
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Mitsumaru East Kit (Holdings) Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

DISCLOSEABLE TRANSACTION

DISPOSAL OF PROPERTIES

30 January 2009

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Agreement”	the sale and purchase agreement dated 10 December 2008 and entered into among the Vendor, the Purchaser and the agents acting on their respective behalf for the sale and purchase of the Properties
“Board”	the board of Directors
“Company”	Mitsumaru East Kit (Holdings) Limited, a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration in the sum of RMB22,468,988.96 payable by the Purchaser
“Director(s)”	director(s) of the Company
“Disposal”	the sale of the Properties to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Latest Practicable Date”	29 January 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“Properties”	the land use right of 11,612 square meters of state-owned industrial land and ownership of 5,871.92 square meters of buildings and other related auxiliary equipments and facilities situated at No. 2618, Gu Dai Road West, Minhang District, Shanghai, the People’s Republic of China

DEFINITIONS

“Purchaser”	Shanghai Xinzhuang Industry Park Economic and Technological Development Company Limited, a company incorporated in the People’s Republic of China with limited liability
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	shares of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	East Kit Electronic (Shanghai) Company Limited, a company incorporated in the People’s Republic of China with limited liability, which is wholly-owned by the Company
“%”	per cent



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)

Executive Directors:

Mr. Zhang Shuyang (*Chairman*)
Mr. Leung Koon Sing

Independent Non-Executive Directors:

Mr. Martin He
Mr. Mu Xiangming

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681 GT
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in

Hong Kong:

Flat 1, 39/F.
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

30 January 2009

To the Shareholders,

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION
DISPOSAL OF PROPERTIES

INTRODUCTION

By an announcement dated 9 January 2009, the Board announced that on 10 December 2008, East Kit Electronic (Shanghai) Company Limited, a wholly owned subsidiary of the Company, entered into an Agreement with the Purchaser, an independent third party, for the sale of the Properties at the consideration of RMB22,468,988.96.

LETTER FROM THE BOARD

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules as the Consideration ratio exceeds 5% but less than 25%. The purpose of this circular is to provide you with further information in relation to the Disposal and such other information as required pursuant to the Listing Rules.

THE AGREEMENT

Date: 10 December 2008

Parties:

Vendor: East Kit Electronic (Shanghai) Company Limited, a wholly-owned subsidiary of the Company.

Purchaser: Shanghai Xinzhuang Industry Park Economic and Technological Development Company Limited, a company incorporated in the People's Republic of China with limited liability.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons and are not connected persons of the Company.

Information on the Properties

The Properties comprise the land use right of 11,612 square meters of state-owned industrial land and ownership of 5,871.92 square meters of buildings and other related auxiliary equipments and facilities situated at No. 2618, Gu Dai Road West, Minhang District, Shanghai, the People's Republic of China.

Before the Disposal, the Properties were used as a production facility for assembling LCD TV products and did not generate any profits for the two financial years immediately preceding the Disposal.

Consideration

The Consideration of the Disposal is RMB22,468,988.96. Under the Agreement, the Consideration is payable in cash by one-off payment by the Purchaser to the Vendor within 5 working days from the effective date of the Agreement. The effective date of the Agreement is 19 December 2008, being the date on which the relevant transaction certificate was issued by the Shanghai United Assets and Equity Exchange.

LETTER FROM THE BOARD

On 23 December 2008, the Vendor received a cheque amounting to RMB21,000,000. As the Vendor considered that the procedure for the change of ownership in respect of the Properties was not fully completed, the Vendor agreed to the Purchaser's request to settle the remaining balance of the Consideration within 3 months since 19 December 2008. Both parties are in the course of finalizing relevant supplementary agreements.

The Consideration was agreed between the parties based on arm's length negotiations by reference to an asset valuation report provided by Shanghai City and Countryside Assets Valuation Company Limited, an independent third party to both the Vendor and the Purchaser, which opined that the market values of the Properties were RMB22,468,988.96 as at 31 October 2008. No discount or premium of the said market values of the Properties was given to the Purchaser.

Completion

Under the Agreement, the Vendor is required to complete the property title transfer procedures with the relevant government authorities within 60 days after the issue of the relevant transaction certificate by the Shanghai United Assets and Equity Exchange. Both parties are required to complete the procedure for the change of ownership in respect of the Properties, resulting in the issuance of a new ownership certificate in the name of the Purchaser, within 90 days after the issue of the relevant transaction certificate by the Shanghai United Assets and Equity Exchange. Completion of the Disposal will occur when such property title transfer procedures and change of ownership certificate procedure are completed.

Tenancy of the Properties

The Vendor and the Purchaser entered into a tenancy agreement on 19 December 2008 pursuant to which the Purchaser agreed to let the Properties to the Vendor for a period of 3 years commencing from 19 December 2008 and until 18 December 2011 at the rent of RMB125,000 per month for the first year, RMB155,833 per month for the second year and RMB186,667 per month for the third year.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider that the Consideration for the Disposal has substantially reflected the long term investment potential of the Properties and the Disposal therefore provides an opportunity for the Group to realise its investment in the Properties. Furthermore, having taken into account that the Disposal will result in an unaudited profit of approximately RMB10,580,333.53 (before expenses and tax) to the Group, the Disposal would help to improve the current position of the Group's working capital.

The Board also considers that the terms of the Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INTENDED USE OF PROCEEDS AND FINANCIAL EFFECTS OF THE DISPOSAL

The net book values of the Properties were RMB11,888,655.43 as at 31 October 2008. The difference between the Consideration of RMB22,468,988.96 and the said net book values of RMB11,888,655.43 gives an unaudited profit of approximately RMB10,580,333.53 (before expenses and tax) which will be recorded as a gain in the accounts of the Group upon completion of the transfer of the Properties. Upon Completion, it is estimated that the total assets of the Group will be increased by approximately RMB10.6 million which principally reflects the gain on the Disposal. The Disposal is expected to generate net cash proceeds, which will be applied as general working capital of the Group. Save as disclosed, the Board considers that the Disposal will not give rise to any material effects on the earnings and the assets and liabilities of the Group.

INFORMATION ON THE PARTIES

The Company is the holding company of the Group which is principally engaged in the design, development and sale of TV chassis, materials requisition and assembling.

The principal activity of the Vendor is the sale of TV products.

The principal activity of the Purchaser is investment, development and construction in Xinzhuang Industry Park.

LISTING RULES IMPLICATIONS

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules as the Consideration ratio exceeds 5% but less than 25%.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
Mitsumaru East Kit (Holdings) Limited
Zhang Shuyang
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation of the Company (within the meaning of Part XV of the SFO) which were required pursuant to: (a) Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), to be notified to the Company and the Stock Exchange; or (b) Section 352 of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares of the Company

Name of Director	Capacity	Number of issued/ underlying shares	Percentage
Mr. Zhang Shuyang	Interest of controlled corporation (Note 1)	249,000,000	62.25%
	Beneficial owner (Note 2)	2,300,000	0.58%

Notes:

- Mr. Zhang Shuyang is deemed to be interested in the Shares which are held by Z-Idea Company Limited, a company which is wholly owned by Mr. Zhang Shuyang.
- The interest disclosed represents 2,300,000 underlying Shares in respect of a Share option granted by the Company to Mr. Zhang Shuyang. This Share option was granted on 25 June 2004 and is exercisable during the period from 25 June 2004 to 24 June 2014 at an exercise price of HK\$1.068.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

So far as the Directors are aware, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Name	Long positions in the Shares		Percentage
	Capacity	Number of Shares	
Z-Idea Company Limited (Note 1)	Beneficial owner	249,000,000	62.25%
Good Day International Limited (Note 2)	Beneficial owner	45,000,000	11.25%
Ms. Wu Lixia (Note 3)	Interest of controlled corporation	45,000,000	11.25%
數源科技股份有限公司	Beneficial owner	38,088,000	9.52%

Notes:

1. Z-Idea Company Limited is wholly owned by Mr. Zhang Shuyang, an Executive Director of the Company.
2. Good Day International Limited is owned by Ms. Wu Lixia and Mr. Zhang Xuancheng as to 95% and 5% respectively. Mr. Zhang Xuancheng is the son of Mr. Zhang Shuyang, and Ms. Wu Lixia is the mother of Mr. Zhang Xuancheng.
3. Ms. Wu Lixia is deemed to be interested in the Shares which are held by Good Day International Limited, a company which is 95% owned by Ms. Wu Lixia.

4. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any of its subsidiaries are engaged in any litigation or claims of material importance and no litigation or claim of material importance was pending or threatened against any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or is not terminable within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS OF DIRECTORS

As at the Latest Practicable Date, as far as the Directors are aware, none of the Directors or their respective associates (as defined in the Listing Rules) has any interest in, apart from the Group's businesses, any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

7. GENERAL

- (a) The Company Secretary and Qualified Accountant of the Company is Mr. Cheng Sik Kong, ACCA, CPA.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681 GT, Grand Cayman, KY1-1111, Cayman Islands.

- (c) The principal place of business of the Company in Hong Kong is situated at Flat 1, 39/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.