

**SUN EAST TECHNOLOGY (HOLDINGS) LTD :
A BORING LITTLE COMPANY, HEADED FOR HIGHER PROFITS**

About the only thing that is really interesting, with regard to the latest company to seek a listing on The Stock Exchange of Hongkong Ltd, is that it is quite a good little company -- and appears to be headed for bigger and better things.

Other than that, this is a fairly boring, little company.

Sun East Technology (Holdings) Ltd (Code: 365) describes itself as being '*engaged in the design, manufacture and distribution of production lines for manufacturers of consumer electronic products, home electrical appliances and telecommunication products.*' (Page One of the Prospectus)

The Company has been around since May 1987 when the present Chairman, Mr But Tin Hing, established Sun East Electronic Equipment Company Ltd in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) at the time that the territory was simply known as Hongkong.

By 1993, Mr But moved part of his production facilities to Shenzhen, the PRC, where the Group continues to operate its plant.

By 1997, it had formed an alliance with the South Korean giant, manufacturing company, Samsung Heavy Industries Company Ltd, and was appointed exclusive distributor for Samsung Techwin Company Ltd, formerly known as Samsung Aerospace Industries Ltd, in respect of surface mount devices.

Today, Sun East Technology is looking for Net Profits for the 2001 Financial Year, ending March 31, 2001, of not less than \$HK68 million.

This would represent a record Bottom Line for the Company.

The following are the Trading Results of this Company for the past 3 Financial Years:

	Financial Year ended March 31		
	1998	1999	2000
	All Figures are Denominated in \$HK'000		
Turnover	185,628	244,738	402,627
Cost of Sales	(154,720)	(193,952)	(293,169)
Gross Profit	30,908	50,786	109,458
Other Income and Revenue	4,772	927	1,569
Selling Expenses	(4,130)	(8,223)	(10,639)
Administrative Expenses	(11,468)	(12,698)	(27,442)
Other Operating Expenses	(1,456)	Nil	(7,948)

Profit from Operating Activities	18,626	30,353	63,763
Taxation	(2,057)	(4,336)	(9,875)
Net Profit Attributable to Shareholders	16,176	26,017	53,888

The Reasons For Tapping The Market

Sun East Technology Offered a total of 78 million, 10-cent shares at a Premium of \$HK1.08 per share.

The final date for the filing of applications for the shares on Offer is today, with the shares, scheduled to be traded on Monday, October 16.

The Company Placed 62.40 million of these shares and pitched a New Issue of 15.60 million shares.

At the end of the day, Sun East Technology raked in about \$HK79 million which will be used as follows:

1. \$HK8.50 million *'will be used for the joint development programmes in automated storage and retrieval systems to be undertaken with Samsung Techwin (Company Ltd), and automatic car parking systems with Samjung Tech Co., Ltd';*
2. \$HK15 million to strengthen the Company's product research and development capabilities;
3. \$HK16.50 million to be used to develop new production equipment;
4. \$HK20 million to be used to expand the Company's production facilities; and,
5. \$HK19 million to be added the General Working Capital.

This Company is not poor, by a long shot, but it has never been, exactly, flush with cash, even up to and including March 31, 2000.

According to the Accountants' Report, it had just short of \$HK11 million in cash and bank balances and pledged bank deposits, as at the 2000 Balance Sheet Date.

But, by July 31, 2000, just 4 months later, it had outstanding borrowings of about \$HK22.30 million.

The shortage of funding for expansion -- without passing round the begging bowl to traditional sources of funding -- is apparent since, in the 1998 Financial Year, the Directors had to lend the Company about \$HK27.33 million.

And they were still owed about \$HK1.84 million as at the 2000 Balance Sheet Date, according to Company records.

At the same time, it appears that Chairman But Ting Hing ... [CLICK TO ORDER FULL ARTICLE](#)

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