
SUPPLEMENTAL LETTER FROM THE BOARD



SUN EAST TECHNOLOGY (HOLDINGS) LIMITED

日東科技(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00365)

Executive Directors:

QI Lian
XIA Yuan
BUT Tin Fu
BUT Tin Hing
LEUNG Cheong
LEUNG Kuen, Ivan

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

SEE Tak Wah
XU Yang Sheng
LI Wanshou

*Head office and principal place
of business in Hong Kong:*

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

12 August 2016

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
QUAM SECURITIES COMPANY LIMITED FOR AND ON BEHALF OF
UNIS TECHNOLOGY STRATEGY INVESTMENT LIMITED TO ACQUIRE ALL
THE ISSUED SHARES (OTHER THAN THE EXCLUDED SHARES) OF
SUN EAST TECHNOLOGY (HOLDINGS) LIMITED**

INTRODUCTION

Reference is made to (i) the joint announcement dated 14 February 2016 issued by the Offeror and the Company in relation to, among others, the Subscriptions and the Offer, (ii) the joint announcement dated 30 May 2016 issued by the Offeror and the Company in relation to the completion of the Subscriptions, (iii) the joint announcement dated 2 June 2016 issued by the Offeror and the Company in relation to the despatch of the Composite Document, (iv) the Composite Document dated 2 June 2016 jointly issued by the Offeror and the Company, (v) the Profit Warning Announcement dated 15 June 2016 issued by the Company in relation to the expected net loss for the financial year ended 31 March 2016,

* *For identification purposes only*

SUPPLEMENTAL LETTER FROM THE BOARD

(vi) the joint announcement dated 15 June 2016 issued by the Offeror and the Company, in relation to the extension of the Offer Period; and (vii) the joint announcement dated 23 June 2016 issued by the Offeror and the Company in relation to the extension of the Offer Period and the level of acceptance of the Offer on the First Closing Date.

As announced jointly by the Company and the Offeror on 23 June 2016, the Closing Date will be extended and the Independent Shareholders shall have at least a further 14 days to tender their acceptances of the Offer after the issue of this Supplemental Document. As set out in the section headed "Expected Timetable" of this Supplemental Document, the latest time and date for acceptance of Offers shall be extended to 4:00p.m. on Friday, 26 August 2016, being the Revised Closing Date.

The purpose of this Supplemental Document is to provide you with, among other things, (i) the financial results of the Group for the financial year ended 31 March 2016; (ii) a supplemental letter from the Independent Financial Adviser; and (iii) any other additional information as required under Rule 8.5 of the Takeovers Code. This Supplemental Document will be served as notice in writing to the Shareholders in accordance with Rule 15.1 of the Takeovers Code.

You are advised to read this Supplemental Document, in particular, the supplemental letter from the Board, the supplemental letter from the Independent Board Committee and the supplemental letter from the Independent Financial Adviser, in conjunction with the Composite Document carefully before taking any action in respect of the Offer.

SUPPLEMENTAL INFORMATION ON THE GROUP

The principal activity of the Group comprises the design, manufacture and distribution of production lines and production equipment, and the distribution of brand name production equipment. Additional financial information of the Group and supplemental general information of the Company are set out in Appendices I and III to this Supplemental Document, respectively.

The Company published the Profit Warning Announcement on 15 June 2016 in respect of the expected net loss for the financial year ended 31 March 2016, the Results Announcement on 29 June 2016 in respect of the Group's audited financial results for the financial year ended 31 March 2016 and the annual report on 28 July 2016 which contains the auditor's report issued by BDO Limited in respect of the Group's audited consolidated statements for the financial year ended 31 March 2016.

SUPPLEMENTAL LETTER FROM THE BOARD

The following table sets out a summary of certain audited financial information of the Group for each of the three years ended 31 March 2014, 2015 and 2016:

	Year ended 31 March 2014 <i>HK\$'000</i> (audited)	Year ended 31 March 2015 <i>HK\$'000</i> (audited)	Year ended 31 March 2016 <i>HK\$'000</i> (audited)
Revenue	787,603	838,203	726,975
Gross profit	108,337	106,518	98,270
(Loss)/Profit before tax for the year	12,796	4,321	(8,869)
Total comprehensive income for the year/period attributable to owners of the Company	19,223	11,147	(23,872)
	As at 31 March 2014 <i>HK\$'000</i> (audited)	As at 31 March 2015 <i>HK\$'000</i> (audited)	As at 31 March 2016 <i>HK\$'000</i> (audited)
Net assets	331,905	343,052	319,180

Your attention is drawn to the financial information of the Group for the year ended 31 March 2016 set out in Appendix I and the supplemental general information of the Company set out in Appendix III to this Supplemental Document.

SUPPLEMENTAL LETTER FROM THE BOARD

Shareholding Structure of the Company

The shareholding structure of the Company as at the Latest Practicable Date is as follows:

	As at the Latest Practicable Date	
	<i>No. of Shares</i>	<i>%</i>
The Offeror and its concert parties	988,180,970	67.92%
Mind Seekers	44,121,168	3.03%
Mr. But	45,746,000	3.14%
Reach General	100,000,000	6.87%
Chen Ping	100,000,000	6.87%
Other public shareholders	<u>176,951,862</u>	<u>12.16%</u>
Total	<u>1,455,000,000</u>	<u>100%</u>

ADVICE AND RECOMMENDATION

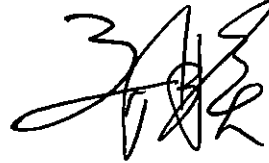
Your attention is also drawn to the supplemental letter from Quam Capital, the supplemental letter from the Independent Board Committee and the supplemental letter from the Independent Financial Adviser set out in this Supplemental Document, which contains its advice to the Independent Board Committee in respect of the fairness and reasonableness of the Offer and the principal factors and reasons it has considered before arriving at its advice.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to, and which forms part of, this Supplemental Document. You are also recommended to read carefully this Supplemental Document, in conjunction with the Composite Document, for further details in respect of the procedures for acceptance of the Offers.

SUPPLEMENTAL LETTER FROM THE BOARD

Yours faithfully,
For and on behalf of the Board of
Sun East Technology (Holdings) Limited

A handwritten signature in black ink, appearing to be 'Qi Lian', written in a cursive style.

QI Lian
Chairman