

# Chairman's Statement

Sun East Technology (Holdings) Limited • 2005 Annual Report

Comparing with the scope and size of the Group's international counterparts, it is still a long way for us to be successful. However, the Group has successfully established a leading position in the markets of its major products and has developed into a sizeable vertically integrated industrial production equipment manufacturer from a relatively humble start. This was achieved by our determined commitment to product research and development ("R & D").

Apart from our commitment to R & D, we also pay attention to our corporate governance and management efficiency. The Group has been increasing the number of professionals in its senior management. It is committed to systematic and heraldic management, emphasising on appointment and promotion of individuals according to their capability. We certainly treasure our human resources. Through the introduction of more professional talents to the Group's management, new approach and new vision can be brought into the Group for our future development.

The Group's aforementioned effort began to generate results in the year under review, which demonstrated a substantial upsurge in sales. However, the Group needs to further strengthen its risk management and to intensify the monitoring and control various processes in its operations, in order to further enhance operation efficiency.

We are taking the following steps to maintain the Group's competitive edges:

## 1. Strengthening Internal Management

To strengthen the Group's internal management and to further reduce operating costs, the Group's management team will be streamlining the internal corporate structure, simplifying decision-making process, improving management and staff's sense of belonging to enhance the overall operation efficiency. The management team will also introduce modern management mechanism and put more emphasis on staff training, making Sun East as a well-managed corporation capable of meeting challenges in the rapidly changing world.

## **2. Focusing on its Core Business**

The Group will focus on the development of electronics assembly equipment, in which it has a niche; and semiconductor packaging equipment can have an operational synergy. The Group will maintain a healthy cashflow by continuing its mature and profitable non-core businesses. The Group will review the non-performing businesses that are still in their investment stage, with an aim to utilise its resources efficiently and to maximise our capital utilization.

## **3. Developing New Products with Leading Tertiary Institutions**

As an equipment manufacturer, the Group emphasises on R & D and has been keen on developing products since its inception 21 years ago. In an increasingly competitive market, we believe R & D capability will be the crux of comparative advantage. This is why the Group relies not only on its own capability, but also enters into research collaboration with leading institutions.

## **4. Intensifying Marketing Strategy**

The Group will continue to participate in industrial exhibitions regularly to raise the market awareness of its products and broaden its sales and distribution channels. In view of the northward migration of the electronics industry in China, the Group will take every effort to expand its sales network in the eastern, northern and southwestern part of China.

## **5. Acquiring Operations in Related Industry**

In addition to its organic growth, the Group will examine the feasibility of both domestic and overseas markets for enterprises in mergers and acquisitions with a prudent manner, with an aim to significantly enhance the Group's manufacturing technology, sales network or production capacity in a short period of time.

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## Objective

Sun East is aimed to become a leading intelligent electronics assembly equipment producer in the Greater China region in the coming three to five years. It strives to become an intelligent electronics assembly equipment supplier with internationally-recognised R & D capability, technology and sizable sales volume. Taking value creation for shareholders seriously, the Group's management team will endeavour in achieving this goal.

**But Tin Fu**

*Chairman*