HK$180 million (31 March 2010: HK$139 million), prepayments, deposits and other receivables of approximately HK$9 million (31 March 2010: HK$15 million), tax reserve certificates of HK$3 million (31 March 2010: HK$3 million), inventories of approximately HK$68 million (31 March 2010: HK$61 million), and trade receivables of approximately HK$105 million (31 March 2010: HK$91 million) and current liabilities of approximately HK$240 million (31 March 2010: HK$203 million). The current ratio was approximately 1.52 as at 30 September 2010 (31 March 2010: 1.53).

As at 30 September 2010, the Group had total assets of approximately HK$494 million (31 March 2010: HK$451 million) and total liabilities of approximately HK$245 million (31 March 2010: HK$208 million). The gearing ratio calculated as a percentage of finance lease obligations to equity was 0.03% (31 March 2010: 0.06%).

FINANCIAL RESOURCES

As at 30 September 2010, except finance lease liabilities, there are no other bank borrowing as at the Period end. The Group's banking facilities were secured by (i) first legal charges on certain of the Group's leasehold land and buildings located in Hong Kong; and (ii) guarantees provided by the Company.

Most of the transactions of the Group were made in Hong Kong dollars, Renminbi and US dollars. During the period under review, 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 Period under review.

EMPLOYEES

At 30 September 2010, the Group employed approximately 1,200 staff and workers in the PRC and approximately 20 staff in the Group's 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 defined contribution scheme and performance related bonuses.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2010 (2009: Nil).

DIRECTORS' INTERESTS IN SHARES

As at 30 September 2010, the interests of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, 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 Issuers, were as follows:

Long position in the shares

Name of Directors	Number of the ordinary shares beneficially held	Capacity/ Nature	Approximate percentage of total shareholding %
But Tin Fu ("BTF")	30,022,000	Beneficial owner	5.70
But Tin Hing ("BTH")	1,050,000	Beneficial owner	0.20
	220,605,840	Interest of controlled corporation (Note)	42.02
	221,655,840		42.22
Leung Cheong ("LC")	1,442,280	Beneficial owner	0.27
Leung Kuen, Ivan ("LKI")	4,536,520	Beneficial owner	0.86

Note: BTH is the beneficial owner of 50% of the issued shares in Mind Seekers Investment Limited ("Mind Seekers") and therefore BTH is deemed, or taken to be interested in the 220,605,840 Shares held by Mind Seekers for the purposes of the SFO. The entire issued share capital of Mind Seekers is beneficially owned by BTH, BTF, LC and LKI, as to 50%, 20%, 20% and 10% respectively.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2010, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long position in the shares

Name of Shareholder	Nature of interest	Number of the ordinary shares held	Approximate percentage of total shareholding %
Substantial Shareholder			
Mind Seekers	Beneficial owner	220,605,840	42.02

Save for the interests disclosed above, the directors are not aware of any person who had, directly or indirectly, registered an interest in the issued share capital and underlying shares of the Company that was required to be recorded under Section 336 of the SFO.

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 its subsidiaries during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as a code of conduct regarding directors' securities transactions. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2010.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors and the management of the Company recognize the importance and benefits of good corporate governance practices and have adopted certain corporate governance and disclosure practices aiming at a high level of transparency and accountability. The Company is committed to continuously improving its corporate governance practices as part of its own corporate culture.

The Company has complied with the code provisions set out in Appendix 14 of the Code on Corporate Governance Practices (the 'CG Code') under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Period except for the deviations from the code provision A.4.1 as set out below.

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.

Audit Committee

The Company has an Audit Committee (the "Committee") which was established in accordance with the requirements of the CG Code, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Committee comprises three independent non-executive directors of the Company. The Group's interim results for the six months ended 30 September 2010 has been reviewed by the Committee. The 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.

Remuneration Committee

The Company has established a Remuneration Committee which 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.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Company's interim report containing all the information required by the Listing Rules will be 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) and be despatched to Shareholders in due course.

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) Ltd
But Tin Fu
Chairman

Hong Kong, 22 November 2010