

Chairman's Statement

Sun East
Technology
(Holdings)
Limited •
annual report
2001



On behalf of Sun East Technology (Holdings) Limited and its subsidiaries, I take great honour to present the 2001 Annual Report for the year ended 31st March, 2001.

RESULTS

Summary of the financial results of the Group for the year ended 31st March, 2001 are as follows:

- Turnover was approximately HK\$509 million, representing an increase of approximately 26%;
- Profit before tax was approximately HK\$81 million, representing an increase of approximately 27%;
- Profit attributable to shareholders was approximately HK\$68 million, representing an increase of approximately 27%;
- Basic earnings per share was approximately HK25.40 cents, representing an increase of approximately 10%; and
- Proposed final dividend per share was HK4 cents.

FINAL DIVIDEND

The Directors recommended the payment of a final dividend of HK4 cents per share for the year ended 31st March, 2001 to shareholders whose names appear on the Company's Register of Members on 26th September, 2001 (the "Proposed Final Dividend"), subject to the approval of the Company's Members at the forthcoming Annual General Meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company, will be closed from 24th September, 2001 to 26th September, 2001 (both days inclusive), during which period no transfer of shares will be registered.

In order to qualify for the final dividend and attending the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tengis Limited at 4th Floor, Hutchison House, Central, Hong Kong not later than 4:00 p.m. on 21st September, 2001.

BUSINESS REVIEW

During the year, the Group experienced a remarkable growth in turnover and profit. The turnover and net profit attributable to shareholders of the Group arrived at HK\$509 million and HK\$68 million, representing an increase of approximately 26% and 27% respectively over the previous year.

During the year, the Group has focused on the following strategies:

Product Development & Market Operation

The Group successfully cooperated with Samsung Techwin Co., Ltd. of Korea in developing automated logistic system. It also completed the development and design of hardware and software for an automated warehouse project. Further, the Group has completed the installation of a comprehensive automated warehouse system in Haier of Qingdao, the People's Republic of China (the "PRC"). Through these projects, the Group is well-positioned in the automated logistic system market with greater competitiveness.

In respect of Surface Mount Technology ("SMT") lines, by virtue of its professional sales team and the strong technical supports from the Company, the Group has successfully sold and installed several hundreds of chip mounters under the brand name of SAMSUNG. According to the data published by the relevant PRC authority in 2001, chip mounters under the brand name of SAMSUNG distributed by the Group captured the largest market share among the competitors in the chip mounter market. In order to increase sales and competitiveness of its SMT lines, the Group itself has successfully developed automated vision testing screen printer and nitrogen lead-free reflow soldering machine. The performance of which reaches international standard.

Chairman's Statement

Following the environment protection trend, electronic products made of lead solder will be prohibited from going into the international market. According to a resolution of the European Parliament, it is planned that in January 2004, the use of lead solder will be prohibited in the electronic industry in European countries.

Our group grasp this opportunity has successfully designed and developed lead-free soldering machine which our group will benefit most from this market development trend and scale new heights in its performance for the coming future.

Training & Staffing

The Group understands that, to achieve continuous business growth, innovations, as well as to gain competitive edge, qualified personnel is indispensable. During the year, the Group further strengthened its staff team with development, production and management experts of high calibre and professionalism. The Group continues to provide its qualified technicians and management staff with training programs with a view to maximizing the Group's potential for future development and improving competitiveness.

Business Development

The Group expanded its business development to Japan by setting up a local representative office and recruiting an additional team of Japanese staff. The Group intends to make project investments in the Japanese market, act as distributor and make acquisitions, thereby expanding the Group's trading business through the Japan office such that the Group may increase its sales significantly. Moreover, the Group may identify potential development projects with products to be manufactured in the PRC while obtaining strong technical support from Japan.

OUTLOOK

Fostering by the rapid development of high and new technology and the Information Technology industry, there has been a remarkable growth in the application of and demand for production lines for electronic equipment and home appliances, audio products, communication devices, computers, etc.. With the imminent accession of the PRC to the World Trade Organisation, there will be a much bigger market available for the development of the Group's products and that the Group will be able to secure a lot more orders and new market share.

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The Group's current major market is in the PRC. Pursuant to the Group's analysis, in the future, many of the internationally renowned corporations will gradually migrate most of their production facilities to the PRC. As a result, such corporations may have to purchase new equipment and establish their own corporate image in the PRC. The market and production environment of the PRC greatly attracts a number of world renowned corporations and processing manufacturers. We believe the PRC would enjoy a growth of 50% by 2010, and it will then become the most fast-growing region as well as the largest consumption market in the world. The Group also intends to expand its business into the overseas market. In view of this, the Group is negotiating partnership with potential US parties, thereby enabling the Group to explore, and sell the Group's products to the US and Mexican markets.

With the Group's newly completed production plant, and the production facilities in place, the capacity of the Group is expected to increase sharply in 2001.

The Group is full of confidence about its future business development and it is our intention to continue the innovative path to new product development and to expand our market share so as to maximize returns for our shareholders.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to extend my sincere thanks and express appreciation to my fellow directors and staff for their valuable support and devotion to the Group for the past years.

By Order of the Board of Directors

But Tin Hing

Chairman

Hong Kong, 30th August, 2001

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