



Sun East Technology (Holdings) Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 365

Interim Report 2014



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. BUT Tin Fu (*Chairman*)
Mr. BUT Tin Hing
Mr. LEUNG Cheong
(*Chief Executive Officer*)
Mr. LEUNG Kuen, Ivan

Independent Non-executive Directors

Mr. SEE Tak Wah
Prof. XU Yang Sheng
Mr. LI Wanshou

Audit Committee

Mr. SEE Tak Wah (*Chairman*)
Prof. XU Yang Sheng
Mr. LI Wanshou

Remuneration Committee

Prof. Xu Yang Sheng (*Chairman*)
Mr. LI Wanshou
Mr. BUT Tin Fu

Nomination Committee

Mr. LI Wanshou (*Chairman*)
Mr. SEE Tak Wah
Mr. LEUNG Kuen, Ivan

COMPANY SECRETARY

Mr. TSE Ka Yi

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Unit H, 1st Floor, Phase 4
Kwun Tong Industrial Centre
Nos. 436-446 Kwun Tong Road
Kwun Tong
Kowloon
Hong Kong

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited
Units 1208-18 Miramar Tower
132-134 Nathan Road
Tsimshatsui, Kowloon
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

INTERIM FINANCIAL INFORMATION

The Board of Directors (the “Board”) of Sun East Technology (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results (the “Results”) of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2014 (the “Period”). The Results have not been audited but they have been reviewed by the Company’s Audit Committee on 21 November 2014.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	Notes	Six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue	4, 5	481,706	441,394
Cost of sales		(414,167)	(378,237)
Gross profit		67,539	63,157
Other income and gains	4	12,088	8,282
Selling and distribution expenses		(35,486)	(32,386)
General and administrative expenses		(28,810)	(22,228)
Other expenses		(3,746)	(11,372)
Finance costs	6	(1,476)	(693)
Profit before income tax	7	10,109	4,760
Income tax expense	8	(1,126)	(575)
Profit for the Period attributable to owners of the Company		8,983	4,185
Other comprehensive income, including reclassification adjustments and net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		(156)	2,459
Total comprehensive income for the Period attributable to owners of the Company		8,827	6,644
Earnings per share for profit attributable to owners of the Company	10		
– Basic		1.71 cents	0.80 cents
– Diluted		N/A	N/A

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

		As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		161,877	165,129
Prepaid land lease payments		9,695	9,705
Available-for-sale financial assets		2,522	1,262
		174,094	176,096
Current assets			
Inventories		129,021	119,301
Trade and bills receivables	11	342,821	266,671
Prepayments, deposits and other receivables		40,340	21,909
Derivative financial instruments		451	451
Tax reserve certificates		3,600	3,600
Taxes recoverable		191	191
Pledged deposits		70,940	68,044
Cash and bank balances		48,810	88,525
		636,174	568,692
Current liabilities			
Trade and bills payables	12	167,623	156,382
Other payables and accruals		157,288	144,273
Bank borrowings		92,500	60,967
Derivative financial instruments		460	460
Taxes payable		34,745	33,881
		452,616	395,963

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2014

		As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
	Notes		
Net current assets		183,558	172,729
Total assets less current liabilities		357,652	348,825
Non-current liabilities			
Deferred tax liabilities		16,920	16,920
Net assets		340,732	331,905
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	52,500	52,500
Reserves		288,232	279,405
Total equity		340,732	331,905

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Asset revaluation reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve and enterprise expansion funds HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
Balance at 1 April 2013 (Audited)	52,500	87,728	4,800	49,835	21,770	7,635	93,664	317,932
Profit for the Period	-	-	-	-	-	-	4,185	4,185
Other comprehensive income Exchange gain on translation of financial statements of foreign operations	-	-	-	-	2,459	-	-	2,459
Total comprehensive income for the Period	-	-	-	-	2,459	-	4,185	6,644
Dividend approved in respect of the previous year	-	-	-	-	-	-	(5,250)	(5,250)
Balance at 30 September 2013 (Unaudited)	52,500	87,728	4,800	49,835	24,229	7,635	92,599	319,326
Balance at 1 April 2014 (Audited)	52,500	87,728	4,800	56,950	24,452	9,450	96,025	331,905
Profit for the Period	-	-	-	-	-	-	8,983	8,983
Other comprehensive income Exchange loss on translation of financial statements of foreign operations	-	-	-	-	(156)	-	-	(156)
Total comprehensive income for the Period	-	-	-	-	(156)	-	8,983	8,827
Balance at 30 September 2014 (Unaudited)	52,500	87,728	4,800	56,950	24,296	9,450	105,008	340,732

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	Six months ended	
	30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH USED IN		
OPERATING ACTIVITIES	(63,276)	(6,083)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(6,441)	38,950
NET CASH FROM (USED IN)		
FINANCING ACTIVITIES	30,057	(54,239)
NET DECREASE IN CASH AND		
CASH EQUIVALENTS	(39,660)	(21,372)
Cash and cash equivalents at 1 April	88,525	131,360
Effect of foreign exchange rate changes on cash and cash equivalents	(55)	968
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	48,810	110,956

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sun East Technology (Holdings) Limited (the “Company”) is a limited liability company incorporated and domiciled in Bermuda. Its registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located at Unit H, 1st Floor, Phase 4, Kwun Tong Industrial Centre, 436-446 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2014 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).

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for leasehold land and buildings and derivative financial instruments, which are stated at revalued amounts and fair value, as appropriate.

The Interim Financial Information does not include all of the information and disclosures required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which comprises all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2014.



INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Except as for the adoption of new and revised HKFRSs issued by the HKICPA, which are effective for the Company's financial year beginning on 1 April 2014, the accounting policies applied in preparing this Interim Financial Information are consistent with those of the annual financial statements for the year ended 31 March 2014, as described in the annual financial statements. The application of these new and revised HKFRSs has had no material impact on the Interim Financial Information of the Group.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. The Directors anticipate that the application of these new and revised HKFRSs will not have material impact on the Interim Financial Information of the Group.

The preparation of Interim Financial Information requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgements made by the Company's management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2014.

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

4. REVENUE, OTHER INCOME AND GAINS

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue – sale of goods	481,706	441,394
Other income:		
Rental income	–	14
Bank interest income	1,621	1,637
Recovery of trade receivables previously written off	252	449
Government grant	7,004	205
Others	1,893	2,333
	10,770	4,638
Gain		
Exchange gains, net	1,318	3,644
	12,088	8,282

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

5. SEGMENT INFORMATION

	Production lines and production equipment		Brand name production equipment		Six months ended 30 September (Unaudited)	
	Six months ended 30 September (Unaudited)		Six months ended 30 September (Unaudited)		Six months ended 30 September (Unaudited)	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Segment revenue:						
Sales to external customers	232,655	228,782	249,051	212,612	481,706	441,394
Other revenue – external	1,605	4,149	8,862	2,497	10,467	6,646
Reportable segment revenue	234,260	232,931	257,913	215,109	492,173	448,040
Reportable segment results	2,867	1,823	7,097	1,994	9,964	3,817
Depreciation and amortisation	5,165	5,153	–	–	5,165	5,153
Provision for impairment of trade and bills receivables	3,746	11,372	–	–	3,746	11,372
Write-off of property, plant and equipment	300	–	–	–	300	–

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

5. SEGMENT INFORMATION (Continued)

The totals presented for the Group's segment Result reconcile to the Group's key financial figures as presented in the condensed interim financial statements as follows:

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Reportable segment results	9,964	3,817
Interest and other income	1,621	1,636
Finance costs	(1,476)	(693)
Profit before income tax	10,109	4,760

6. FINANCE COSTS

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest on bank borrowings wholly repayable within five years	1,476	693

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

7. PROFIT BEFORE INCOME TAX

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Profit before income tax has been arrived at after charging (credit):		
Cost of inventories sold	414,167	378,237
Depreciation	5,034	5,002
Staff costs (including directors' remunerations)		
– wages and salaries	68,954	61,462
– defined contribution scheme	4,847	3,934
Amortisation of prepaid land lease payments	134	151
Research and development costs	3,378	2,871
Loss on disposal of property, plant and equipment	22	31
Minimum lease payments under operation lease in respect of leasehold land and buildings	1,248	877
Fair value gain on derivative financial instruments	–	(1,343)
Provision for impairment of trade and bills receivables	3,746	11,372
Write-off of property, plant and equipment	300	–

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Hong Kong	–	–
Elsewhere	1,126	575
	1,126	575

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 (2013: Nil). Taxes assessable in elsewhere have been calculated at the prevailing rates of tax based on existing legislation, interpretations and practices.

9. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (2013: Nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the Period of approximately HK\$8,983,000 (2013: HK\$4,185,000) attributable to owners of the Company and 525,000,000 (2013: 525,000,000) ordinary shares in issue during the Period. Diluted earnings per share has not been presented as there were no potential ordinary shares in issue during the Period.

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

11. 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 dates, based on the date of revenue recognition and net of provision, is as follows:

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Within 90 days	205,584	105,868
91 to 120 days	23,118	22,864
121 to 180 days	33,368	26,829
181 to 360 days	44,018	71,006
Over 360 days	36,733	40,104
	342,821	266,671



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

12. TRADE AND BILLS PAYABLES

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

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Within 90 days	151,255	147,663
91 to 120 days	7,233	1,682
Over 120 days	9,135	7,037
	167,623	156,382

INTERIM FINANCIAL INFORMATION

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

13. SHARE CAPITAL

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (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 (31 March 2014: 525,000,000) ordinary shares of HK\$0.10 each	52,500	52,500



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Continued)

14. COMMITMENTS

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

Operating lease commitments – as lessee

The Group had total future minimum lease payment under non cancellable operating lease falling due as follows:

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Within one year	1,508	1,604
In the second to fifth years, inclusive	86	384
	1,594	1,988

Capital Commitments

	As at 30 September 2014 (Unaudited) HK\$'000	As at 31 March 2014 (Audited) HK\$'000
Contracted but not accounted for in respect of acquisition of property, plant and equipment	265	169

15. CONTINGENT LIABILITIES

There were no material contingent liabilities as at 30 September 2014 and 31 March 2014.

CHAIRMAN'S STATEMENT

Though this year the Chinese economy is overshadowed by growth seen in previous years, nevertheless, the increase in demand for automatic intelligent equipment from enterprises has provided many opportunities for the Group. The transformation of the Chinese economy is still underway while the European and U.S. economies have not fully recovered, which negatively affected the Group's operation. However, with Sun East's 30 years brand history and solid foundation, the Group recorded increases in the profit and sales for the first half of the year.

In the past six months, other than the growth in business development and performance, the Group also achieved defining interim breakthroughs for the introduction and research and development of new products, particularly for selective soldering and screen printing machine products, where their performance gives them leading position in the world with comprehensive competitiveness. At the same time, the Group has established a wholly-owned financial leasing company in Qianhai Shenzhen. It can enhance sales and brand promotion for the Group by providing financial solutions and advises to customers, and laying the foundation for the Group's upstream and downstream business integration in the future.

Enterprise development is inseparable from investment in the training of personnel as well as in research and development. In attracting talents, the Group will provide a platform for growth and opportunity for the loyal employees to spread their wings by way of partnership. In enhancing operating effectiveness, the Group will implement independent project accounting, operational management in segments and groups, and fair and reasonable allocation for the existing operations and products in terms of product research and development, management and operation.

On the management level, there were adjustments made to align the current situation with the Group's future goals and prospects, such as applying quantitative decision making, and optimising internal risk control and financial budget system in order to strengthen the Group's future development.

Finally, I would like to thank shareholders for their continued support for the Group.

BUSINESS REVIEW

Brand Production Equipment Business

Due to the promulgation of the Implementation Measures for the Promotion of LED Lighting Products in Guangdong Province by the Guangdong Province Government in May 2012, the market demand for SMT machines and semi-conductor surged and this momentum has extended to the first half of this year. Therefore, the sales of SMT machines and surface mounting equipment for semi-conductor etc. continued to increase in the past half year comparing to the same period of last year. In addition, during the past half year, the Group has achieved breakthroughs in the research and development of new products, particularly for the function improvement and launching of new models of selective soldering and screen printing machine products, which we believe will bring remarkable revenue to the Group over time.

The sales of SMT and welding related equipment amounted to approximately HK\$337.5 million, representing an increase of approximately 12.7% when compared to approximately HK\$299.5 million in same period of last year. However, the selling price did not increase with the rise in demand because the Group has maintained the strategy of implementing a small profit margin in the pursuit of large sale quantity so as to keep the market share. The gross profit margin was also maintained at the same level of approximately 14.8%.

OEM Industry

With the increase of China's production costs such as wages and raw materials, the profit of OEM business is slimmed. Compared with the corresponding period last year, sales increased from approximately HK\$33.5 million to HK\$33.8 million, which basically remained at the same level. However, gross profit margin decreased from approximately 11% to 5% due to sustained increases in labour costs etc.

Because of the market conditions, the increased costs could not be passed directly onto the customers. To sustain the 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. In addition, orders from a major OEM customer in Spain decreased. To reduce the dependence of OEM operation on overseas customers in the future, the Group hired additional OEM salespersons this year to develop the domestic market with full effort while actively pursuing new elements and products.

INTERIM FINANCIAL INFORMATION

BUSINESS REVIEW (Continued)

Automated and Logistic Business

Continuing the good momentum of last year, the sales of automated and logistic business remain hot in the past six months. Compared with the corresponding period last year, sale amount increased from approximately HK\$108.4 million to approximately HK\$110.4 million, basically remained at the same level. The gross profit ratio remained at around 14.4%. As previously expected, domestic enterprises increased investment in automation and intelligent to reduce their reliance on labour, and as a result, the automated and logistic business achieved good development.

FINANCIAL REVIEW

Turnover and Gross Profit

During the period under review, the turnover of the Group reached approximately HK\$481.7 million and represented an increase of 9.13% when compared with approximately HK\$441.4 million in last period. Other than the marketing strategy – to keep the market share by implementation of small profit margin in pursuit of large sale quantity, the upturn of sale amount was mainly due to the increase of investment in fixed assets of PRC companies. Entrepreneur in PRC were aware of that the increasing of labour cost in PRC would be an irreversible trend and it also is the national policy. Companies employed more resource to intelligent manufacturing systems and equipment in order to seek effectiveness and profitability. The increase of the sale amount mainly came from Brand Name Production Equipment business which recorded an increase of 12.7%.

During the period under review, the gross profit ratio was approximately 14.0%, representing a slightly drop of approximately 0.3%, as compared with the corresponding period approximately 14.3%. The decrease of the GP ratio was driven predominantly by the increasing in product cost due to the minimum wage continued increase in PRC.

Other Income and Gains

During the period under review, the Group recorded other income and gains of approximately HK\$12.1 million. It mainly represents approximately HK\$7.0 million government grant under import discount interest refund scheme, approximately HK\$1.6 million interest income and approximately HK\$1.3 million exchange gains.

FINANCIAL REVIEW (Continued)

Selling and Distribution Expenses

During the year, the Group recorded a selling and distribution cost at approximately HK\$35.5 million and it represents 7.4% of the turnover which is almost the same as the last period under review.

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 period under review, the administrative expenses were approximately HK\$28.8 million and it increased approximately HK\$6.6 million compared to last period under review approximately HK\$22.2 million. Such increase was mainly due to the increase in the labour cost and the new establishment of R&D centre in Suzhou.

Finance Costs

Finance costs for the period under review amounted to approximately HK\$1.5 million, representing an increase of approximately HK\$0.8 million, as compare with approximately HK\$0.7 million in last period under review. The current period interest expenses represent the interest expenses under the bank borrowing under the hedging arrangement approximately HK\$0.8 million and bank borrowing under normal term HK\$0.7 million.

Profit for the Period

As result of the foregoing, the profit attributable to the owners of the Company for the Period under review was approximately HK\$9.0 million, representing an increase of approximately HK\$4.8 million, as compared with approximately HK\$4.2 million in corresponding period. The net profit margin was approximately 1.9% for the period under review as compared with approximately 1% in corresponding period.

INTERIM FINANCIAL INFORMATION

EBITDA

The following table illustrates the Group's EBITDA for the respective Periods. The Group's EBITDA margin was 3.5% for the period under review as compared with 2.4% in corresponding Period.

	Six months ended 30 September	
	2014 (Unaudited) HK'000	2013 (Unaudited) HK'000
Profit for Period attributable to owners of the Company	8,983	4,185
Finance cost	1,476	693
Income tax expenses	1,126	575
Depreciation and amortization	5,168	5,153
EBITDA	16,753	10,606

Financial Resource, Liquidity and Gearing Ratio

During the Period, there was no material change in the Group's treasury policy but the increase of number of single-large contracts and extension of construction period created pressure on Group's capital. As at 30 September 2014, 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\$173.6 million and healthy current ratio at 1.4 times (both are adjusted by excluding of pledged deposits of HK\$70.9 million and bank borrowings of HK\$61.0 million for hedging purpose). The gearing ratio of the Group (excluded bank borrowings of HK\$61.0 million for hedging purpose) was 9.3%. (31 March 2014: nil).

EBITDA (Continued)

Working Capital Management

The Group continued to maintain a healthy financial position. As at 30 September 2014, the Group held approximately HK\$48.8 million cash and bank balances, which declined HK\$39.7 million from HK\$88.5 million at the beginning of the Period. The group's average inventory turnover days was approximately 55 days (31 March 2014 approximately 55 days). The Group's average debtors turnover days was approximately 115 days (31 March 2014 approximately 100 days). The Group's average creditors turnover days was approximately 71 days (31 March 2014 approximately 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

Total capital expenditure for the year was approximately HK\$2.3 million, out of which approximately HK\$0.7 million was spent on the acquisition of machinery and equipment, HK\$0.8 million on acquisition of furniture, fixture and leasehold improvement and HK\$0.8 million on acquisition of motor vehicles.

Charges on Group Assets

As at 30 September 2014, the Group's banking facilities including its import/export, letter of credit documentary credits, and 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\$11.1 million;
- (ii) bank deposits approximately HK\$70.9 million;
- (iii) cross guarantee provided by subsidiaries in the Group; and
- (iv) corporate guarantees provided by the Company.

EMPLOYEES

At 30 September 2014, the Group employed approximately 1,412 staff and workers in the PRC and approximately 13 staff were employed from Hong Kong. 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 FINANCIAL INFORMATION

DISCLOSURE OF INTERESTS

Directors' Interests in Shares

As at 30 September 2014, 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")	45,746,000	Beneficial owner	8.71
But Tin Hing ("BTH")	1,050,000	Beneficial owner	0.20
	220,605,840	Interest of controlled corporation (Note)	42.02
	<hr/>		<hr/>
	221,655,840		42.22
Leung Cheong ("LC")	2,252,280	Beneficial owner	0.43
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.

Save as disclosed above, as at 30 September 2014, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

INTERIM FINANCIAL INFORMATION

DISCLOSURE OF INTERESTS (Continued)

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 2014, 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 were as follow:

Long position in the shares

Name of Shareholder	Nature of interest	Number of the ordinary shares held	Approximate percentage of total shareholding %
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Substantial Shareholder

Mind Seekers	Beneficial owner	220,605,840	42.02
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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.



INTERIM FINANCIAL INFORMATION

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 2014.

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 six months ended 30 September 2014 except for the derivations from the Code Provision A.4.1 and A.6.7 as set out below.

CORPORATE GOVERNANCE PRACTICES (Continued)

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 (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 2014 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.

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.

CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited interim financial results and operational statistics for the six months ended 30 September 2014 and the corresponding period in 2013 are based on the Group's internal information. Investors should note that undue reliance on or use of such information may cause investment risks. Investors are advised to exercise caution when dealing in the securities of the Company.

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, 21 November 2014

* *For identification purpose only*