



SUN EAST TECHNOLOGY (HOLDINGS) LIMITED

日東科技(控股)有限公司*

(incorporated in Bermuda with limited liability)
(Stock code: 365)

PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO RIGHTS SHARES FOR EVERY FIVE EXISTING SHARES
AND
RESUMPTION OF TRADING

Financial adviser to the Company



Guotai Junan Capital Limited

Underwriter



Guotai Junan Securities (Hong Kong) Limited

THE PROPOSED RIGHTS ISSUE

The Company proposes to raise HK\$18.0 million before expenses, and after deduction of expenses, raising approximately HK\$17.1 million, by way of a rights issue of 150,000,000 Rights Shares at a price of HK\$0.12 per Rights Share on the basis of two Rights Shares for every five existing Shares held on the Record Date.

Pursuant to the Rights Issue, the Qualifying Shareholders will be provisionally issued and allotted two Rights Shares in nil-paid form for every five existing Shares held on the Record Date. The Rights Issue will not be available to the Excluded Shareholders. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company. As at the date of this announcement, there are 375,000,000 existing Shares in issue and there are outstanding Share Options entitling holders thereof to subscribe for 31,200,000 Shares.

The Company intends to utilize the net proceeds from the Rights Issue as its general working capital.

Mind Seekers, BTF, BTH, LC and LKI have separately and irrevocably undertaken in writing under seal to the Company and the Underwriter, subject to the Rights Issue not being terminated, among other things, (i) to accept and pay for or procure the acceptance of and payment for the 63,030,240, 1,636,000, 300,000, 412,080 and 2,124,720 Rights Shares respectively which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by Mind Seekers, BTF, BTH, LC and LKI respectively; (ii) that the 157,575,600, 4,090,000, 750,000, 1,030,200 and 5,311,800 Shares respectively beneficially owned by Mind Seekers, BTF, BTH, LC and LKI will remain registered in the same names at the close of business on the Record Date as those in which they are now respectively registered. The Company will seek to enforce the Undertaking Letters should there be any non-compliance with their respective terms.

Pursuant to the Underwriting Agreement, the Underwritten Shares will be fully underwritten by the Underwriter.

The Rights Issue is conditional upon, among others, (i) the approval by the Stock Exchange of the listing of, and the permission to deal in the Rights Shares; (ii) the Underwriting Agreement becoming unconditional; and (iii) the Underwriter not terminating the Underwriting Agreement in accordance with its terms (please see the paragraph headed “Termination of the Underwriting Agreement” below). **Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors are advised to exercise due caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

The Company considers that the Rights Issue is fully underwritten by virtue of the Underwriting Agreement and the Undertaking Letters, and such arrangement is equivalent to and in compliance with the requirements as set out under Rule 7.19 of the Listing Rules.

The last day of dealings in the Shares on a cum-rights basis is 29 November 2006. The Shares will be dealt in on an ex-rights basis from 30 November 2006. The Rights Shares are expected to be dealt in their nil-paid form from 13 December 2006 to 20 December 2006 (both days inclusive). To qualify for the Rights Issue, a Qualifying Shareholder’s name must appear on the register of members of the Company on the Record Date, which is expected to be 7 December 2006. In order to register as members on the Record Date, all transfer of Shares must be lodged for registration with the Registrar by 4:00 p.m. on 1 December 2006. The register of members is expected to be closed from 4 December 2006 to 7 December 2006 (both days inclusive) to determine the entitlements to the Rights Issue. Qualifying Shareholders may also apply for entitlements of the Excluded Shareholders and any Rights Shares not initially subscribed.

The last day for acceptance and payment of the Rights Shares is expected to be on 27 December 2006. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares in both the nil-paid and fully paid forms.

GENERAL

The Rights Issue Documents containing further information of the Rights Issue will be despatched to Qualifying Shareholders and the Prospectus will be despatched to the Excluded Shareholders for information purposes only on or about 8 December 2006.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 17 November 2006 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 20 November 2006.

THE PROPOSED RIGHTS ISSUE

On 16 November 2006, the Underwriting Agreement was entered into between the Company and the Underwriter in respect of the Rights Issue. Further details of the Rights Issue are set out below.

Issue statistics

Basis of the Rights Issue	: Two Rights Shares for every five Shares held on the Record Date
Number of Shares in issue as at the date of this announcement	: 375,000,000 Shares
Subscription Price	: HK\$0.12 per Rights Share
Number of Rights Shares	: 150,000,000 Rights Shares

Under the Rights Issue, 150,000,000 nil-paid Rights Shares (assuming no Share Options are exercised on or before the Record Date) would be provisionally issued and allotted, representing 40% of the existing issued share capital of the Company and approximately 28.57% of the issued share capital of the Company as enlarged by the issue of 150,000,000 Rights Shares.

As at the date of this announcement, there are outstanding Share Options entitling holders thereof (namely, BTF, BTH, LC and LKI, all of them are Directors of the Company) to subscribe for in aggregate 31,200,000 Shares. Each of BTF, BTH, LC and LKI has given an irrevocable undertaking to the Company not to exercise his Share Options on or before the Record Date (or such later date as the Company determines as the record date for the purposes of determining entitlements under the Rights Issue). Save as the Share Options abovementioned, there are no outstanding Share Options as at the date of this announcement.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must on the Record Date:

- (i) be registered as member of the Company; and
- (ii) not be an Excluded Shareholder.

In order to be registered as members of the Company on the Record Date, all transfers of Shares must be lodged for registration (together with the relevant share certificates) with the Registrar by 4:00 p.m. on 1 December 2006.

The branch share registrar of the Company in Hong Kong is:

Tengis Limited
26/F., Tesbury Centre
28 Queen’s Road East
Wanchai
Hong Kong

The Company will send the Rights Issue Documents to the Qualifying Shareholders and the Prospectus, for information purposes only, to the Excluded Shareholders on or about 8 December 2006.

Closure of register of members

The register of members of the Company will be closed from 4 December 2006 to 7 December 2006 (both days inclusive) to determine the eligibility of the Qualifying Shareholders to the Rights Issue. No transfer of Shares will be registered during this period.

Terms of the Rights Issue

Subscription Price

The Subscription Price is HK\$0.12 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for the excess Rights Shares or when a renounce of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 42.86% to the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on 16 November 2006, being the Last Trading Day;
- (ii) a discount of approximately 44.85% to the average closing price of HK\$0.2176 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 16 November 2006, being the Last Trading Day;
- (iii) a discount of approximately 45.60% to the average closing price of HK\$0.2206 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including 16 November 2006, being the Last Trading Day;

- (iv) a discount of approximately 47.37% to the average closing price of approximately HK\$0.2280 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including 16 November 2006, being the Last Trading Day;
- (v) a discount of approximately 34.89% to the theoretical ex-rights price of approximately HK\$0.1843 per Share based on the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on 16 November 2006, being the Last Trading Day;
- (vi) a discount of approximately 83.33% to the audited net asset value per Share of approximately HK\$0.72 as at 31 March 2006.

The Subscription Price was determined after arm’s length negotiations between the Company and the Underwriter, with reference to the market prices of the Shares under the prevailing market conditions. The Board considers that the terms of the Rights Issue are fair and reasonable and in the best interests of the Group and the Shareholders as a whole. The Board also believes that the Subscription Price is fair and reasonable and the discount of the Subscription Price as compared to the recent market prices would encourage Qualifying Shareholders to participate in the Rights Issue.

Basis of provisional allotments

Two Rights Shares (in nil-paid form) for every five existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Status of the Rights Shares

The Rights Shares, when allotted, fully paid and issued, will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid in respect thereof on or after the date of allotment and issue of such Rights Shares.

Fractions of the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the proceeds for its own benefit. Any unsold fractions of Rights Shares will be made available for excess application.

Certificates for the Rights Shares

Subject to fulfillment or the waiver in whole or in part by the Underwriter of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on or before 5 January 2007 to those Qualifying Shareholders who have paid for and have accepted the Rights Shares, by ordinary mail and at their own risks.

Rights of the Excluded Shareholders

If, at the close of business on the Record Date, a Shareholder’s address on the register of members of the Company is in a place outside Hong Kong, that Overseas Shareholder may not be eligible to take part in the Rights Issue. The Board will consider and make enquiries as to whether such exclusion of certain Shareholders from the Rights Issue is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place. If, after such consideration and making such enquiries, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Issue to such Overseas Shareholders, the Rights Issue will not be available to such Overseas Shareholders. The Rights Issue Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong and Bermuda and the Company will despatch the Prospectus to the Excluded Shareholders for their information purposes only.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders. Application may be made by completing the EAFs and lodging the same with a separate remittance for the excess Rights Shares being applied for.

The Board will allocate excess Rights Shares at their discretion on a fair and equitable basis by reference to the number of excess Rights Shares applied for by each Qualifying Shareholder, but will give preference to topping up odd lots to whole board lots. Shareholders or potential investors should note that the number of excess Rights Shares, which may be allocated to them, may be different where they make application for excess Rights Shares by different means, such as making applications on their own names as against through nominees who also hold Shares for other Shareholders or investors. Shareholders with their Shares held by a nominee company should note that the Directors will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to the ultimate beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) himself (themselves) prior to the Record Date.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. Nil-paid Rights Shares are expected to be traded in board lots of 2,000 (as the Shares are currently traded on the Stock Exchange in board lots of 2,000). Dealings in the Rights Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong.

Underwriting Agreement

Date	: 16 November 2006
Underwriter	: Guotai Junan Securities (Hong Kong) Limited, which, to the best of the Directors’ knowledge and information and having made all reasonable enquiries, is an Independent Third Party

Number of existing Shares in issue as at the date of this announcement	: 375,000,000 Shares
Number of Rights Shares	: 150,000,000 Rights Shares
Number of Rights Shares subject to the Undertaking Letters	: 67,503,040 Rights Shares
Number of Underwritten Shares	: 82,496,960 Rights Shares
Underwriting commission	: The underwriting commission under the Underwriting Agreement is 2.5% of the aggregate subscription price of the Underwritten Shares, being approximately HK\$247,500.

Mind Seekers, BTF, BTH, LC and LKI have separately and irrevocably undertaken in writing under seal to the Company and the Underwriter, subject to the Rights Issue not being terminated, among other things, (i) to accept and pay for or procure the acceptance of and payment for the 63,030,240, 1,636,000, 300,000, 412,080 and 2,124,720 Rights Shares respectively which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by Mind Seekers, BTF, BTH, LC and LKI respectively; (ii) that the 157,575,600, 4,090,000, 750,000, 1,030,200 and 5,311,800 Shares respectively beneficially owned by Mind Seekers, BTF, BTH, LC and LKI will remain registered in the same names at the close of business on the Record Date as those in which they are now respectively registered. The Company will seek to enforce the Undertaking Letters should there be any non-compliance with their respective terms.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite in full the Underwritten Shares which have not been taken up and fully paid.

The Company considers that the Rights Issue is fully underwritten by virtue of the Underwriting Agreement and the Undertaking Letters, and such arrangement is equivalent to and in compliance with the requirements as set out under Rule 7.19 of the Listing Rules.

The commission payable to the Underwriter was determined after arm’s length negotiations between the Company and the Underwriter based on normal commercial terms with reference to the market rates. The Directors consider that the commission payable to the Underwriter is fair and reasonable.

Termination of the Underwriting Agreement

If at any time on or before 4:00 p.m. on the Settlement Date:

- (A) there comes to the notice of the Underwriter any matter or event showing, or the Underwriter shall have reasonable cause to believe that, any of the warranties in the Underwriting Agreement or in any of the Undertaking Letters to be untrue, inaccurate or misleading or as having been breached in any respect considered by the Underwriter to be material in the context of the Rights Issue; or any breach by any of the other parties to the Underwriter Agreement or any of the Undertaking Letters of any of their respective obligations or undertakings under the Underwriting Agreement or under any of the Undertaking Letters considered by the Underwriter to be material in the context of the Rights Issue; or
- (B) there shall be:
- (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) any change in the conditions of local, national or international equity securities or currency markets;
 - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of ten (10) business days (as defined in the Listing Rules) save for the clearance of the announcement of the Rights Issue;
 - (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere

which is or are, in the sole and absolute opinion of the Underwriter:

- (1) likely to have an adverse effect on the business, financial position or prospects of the Group taken as a whole or the Rights Issue; or
- (2) likely to have an adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (3) makes it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then and, in such case, the Underwriter may, by notice in writing given to the Company on or before 4:00 p.m. on the Settlement Date, rescind the Underwriting Agreement and thereupon all obligations of the Underwriter hereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement and the Rights Issue shall not proceed, provided however that the Company shall pay or reimburse to the Underwriter all fees, costs, charges and expenses which have been reasonably incurred by the Underwriter in connection with the Rights Issue provided always that prior written approval of the Company for such expenses have been obtained.

Conditions of the Rights Issue

The Rights Issue is conditional upon, among other things, each of the following events being fulfilled:

- (a) the timely delivery to the Stock Exchange and filing and registration of all documents relating to the Rights Issue required by law to be filed and registered, with the Registrar of Companies in Hong Kong and Bermuda respectively;
- (b) the posting of the Rights Issue Documents to the Qualifying Shareholders and the posting of the Prospectus stamped “For information only” to the Excluded Shareholders, in each case, on the Posting Date;
- (c) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Rights Shares in its nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the dates specified in such approval and not having withdrawn or revoked such listing permission on or before 4:00p.m. on the Settlement Date;
- (d) delivery by the Company to the Underwriter the Undertaking Letters duly executed by each of Mind Seekers, BTF, BTH, LC and LKI and compliance by each of them with all their respective obligations under the Undertaking Letters in accordance with the terms thereof;
- (e) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement;
- (f) the obtaining of all approvals by the Company as required under the Listing Rules or other applicable laws and regulations in respect of the Rights Issue.

The Rights Issue will not proceed if the Underwriting Agreement is terminated. In the event that the conditions of the Rights Issue are not fulfilled or waived on or before the respective dates aforesaid (or such later date or dates as may be agreed between the Company and the Underwriter), all liabilities of the parties under the Underwriting Agreement shall cease and determine and no party shall have any claim against the others parties save that all such reasonable costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall to the extent agreed by the Company be borne by the Company.

Shareholding structure of the Company

The shareholding structure of the Company as at the date of this announcement and immediately after the completion of the Rights Issue are set out below:

	As at of the date of this announcement		Immediately following the completion of the Rights Issue on the assumption as set out in Note 2		Immediately following the completion of the Rights Issue on the assumption as set out in Note 3	
	Shares	%	Shares	%	Shares	%
Mind Seekers (<i>Note 1</i>)	157,575,600	42.02	220,605,840	42.02	220,605,840	42.02
BTF	4,090,000	1.09	5,726,000	1.09	5,726,000	1.09
BTH	750,000	0.20	1,050,000	0.20	1,050,000	0.20
LC	1,030,200	0.27	1,442,280	0.27	1,442,280	0.27
LKI	5,311,800	1.42	7,436,520	1.42	7,436,520	1.42
Underwriter and/or subscribers procured by Underwriter (<i>Note 4</i>) (a)	0	0.0	0	0.0	82,496,960	15.71
Other public (b)	206,242,400	55.00	288,739,360	55.00	206,242,400	39.29
Total public (a)+(b)	206,242,400	55.00	288,739,360	55.00	288,739,360	55.00
Total	375,000,000	100.0	525,000,000	100.0	525,000,000	100.0

Notes:

- 1. Mind Seekers is owned by BTF, BTH, LC and LKI (all of them are Directors), as to 20%, 50%, 20% and 10% respectively.
- 2. Assuming there are no Excluded Shareholders and all Shareholders take up their respective provisional allotments of the Rights Shares in full.

3. Assuming (i) none of the Shareholders other than Mind Seekers, BTF, BTH, LC and LKI takes up any provisional allotments of the Rights Shares; (ii) each of Mind Seekers, BTF, BTH, LC and LKI takes up its/his provisional allotments of the Rights Shares and (iii) the provisional allotments of the Rights Shares of all Shareholders other than Mind Seekers, BTF, BTH, LC and LKI are taken up by the Underwriter pursuant to the Underwriting Agreement.
4. Under the terms of the Underwriting Agreement, the Underwriter may procure subscribers who will be Independent Third Parties to subscribe for the Rights Shares underwritten by the Underwriter. Neither the Underwriter nor any of the subscribers will hold more than 10% of the total issued Shares of the Company after the Rights Issue.

Reasons for the Rights Issue and use of proceeds

The Company is an investment holding company. The principal activities of the Group are: (1) design, manufacture and distribution of production lines and production equipment; and (2) distribution of brand name production equipment.

The estimated net proceeds from the Rights Issue are approximately HK\$17.1 million which are intended to be utilized as the Company’s general working capital.

The Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position, and the Rights Issue provides an appropriate means for the Group to raise additional funds for its operation. The Rights Issue will also provide the Shareholders the opportunity to participate and to benefit from the growth of the Group in the future. In addition, since the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

The estimated expenses of the Rights Issue are about HK\$0.9 million, which include the underwriting commission and professional fees payable to lawyers, share registrars and financial printer, etc. and will be borne by the Company.

Fund raising activities of the Company during the past 12 months

There has not been any capital raising activities via the placing of new Shares, rights issue or open offer of Shares and any other issue of equity securities of the Company in the 12 months immediately before the date of this announcement.

Expected timetable

	2006
Last day of dealings in the Shares on a cum-rights basis	Wednesday, 29 November
First day of dealings in the Shares on an ex-rights basis	Thursday, 30 November
Latest time for lodging transfers of Shares accompanied by the relevant title documents in order to qualify for the Rights Issue	4:00 p.m. on Friday, 1 December
Register of members closed (both days inclusive)	Monday, 4 December to Thursday, 7 December
Record Date for the Rights Issue	Thursday, 7 December
Despatch of Rights Issue Documents	Friday, 8 December
First day of dealings in nil-paid Rights Shares	Wednesday, 13 December
Latest time for splitting nil-paid Rights Shares	Friday, 15 December
Last day of dealings in nil-paid Rights Shares	Wednesday, 20 December
Latest time for payment for and acceptance of the Rights Shares and application for excess Rights Shares	4:00 p.m. on Wednesday, 27 December
	2007
Latest time for the Underwriter to terminate the Underwriting Agreement	Tuesday, 2 January
Announcement of results of the Rights Issue in newspapers	Friday, 5 January
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or before	Friday, 5 January
Share certificates of the Rights Shares expected to be dispatched on or before	Friday, 5 January
Dealings in the fully-paid Rights Shares commence on	Tuesday, 9 January

All dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be exercised or varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to Shareholders as appropriate.

WARNING OF RISKS OF DEALINGS IN THE SHARES

If Guotai Junan Securities (Hong Kong) Limited, the Underwriter, terminates the Underwriting Agreement, or if the conditions of the Underwriting Agreement have not been fulfilled in accordance with the terms thereof, the Rights Issue will not proceed.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from 30 November 2006 and the Rights Shares will be dealt with in their nil-paid form from 13 December 2006 to 20 December 2006 (both days inclusive). Dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled (or if appropriate, waived) and dealings in the Rights Shares in their nil-paid form between 13 December 2006 and 20 December 2006 (both days inclusive) are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors are advised to exercise due caution when dealing with the Shares or the Rights Shares in their nil-paid form, and if they are in any doubt about their position, they should consult their professional advisers.

GENERAL

The Rights Issue Documents containing further information of the Rights Issue will be despatched to Qualifying Shareholders and the Prospectus will be despatched to the Excluded Shareholders for information purposes only on or about 8 December 2006.

The release of this announcement does not necessarily indicate that the Rights Issue will be successfully implemented and completed as the conditions precedent to the Rights Issue may or may not be fulfilled or otherwise waived. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

SUSPENSION AND RESUMPTION OF TRADING IN SECURITIES

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 17 November 2006 pending the issue of this announcement. The Company has made an application to the Stock Exchange for the resumption of trading in the Shares commencing at 9:30 a.m. on 20 November 2006.

DEFINITIONS

Terms used in this announcement have the followings meanings unless the context otherwise requires:

“Acceptance Date”	27 December 2006, the last date for the acceptance of, and payment for, the Rights Shares
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors (including the independent non-executive Directors)
“BTF”	Mr. But Tin Fu, an executive Director of the Company
“BTF’s Undertaking”	the irrevocable undertaking dated 16 November 2006 given by BTF in favour of the Company and the Underwriter in relation to the Rights Issue
“BTH”	Mr. But Tin Hing, an executive Director of the Company
“BTH’s Undertaking”	the irrevocable undertaking dated 16 November 2006 given by BTH in favour of the Company and the Underwriter in relation to the Rights Issue
“business day”	a day, other than a Saturday and Sunday, on which banks are generally open for business for more than five hours in Hong Kong

“Company”	
“Director(s)”	
“EAF(s)”	
“Excluded Shareholders”	
“Group”	
“Guotai Junan Capital Limited”	
“Hong Kong”	
“Independent Third Party(ies)”	
“Last Trading Day”	
“LC”	
“LC’s Undertaking”	
“Listing Rules”	
“LKI”	
“LKI’s Undertaking”	
“Mind Seekers”	
“Mind Seekers’ Undertaking”	
“Overseas Shareholders”	
“PAL(s)”	
“Posting Date”	
“PRC”	
“Prospectus”	
“Qualifying Shareholder(s)”	
“Record Date”	
“Registrar”	
“Rights Issue”	
“Rights Issue Documents”	
“Rights Share(s)”	
“Settlement Date”	
“SFO”	
“Share(s)”	
“Share Option Scheme”	
“Share Options”	
“Shareholders”	
“Stock Exchange”	
“Subscription Price”	
“Undertaking Letters”	
“Underwriter”	
“Underwriting Agreement”	
“Underwritten Shares”	
“HK\$”	
“%”	

Sun East Technology (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on main board of the Stock Exchange

the director(s) of the Company

the excess application form(s) for use by the Qualifying Shareholders to apply for the excess Rights Shares not initially taken up under the Rights Issue

those Overseas Shareholder(s) who will be excluded from the Rights Issue on the basis that, based of on the Directors’ enquiries regarding the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place it would be necessary or expedient to do so

the Company and its subsidiaries

a corporation licensed to conduct type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Company in relation to the Rights Issue

the Hong Kong Special Administrative Region of the PRC

party or parties that is or are not connected with the Company and the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries and connected persons (as defined in the Listing Rules) or their respective associates

the last trading day of the Shares on the Stock Exchange prior to the suspension of the Shares and the release of this announcement

Mr. Leung Cheong, an executive Director of the Company

the irrevocable undertaking dated 16 November 2006 given by LC in favour of the Company and the Underwriter in relation to the Rights Issue

The Rules Governing the Listing of Securities on the Stock Exchange

Mr. Leung Kuen, Ivan, an executive Director of the Company

the irrevocable undertaking dated 16 November 2006 given by LKI in favour of the Company and the Underwriter in relation to the Rights Issue

Mind Seekers Investment Limited, a company incorporated in the British Virgin Islands with limited liability; as at the date of this announcement, Mind Seekers is the beneficial owner of approximately 42.02% of the issued share capital of the Company

the irrevocable undertaking dated 16 November 2006 given by Mind Seekers in favour of the Company and the Underwriter in relation to the Rights Issue

those persons whose addresses as shown on the register of members of the Company as at the Record Date are outside Hong Kong

the provisional allotment letters being issued to Qualifying Shareholders in respect of their provisional allotment under the Rights Issue

8 December 2006 or such other date as the Underwriter may agree in writing with the Company for the despatch of the Rights Issue Documents

the People’s Republic of China

a prospectus containing the details of, among other things, the Rights Issue

the persons shown on the register of members of the Company as at the close of business on the Record Date, other than the Excluded Shareholders

7 December 2006, being the date by reference to which entitlements to the Rights Issue will be determined

Tengis Limited, the Company’s Hong Kong branch Share registrar located at 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong

the issue of 150,000,000 Rights Shares at the Subscription Price on the basis of two Rights Shares for every five existing Shares held on the Record Date

the Prospectus, the PALs and the EAFs

new Share(s) to be issued and allotted in respect of the Rights Issue

2 January 2007, the date being the third business day following the Acceptance Date

the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

the share(s) of HK\$0.1 each in the share capital of the Company

the share option scheme of the Company which became effective on 30 August 2002

outstanding share options granted by the Company under the Share Option Scheme which are exerciseable on or before the Record Date in accordance with the terms of the Share Option Scheme

the shareholders of the Company

The Stock Exchange of Hong Kong Limited

the subscription price of HK\$0.12 per Rights Share under the Rights Issue

BTF’s Undertaking, BTH’s Undertaking, LC’s Undertaking, LKI’s Undertaking and Mind Seekers’ Undertaking

Guotai Junan Securities (Hong Kong) Limited, a corporation licensed to conduct type 1 (dealing in securities) regulated activities under the SFO the underwriting agreement dated 16 November 2006 entered into between the Company and the Underwriter in relation to the underwriting of the Rights Issue

all the Rights Shares, other than those subject to the BTF’s Undertaking, BTH’s Undertaking, LC’s Undertaking, LKI’s Undertaking and Mind Seekers’ Undertaking, being 82,496,960 Rights Shares

Hong Kong dollars, the lawful currency of Hong Kong

per cent

By the order of the Board
Sun East Technology (Holdings) Limited
But Tin Fu
Chairman

Hong Kong, 17 November 2006

As of the date of this announcement, the Board is comprised of Mr. But Tin Fu, Mr. But Tin Hing, Mr. Leung Cheong and Mr. Leung Kuen, Ivan as Executive Directors; Mr. See Tak Wah, Prof. Xu Yang Sheng and Mr. Yau Wing Keung, Frankie as Independent Non-executive Directors.

** For identification purpose only*