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)

The directors (the "Directors") of Mitsumaru East Kit (Holdings) Limited (the "Company") are pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006 (the "Year") together with the comparative figures of 2005.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2006

	Notes	**2006** **HK$'000**	2005 HK$'000
REVENUE	*2,3*	**1,173,795**	1,066,240
Cost of sales		**(1,076,009)**	(970,626)
Gross profit		**97,786**	95,614
Other income and gains	*3*	**12,120**	2,983
Selling and distribution costs		**(17,848)**	(12,918)
Administrative expenses		**(59,510)**	(49,473)
Other operating expenses		**(9,029)**	(8,812)
Share of loss of an associate		**(2,012)**	—
Finance costs	*4*	**(10,330)**	(7,990)
PROFIT BEFORE TAX	*5*	**11,177**	19,404
Tax	*6*	**(2,750)**	(4,475)
PROFIT FOR THE YEAR		**8,427**	14,929
Attributable to:			
Equity holders of the parent		**8,639**	15,216
Minority interests		**(212)**	(287)
		8,427	14,929
DIVIDEND	*7*		
Proposed final		**—**	4,500
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**HK2.16 cents**	HK3.80 cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

31 December 2006

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**127,921**	92,012
Investment properties		**7,759**	—
Prepaid land premiums		**11,034**	10,897
Other asset		**4,437**	4,437
Golf club membership		**360**	—
Interest in an associate	*9*	**28,354**	—
Deposit paid for acquisition of an associate	*9*	**—**	15,361
Deposit paid for acquisition of property, plant and equipment		**3,580**	17,551
Deferred tax assets		**15,037**	20,820
Restricted time deposits		**7,649**	11,650
Total non-current assets		**206,131**	172,728
CURRENT ASSETS			
Inventories		**144,611**	124,810
Trade receivables	*10*	**386,479**	412,760
Notes receivable		**—**	9,215
Prepayments, deposits and other receivables		**58,145**	64,725
Equity investments at fair value through profit or loss		**623**	441
Tax recoverable		**—**	934
Pledged deposits		**67,163**	11,415
Cash and cash equivalents		**80,980**	136,355
Total current assets		**738,001**	760,655
CURRENT LIABILITIES			
Trade and bills payables	*11*	**538,886**	559,155
Other payables, accrued expenses and deposits received		**46,712**	54,279
Interest-bearing bank loans		**122,384**	116,899
Tax payable		**1,851**	1,154
Finance lease payables		**605**	—
Total current liabilities		**710,438**	731,487
NET CURRENT ASSETS		**27,563**	29,168
TOTAL ASSETS LESS CURRENT LIABILITIES		**233,694**	201,896

	Notes	**2006**	2005
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Finance lease payables		**(1,260)**	—
Interest-bearing bank loans		**(19,526)**	—
Deferred tax liabilities		**(515)**	(562)
Total non-current liabilities		**(21,301)**	(562)
Net assets		**212,393**	201,334
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**40,000**	40,000
Reserves		**171,097**	156,834
Proposed final dividend		**—**	4,500
		211,097	201,334
Minority interests		**1,296**	—
Total equity		**212,393**	201,334

NOTES:

1. BASIC OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies adopted in the preparation of these financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2005.

2. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

(i) Business segments

The Group has two business segments, namely, the design of the chassis of colour televisions and the trading of related components segment, and the assembling of colour television sets segment. The design of the chassis of colour televisions and the trading of related components segment constitutes more than 90% of the Group's revenue. Moreover, the segment results and segment assets for the assembling of colour television sets segment are less than 10% of the Group's results and total assets of all segments, respectively. Therefore, no business segment analysis is presented.

(ii) Geographical segments

In determining the Group's geographical segments, revenue is attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables present revenue and certain asset and capital expenditure information for the Group's geographical segments for the years ended 31 December 2006 and 2005.

Group

	Segment revenue-sales to external customers	
	2006	2005
	HK$'000	*HK$'000*
Mainland China	**565,820**	523,333
Asia (other than Mainland China)	**242,548**	201,245
Europe	**235,733**	198,218
South America	**121,904**	136,793
Australia	**7,477**	4,330
Others	**313**	2,321
	1,173,795	1,066,240

Group

	Segment assets	
	2006	2005
	HK$'000	*HK$'000*
Mainland China	**588,639**	583,768
Hong Kong	**342,860**	330,344
Japan	**1,102**	—
Europe	**11,531**	19,271
	944,132	933,383

	Segment capital expenditure	
	2006	2005
	HK$'000	*HK$'000*
Mainland China	**14,671**	27,820
Hong Kong	**37,803**	24,397
Japan	**77**	—
Europe	**14**	5
	52,565	52,222

3. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, 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.

An analysis of the Group's revenue and other income and gains is as follows:

	2006	2005
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**1,173,795**	1,066,240
Other income and gains		
Bank interest income	**4,701**	1,322
Rental income	**18**	—
Fair value gain on equity investments at fair value through profit or loss	**6,543**	—
Gain on disposal of items of property, plant and equipment	**—**	547
Subsidy income	**126**	566
Others	**732**	548
	12,120	2,983

4. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**10,319**	7,886
Interest on finance lease payables	**11**	104
	10,330	7,990

5. PROFIT BEFORE TAX

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

	2006	2005
	HK$'000	*HK$'000*
Cost of inventories sold	**1,048,891**	947,362
Depreciation for property, plant and equipment	**10,457**	6,547
Depreciation for investment properties	**17**	—
Amortisation of prepaid land premiums	**251**	248
Research and development costs*	**2,246**	2,630
Impairment of trade receivables*	**574**	2,152
Fair value gain on equity investments at fair value through profit or loss*	**—**	(80)
Provision against/(write-back of provision against) slow-moving inventories	**1,863**	(28)

* *These items are included in "Other operating expenses" on the face of the consolidated income statement.*

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Tax on profits assessable elsewhere, if applicable, have been calculated at the rates of tax prevailing in the regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The subsidiaries operating in Mainland China were granted a tax concession whereby they enjoyed exemption from corporate income tax ("CIT") for two years starting from the first year in which they record assessable profits, after deducting tax losses brought forward, and are entitled to a 50% exemption from CIT for the following three years.

The tax concession granted to East Kit Electronic (Shanghai) Co., Ltd. ("East Kit (Shanghai)") expired prior to 1 January 2005. Upon obtaining an approval for additional concession with effect on 1 January 2006, East Kit (Shanghai) was granted a partial exemption from the national and local portion of CIT for the three years as it qualified as an "Advanced Technology Company" pursuant to the tax regulation in Mainland China. The CIT rate applied to East Kit (Shanghai) for the year was 13.5% (2005: 27%).

For the year ended 31 December 2006, Mitsumaru Electrical (Wuhu) Co., Ltd. ("Mitsumaru (Wuhu)") reported its third year's profit since its establishment. The tax concession granted to Mitsumaru (Wuhu) then commenced on 1 January 2004 and Mitsumaru (Wuhu) was exempted from CIT for 2004 and 2005. Pursuant to the tax regulation in Mainland China, 50% tax reduction is granted to Mitsumaru (Wuhu) for the succeeding three years. The CIT rate applied to Mitsumaru (Wuhu) for the year was 12% (2005: Nil).

	2006	2005
	HK$'000	*HK$'000*
Current year provision:		
Hong Kong	—	1,181
Mainland China	**1,750**	2,727
	1,750	3,908
Overprovision in prior years	—	(408)
Tax refunded	**(5,894)**	—
Deferred	**6,894**	975
Total tax charge for the year	**2,750**	4,475

During the year, the Group decided to increase the capital contribution to East Kit (Shanghai) by capitalising its retained profits to paid-up capital. In accordance with the tax regulations in Mainland China, CIT previously paid on retained profits being capitalised can be refunded. The refund of HK$5,894,000 represented refunds arising from the capitalisation of the retained profits during the year.

7. DIVIDEND

The directors do not recommand payment of any dividends in respect of the year (2005: HK$4,500,000).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share for the years is based on the profit for the year attributable to ordinary equity holders of the parent of HK$8,639,000 (2005: HK$15,216,000), and 400,000,000 (2005: 400,000,000) ordinary shares in issue during the year.

The diluted earnings per share amount for the year ended 31 December 2006 and 2005 have not been disclosed as the outstanding options during the both years have an anti-dilutive effect on the basic earnings per share for these years.

9. INTEREST IN AN ASSOCIATE

	2006	2005
	HK$'000	*HK$'000*
Share of net assets	**20,147**	—
Goodwill on acquisition	**8,207**	—
	28,354	—

On 13 December 2005, the Group entered into an agreement (the "Agreement") with a stated-owned enterprise, which is an independent third party to the Group, for the acquisition of a 38.5% equity interest in Cyber Opto-Electronical Technology Co., Ltd., a limited liability company established in the People's Republic of China, for a consideration of RMB30,800,000 (equivalent to HK$29,615,000) (the "Acquisition"). The Acquisition constituted a discloseable transaction pursuant to the Listing Rules. As at 31 December 2005, a deposit of HK$15,361,000 was paid by the Group. The Acquisition was completed in April 2006. Further details of the Acquisition were set out in the Company's circular dated 4 January 2006.

10. TRADE RECEIVABLES

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 30 to 120 days, extending up to six months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	2006	2005
	HK$'000	*HK$'000*
Within 90 days	**267,945**	330,986
91 days to 180 days	**86,915**	24,057
181 days to 1 year	**18,649**	40,425
Over 1 year	**12,970**	17,292
	386,479	412,760

Included in the trade receivables as at 31 December 2006 was an amount due from a debtor (the “Debtor”) of approximately HK$51,000,000 (the “Debt”) of which an amount of approximately HK$4,500,000 was subsequently settled. The Group has entered into a repayment agreement with the Debtor subsequent to the balance sheet date. To secure the settlement of the Debt, the Group had also entered into two security pledge agreements with the Debtor. Pursuant to these agreements, the Debtor pledged its inventories with book value of approximately RMB24,867,000 (equivalent to HK$24,867,000) and a floating charge on the money receivable from the sales of these inventories for a value of RMB16,000,000 (equivalent to HK$16,000,000), and its brand names for a value of RMB40,000,000 (equivalent to HK$40,000,000). The Group and the Debtor are currently undergoing the legal registration process for the pledge of the brand names.

11. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	2006	2005
	HK$'000	*HK$'000*
Within 180 days	**446,409**	519,854
181 days to 1 year	**73,572**	24,424
1 to 2 years	**8,451**	5,455
Over 2 years	**10,454**	9,422
	538,886	559,155

12. POST BALANCE SHEET EVENTS

During the 5th Session of the 10th National People’s Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (“the New Corporate Income Law”) was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Since the detailed implementation and administrative rules and regulations have not yet been announced, the financial impact of the New Corporate Income Tax Law to the Group cannot be reasonably estimated at this stage.

13. SUMMARY OF AUDITORS’ REPORT

Scope limitation on the recoverability of the trade receivables

As further detailed in note 10, included in trade receivables as at 31 December 2006 was an amount due from a debtor of approximately HK$51 million. The balance is secured by a pledge of the debtor’s inventories and a floating charge on the money receivable from the sales of these inventories, and a pledge of the debtor’s brand names (the “Brand Names”). However, the auditors have been unable to obtain sufficient evidence to assess the value of the Brand Names. Accordingly, the auditors have been unable to ascertain if the trade receivables can be recovered in full or to determine the amount of impairment, if any, required to be reflected in the financial statements.

Any adjustments that might have been found to be necessary in respect of the above would have a consequential impact on the net assets of the Group as at 31 December 2006 and the profit attributable to the equity holders of the parent for the year then ended.

Qualified opinion arising from limitation of audit scope

Except for any adjustments that might have been found to be necessary had the auditors been able to obtain sufficient evidence relating to the recoverability of the trade receivables as set out above, in the auditors' opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Overall Financial Results

For the year ended 31 December 2006 (the "Year"), the Group achieved HK$1,174 million in turnover, representing an increase of 10% over that of HK$1,066 million in the previous year. The profit for the Year attributable to equity holders of the parent was HK$8.6 million, representing a decrease of 43.2% over that of HK$15.2 million of last year. The gross profit reached to HK$97.8 million, representing an increase of 2.3% over that of HK$95.6 million of last year. Basic earnings per share attributable to ordinary equity holders of the parent decreased by 43.2% to HK2.16 cents from HK3.80 cents in the corresponding period of last year.

Turnover

Approximately 10% growth was recorded during the Year. Among the turnover of HK$1,174 million, approximately HK$110 million was incurred from the LCD products in forms of CKD, SKD or CBU, which represent 2.7 times increase comparing with 2005. During the year, the turnover incurred from the sales of LCD products represents approximately 9.4% of the total turnover of the Group.

Gross Profit Margin

The gross profit margin decreased to 8.3% in 2006 from 9.0% in 2005. Owing to the drop of the market selling prices, constantly high direct costs, increase of logistics and transportation costs as well as rising costs of exported RoHS environmental components, the overall gross profit margin of CTVs decreased. Nevertheless, the Group succeeded to nullify most of the above effects by bargaining for better purchasing costs and support from global suppliers. Accordingly, the overall gross profit margin declined by only 0.7%.

Expenses

The Group's selling and distribution costs increased from HK$12.9 million in 2005 to 17.8 million of the Year. The increase is mainly due to the Group uses more flight delivery, especially for the LCD chassis, in order to provide better delivery timing to our customer to match with rapid changing the LCD TV market environment. The administrative expenses increased mainly because of the increase in the depreciation expenses of the new LCD assembly machineries acquired during the year and increase in salaries of the Group.

During 2006, the other operating expenses increased from HK$8.8 million to HK$9.0 million in 2006. It is mainly because of the HK$1.9 million provision made against the slow-moving inventories.

The Group continuously strengthens the cost control in the foreseeable future to improve the profitability. As most of the expenses are fixed in nature, the cost efficiency is going to be improved with the growth in sales volume of the Group.

The finance costs increased generally in line with the increase of the bank borrowings in 2006.

Financial Condition and Liquidity

As at 31 December 2006, the shareholders' equity were HK$211.1 million (2005: HK$201.3 million). The current assets of the Group amounted to HK$738 million (2005: HK$760.7 million), among which HK$81 million (2005: HK$136.3 million) were cash and cash equivalents. The current ratio was 1.04 (2005: 1.04).

As at 31 December 2006, the Group's bank and other borrowings amounted to HK$143.8 million (2005: HK$116.9 million), and the gearing ratio increased to 15.2% from 12.5% in 2005.

Trade receivables decreased from HK$412.8 million as at 31 December 2005 to HK$386.5 million as at 31 December 2006. Provision of HK$574,000 has been made against those bad debts during the Year.

Capital Expenditure

The Group's total capital expenditures on property, plant and equipment and investment properties during the Year amounted to HK$52.6 million approximately (2005: 52.2 million). In addition, the Group has paid approximately HK$15 million as the remaining balance for the acquisition of the interests of an associated company located in Mainland China.

Foreign Exchange Risk

The core business of the Group is transacted in RMB and US dollars, which are also the currencies in which it holds most of its cash and bank balances. As at 31 December 2006, the Group did not use any derivative instruments to hedge against any foreign exchange risk, which the Group did not consider to be material.

Commitments

During the Year, the capital commitments of the Group amounted to approximately HK$3.2 million (2005: HK$20.4 million).

Business Review

According to the statistics of the Ministry of Information Industry, in 2006, the annual production volume of domestic markets reached 86.13 million sets while the sales volume reached 35.82 million sets, an increase of 3.2% over that of 2005. The sales amounted to RMB98 billion.

Since the price of LCD CTVs, as a high-end product as well as a trend, has reached the maximum acceptable price to consumers, it has gradually gone down, and thus become the first choice for CTV replacements. According to the statistics of the Ministry of Information Industry, in 2006, the domestic production volume of LCD CTVs reached 20.37 million sets, representing an increase of 102% over that of 2005. The sales volume of flat CTVs reached 4.7 million sets, representing an increase of 3.2% over the corresponding period of the previous year, among which 3.8 million sets were attributable to LCD CTVs, which represents an increase of 200% over the corresponding period of last year.

However, with the rapid growth of LCD CTV exports, some countries and areas placed trading barriers for protection of their own relevant industries and fair competition. The anti-dumping strategies regarding CRT CTV exports adopted by European countries and the U.S. in the past may be applied to flat CTV exports. Besides, Europe, the U.S. and Japan have generally set national standards involving key national intellectual property. They may charge all kinds of patent technical fees for imported CTVs according to these standards, which may affect related components and thus outweigh the pricing advantage of the PRC products. Furthermore, foreign countries have already set environmentally technical barriers, such as directives of RoHS, WEEE and EUP.

During 2006, the Group has produced a total of 7.1 million sets of CRT CTVs and LCD CTVs in the form of CKD, SKD and CBU.

In terms of research and development, the development of CRT CTV technologies has come to maturity. The Group mainly produces tailor-made chassis for customers. The design of the appearance of LCD CTVs as a trendy product is important. There are a wide range of chassis and the development is rapid. Its research and development is focused on speed, reliability and costs, aimed at following the latest semi-conductor solutions. The Group also cooperated with European design companies in order to produce cabinet which design can attract consumers of developed countries. In addition, due to the high proportion of costs of LCD panels attributable to LCD CTVs, and the rapid replacement and price reduction, the Group also places emphasis on long-term and good business relationships with panel suppliers so that it can provide chassis matched with the latest panel models or even go beyond the development of panels.

In response to the directive of RoHS of the European Union, the Group has already established the environmental component team to strictly select over 170 domestic suppliers and over 20 overseas suppliers as qualified environmental suppliers, who have signed RoHS commitment letters with the Group. Besides control over raw materials provided by suppliers, the Group also exercises stringent monitoring on the packaging materials of its own warehouses and production materials of its factories. In addition, the Group purchased essential checking equipments and sent its staff to Toshiba's Singapore office for training. The Group accepted orders of environmental CRT products since 1 March 2006 and orders of environmental LCD products since 1 April 2006. It is committed to provide products according to the directive of RoHS and offer related testing reports.

The system and functions of the Group's CRT products meet the requirements of all countries and regions over the world. The CRT products are mainly sold to India, Russia, Indonesia as well as other Middle East, Asian and South American emerging markets.

For LCD products, the Group mainly provides CBU and SKD (including all CTV components except LCD panels) products. Customers are largely overseas brand-named product distributors and retailer chains who focus on the European and U.S. markets.

During the period, the Group established two more subsidiaries in Shenzhen, the PRC and Japan primarily for sales operation in South China and Japan. This expanded the sales channels of the Group and also raised its awareness in the world.

Outlook

Given the further expansion of the domestic production capacity, perfection of technologies and improvement of craftsmanship, it is anticipated that exports of LCD CTVs will maintain substantial growth in 2007 and large panels will become the trend regarding product specifications. Undeveloped areas where exports of CRT CTVs are relatively mature will become the regions with the highest potentials in growth of LCD CTV exports in future. Besides, due to factors such as continuous uprising of the global panel supplying capacity, the price of LCD CTVs will tend to go down but to a slight extent.

In response to the market development trend, the Group will aggressively develop the LCD product business on the basis of expanding sales of CRT CTVs and maintaining profit margins of CRT product sales. The requirements for LCD CTVs in terms of sales, products and selling time are higher than those of CRT CTVs. Accordingly, the Group must adjust its original concept, operation mode and management requirements; follow the market trend; pay close attention to the costs of products and operation efficiency; and emphasize development of new technologies, in order to adapt to the mode of LCD CTV sales.

The operating strategies of the Group for 2007 are to reduce costs, enhance efficiency and expand LCD sales. The Group will further integrate resources, improve the internal management organization and enhance staff training, so as to provide better-quality products at a higher speed of delivery and provide excellent after-sale services.

DIVIDENDS

No dividend has been declared or proposed by the Directors of the Company in respect of the year ended 31 December 2006 (2005: HK1.125 cent).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 8 June 2007 to 15 June 2007, both days inclusive during which no share transfer will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 7 June 2007.

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.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company had complied with the code provisions contained in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules, except for the following deviations:

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Zhang Shuyang is the chairman of the Board. He is primarily responsible for the leadership of the Board and formulating long-term plans and strategies for the Group. The Company does not have officially, such a position as chief executive officer. However, Mr. Zhang Shuyang is also responsible for the day-to-day management of the Group. The Company considers that the combination of the roles achieves maximum efficiency and effectiveness in the planning and execution of the Group's long-term strategies and policies. This arrangement would not impair the balance of power and authority between the Board and the management because half of the Board is constituted by independent non-executive Directors. The Company considers that through the supervision of the Board and its independent non-executive Directors, the interests of the shareholders as a whole would be adequately and fairly protected and represented.

AUDIT COMMITTEE

The Company has an audit committee, which was established on 22 June 2004 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 comprises 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 2006.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

Publication of financial information required to be disclosed under the Listing Rules will be published on the website of the Stock Exchange at www.hkex.com.hk in due course.

BOARD OF DIRECTOR

As at the date of this announcement, the executive Directors are Mr. Zhang Shuyang, Mr. Tung Chi Wai, Terrence and Mr. Kazunori Watanabe and the independent non-executive Directors are Mr. Ede Hao Xi, Ronald, Mr.Ts'o Shun, Roy and Mr.Li Yueh Chen.

On Behalf of the Board
Mitsumaru East Kit (Holdings) Limited
Zhang Shuyang
Chairman

Hong Kong, 25 April 2007

Please also refer to the published version of this announcement in The Standard.