Mitsumaru East Kit (Holdings) Limited
三丸東傑（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2358)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The board (the "**Board**") of directors (the "**Directors**") of Mitsumaru East Kit (Holdings) Limited (the "**Company**") are pleased to announce the annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2013 (the "**Year**") together with the comparative figures for the corresponding year of 2012.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** **HK$'000**	2012 HK$'000 (restated)
CONTINUING OPERATIONS			
REVENUE	3	**42,303**	17,854
Cost of sales		**(26,703)**	(11,899)
Gross profit		**15,600**	5,955
Other income and gains	4	**870**	934
Selling and distribution costs		**(4,443)**	(1,100)
Administrative expenses		**(19,607)**	(13,102)
Other operation expenses		**(77)**	(10,644)
Gain on disposal of an associate		**–**	257
Gain on disposal of subsidiaries, net		**–**	3,224
Finance costs	5	**(17,794)**	(4,312)
LOSS BEFORE TAX	6	**(25,451)**	(18,788)
Income tax expense	7	**(1,538)**	(563)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(26,989)**	(19,351)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations		**–**	32,129
(LOSS)/PROFIT FOR THE YEAR		**(26,989)**	12,778

	Notes	2013 HK$'000	2012 HK$'000 (restated)
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of buildings		–	2,281
Items that may be reclassified to profit or loss:			
Release of foreign currency translation reserve on disposal of subsidiaries		–	(8,346)
Exchange differences on translation of foreign operations		**204**	(80)
		204	(8,426)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**204**	(6,145)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(26,785)**	6,633
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company			
Loss from continuing operations		**(29,071)**	(19,585)
Profit from discontinued operations		–	32,401
		(29,071)	12,816
Non-controlling interests			
Profit/(loss) from continuing operations		**2,082**	(310)
Profit from discontinued operations		–	272
		2,082	(38)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company			
Loss from continuing operations		**(28,923)**	(19,664)
Profit from discontinued operations		–	26,336
		(28,923)	6,672
Non-controlling interests			
Profit/(loss) from continuing operations		**2,138**	(311)
Profit from discontinued operations		–	272
		2,138	(39)
(LOSS)/EARNINGS PER SHARE (HK$ cents)	8		
From continuing and discontinued operations			
– Basic and diluted		**(1.67)**	0.75
From continuing operations			
– Basic and diluted		**(1.67)**	(1.15)
From discontinued operations			
– Basic and diluted		–	1.90

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,660**	750
Intangible assets		**8,344**	–
Goodwill		**16,417**	4,617
Deferred tax assets		**35**	–
		29,456	5,367
CURRENT ASSETS			
Inventories		**41,991**	2,615
Trade and notes receivables	10	**64,979**	7,111
Prepayments, deposits and other receivables		**14,790**	2,361
Cash and cash equivalents		**98,042**	2,171
		219,802	14,258
CURRENT LIABILITIES			
Trade and notes payables	11	**47,220**	1,305
Other payables and accruals		**22,206**	13,040
Amount due to non-controlling shareholder		**133**	543
Other loans		**761**	138,930
Derivative financial instrument		**–**	5,006
Tax payable		**2,349**	1,253
		72,669	160,077
NET CURRENT ASSETS/(LIABILITIES)		**147,133**	(145,819)
TOTAL ASSETS LESS CURRENT LIABILITIES		**176,589**	(140,452)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**2,557**	–
		2,557	–
NET ASSETS/(LIABILITIES)		**174,032**	(140,452)
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**380,000**	40,000
Reserves		**(208,938)**	(181,284)
		171,062	(141,284)
Non-controlling interests		**2,970**	832
TOTAL EQUITY/(DEFICITS)		**174,032**	(140,452)

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial liabilities which are carried at their fair values.

The consolidated financial statements are presented in Hong Kong dollar ("**HK$**"), which is the functional currency of the Company. The functional currencies of its principal subsidiaries include Renminbi ("**RMB**") and HK$.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2013. HKFRSs comprise HKFRS, HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

a. Amendments to HKAS 1"Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. HKFRS 12 "Disclosure of Interests in Other Entities"

HKFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group's subsidiaries in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

c. HKFRS 13 "Fair Value Measurement"

HKFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue represents the net invoiced value of goods sold upon delivery of goods, after allowances for returns and trade discounts and business/sales tax where applicable.

(a) Reportable segments

The chief operating decision-maker has been identified as the Board of Directors. The Board of Directors reviews the Group's internal reporting in order to assess performance and allocate resources. The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has two (2012: three) reportable segments. The segments are managed separately as each business segment offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations

– Water meter – Design, assembling and installation of water meter.

– TV Business: manufacturing and sales of digital television ("**TV**"), high definition liquid crystal display TV and set-top box as well as provision of application of solutions regarding integration of tele-communication, TV and internet in the digital audio visual industry.

Discontinued operations

– Design and assembly – the design of the chassis of colour televisions, assembling of colour televisions and the trading of related components;

– Trading – Trading of components related to colour televisions;

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit or loss that is used by the chief operating decision-maker for assessment of segment performance.

(i) Business segments

	For the year ended 31 December 2013		
	Water meter HK$'000	**TV Business HK$'000**	**Total HK$'000**
Reportable segment revenue:			
Sales to external customers	**42,303**	**–**	**42,303**
Intersegment sales	**–**	**–**	**–**
Total revenue	**42,303**	**–**	**42,303**
Reportable segment profit	**9,026**	**–**	**9,026**
Interest expenses	**(4)**	**–**	**(4)**
Depreciation of property, plant and equipment	**(371)**	**–**	**(371)**
Property, plant and equipment from acquisition of a subsidiary	**–**	**4,171**	**4,171**
Additions to property, plant and equipment	**107**	**–**	**107**
	At 31 December 2013		
Reportable segment assets	**30,348**	**179,435**	**209,783**
Reportable segment liabilities	**(19,546)**	**(44,456)**	**(64,002)**

	For the year ended 31 December 2012				
	Continuing operation	Discontinued operations			
	Water meter HK$'000	Design and assembly HK$'000	Trading HK$'000	Sub-total HK$'000	Total HK$'000
Reportable segment revenue:					
Sales to external customers	17,854	86,728	20,379	107,107	124,961
Intersegment sales	–	(26,450)	(551)	(27,001)	(27,001)
Total revenue	17,854	60,278	19,828	80,106	97,960
Reportable segment profit/(loss)	1,476	(29,721)	(1,316)	(31,037)	(29,561)
Interest expenses	(85)	(1,424)	(135)	(1,559)	(1,644)
Depreciation of property, plant and equipment	(297)	(3,370)	(58)	(3,428)	(3,725)
Depreciation of investment property	–	(556)	–	(556)	(556)
Amortisation of prepaid land premiums	–	(97)	–	(97)	(97)
Impairment of property, plant and equipment	–	(4,525)	–	(4,525)	(4,525)
Write-down of inventories	–	(5,070)	–	(5,070)	(5,070)
Impairment of trade receivables	–	(6,900)	–	(6,900)	(6,900)
Impairment of other receivables	(1,596)	(2,770)	(56)	(2,826)	(4,422)
Property, plant and equipment from acquisition of a subsidiary	414	–	–	–	414
Additions to property, plant and equipment	570	1,679	–	1,679	2,249
	At 31 December 2012				
Reportable segment assets	17,332	–	–	–	17,332
Reportable segment liabilities	(9,689)	–	–	–	(9,689)

(ii) *Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:*

	2013 HK$'000	2012 HK$'000
Year ended 31 December		
Revenue		
Reportable segment revenue	**42,303**	124,961
Revenue from discontinued operations	**–**	(80,106)
Elimination of inter-segment revenue	**–**	(27,001)
Consolidated revenue	**42,303**	17,854
Loss before income tax and discontinued operations		
Reportable segment profit/(loss)	**9,026**	(29,561)
Segment loss from discontinued operations	**–**	31,037
Unallocated corporate expenses	**(16,687)**	(16,037)
Unallocated finance costs	**(17,790)**	(4,227)
Consolidated loss before income tax from continuing operation	**(25,451)**	(18,788)

	2013 HK$'000	2012 HK$'000
At 31 December		
Assets		
Reportable segment assets	**209,783**	17,332
Unallocated cash and cash equivalents	**33,419**	1,010
Other unallocated corporate assets	**6,056**	1,283
Consolidated total assets	**249,258**	19,625
Liabilities		
Reportable segment liabilities	**(64,002)**	(9,689)
Other loans	**–**	(138,194)
Derivative financial instrument	**–**	(5,006)
Unallocated tax payable	**(690)**	(690)
Unallocated corporate liabilities	**(10,534)**	(6,498)
Consolidated total liabilities	**(75,226)**	(160,077)

(b) Geographical information

The Group is domiciled in the PRC. The following tables provide an analysis of the Group's revenue from external customers and non-current assets other than financial instruments ("**Specified non-current assets**").

	Revenue from external customers	
	2013	2012
	HK$'000	HK$'000
Continuing operations		
PRC	**42,303**	17,854
Discontinued operations		
Brazil	**–**	4,243
Hong Kong	**–**	6,281
PRC	**–**	57,370
Russia	**–**	12,212
	–	80,106
	42,303	97,960

	Specified non-current assets	
	2013	2012
	HK$'000	HK$'000
PRC	**20,588**	5,303
Hong Kong	**8,868**	64
	29,456	5,367

(c) Information about major customers

Revenue from major customers, each of whom accounted for 10% or more of the total revenue is set out below:

		2013	2012
Continuing operations	**Segment**	**HK$'000**	HK$'000
Customer A	Water meter	**8,744**	–
Customer B	Water meter	**4,991**	–

4. OTHER INCOME AND GAINS

	2013	2012
	HK$'000	HK$'000
Bank interest income	**93**	14
Fair value change of a derivative financial instrument	**204**	(145)
Management fee	**240**	900
Others	**333**	165
	870	934

5. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest expenses on borrowings wholly repayable within five years:		
– Interest on loans from third parties	**15,122**	2,316
– Imputed interest on loan from New Prime	**1,962**	1,996
– Interest on outstanding consideration payable for acquisition of a subsidiary	**710**	–
	17,794	4,312

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2013 HK$'000	2012 HK$'000
Cost of inventories sold	**26,703**	11,742
Staff costs (including directors' remuneration):		
Wages and salaries	**8,583**	3,669
Pension scheme contributions		
– Defined contribution scheme	**215**	262
Other staff benefits	**1,207**	–
	10,005	3,931
Auditors' remuneration	**550**	569
Depreciation of items of property, plant and equipment	**386**	3,750
Minimum lease payments under operating lease in respect of		
– Land and buildings	**1,947**	1,445
Exchange losses, net	**77**	1
Provision for inventories	**128**	5,070
Impairment of other receivables	**–**	10,611

7. INCOME TAX EXPENSE

No provision of Hong Kong Profits Tax has been provided in the consolidated financial statements as the Group incurred losses for the current and prior years in Hong Kong.

PRC corporate income tax is calculated at a standard rate of 25% (2012: 25%) on the estimated assessable profits arising from its operation in the PRC.

The amount of income tax expenses includes in profit or loss represents:

	2013 HK$'000	2012 HK$'000
Current – the PRC		
– Charge for the year	**2,112**	563
– Over-provision in prior years	**(574)**	–
	1,538	563

The income tax expenses for the year can be reconciled to the loss for the year multiplied by applicable tax rate as follows:

	2013	2012
	HK$'000	HK$'000
Loss before tax	**(25,451)**	(18,788)
Tax calculated at the domestic tax rate of 16.5% (2012: 16.5%)	**(4,199)**	(3,100)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**774**	125
Tax effect of revenue not taxable for tax purposes	**(172)**	(587)
Tax effect of expenses not deductible for tax purposes	**3,914**	3,513
Tax effect of tax losses not recognised	**1,795**	431
Tax effect of temporary differences not recognised	**–**	398
Over-provision in prior years	**(574)**	–
Utilisation of tax losses not recognised previously	**–**	(217)
Income tax expenses	**1,538**	563

At 31 December 2013, the Group has unused tax losses of approximately HK$35,295,000 (2012: HK$24,416,000) available indefinitely for offset against future profits. No deferred tax asset (2012: Nil) has been recognised in respect of such tax losses, due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

8. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 December 2013 and 2012.

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of HK$29,071,000 (2012: profit of HK$12,816,000) and the weighted average number of 1,737,733,000 (2012: 1,709,091,000 as adjusted to reflect the open offer in December 2013) ordinary shares in issue during the year.

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to owners of the Company is based on the loss for the year from continuing operations of HK$29,071,000 (2012: HK$19,585,000) and the denominators detailed above in respect of weighted average number of ordinary shares.

From discontinued operations

The calculation of the basic earning per share from discontinued operations attributable to owners of the Company is based on the profit for the year from discontinued operations of HK$Nil (2012: HK$32,401,000) and the denominators detailed above in respect of weighted average number of ordinary shares.

(b) Diluted (loss)/earnings per share

The effect of all potential ordinary shares are anti-dilutive for the year ended 31 December 2013 and 2012.

10. TRADE AND NOTES RECEIVABLES

	2013 HK$'000	2012 HK$'000
Trade receivables	**48,971**	7,111
Notes receivables	**16,008**	–
	64,979	7,111

The Group's trading terms with its customers are mainly on credit, except for the new customers, where payment in advance is normally required. The credit period generally ranges from 15 to 185 days (2012: 60 to 90 days). Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aged analysis of trade receivables, as at the end of the reporting periods based on the goods delivery date, and net of impairments, is as follows:

	2013 HK$'000	2012 HK$'000
Within 90 days	**36,779**	5,418
91 days to 180 days	**10,037**	957
181 days to 1 year	**214**	487
Over 1 year	**1,941**	249
	48,971	7,111

Movements in provision for impairment of trade receivables are as follows:

	2013 HK$'000	2012 HK$'000
At 1 January	**–**	159,566
Impairment losses recognised	**–**	6,900
Derecognised on disposal of subsidiaries	**–**	(166,466)
At 31 December	**–**	–

The ageing of trade and notes receivables which are past due but not impaired are as follows:

	2013 HK$'000	2012 HK$'000
Less than 1 month past due	**5,120**	159
1 to 3 months past due	**294**	398
More than 3 months but less than 12 months past due	**214**	229
Over 1 year past due	**1,941**	103
	7,569	889

Receivables that were past due but not impaired relate to a number of customers that have good settlement records with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancement over these receivables.

11. TRADE AND NOTES PAYABLES

	2013 **HK$'000**	2012 HK$'000
Trade payables	**32,734**	1,305
Notes payables	**14,486**	–
	47,220	1,305

An aged analysis of trade payables, based on the invoice date, is as follows:

	2013 **HK$'000**	2012 HK$'000
Outstanding balances with ages:		
Within 180 days	**30,738**	1,067
181 days to 1 year	**1,037**	72
1 to 2 years	**959**	166
	32,734	1,305

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall Financial Results

The Directors of the Company are pleased to present this annual result announcement and the audited consolidated financial statements of the Group for the year ended 31 December 2013 to the shareholders of the Company.

For the year ended 31 December 2013, the Group achieved a turnover of approximately HK$42,303,000 from continuing operations with a gross profit of approximately HK$15,600,000. The loss for the Year attributable to owners of the Company from continuing operations was approximately HK$29,071,000. Basic loss per share of the Company was approximately HK1.67 cents while basic earnings per share for the year ended 31 December 2012 was approximately HK0.75 cents (restated). As at 31 December 2013, balance of cash and cash equivalents of the Group were approximately HK$98,042,000.

Turnover

For the Year under review, the Group recorded a turnover of approximately HK$42,303,000 from continuing operations which was solely contributed by the business segment of water meter.

In 2013, the Group's business has two reporting segments (2012: three). Details of the segment information are set out in Note 3 of the consolidated financial statements in this annual result announcement.

Continuing operations

(i) Water meter

The Group acquired 72.5% equity interest of Wuhan Sunbow Science & Technology Co. Limited ("**Sunbow**") on 29 February 2012 which were engaged in the design, assembly and installation of water meter in the Peoples' Republic of China ("**PRC**").

(ii) TV business

A new segment to the Group after the acquisition of 100% equity interest on Soyea Jiu Rong Technology Co., Ltd. ("**Soyea Jiu Rong**") on 19 December 2013 which is a limited liability company incorporated in the PRC and is principally engaged in the research and development, manufacturing and sales of digital television ("**TV**"), high definition liquid crystal display TV and set-top box as well as provision of application of solutions regarding integration of tele-communication, TV and internet in the digital audio visual industry.

Discontinued operations

(i) Design and assembly – the design of the chassis of colour televisions, assembling of colour televisions and the trading of related components;

(ii) Trading – Trading of components related to colour televisions;

Gross Profit Margin

During the Year under review, the gross profit was credited to the high gross profit margin from the water meter business.

Expenses

During the Year under review, the Group adopted stringent cost controls on its operation. Management of the Group always believes that maintaining a high standard of cost control on expenses were for the benefits of the Group. Therefore, management regularly reviewed and updated controls and procedures to ensure that cost control objectives can be achieved.

Financial Position and Liquidity

	31 December 2013	31 December 2012
Current ratio	**3.02**	0.09
Quick ratio	**2.45**	0.07
Gearing ratio	**N/A**	1,019%

* Gearing ratio = Net debt divided by the capital plus net debt

For the Year under review, the Group used approximately HK$12,781,000 (2012: approximately HK$3,244,000) of cash from its operations. As at 31 December 2013, the Group had cash and cash equivalents of approximately HK$98,042,000 (2012: approximately HK$2,171,000). The substantial increase in cash and cash equivalents was mainly due to the Company completed an open offer of 2,400,000,000 shares at HK$0.10 per share on the basis of six offer shares for every one existing share ("**Open Offer**") on 27 December 2013, of which net proceeds of approximately HK$231 million was received.

As at 31 December 2013, surplus in shareholders' equity was approximately HK$171,062,000 (2012: deficit in shareholders' equity of approximately HK$141,284,000). Current assets of the Group amounted to approximately HK$219,802,000 (2012: approximately HK$14,258,000). The current ratio and quick ratio were approximately 3.02 and 2.45 (2012: approximately 0.09 and 0.07), respectively.

As at 31 December 2013, the Group's net cashes amounted to approximately HK$27,722,000 (2012: net debts of approximately HK$156,653,000).

Trade and notes receivables increased from approximately HK$7,111,000 as at 31 December 2012 to approximately HK$64,979,000 as at 31 December 2013. During the Year under review, the Group did not provide any impairment loss on trade and notes receivables (2012: approximately HK$6,900,000).

Capital Expenditure

The Group's total capital expenditures on property, plant and equipment during the Year under review amounted to approximately HK$107,000 (2012: approximately HK$2,375,000).

Pledge of Assets

As at 31 December 2013, the Group did not pledge any of its assets to secure any borrowing of the Company and of the Group (2012: approximately HK$19,625,000).

Material Acquisition and Disposal of Subsidiaries and Associated Companies

During the Year under review, the Group acquired the entire 100% equity interest in Soyea Jiu Rong on 19 December 2013.

Capital Structure

During the Year, the Company issued and allotted 3,400,000,000 new shares at par value of HK$0.10. The total number of issued and fully paid ordinary share as at 31 December 2013 was 3,800,000,000.

Significant Investment

Other than the Group's investment in Sunbow and Soyea Jiu Rong, the Group did not have any other significant investments during the Year under review.

Foreign Exchange and Currency Risks

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities and Capital Commitments

The Group does not have any contingent liability in the Year under review (2012: Nil).

The Group does not have any capital commitment in the Year under review (2012: Nil).

Employees Benefit and Expenses

As at 31 December 2013, there were 52 employees (2012: 44 employees) in the Group. The total amount of employee remuneration incurred for the Year was approximately HK$10,005,000 (2012: approximately HK$3,931,000). The Group determines employees' remuneration by the work responsibilities, job performance and professional experience. The Group also provides employees on-job training from time to time to upgrade the knowledge, skills and overall caliber of its employees. In addition, the Group granted employees option scheme as an encouragement.

BUSINESS REVIEW AND OUTLOOK

Despite 2013 continued to be a tough and challenging year to the Group, the Group recorded approximately HK$42,303,000 (2012: approximately HK$17,854,000) in turnover from continuing operations during the Year. The Group's gross profit margin also improved from 33.4% to 36.9% for the Year under review. However, the Group still recorded an operating loss from continuing operations for approximately HK$26,989,000 (2012: approximately HK$19,351,000) in the Year, and it is mainly due to the interests paid to other loans from third parties, and the substantial professional fees paid which were related to the resumption of the share trading of the Company in 2013. The loss attributable to owners of the Company from continuing operations was approximately HK$29,071,000 in 2013 (2012: approximately HK$19,585,000).

Following the completion of the acquisition of 100% equity interest of Soyea Jiu Rong and the Open Offer of net proceeds of approximately HK$231,000,000, the Company's operating and financial position was significantly improved and trading of the Company's shares was resumed on 31 December 2013.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions and dealing (the "**Code of Conduct**") by Directors on terms no less exacting than the required standard set out in Appendix 10 to Listing Rule (the "**Model Code**"). The Company has made specific enquiry of all Directors as to whether they have complied with the required standard set out in the Model Code and the Code of Conduct during the year ended 31 December 2013.

All the Directors apart from Mr. Mu Xiangming, the former independent non-executive director, have confirmed that they have complied with the required standards set out in the Model Code and the Code of Conduct throughout the year ended 31 December 2013. The Company is unable to obtain the relevant confirmations from Mr. Mu Xiangming due to his resignation on 7 June 2013, and therefore is unable to fully ascertain whether the Company has complied with the required standard set out in the Model Code and Code of Conduct through the year ended 31 December 2013.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions ("**Code Provision(s)**") of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules, except for certain deviations as specified and explained below with considered reasons for such deviations.

1. Under the Code Provision A.2.1 of the CG Code, among others, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

   During the Year and up to the date of this report hereof, the posts of chairman and chief executive were vacant. The Board will keep reviewing the current structure of the Board from time to time and should candidates with suitable knowledge, skill, and experience be identified, the Company will make appointments to fill the posts as and when appropriate.

2. Under the Code Provision A.1.8 of the CG Code, a listed issuer should arrange appropriate insurance cover in respect of legal action against its Directors.

   During the Year under review, the Company did not arrange any insurance cover in respect of legal action against its directors. However, since 16 January 2014, the Company had procured appropriate insurance cover for all the directors and senior management of the Group on indemnifying their liabilities arising out of corporate activities.

3. Under the Code Provision A.6.7 of the CG Code, the independent non-executive directors and non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

   Due to other business engagements, two independent non-executive directors did not attend the annual general meeting ("**AGM**") held on 21 June 2013, and one independent non-executive director did not attend the extraordinary general meeting ("**EGM**") held on 28 November 2013.

   However, at the respective general meetings of the Company, there were at least two executive Directors presented to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

4. Under the Code Provision E.1.2 of the CG Code, the chairman of the board should attend the AGM and also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

   Due to other business engagements, the chairman of the audit, remuneration, nomination did not attend the AGM.

The Board has taken remedial steps, actions and measures to make sure that the Company is in all aspects in strict compliance with the Listing Rules and the CG Code.

AUDIT COMMITTEE

The Company has an audit committee in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal control system and providing advice and comments to the Board. The Audit Committee consists of three Independent Non-executive Directors of the Company. The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2013.

SCOPE OF WORK OF THE GROUP'S AUDITOR

The figures in respect of this announcement of the Group's result for the year ended 31 December 2013 have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2013. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on this preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results of the Group for the year ended 31 December 2013 is available for viewing on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and on the website of the Company at http://www.irasia.com/listco/hk/2358. An annual report for the year ended 31 December 2013 will be despatched to the shareholders and available on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors of the Company are:

Executive Directors:
Mr. Siu Chi Ming
Mr. Tang Chin Wan

Independent Non-executive Directors:
Ms. Au Shui Ming
Mr. Martin He
Mr. Wu Yinong

On Behalf of the Board
Mitsumaru East Kit (Holdings) Limited
Siu Chi Ming
Executive Director

Hong Kong, 28 March 2014