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, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase, or subscribe for securities of the Company.

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)

(1) VERY SUBSTANTIAL ACQUISITION INVOLVING ACQUISITION OF TV BUSINESS; (2) PROPOSED OPEN OFFER OF 2,400,000,000 OFFER SHARES ON THE BASIS OF SIX OFFER SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE; (3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; (4) CHANGE IN BOARD LOT SIZE; (5) SHARE SUBSCRIPTION; AND (6) NOTICE OF THE EGM

Joint financial advisers to the Company

普頓資本有限公司
PROTON CAPITAL LIMITED

KINGSTON CORPORATE FINANCE LTD.

Underwriter to the Open Offer

越秀証券
YUEXIU SECURITIES

Independent financial adviser to the independent board committee and the independent shareholders of the Company

大有融資有限公司
MESSIS CAPITAL LIMITED

A letter from the board of directors of the Company is set out from pages 11 to 48 of this circular.

A letter for the independent board committee of the Company is set out on page 49 of this circular.

A letter from the independent financial adviser to the independent board committee and the independent shareholders of the Company containing its advice in respect of the Open Offer (as defined in this circular) is set out from pages 50 to 62 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at Suite 5005-5006, 50/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 28 November 2013 at 10:30 a.m. or any adjournment thereof is set out from pages EGM-1 to EGM-3 of this circular. A form of proxy for use in the extraordinary general meeting is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting of the Company. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the extraordinary general meeting of the Company should you so wish.

12 November 2013

CONTENTS

In this circular, unless the context otherwise requires, capitalised terms used shall have the following meanings:

"Ace Earn"	Ace Earn Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
"Acquisition Agreement"	the sale and purchase agreement (as supplemented by a supplemental agreement dated 20 August 2013 for an extension of the deadline for holding of the EGM) entered into between Ace Earn and SOYEA on 20 August 2013 regarding the Proposed Acquisition and the transactions contemplated thereunder
"Acquisition Consideration"	the consideration of RMB105,000,000 (equivalent to approximately HK$133,350,000) payable by the Company to SOYEA for the Proposed Acquisition
"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"Announcement"	the announcement of the Company dated 28 August 2013 regarding, among other things, the Proposed Acquisition, the Open Offer, the Increase in Authorised Share Capital, the change in board lot size, the CWA Subscription, and the respective transactions contemplated thereunder
"Application Form(s)"	the application form(s) for use by the Qualifying Shareholders to apply for the Offer Shares
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"August Proposal"	the resumption proposal submitted by the Company on 21 August 2013
"Bidding Process"	the bidding process starting from 19 July 2013 to 15 August 2013, through which bidding applications made in accordance with the tender requirements for acquisition of the Sale Capital were received after the relevant tender notice was posted by SOYEA
"Board"	the board of Directors
"business day"	any day (other than a Saturday, Sunday or public holiday) or which licensed banks in Hong Kong are open for business throughout their normal business hours
"BVI"	British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"China Mutual"	China Mutual Investment Limited, an investment holding company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Company"	Mitsumaru East (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the main board of the Stock Exchange (Stock code: 2358)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"CWA"	China Water Affairs Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liabilities, whose issued shares are listed on the main board of the Stock Exchange (Stock code: 855)
"CWA Loan"	the loan in the principal amount of HK$100,000,000 advanced by New Prime to the Company under a loan agreement dated 1 December 2010 entered into between the Company and New Prime
"CWA Subscription"	the subscription of the Subscription Shares by New Prime under the Subscription Agreement
"Debenture"	the debenture dated 1 December 2010 entered into between the Company and New Prime as a security for the repayment of the CWA Loan
"December Joint Announcement"	the announcement jointly made by the Company and CWA on 1 December 2010 regarding, among other things, the CWA Loan, the Debenture and the CWA Subscription
"Decision"	the decision made by the Listing Committee on 13 June 2013 that the listing of the Shares on the Stock Exchange be cancelled in accordance with Practice Note 17 to the Listing Rules
"Director(s)"	the director(s) of the Company from time to time
"EGM"	the extraordinary general meeting to be convened and held by the Company on 28 November 2013 for the purpose of considering and, if thought fit, approving the Proposed Acquisition, the Open Offer, the Increase in Authorised Share Capital, the CWA Subscription, and the respective transactions contemplated thereunder

"Enlarged Group"	the Group immediately upon completion of the Proposed Acquisition
"Excluded Shareholder(s)"	Shareholder(s) whose names appear on the register of members of the Company on the Record Date and whose addresses are in places outside Hong Kong and whom the Directors are of the view that it would be necessary or expedient to exclude from the Open Offer on account either of the legal restrictions under the laws of the places of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Increase in Authorised Share Capital"	the increase in the authorised share capital of the Company from HK$100,000,000 divided into 1,000,000,000 Shares to HK$500,000,000 divided into 5,000,000,000 Shares by creation of an additional 4,000,000,000 Shares
"Independent Board Committee"	the independent board committee comprising all of the independent non-executive Directors formed for the purpose of considering the Open Offer and the transactions contemplated thereunder
"Independent Financial Adviser"	Messis Capital Limited, a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer and the transactions contemplated thereunder
"Independent Shareholder(s)"	Shareholder(s) who are not connected nor interested in the Open Offer and the transactions contemplated thereunder, or not required to abstain from voting for the relevant resolution(s) at the EGM
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected persons, whose independence is/are determined based on the best of the Directors' knowledge, information and belief after making reasonable enquiries
"Mr. Zhang"	Mr. Zhang Shuyang, the former executive Director and Chairman of the Company

"Last Trading Day"	13 February 2008, the last day on which the Shares were traded on the Stock Exchange immediately preceding the Trading Suspension
"Latest Practicable Date"	8 November 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
"Latest Time for Acceptance"	4:00 p.m. on Friday, 20 December 2013, being the latest time for acceptance of, and payment for, the Offer Shares as described in the Prospectus
"Latest Time for Termination"	4:00 p.m. on the second business day after the Latest Time for Acceptance or such other time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Division"	the Listing Division of the Stock Exchange
"Listing (Review) Committee"	the Listing (Review) Committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mitsumaru EK"	Mitsumaru East Kit (Group) Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
"New Prime"	New Prime Holdings Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of CWA
"Offer Price"	HK$0.10 per Offer Share
"Offer Share(s)"	2,400,000,000 Shares to be allotted and issued under the Open Offer
"Open Offer"	the proposed issue of the Offer Shares at the Offer Price on the basis of six (6) Offer Shares for every (1) existing Share held on the Record Date
"Open Offer Documents"	the Prospectus and the Application Forms
"PRC"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong and the Macau Special Administrative Region of the People's Republic of China and Taiwan

"Proposed Acquisition"	the proposed acquisition of the Target Company by the Company pursuant to the terms and conditions as stipulated under the Acquisition Agreement
"Prospectus"	the prospectus to be issued by the Company in relation to the Open Offer
"Qualifying Shareholder(s)"	Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date, other than the Excluded Shareholders
"Record Date"	5 December 2013, being the date for determining the entitlements to the Open Offer
"Reorganisation"	the internal organisational restructuring arrangements carried out by SOYEA, to the effect that the production facilities of SOYEA (other than the production site) have been beneficially and effectively transfered to the Target Company
"Resumption"	the resumption of trading in the Shares after the Trading Suspension following the implementation of the August Proposal
"Review Hearing"	the review hearing by the Listing (Review) Committee held on 26 September 2013 regarding the Resumption
"Sale Capital"	the entire registered and paid-up capital of the Target Company
"SFC"	The Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share Registrar"	Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong
"Share(s)"	share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Share(s)
"SOYEA"	數源科技股份有限公司 (SOYEA Technology Co., Ltd), a company established under the laws of the PRC, whose issued shares are listed on the Shenzhen Stock Exchange (Stock code: 000909)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Subscription Agreement"	the subscription agreement dated 1 December 2010 (as supplemented by the supplemental agreements dated 7 March 2011, 6 December 2011, 28 December 2012 and 30 October 2013 respectively) entered into between the Company and New Prime setting out the terms and conditions of the CWA Subscription
"Subscription Price"	HK$0.10 per Subscription Share (subject to adjustment)
"Subscription Share(s)"	1,000,000,000 new Shares to be issued to New Prime under the Subscription Agreement
"Sunbow"	武漢盛博科技有限公司 (Wuhan Sunbow Science & Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. Sunbow is principally engaged in the manufacturing, assembling and installation of electronic water meters in the PRC
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Repurchases
"Target Company"	數源久融技術有限公司 (Soyea Jiu Rong Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability and is wholly owned by SOYEA before the completion of the Proposed Acquisition
"Trading Suspension"	the suspension of trading in the Shares since 14 February 2008 at the direction of the Stock Exchange
"Underwriter"	Yue Xiu Securities Company Limited, a corporation licensed to conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and being the sole underwriter of the Open Offer
"Underwriting Agreement"	the underwriting agreement entered into between the Company and the Underwriter on 21 August 2013 (as supplemented by a letter dated 8 November 2013) in relation to the Open Offer
"Underwritten Share(s)"	the 2,400,000,000 Offer Shares agreed to be underwritten by the Underwriter subject to the terms and conditions of the Underwriting Agreement

"Westlake Electronics"	西湖電子集團有限公司 (Westlake Electronics Group Co., Ltd.*), a state-owned sole capital company authorised by Hangzhou government of the PRC, being the controlling shareholder of SOYEA
"Zhejiang Exchange"	浙江產權交易所有限公司 (Zhejiang Property & Stock Exchange), a company managed by the State-owned Assets Supervision and Administration Commission of the People's Government of Zhejiang Province which is principally engaged in the management of the transfer of shares of non-listed company and other property interest in Zhejiang province, the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	US dollars, the lawful currency of the United States of America
"sq.m."	square meter
"%"	per cent.

For the purpose of this circular, all amounts denominated in RMB have been translated (for information only) into HK$ using the exchange rate of RMB1: HK$1.27. No representation is made that any amounts in RMB or HK$ can be or could have been converted at the relevant dates at the above rate or any other rates at all.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this circular and their English translations, the Chinese names shall prevail.

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

* *For identification purposes only*

Set out below is the expected timetable for the EGM, the Increase in Authorised Share Capital, the change in board lot size of the Shares, the CWA Subscription, the Open Offer, the Proposed Acquisition as well as the matching services for odd lots of the new Shares.

The expected timetable is for indicative purposes only and has been prepared on the assumption that the respective conditions of the Increase in Authorised Share Capital, the CWA Subscription, the Open Offer and the Proposed Acquisition will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

Event	**2013**
Despatch of the Circular	Tuesday, 12 November
Latest time for lodging proxy forms for the EGM	10:30 a.m. on Tuesday, 26 November
Latest time for lodging transfer of the existing Shares in order to qualify for the EGM	4:30 p.m. on Tuesday, 26 November
Closure of register of members of the Company to determine the eligibility of the EGM (both dates inclusive)	Wednesday, 27 November to Thursday, 28 November
Time and date of the EGM	10:30 a.m. on Thursday, 28 November
Announcement of results of the EGM	Thursday, 28 November
Effective date of the Increase in Authorised Share Capital	Friday, 29 November
Re-open of register of members	Friday, 29 November
Last day of cum-entitlements of the Open Offer	Friday, 29 November
First day of ex-entitlements of the Open Offer	Monday, 2 December
Latest time for lodging transfer of the existing Shares in order to qualify for the Open Offer	4:30 p.m. on Tuesday, 3 December
Closure of register of members of the Company to determine the eligibility of the Open Offer (both dates inclusive)	Wednesday, 4 December to Thursday, 5 December
The Record Date *(Note 1)*	Thursday, 5 December
Register of members of the Company re-opens	Friday, 6 December

Despatch of the Open Offer Documents to the Qualifying Shareholders and despatch of the Prospectus to the Excluded Shareholders for information only	Friday, 6 December
The Latest Date for Acceptance	4:00 p.m. on Friday, 20 December
The Latest Time for Termination	4:00 p.m. on Tuesday, 24 December
Announcement of results of the Open Offer	Friday, 27 December
Completion of the CWA Subscription and the Open Offer	Friday, 27 December
Completion of the Proposed Acquisition	Friday, 27 December
Despatch of certificates for the Offer Shares (in the form of new Share certificates)	Monday, 30 December
If the Open Offer is terminated, refund cheques to be despatched on or before	Monday, 30 December
Resumption of trading in the Shares and dealings in the Offer Shares commence	Tuesday, 31 December
Effective time and date of the change of board lot size of the Shares	9:00 a.m. on Tuesday, 31 December
Matching of odd lots of new Shares commences	9:00 a.m. on Tuesday, 31 December
	2014
Matching of odd lots of new Shares ends	4:00 p.m. on Tuesday, 21 January

Notes:

(1) The Shares subscribed by New Prime under the CWA Subscription will not be entitled to any Offer Shares under the Open Offer.

(2) All references to time in this circular are references to Hong Kong time.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF THE OFFER SHARES AND FOR APPLICATION

The Latest Time for Acceptance of the Offer Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above; or

2. a "black" rainstorm warning

   (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance of the Offer Shares will be extended to 5:00 p.m. on the same business day; or

   (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance of the Offer Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance of the Offer Shares is postponed in accordance with the foregoing, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as possible.

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. Siu Chi Ming
Mr. Tang Chin Wan

Independent non-executive Directors:
Ms. Au Shui Ming
Mr. Martin He

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Suite 5005-5006, 50th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

12 November 2013

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITION INVOLVING ACQUISITION OF TV BUSINESS;
(2) PROPOSED OPEN OFFER OF 2,400,000,000 OFFER SHARES ON THE BASIS OF SIX OFFER SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(4) CHANGE IN BOARD LOT SIZE;
(5) SHARE SUBSCRIPTION; AND
(6) NOTICE OF THE EGM

INTRODUCTION

References are made to the Announcement and the announcements of the Company dated 30 September 2013 and 11 November 2013 respectively.

The Company was informed by the Stock Exchange on 27 September 2013 that upon consideration of all the submissions (both written and verbal) made by the Company and the Listing Division by the Listing (Review) Committee, the Listing (Review) Committee decided to overturn the Decision and allow the Company to proceed with the August Proposal, subject to the condition that the underwriting and sub-underwriting arrangements set out in the August Proposal will not be used as conduits for increasing the shareholding of Westlake Electronics in the Company (the "**Review Condition**").

The purpose of this circular is to provide you with, among other things, further information regarding (i) the Proposed Acquisition, including but not limited to (a) the business and operations, and financial information of the Target Company; (b) the unaudited pro forma financial information of the Enlarged Group together with the Group; and (c) the profit forecast of the Enlarged Group; (ii) the Open Offer; (iii) the Increase in Authorised Share Capital and change in board lot size of the Shares; (iv) the CWA Subscription; and (v) a notice of the EGM.

(A) THE PROPOSED ACQUISITION

References are made to the announcements of the Company dated 20 May 2013 and 15 August 2013 respectively in relation to the Proposed Acquisition. On 20 August 2013, Ace Earn and SOYEA entered into the Acquisition Agreement for the Proposed Acquisition, upon completion of which the Target Company will become an indirect wholly-owned subsidiary of the Company.

THE ACQUISITION AGREEMENT

Set out below are the major terms and conditions of the Acquisition Agreement:

Date

20 August 2013

Parties involved

(i) Ace Earn, a wholly-owned subsidiary of the Company, as purchaser.

(ii) SOYEA, as vendor. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the Latest Practicable Date, SOYEA owned 38,088,000 Shares, representing approximately 9.52% of the existing issued share capital of the Company. Save as and except for the information disclosed above, SOYEA and its ultimate beneficial owners have no relationship with the Company and its connected persons.

Assets to be acquired

The Sale Capital, representing the entire registered and paid-up share capital of the Target Company.

The Acquisition Consideration

The Acquisition Consideration of RMB105,000,000 (equivalent to approximately HK$133,350,000) shall be paid to SOYEA by cash in the following manner:

(i) as to RMB63,000,000, being 60% of the Acquisition Consideration (the "**First Installment**"), shall be payable within ten business days after the entering into of the Acquisition Agreement; and

(ii) as to RMB42,000,000, being the remaining 40% of the Acquisition Consideration, shall be payable by 31 December 2013, together with the interests accrued thereon which are calculated based on the 1-year RMB benchmark loan interest rate for financial institutions.

The Acquisition Consideration shall be satisfied in RMB, and should Ace Earn choose to satisfy the Acquisition Consideration in other currencies, the relevant exchange rate shall be determined by the prevailing exchange rate on the date on which the Acquisition Consideration is being settled. A guarantee payment (the "**Guarantee Payment**") of RMB30,000,000 (equivalent to approximately HK$38,100,000) has been paid by Ace Earn upon submitting the bidding application for acquisition of the Sale Capital. Such Guarantee Payment shall be applied as part of the First Installment in the event that the Company becomes the successful bidder or be refunded to the Company if otherwise.

The Company considers that the Guarantee Payment is fair and reasonable and is in the interests of the Company and the Shareholders as a whole given that (i) the Company is provided with the flexibility (with minimal default interest payment obligation) to settle the Acquisition Consideration after receiving the positive results of the Review Hearing; and (ii) the Target Company is a quality asset to be acquired for the purpose of the Resumption which shall be in the best interests of the Company and the Shareholders as a whole.

Pursuant to the Acquisition Agreement, any delay in payment of the First Installment for not more than 60 days from the due date would not be considered as a breach of the Acquisition Agreement, but a default interest to be calculated on a daily interest rate of 0.05% on the outstanding amount due (i.e. a maximum of RMB990,000) will be charged. As aforementioned, the Guarantee Payment has been paid upon submitting the bidding application for acquisition of the Sale Capital. The Group has further settled the remaining balance of the First Installment of RMB33,000,000 (equivalent to approximately HK$41,910,000) together with the interest accrued thereon of approximately RMB858,000 (equivalent to approximately HK$1,090,000) on 25 October 2013.

The Group has financed the First Installment (including the Guarantee Payment) by borrowings from an Independent Third Party of an aggregate sum of US$12.5 million (the "**Bridging Loan**"), and shall finance the remaining balance of the Acquisition Consideration by its internal resources, bank or other borrowings and/or the net proceeds from the Open Offer. Upon approval of the Proposed Acquisition by the Shareholders at the EGM, it is the current intention of the Company to settle the remaining balance of the Acquisition Consideration upon the completion of the Open Offer.

Basis of the Acquisition Consideration

The Acquisition Consideration was determined with reference to the business prospects, the management and expertise and the audited net asset value of the Target Company as at 30 June 2013 of approximately RMB89,957,000. Taking into account that (a) (i) the TV Business (as defined below) has been recording stable historical profits; (ii) the Target Company enjoys well established clientele, supplier and distribution networks and brand name; and (iii) the Target Company has a team of experienced management and technical staff, all of which may indicate that the Target Company is likely to have a positive prospects; and (b) the Proposed Acquisition is essential for the purpose of the Resumption, the Directors consider the Acquisition Consideration is fair and reasonable even though it represents premium over the net asset value of the Target Company as at 30 June 2013.

Condition precedent

The Acquisition Agreement shall become effective and proceed to completion upon passing by the Shareholders who are allowed to vote and not required to abstain from voting of the necessary resolution(s) at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

The long stop date for completion of the Proposed Acquisition is 31 December 2013.

Completion

The parties to the Acquisition Agreement shall fulfill the reporting obligation to the relevant regulatory authority(ies) (including the Ministry of Commerce of the PRC, the China Securities Regulatory Commission and such other authorities and local authorities duly authorised to approve the relevant transactions pursuant to the applicable laws and regulations in the PRC) and shall use their best endeavours to cooperate in handling the reasonable requests and enquiries being put forward by the relevant regulatory authority(ies) in order to obtain its/their approval for the Acquisition Agreement and the transactions contemplated thereunder.

The Zhejiang Exchange shall issue a property transaction certificate to SOYEA and Ace Earn within three business days upon payment of the full Acquisition Consideration and the service fees incurred by Ace Earn.

Within 20 business days after the issuance of the property transaction certificate by the Zhejiang Exchange, SOYEA shall procure the Target Company to conduct the requisite registration transfer procedures in the relevant registration authority and Ace Earn shall provide all necessary cooperation for the transfer of the Sale Capital. The date on which the registration authority completes the registration transfer procedures for the Sale Capital shall be regarded as the date of completion of the Acquisition Agreement.

In relation to the above, Shareholders should note that the Acquisition Agreement is a standard form document prepared and provided by the Zhejiang Exchange, and to the best of the Directors' knowledge and information and belief having made reasonable enquiries, the obtaining of the property transaction certificate from the Zhejiang Exchange and the completion of the registration transfer procedures for the Sale Capital are formality and administrative procedures which are not appropriate to be set as the conditions precedent to the closing of the Proposed Acquisition.

Moreover, 31 December 2013 is the long stop date for the fulfillment of the condition precedent to the completion of the Acquisition Agreement and the settlement of the Acquisition Consideration; while the completion of the registration transfer procedures for the Sale Capital are formality and administrative procedures to be performed with certainty after the Proposed Acquisition has become unconditional in accordance with the applicable PRC laws and regulations given that the Proposed Acquisition has already been endorsed by the relevant regulatory authority(ies) when Ace Earn was announced to be the successful bidder of the Bidding Process.

Other major terms

Pursuant to the Acquisition Agreement (as supplemented by a supplemental agreement entered into on even date), the Company should be able to obtain the Shareholders' approval for the Acquisition Agreement and the transactions contemplated thereunder no later than 30 November 2013 (or such other date as mutually agreed by the parties to the Acquisition Agreement). If the above does not take place or there is any default in payment of any part of the Acquisition Consideration for more than 60 days, the Acquisition Agreement shall be terminated and the Guarantee Payment shall be forfeited by SOYEA.

INFORMATION ON SOYEA

SOYEA is a company established under the laws of the PRC in 1999, whose issued shares are listed on the Shenzhen Stock Exchange (Stock code: 000909). The parent company of SOYEA is Westlake Electronics, which is a state-owned sole capital company authorised by the Hangzhou government of the PRC.

As at the Latest Practicable Date, SOYEA owned 38,088,000 Shares, representing approximately 9.52% of the existing issued share capital of the Company.

SOYEA mainly engages in the research, development, sales, consultant and result-transfer of the high-tech products of digital audio visual (**AV**) products, digital (analog) colour televisions (**TV**), tele-communication equipment, satellite-broadcasting TV equipment, computer software, network integrated service, intellectual building project and real estate. SOYEA will cease to engage in the TV Business (as defined below) upon completion of the Proposed Acquisition.

For the year ended 31 December 2012, SOYEA recorded audited consolidated turnover and profit after tax of approximately RMB1,261.5 million and approximately RMB41.7 million respectively.

INFORMATION ON THE TARGET COMPANY

The Reorganisation

SOYEA announced on the Shenzhen Stock Exchange's website on 27 April 2013 regarding its proposal to carry out the Reorganisation whereby the Target Company would be established under the laws of the PRC as the operating arm of SOYEA's TV business. The Target Company was established on 9 June 2013 with registered capital of RMB90 million, which has already been fully paid up. The Reorganisation was completed on 18 July 2013 and the TV production facilities (other than the production site) and TV business of SOYEA are now owned and operated by the Target Company.

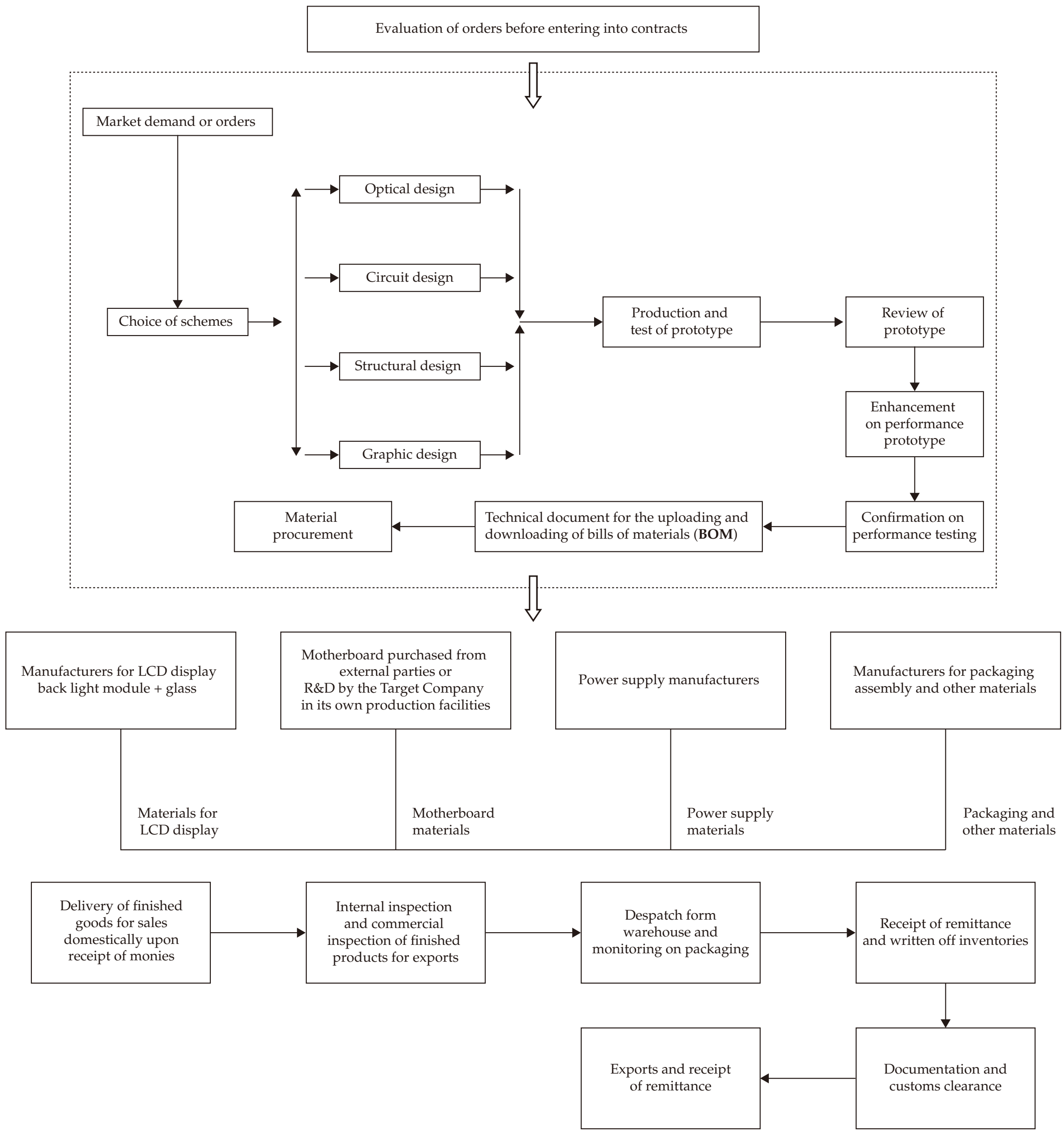
Business and operations

Principal business

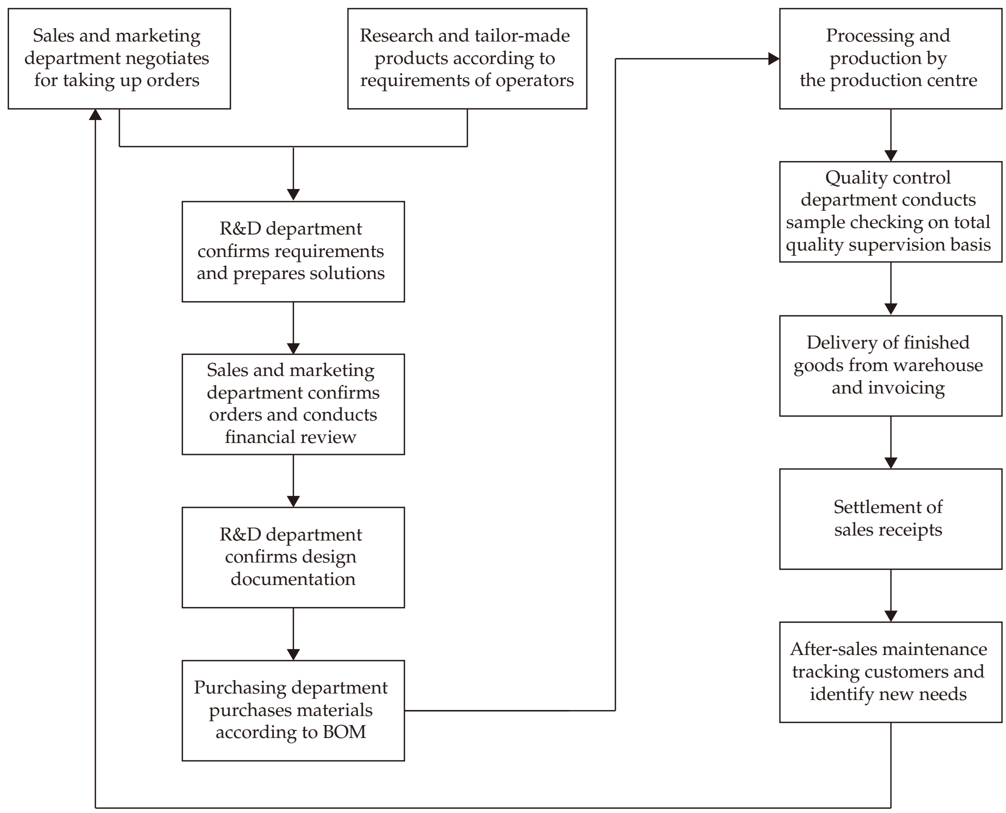
The Target Company is a company engaging in the research and development (**R&D**), manufacturing and sales of digital TV, high definition (**HD**) liquid crystal display (**LCD**) TV and set-top box (**STB**) as well as the provision of application solutions regarding integration of tele-communication, TV and internet in the digital AV industry (altogether, the "**TV Business**").

Business models

- Digital TV, HD LCD TV, integrated units (for domestic sales and exports)



- Smart home living with STB and internet multi-media



Types of products

The products of the Target Company (the "**Products**") can be classified into the following three main categories:

(i) TV set products such as digital TV, HD LCD TV and smart TV integrated with internet functions;

(ii) AV end-user products such as digital TV STB, over the top (**OTT**) TV and internet protocol television (**IPTV**); and

(iii) multi-media front-end solutions for various industry applications.

The key products for TV set segment are digital TV, HD LCD TV and smart TV integrated with internet functions.

The Products are mainly cable digital TV STB, OTT and IPTV. Digital TV STB provides the reception and decoding of digital TV signal, and directly outputs the digital TV signal to the TV set. Interactive STB can also provide functions such as video on demand, games and TV shopping through the internet. The Products range from standard definition (**SD**) to HD, from programming only to basic interactive models and enhanced interactive models. The Target Company has a comprehensive range of products to satisfy the needs of different customers in the market. OTT and IPTV can be developed on tailor-made basis according to the requirements of the operators. At the same time, new products have been successively introduced into the retail market with both air share of first generation and HD AV gadget of second generation available for sale.

There are three types of products for multi-media front end solutions, being (a) emergency command system (which is mainly used at rural areas, factories and mines where the place is large and dispersed, for the purpose of releasing information and publishing notification under emergency situations); (b) multi-media message publication system (which is mainly used in publishing information at communities and rural areas); and (c) smart communities (which have the primary functions of disclosing matters about the party, the village and finance and publishing information. Residents at the communities can also interact with community and health service stations as well as restaurants, where residents can enjoy services such as ordering takeaway food and medical care at home conveniently). These solutions can be combined according to the various functional requirements of the users.

Set out below are the specifications of some of the main Products of the Target Company:

- TV set products

 **Smart cloud TV integrated with internet functions**	Power consumption at standby mode: ≤0.5W Supporting video of 1080p Supporting digital signal of DVB-T, DVB-C, DVB-S, DTMB Supporting playing multi-media files from USB Supporting android system Supporting internal DVD Combo filter: 3D De-interlace: 3D
 **HD LCD TV**	Power consumption at standby mode: ≤0.5W Supporting video of 1080p Supporting digital signal of DVB-T, DVB-C, DVB-S, DTMB Supporting playing multi-media files from USB Supporting android system Supporting internal DVD Combo filter: 3D De-interlace: 3D

- Digital STB

  Programming only set-top box
  SD390-C

  Programming only set-top box
  SD310-B

  Basic interactive model SD800

  Low bandwidth interactive model
  SD310

  Enhanced interactive model SE650

  HD interactive model SH176-M

  HD series of second generation
  SH176-VX

There are four trademarks used by the Target Company for the Products:

(1) Trademark No. 1346259 "數源" (for use on TV set products) ("**Trademark 1346259**") (valid until 20 December 2019)

(2) Trademark No. 1570469 "SOYEA" (for use on TV set products) ("**Trademark 1570469**") (valid until 13 May 2021)

(3) Trademark No. 3569842 "數源" (for use on STBs) ("**Trademark 3569842**") (valid until 6 December 2014)

(4) Trademark No. 3569357 "SOYEA" (for use on STBs) ("**Trademark 3569357**") (valid until 6 December 2014)

The four trademarks are owned by Westlake Electronics. Pursuant to the licensing agreement entered into between Westlake Electronics and the Target Company, the Target Company can use the above trademarks for free within the following periods:

(1) Trademark 1346259: from 9 June 2013 to 20 December 2019

(2) Trademark 1570469: from 9 June 2013 to 13 May 2021

(3) Trademark 3569842: from 9 June 2013 to 6 December 2014

(4) Trademark 3569357: from 9 June 2013 to 6 December 2014

Westlake Electronics will apply for extension of the validity of the above trademarks before expiry. In addition, the Target Company will liaise with Westlake Electronics to extend the usage period of the above trademarks before it ends.

Production

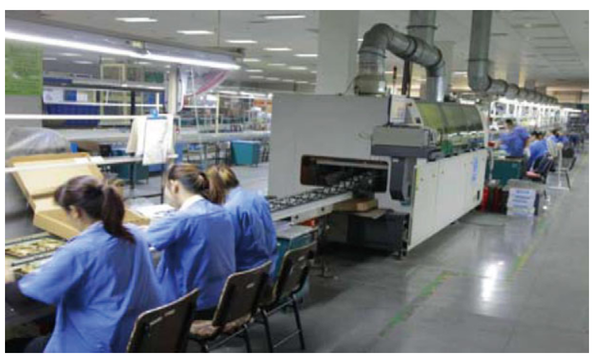
The production base of the Target Company, which is currently owned by SOYEA but leased to the Target Company for production without specific terms and conditions, is located at the industrial park of 5th Avenue, Xiasha Economic and Technological Development Zone, Hangzhou, the PRC with an area of approximately 8,000 sq.m.. The site is equipped with high-speed surface mount technology (**SMT**) and auto-insertion machines, colour TV (including LCD TV) production lines and STB production lines. The Target Company has its own web station, union resource planning (**URP**) and information management system.

The Target Company has no current intention to acquire new production site and shall continue to rent its existing production base from SOYEA, the exact terms and conditions of which will be subject to further negotiations between the said two parties thereto upon completion of the Proposed Acquisition. As at the Latest Practicable Date, the Target Company had not received any indication from SOYEA that it will stop leasing the production site to the Target Company after the completion of the Proposed Acquisition. In the event that the lease is discontinued, the Target Company shall acquire or rent a new site for production purpose depending on the then market condition and its business needs.

The Target Company has seven production lines for the processing of LCD colour TV and STB, with an annual production capacity of approximately 600,000 sets of LCD colour TV and 1,500,000 sets of STB. The Target Company also has one production line for the processing of integrated LED screen and back light module with an annual production capacity of approximately 100,000 sets.

– The production base of the Target Company

– One of the production lines



– The production facilities

Raw materials and suppliers

The suppliers of the Target Company include chips manufacturers, LCD panel manufacturers and circuit manufacturers, which have started business relationship with SOYEA mostly since 1999. The Target Company exercises stringent control over its suppliers, and has established a supply chain system that could ensure the quality, supply period, and pricing of the raw materials, which could in turn ensure the reliability of the Products to be delivered to the ultimate customers. The primary raw materials used by the Target Company are chips. The Target Company (through SOYEA) has maintained a long-term stable cooperation relationship with the chips manufacturers, which are mainly located in Taiwan.

The TV Business' trading terms with suppliers are mainly on credit payable within one year from the times when goods are received from the suppliers which is in line with industry norm and practice.

The Target Company's largest supplier accounted for approximately 14.5%, 13.5%, 16.1% and 12.1% of the Target Company's total purchase for each of the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 respectively. The Target Company's top five largest suppliers accounted for approximately 43.7%, 31.2%, 30.6% and 41.1% in aggregate of the Target Company's total purchase for each of the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 respectively.

Sales and marketing

The Target Company has built up abundant sales channel and cooperation partners in the AV market, and is also positioned as a quality provider in tailor-made products developed for operators. For the TV set products, the major sales channels within the PRC are the sales distributors as well as the Target Company's own sales team. As for the STBs, the Target Company usually conducts direct sales with the end customers, as supplemented by different sales distributors.

Through enhancing the overall quality of its sales team, the Target Company promptly captures the needs of the market and the customers. Quality and efficiencies in products are under extensive control in order to secure the continuing confidence of its customers. The Target Company has established physical distribution shops in around ten shopping malls in major cities of Zhejiang province, the PRC. Apart from rationalising the traditional sales channel (i.e. physical distribution shops) for domestic wholesale and retail market, the Target Company continues to expand its channels with cooperation partners. In the meantime, by leveraging on the development trend of deploying the internet and mobile internet, new media sales channels (i.e. online sale) are integrated for e-commerce and the Target Company has already established its flagship store via www.tmall.com. As for the export market, the Target Company attracts new overseas customers through participating in the China Import and Export Fair (Canton Fair) and international exhibitions for household appliances industry.

In order to ensure the achievement of sales targets, the Target Company has also established a comprehensive sales process, which shall include (i) the improvement of the sales management system; (ii) the determination of an appropriate sales policy and strategy; (iii) a definite responsibility and approval system in relation to sales, delivery, collection and other relevant aspects; (iv) regular review and evaluation on the sales process; and (v) the adoption of an effective internal control measures.

In addition, the Target Company will strengthen its ability on market research to ensure that it will be able to adjust its marketing strategy timely and flexibly by adopting various sales tactics, such as sales discounts, sales allowances, credit sales, consignment and advertisement, in order to cope with changes in market environment.

Pricing

Pricing of the Products is primarily based on a "cost-plus" approach. For each type of the Products, the Target Company will estimate the relevant total production costs, including but not limited to the cost of raw materials, the R&D cost, the processing and operating costs, together with the targeted profit margins for setting the selling price. Overall speaking, the Target Company will aim at higher profit margin for newly launched products (vice versa) in order to clear up its existing product inventories.

Customers

The major customers of the STB include TV broadcasting operators, tele-communications operators and mobile operators; whereas the retail sales channels in the domestic market are the major customers of the TV set products. The Target Company (through SOYEA) has established business relationship with most of its major customers, which are situated in the Zhejiang region, the PRC, since 1999. The Target Company (through SOYEA) has also established long-term and steady cooperation partners in Hunan province, Hubei province, Guangdong province and Yunnan province, the PRC. The Products are mainly sold in the domestic market as branded as well as OEM products to wholesale customers within the retail industry; while some of them are also exported as OEM products to the overseas markets including regions and countries such as Hong Kong, Russia, South Africa, Egypt, Mongolia, Australia, Ecuador, Iraq, Moldova, Tunisia, Yemen, India, and Singapore.

The Target Company's largest customer contributed approximately 29.1%, 18.8%, 10.7% and 9.3% of the Target Company's total turnover for each of the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 respectively. The Target Company's top five largest customers contributed approximately 59.8%, 58.2%, 39.9% and 39.3% in aggregate of the Target Company's total turnover for each of the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 respectively.

The TV Business' trading terms with customers are mainly on credit of one year which is in line with industry norm and practice. Each customer has a maximum credit limit. For new customers, payment in advance, of which 30% of the payment should be settled upon placing of the sales orders; 60% of the payment should be settled before delivery and the remaining 10% of the payment should be settled upon receipt of the goods, is normally required. Such payment terms for new customers are the industry norm and practice. The TV Business seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

Research and development and accreditation

The Target Company always places emphasis on product quality, and insists on a quality-oriented approach in its operation. The Target Company has constantly perfected its quality assurance system, which is installed with advanced product testing and inspection equipment and staffed by a well-trained quality control team. There are 16 quality control and inspection officers with professional qualifications, of which there are 4 engineers, 3 assistant engineers, 5 technicians and 4 senior inspection officers. The Target Company has three professional quality inspection laboratories with premium quality inspection equipment.

The passing rate in the box opening inspection of the TV set products manufactured by the Target Company has been over 99%, which is leading in the industry according to ISO9001 quality control system and ISO14001 environment control system certifications. The colour TV and digital STB of the Target Company has passed the national compulsory product certification (**3C**), as well as other product certifications, such as UL Mark Product Certification (**UL**), CB Test Certifications (**CB**) and CE Certificate (**CE**).

The colour TV of the Target Company was recognised by the State Quality and Technical Supervision Administration in 2001 as the first batch of "Products Exempted from National Quality Inspection", and has been awarded the title of "Zhejiang Famous Brand" by the Zhejiang Famous Brand Recognition Committee since 1999. In 2010, the colour TV of the Target Company was approved by National Development and Reform Commission (**NDRC**) of the PRC as a product qualifying "Home Appliances Subsidy for Rural Areas". In 2012, the flat-panel TV set products of the Target Company was recognised by NDRC as a product under the "List of Energy-Efficient and People-Benefiting Flat-Panel TVs".

Management

Set out below are the brief biographies of the management team members of the Target Company:

Ms. Wang Liping (汪麗萍), aged 53, is a senior engineer and the legal representative of the Target Company. She graduated from the Zhejiang Radio and Television University and received a bachelor degree in electrical engineering. She has many years of experience in administrative management and marketing of audio & video products, and is responsible for the strategic development, production and administrative management of the Target Company.

Mr. Zhang Xinyang (張信揚), aged 37, is a senior engineer and the general manager of the Target Company. He graduated from the Beijing University of Posts and Tele-communications and obtained his bachelor degree in electronic engineering from the Applied Electronic Technology Department. He has been engaging in the electronic information industry for over ten years and has many years of experience in telecoms operation. Mr. Zhang is responsible for the strategic development and management, marketing, operation and administration management of the Target Company.

The Company intends to retain the existing management team of the Target Company after completion of the Proposed Acquisition. Mr. Tang Chi Wan, an executive Director, is also experienced in the management of the TV Business. Based on the aforesaid, the Company considers that it will have sufficient management expertise and human resources to manage the Target Company.

Competitive strengths

The Target Company has the following competitive strengths:

1. Capabilities in R&D and innovating products

   The Target Company focuses on developing its AV business, from end-user products such as digital TV, HD LCD TV, digital STB, internet STB, to industry solutions such as smart community, publication of multi-media messages and information promotion in rural areas.

2. Capabilities in governing production efficiencies

   The Target Company has maintained a set of strict control measures over the efficiencies in production process, from the preliminary phase to design, purchasing, production, sales and after-sales. Each department is responsible for detailed estimates on its own modules; whilst the finance and production teams are jointly responsible for efficiencies in the final production process.

3. Advantages in establishing the R&D team

There are over 90 staff in the R&D team of the Target Company at present, who are all graduated with bachelor degrees or above. More than 30% of supervisors in the R&D department has ten years of R&D experience in the AV industry. In addition, the R&D department also establishes technology cooperation ventures with laboratories at reputable universities, such as the Zhejiang University, the Hong Kong University of Science and Technology, and the Hangzhou University of Electronic Science and Technology, for ensuring its leading position in R&D within the industry.

4. Geographical advantages in branding services

The Target Company enjoys certain degree of brand awareness in the AV industry. The colour TV set products were recognised as the first batch of products exempted from national quality inspection and a Zhejiang famous brand. The Target Company has accumulated plenty of experience in developing its sales channels as well as providing after-sales services to customers in the PRC.

5. Leading position in the industry

The Target Company is one of the market leaders with respect to technologies in the AV industry, which secures remarkable share in the market. The Target Company is one of the major manufacturers in the market for digital HD STB in Zhejiang province. At the same time, the Target Company has established stable relationships with partners in Hubei province, Hunan province, Yunnan province and Guangdong province, the PRC. It is expected that such cooperation relationships will continue to facilitate the future development of the business of the Target Company.

Strategies and future business plan

The Target Company focuses on the continuing business development of its TV and related products with TV set products as the core. It commits to strengthen its business of TV accessories and STB, as well as its advantages in differentiated products with customised industry solutions, user experiences and personalities. The Target Company also put efforts to develop public and corporate customers and to support its transformation from a TV developer and manufacturer into a supplier of smart home products. Presented below are the future development strategies of the Target Company:

1. Expand sales channels of TV set products and further increase the market share of TV set products via the innovation of the Target Company's systems

The Target Company will fully mobilise the enthusiasm and creativity of its R&D team and accelerate the R&D of its smart TV, 4K TV and other next-generation products; refine TV set product lines, and further strengthen the brand recognition via products exhibition, online display and agents expansion. The Target Company will also endeavour to explore the business opportunities in the rural market.

2. Provide industry solutions of platform application and big screen TV by exploring the application of interface smart technology in big screens

The Target Company will aim at providing industry solutions of platform application and big screen TV by exploring the application of interface smart technology in big screens, with a view to gain access to the domestic market of education, hotels and other industries. By utilising the smart card technology and interface technology of its R&D team, the Target Company will develop products with different dimensions for customers in refining business (such as smart signage, smart flat panel and wireless projection) and application of rapid deployment platform with clouding structure, in order to gradually penetrate into the application of education, hotels, and other industries.

3. Focus on promoting and deploying clouding services in several provinces in the PRC

The Target Company will develop smart HD STB and the application of triple play technology in smart cities; continue to give full play to the competitive edges of localisation services and corporate finance, with a view to further increase the market share of its STB business in Zhejiang province, and maintain its leading supplier position in the HD STB market in Zhejiang province. Moreover, the Target Company will further improve the application of crisis commanding deployment system, personalised information dissemination system and video conference system in the smart cities; promote the second-generation product of HD stage and its application by expediting the implementation of the plan on application demonstration, government support and replication.

4. Strive to explore online direct marketing of internet STB and direct sales channels

The Target Company will develop a new generation of intelligent OTT terminals and further enhance the user experience of multi-screen interaction, connect embedded music, video and educational application products; as well as to provide a delivery model which is combined with technology and operation, and a service model which is combined with terminal and applications, in order to create a different experience in the area of OTT.

Financial information on the Target Company

The Target Company will become an indirect wholly-owned subsidiary of the Company upon completion of the Acquisition Agreement. Accordingly, the financial results of the Target Company will be consolidated as to 100% into the financial statements of the Group.

As extracted from Appendix IIA to this circular, set out below is a summary of the audited financial information prepared by ZHONGHUI ANDA CPA Limited in accordance with the Hong Kong accounting standards of the TV Business of the Target Company as a business segment of SOYEA for the period from 1 January 2010 to 31 December 2012:

	For the years ended 31 December		
	2010	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	315,755	307,799	278,448
Profit before tax	14,005	17,709	14,170
Profit after tax	11,904	15,053	12,044

	As at 31 December		
	2010	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*
Net asset value *(Note)*	126,873	95,733	88,551

Note: as the TV Business of the Target Company was a business segment of SOYEA before completion of the Reorganisation, the net asset value only reflected the business segment's profit and did not include any share capital.

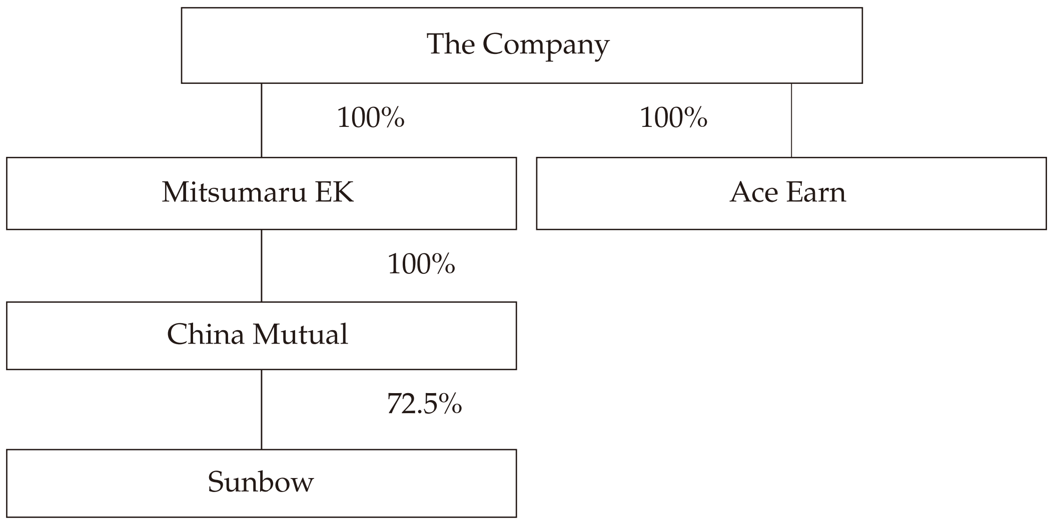
The audited net asset value of the Target Company audited by ZHONGHUI ANDA CPA Limited as at 30 June 2013 was approximately RMB89,957,000.

The financial information of the TV Business as disclosed in Appendix IIA to this circular reflects the state of affairs of the TV Business during the Predecessor Track Record Periods (as defined in Appendix IIA) and may not be indicative of the Target Company's future business performance and do not necessarily reflect what its results of operations, financial position and cash flows would have been had the business operated as a separate entity during the relevant periods.

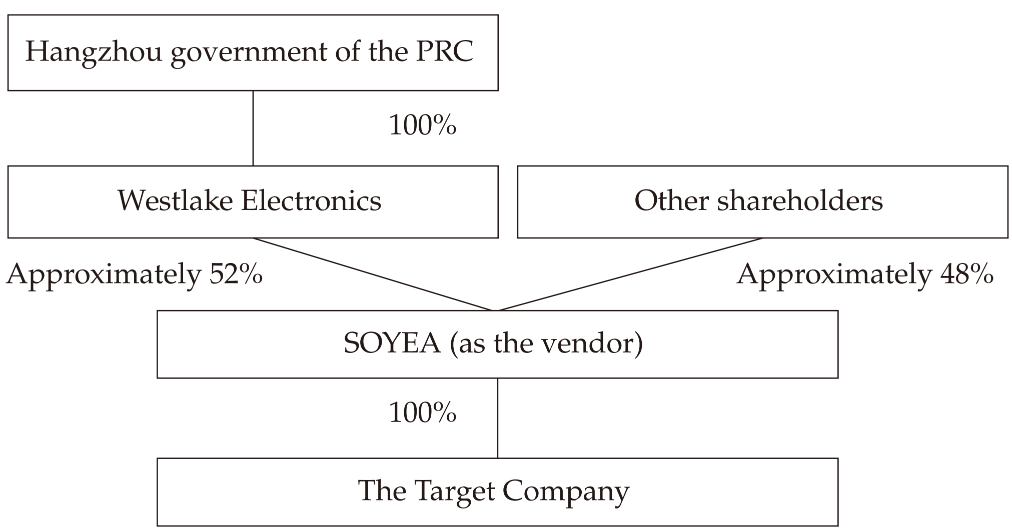
SHAREHOLDING CHARTS

The following charts show the corporate structure of (i) the Group and the Target Company at the Latest Practicable Date; and (ii) the Enlarged Group immediately upon completion of the Acquisition Agreement:

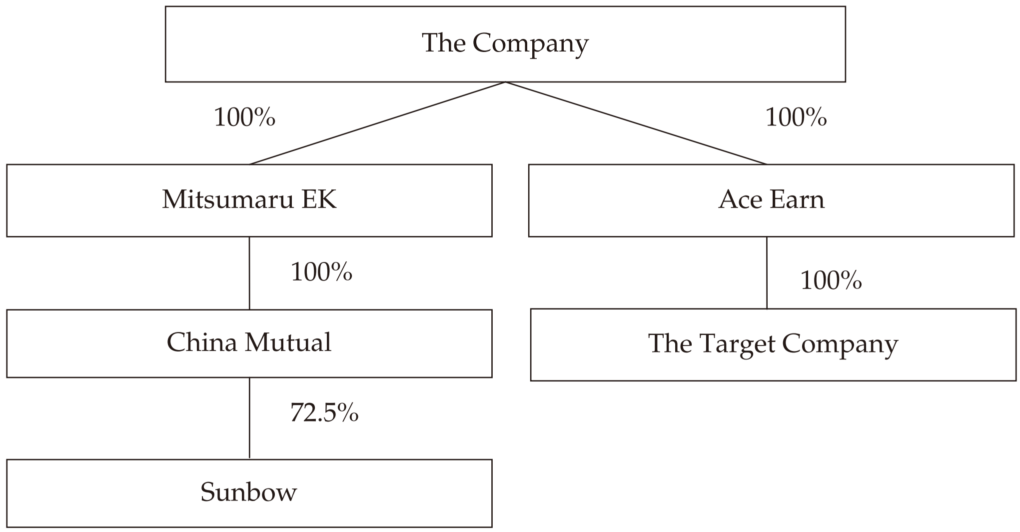
Corporate structure of the Group as at the Latest Practicable Date



Corporate structure of the Target Company as at the Latest Practicable Date



Corporate structure of the Enlarged Group immediately upon completion of the Acquisition Agreement:



REASONS FOR THE PROPOSED ACQUISITION

Since the listing of the Shares on the Stock Exchange on 15 July 2004, and immediately before and during the Trading Suspension, the Group has all along been engaging in the television and its related components design, trading and assembly business (the "**Existing Business**"). On 29 February 2012, the Group acquired a company which is principally engaged in the assembling and installation of electronic water meters in the PRC. Due to the loss making position of the Existing Business, the Group completed the disposal of the same in July 2012 and continued with the water meters business as its only business for the time being.

To achieve the Resumption, the Directors have been persistently searching for acquisition opportunity of similar television business with satisfactory financial performance and sufficient level of operations for the purpose of achieving resumption in the Shares after taken into account of the Listing Committee Report 2010 which stated that "where the resumption proposals involved very substantial acquisitions from third parties independent of the incoming investors, the Stock Exchange would not apply reverse takeover rules to acquisition of businesses in the same line as the companies' original businesses before suspension". Having considered the historical financial performance of the TV Business of the Target Company as a business segment of SOYEA before the Reorganisation, the business operations as well as future prospects of the Target Company, the Directors believe that the Enlarged Group's operations and profitability would be enhanced through the Proposed Acquisition and the Enlarged Group shall be able to meet the relevant operations and assets' sufficiency requirements under Rule 13.24 of the Listing Rules. The Proposed Acquisition also aligns with the strategies of the Group to seek acquisition opportunities to boost its performance and creating value for the Shareholders.

In light of the above, the Directors consider that the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The electronic water meters business of the Group achieved a profit of HK$3,559,000 for the six months ended 30 June 2013. With the replacement of traditional water meters by electronic water meters in the coming two to three years, the Directors are confident that the water meters business will have a strong growth in the near future.

Upon completion of the Acquisition Agreement, the Enlarged Group will also engage in the TV Business. Given that the Target Company has been recording stable historical profits and possesses a team of experienced management and technical staff as well as a well established clientele and supplier and distribution networks and brand name, the Directors expect that the Target Company will continue to enjoy steady business growth in the future.

Moreover, it is the current intention of the Company to continue to maintain the current management team of the Target Company to carry on the TV Business. The Directors will closely evaluate the performance of the Target Company after the completion of the Proposed Acquisition and will conduct further study to formulate the detailed business plans of the Target Company.

INTENTION ON THE GROUP'S EXISTING BUSINESS

There is no agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any disposal or termination or scaling-down of the water meters business of the Group. The Group intends to develop both of the water meters business and the TV Business after completion of the Acquisition Agreement, the Open Offer as well as the CWA Subscription.

The Company, CWA and the Directors have no present agreement, arrangement, intention, negotiation and/or plan about any acquisition, disposal of company or assets, and/or to carry out a principal business other than the Existing Business (whether concluded or not) within 24 months after the Resumption.

In addition, except for the appointment of a new independent non-executive Director to fulfill the requirement under Rule 3.10(1) of the Listing Rules, there will be no change in the Board before the Resumption and all Directors (including the proposed independent non-executive Director) at the time of the Resumption will remain with the Board after the Resumption.

RISK FACTORS

1. The Target Company's business operations and construction of new facilities (if necessary) may be disrupted by reasons beyond its control

The Target Company's business operations and construction of new facilities (if necessary) may be disrupted by, amongst others, extreme climatic and weather conditions, fires, natural disaster, epidemics, raw material supply shortages, equipment and system failures and labour force shortages. If the Target Company's operations are disrupted for any reason, its business, results of operations and financial condition could be materially and adversely affected. Moreover, due to the nature of its business and regardless of compliance with safety requirements and standards, the Target Company's operations are subject to operational risks associated with the storage of raw materials and production, such as storage tank leaks, discharges of hazardous substances and malfunctioning of production machinery. These risks may result in personal injuries, property damage and imposition of civil or criminal penalties.

2. Prices of raw materials may continue to rise, and the Target Company may not be able to pass on some or all of the increases to the customers

Certain raw materials used in the production of the Target Company are subject to price volatility caused by external conditions, such as commodity price fluctuations and changes in governmental policies. There is no assurance that the Target Company's key suppliers will continue to provide it with raw materials at reasonable prices, or that the prices of raw materials of the Target Company will remain stable in the future.

The Target Company may not always be able to pass on some or all of the increase in costs of raw materials to its customers for various reasons, including restrictions under existing contracts or government regulations. As a result, any increase or material fluctuation in the prices of the Target Company's raw materials could have a material adverse effect on its business, results of operations and financial condition.

3. The Target Company operates in a competitive market

The Target Company competes basically on product quality, distribution and sales channels, access to resources and technology. If the Target Company is unable to compete successfully with its competitors, its business, results of operations and financial condition could be materially and adversely affected.

4. The Target Company's business depends substantially on the continuing efforts of its senior management and key personnel

The Target Company is dependent on the ability and expertise, especially knowledge on the TV and STB industry, of its senior management for its daily business operations and the formulation and implementation of its business strategies and future plans. Hence, the Target Company's future success depends, to a large extent, on the continued service of its senior management. If one or more of its senior management members are unable or unwilling to continue in his/her/their present positions, the Target Company may be unable to identify and recruit suitable replacements in a timely manner, or at all. In addition, if any member of the senior management of the Target Company is to join a competitor or form a competing company, the Target Company may lose some of its know-how and customers.

Furthermore, recruiting and retaining capable personnel, particularly experienced engineers and technicians familiar with the TV and STB production processes, are vital to maintaining the quality of the Products, continuously improving its production processes and supporting the expansion of its production capacity. There is substantial competition for qualified personnel in the industry and if the Target Company is unable to attract and retain qualified employees, key personnel and senior management, its business, results of operations and financial condition may be materially and adversely affected.

5. The national and regional economies in which the Target Company operates or sells the Products and its prospects may be adversely affected by natural disasters, acts of god, and occurrence of epidemics

The Target Company's business is subject to general economic and social conditions in regions where it manufactures and distributes the Products. Natural disasters, epidemics and other acts of god which are beyond the control may adversely affect the economy, infrastructure and livelihood of the people in regions where the Target Company manufactures and distributes the Products. Some regions in the PRC where the Target Company operates are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as severe acute respiratory syndrome (**SARS**), H5N1 avian flu or the human swine flu (also known as Influenza A (**H1N1**)). It cannot be assured that such disasters will not occur at regions where the Target Company manufactures and distributes the Products. Past occurrences of epidemics have caused different degrees of damage to the national and local economies in the PRC. A recurrence of SARS or an outbreak of any other epidemics in the PRC, such as the H5N1 avian flu or the human swine flu, may result in material disruptions to the operations of the Target Company, sales and marketing efforts. If any of the above events occur, the business, results of operations and financial condition of the Target Company may be materially adversely affected.

6. Funding needs of the Target Company

The Target Company currently finances its operations and investing activities with funds from SOYEA. Following the completion of the Proposed Acquisition, the Enlarged Group may be required to finance the operations and investing activities of the Target Company from time to time despite that the Target Company has a registered capital of RMB90 million which is expected to be sufficient for its own use. Any delays or interruptions in obtaining the required financing may have adverse impact on the business operations and expansion of the Enlarged Group.

7. Profit forecast contained in this circular may not materialise

This circular contains profit forecast which is based on numerous assumptions being disclosed under the section headed "Bases and assumptions" in Appendix IV to this circular. Although the Directors believe that the assumptions on which the profit forecast is based are reasonable, the actual financial results, performance or achievements of the Enlarged Group may differ from those anticipated financial results, performance or achievements of the Enlarged Group as expressed in the profit forecast. In light of these uncertainties, investors should not place undue reliance on the profit forecast.

8. Fluctuations in the value of RMB may have an effect on the Enlarged Group's business

A majority of the revenues and costs of the Enlarged Group are denominated in RMB, and a significant portion of its financial assets are also denominated in RMB. The value of RMB against HK$ and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions and the PRC's foreign exchange policies. Any significant revaluation of RMB may have an effect on the Enlarged Group's business operations and profitability.

(B) THE OPEN OFFER

The Company proposes to raise HK$240 million, before expenses, by way of the Open Offer of 2,400,000,000 Shares at the Offer Price of HK$0.10 per Offer Share on the basis of six (6) Offer Shares for every (1) existing Share held on the Record Date.

ISSUE STATISTICS OF THE OPEN OFFER

Basis of the Open Offer	Six (6) Offer Shares for every one (1) existing Share held on the Record Date
Offer Price	HK$0.10 per Offer Share The aggregate nominal value of the Offer Shares is HK$240,000,000.
Number of Shares in issue as at the Latest Practicable Date	400,000,000 Shares
Number of Offer Shares	2,400,000,000 Shares
Enlarged issued share capital of the Company immediately upon completion of the Open Offer and the CWA Subscription	3,800,000,000 Shares

As at the Latest Practicable Date, the Company had no outstanding warrants, options or convertible or exchangeable securities.

The Offer Shares

The total number of Offer Shares of 2,400,000,000 Shares represent:

(a) approximately 600% of the Company's existing issued share capital as at the Latest Practicable Date; and

(b) approximately 63.16% of the Company's issued share capital as enlarged by the Open Offer and the CWA Subscription.

The Offer Price

The Offer Price of HK$0.10 per Offer Share represents:

(a) the par value of the Shares;

(b) a discount of approximately 89.36% to the closing price of HK$0.94 per Share on the Last Trading Day;

(c) a discount of approximately 89.36% to the average closing price of the Shares for the five consecutive trading days up to and including the Last Trading Day of approximately HK$0.94 per Share; and

(d) a discount of approximately 54.55% to the theoretical ex-rights price of approximately HK$0.22 per Share based on the closing price of HK$0.94 per Share as quoted on the Stock Exchange on the Last Trading Day.

The net price to be raised upon completion of the Open Offer will be approximately HK$0.097 per Offer Share. Trading in the Shares had been suspended for more than five years since 14 February 2008, and in light of the tight financial position and net liability position of the Group, the Company has, after arm's length negotiations with the Underwriter, agreed with the Underwriter that the Offer Price should be set at a substantial discount to the closing price of the Shares before the Trading Suspension so as to incentivise the Qualifying Shareholders to take up their entitlements under the Open Offer. Based on the foregoing, the Directors are of the view that the Offer Price is fair and reasonable.

Basis of provisional allotments

The basis of the Open Offer will be six (6) Offer Shares for every (1) one existing Share held by the Qualifying Shareholders on the Record Date at the Offer Price of HK$0.10 per Offer Share. Application for all or any part of a Qualifying Shareholder's assured entitlements should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

Status of the Offer Shares

The Offer Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the existing issued Shares on its date of allotment.

Certificates for the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer as set out under the sub-section headed "Conditions precedent to the Open Offer" below, share certificates for all fully-paid Offer Shares shall be posted to those Qualifying Shareholders who have accepted and (where applicable) applied for, and paid for the Offer Shares, by ordinary post on Monday, 30 December 2013 at their own risks.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, Shareholders must be registered as members of the Company on the Record Date and not be Excluded Shareholders. In order to be registered as a member of the Company on the Record Date, all transfer of Shares must be lodged for registration with the Share Registrar at Rooms 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 4:30 p.m. on Tuesday, 3 December 2013.

As being further elaborated under the section headed "THE CWA SUBSCRIPTION" below, given that completion of the CWA Subscription is expected to take place simultaneously upon or immediately after the completion of the Open Offer, New Prime shall not be a Qualifying Shareholder and will not be entitled to participate in the Open Offer.

Rights of the Excluded Shareholders

The Open Offer Documents to be issued in connection with the Open Offer will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Board will make enquiries as to whether the issuance of the Offer Shares to the Excluded Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange and details and results of such enquiries will be included in the Prospectus. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Excluded Shareholders, the Open Offer will not be extended to such Excluded Shareholders. The Company will send the Prospectus to the Excluded Shareholders for their information only, but will not send the Application Forms to the Excluded Shareholders.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 27 November 2013 to Thursday, 28 November 2013 (both dates inclusive) for the purpose of ascertaining the entitlement of the Shareholders to vote at the EGM. No transfers of Shares will be registered during the book closure period. The register of members of the Company will also be closed from Wednesday, 4 December 2013 to Thursday, 5 December 2013 (both dates inclusive) for the purpose of determining the entitlements of the Qualifying Shareholders for the Open Offer.

Fractions of the Offer Shares

Fractional entitlements to the Offer Shares will not be issued but will be aggregated and taken up by the Underwriter. The Company will not allot any fractions of the Offer Shares. No odd lot matching services will be provided by the Company in respect of the Open Offer before the Resumption. Matching of odd lots of the new Shares will be available from 9:00 a.m. on the date of the Resumption, i.e. Tuesday, 31 December 2013 until 4:00 p.m. on Tuesday, 21 January 2014.

No excess application for the Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, the Company decided that no excess Offer Shares will be offered to the Qualifying Shareholders as if application for excess Offer Shares is allowed since the Company will be required to put in additional effort and costs to administer the excess application procedures. As such, the Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

No transfer of nil-paid entitlements

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Offer Shares. Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares, which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Conditions precedent to the Open Offer

The Open Offer is conditional upon the following conditions being fulfilled:

(a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Open Offer Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the date on which the Open Offer Documents are despatched;

(b) the passing no later than the posting date of the Open Offer Documents by the Independent Shareholders by way of poll at the EGM of an ordinary resolution to approve the Open Offer;

(c) the posting of the Open Offer Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only, explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the posting date of the Open Offer Documents;

(d) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listings of and permission to deal in the Offer Shares by no later than the first day of their dealings;

(e) the Stock Exchange having granted its approval-in-principle (subject to any conditions as may be imposed by the Stock Exchange) for the Resumption;

(f) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms on or before the Latest Time for Termination;

(g) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;

(h) all requirements and conditions imposed by the Stock Exchange or under the Listing Rules or otherwise in connection with the transactions contemplated under the Underwriting Agreement having been fulfilled or complied with by not later than the Latest Time for Termination;

(i) the entering into of binding agreements by the Underwriter with certain sub-underwriters, which shall be Independent Third Parties, for sub-underwriting the Offer Shares, such that none of (i) the Underwriter, together with its ultimate beneficial owners and/or the parties acting in concert with it nor (ii) any of the sub-underwriters and their respective associates and/or the parties acting in concert with any of them, shall be in aggregate interested in 10% or more of the share capital of the Company as enlarged by the Open Offer; and

(j) the Increase in Authorised Share Capital becoming effective.

All the above conditions are not waivable. If any of the conditions of the Open Offer is not satisfied in whole or in part by the Company by the Latest Time for Termination as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and the obligations of the parties shall forthwith cease and be null and void and none of the parties shall, save in respect of any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

As at the Latest Practicable Date, condition (i) above had been fulfilled.

THE UNDERWRITING AGREEMENT

Date	21 August 2013
Parties	The Company The Underwriter. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties, and they do not have any relationship with SOYEA or CWA or their respective ultimate beneficial owners. As at the Latest Practicable Date, the Underwriter was not interested in any Shares.
Number of the Underwritten Shares	The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite an aggregate of 2,400,000,000 Offer Shares on a fully underwritten basis at the Offer Price.
Underwriting commission	2.5% of the aggregated Offer Price in respect of the Underwritten Shares for which the Underwriter has agreed to subscribe for or procure subscription under the Underwriting Agreement (i.e. HK$6,000,000).

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the placing of the Underwritten Shares with selected placees with such authority and rights as the Underwriter has pursuant to its appointment under the Underwriting Agreement. Nevertheless, all such sub-underwriting arrangement shall be in compliance with the Review Condition and the Company shall ensure that the Review Condition will be fulfilled when the results of the Open Offer are announced.

Pursuant to the Underwriting Agreement, the Underwriter has undertaken to the Company that the sub-underwriter(s) and/or the subscribers procured by the Underwriter for any Underwritten Shares (collectively the "**Relevant Subscribers**") would be independent of and not connected or acting in concert with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

The Underwriter has also undertaken in favour of the Company under the Underwriting Agreement that in the event of the Underwriter being called upon to subscribe for or procure subscribers of the Underwritten Shares: (1) the Underwriter shall not subscribe, for its own account, for such number of the Underwritten Shares which will result in the shareholding of it and parties acting in concert with it in the Company to exceed 10% of the voting rights of the Company upon completion of the Open Offer; and (2) the Underwriter shall use all reasonable endeavours to ensure that each of the Relevant Subscribers shall not, together with any party acting in concert with it, hold 10% or more of the voting rights of the Company upon completion of the Open Offer.

The Directors are of the opinion that the terms of the Underwriting Agreement are fair and reasonable.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

(1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by: (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise make it inexpedient or inadvisable to proceed with the Open Offer; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or

(2) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

In the event that the Underwriter terminates the Underwriting Agreement by notice in writing given to the Company on or before the Latest Time for Termination, all obligations of the Underwriter, and the Company under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of and in connection with the Underwriting Agreement, except for any antecedent breach of any obligation under the Underwriting Agreement.

Reasons for the Open Offer and use of proceeds

The Directors consider that the Open Offer will enlarge the capital base and strengthen the financial position of the Company so as to facilitate the Enlarged Group's long term development. The Directors are of the view that it is in the interest of the Company to raise additional capital by way of the Open Offer of which all the Qualifying Shareholders are given an equal opportunity to maintain their respective shareholdings in the Company and participate in the enlargement of capital base as well as the future development of the Enlarged Group at their own wish.

The gross proceeds and net proceeds from the Open Offer are estimated to be HK$240 million and HK$233 million respectively. The Company intends to use the net proceeds from the Open Offer as to (i) approximately HK$133.35 million for the Acquisition Consideration and repayment of part of the Bridging Loan in the principal amount being equivalent to the First Instalment; and (ii) the remaining HK$99.65 million as general working capital of the Group and/or repayment of borrowings (including the outstanding balance of the Bridging Loan). Should the Acquisition Consideration be settled before the completion of the Open Offer by internal resources of the Group and/or bank or other borrowings, the net proceeds from the Open Offer will be used for replenishment/repayment of such internal resources of the Group and/or bank or other borrowings.

(C) THE INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK$100,000,000 divided into 1,000,000,000 Shares. As at the Latest Practicable Date, 400,000,000 Shares were issued and allotted as fully paid or credited as fully paid.

To allow the Company to have sufficient unissued Shares for the completion of the Open Offer and the CWA Subscription, the Company proposes to increase its authorised share capital from HK$100,000,000 (divided into 1,000,000,000 Shares) to HK$500,000,000 (divided into 5,000,000,000 Shares) by the creation of an additional 4,000,000,000 Shares which will rank *pari passu* with all existing Shares.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

(D) THE CHANGE IN BOARD LOT SIZE

Based on the closing price of HK$0.94 per Share as quoted on the Stock Exchange on the Last Trading Day and the Offer Price of HK$0.10 for each Offer Share under the Open Offer, the theoretical ex-entitlement price of each Share will be approximately HK$0.22 and the theoretical value of each board lot of 2,000 Shares upon completion of the Open Offer will be approximately HK$440.00.

In order to increase the value of each board lot of the Shares so that the value of each board lot of Shares will not be less than HK$2,000 and to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to change the board lot size for trading in the Shares from 2,000 to 10,000 upon the Open Offer becoming unconditional. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and the Shareholders as a whole.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the new Shares, the Company will appoint a licensed securities firm to provide matching services, on a best effort basis after the Resumption as set out under the sub-section headed "Fractions of the Offer Shares" above, to those Shareholders who wish to acquire odd lots of the new Shares to make up a full board lot, or to dispose of their holding of odd lots of the new Shares.

(E) THE CWA SUBSCRIPTION

References are made to the joint announcements of the Company and CWA dated 1 December 2010, 7 March 2011, 31 March 2011, 30 June 2011, 7 December 2011, 29 December 2011, 29 June 2012, 28 December 2012, 2 July 2013 and 30 October 2013 respectively, regarding, among other things, the CWA Subscription.

THE CWA LOAN AND THE DEBENTURE

On 1 December 2010, the Company (as the borrower) and New Prime (as the lender) entered into a loan agreement, pursuant to which New Prime agreed to make available to the Company the CWA Loan of up to a principal amount of HK$100,000,000 in cash.

On even date, the Company (as the borrower) and New Prime (as the lender) entered into the Debenture as a security for repayment of the CWA Loan.

To the best of the Directors' knowledge, information and belief after making reasonable enquiries, New Prime and its ultimate beneficial owner are Independent Third Parties and have no shareholding in the Company.

Details of the CWA Loan and the Debenture were included in the December Joint Announcement.

THE SUBSCRIPTION AGREEMENT

On 1 December 2010, the Company (as the issuer) and New Prime (as the subscriber) entered into the Subscription Agreement, pursuant to which the Company has agreed to issue and New Prime has agreed to subscribe for 1,000,000,000 Subscription Shares, representing (i) approximately 250% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 71.43% of the total issued share capital of the Company as enlarged by the Subscription Shares (before the Open Offer).

Set out below are the major terms of the Subscription Agreement (as supplemented by various supplemental agreements):

The Subscription Price

The Subscription Price is HK$0.10 per Subscription Share (subject to adjustment) and it represents:

(a) the par value of the Shares;

(b) a discount of approximately 89.36% to the closing price of HK$0.94 per Share on the Last Trading Day; and

(c) a discount of approximately 89.36% to the average closing price of the Shares for the five consecutive trading days up to and including the Last Trading Day of approximately HK$0.94 per Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and CWA. The Directors are of the opinion that the Subscription Price is fair and reasonable.

Adjustment of the Subscription Price

The Subscription Price shall from time to time from the date of the Subscription Agreement up to the completion of the CWA Subscription be adjusted if and whenever the Shares by reason of any consolidation or sub-division become of a different nominal amount, the Subscription Price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount. As at the Latest Practicable Date, no adjustment had been made to the Subscription Price.

Conditions precedent

Completion of the CWA Subscription is conditional upon, among other things, (a) the Stock Exchange having granted or stated that it will grant (either unconditionally or subject only to conditions to which the Company and New Prime do not reasonably object) the approval for (i) the Resumption and (ii) the listing of and permission to deal in the Subscription Shares; (b) the passing by the Shareholders by way of poll at the EGM of the resolutions approving, among other things, the issue of the Subscription Shares under a specific mandate of the Company (the "**Specific Mandate**") and the Increase in Authorised Share Capital; and (c) the allotment and issue of the Offer Shares having taken place simultaneously with or immediately before the completion of the CWA Subscription.

None of the conditions precedent is waivable. If the above conditions precedent are not fulfilled on or before 30 June 2014, New Prime shall have the right at its own discretion to extend such long stop date for the CWA Subscription to 31 December 2014. If the conditions are not fulfilled by such long stop date (or such other date as the parties may agree), the Subscription Agreement shall lapse and become null and void and the parties shall be released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof.

Due to the Trading Suspension, the CWA Subscription is still pending for completion. Subject to fulfilment of the above conditions precedent and according to the expected timetable of the Resumption, completion of the CWA Subscription is expected to take place simultaneously upon or immediately after the completion of the Open Offer (or at such other time to be agreed in writing between the Company and New Prime) and each party shall perform its respective obligations as set out in the Subscription Agreement.

As at the Latest Practicable Date, none of the condition(s) above had been fulfilled.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares in issue on the date of issue and allotment of the Subscription Shares.

Application will be made by the Company to the Listing Committee for the grant of the listing of and permission to deal in the Subscription Shares.

Reasons for the CWA Loan and the CWA Subscription, and use of proceeds

CWA and its subsidiaries are primarily engaging in the provision of water supply and sewage treatment operation and construction services, development of properties for sale and investment, manufacture and sale of concrete products, other infrastructure construction and business activities.

As extracted from the December Joint Announcement, CWA has been considering different investment opportunities, in particular, that of manufacturing of water meters and appliances which would be complementary to its existing operations. The Company is principally involved in the design of the chassis of cathode ray tube (**CRT**) and LCD colour TVs, and the trading of related components, and the assembling of colour TV set. CWA believes that the experience and skills of the Company's management team in electrical and electronic products can readily be applied to cover a product range from colour TV sets to water meters and ancillary electronic and electrical appliances. Given the Group's current financial position and the Trading Suspension, the Directors consider that it is in the interest of the Company to enter into the loan agreement for the CWA Loan, the Debenture and the Subscription Agreement for the purpose of providing sufficient working capital to finance its existing operations as well as future expansion. The Directors believe that the terms of the CWA Loan, the Debenture and the Subscription Agreement, which have been negotiated on an arm's length basis in accordance with normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Subscription Price is to be satisfied by way of offsetting against the CWA Loan.

(F) FUND RAISING ACTIVITY OF THE COMPANY DURING THE PAST 12 MONTHS

The Company had not conducted other equity fund raising exercise in the 12 months immediately preceding the Latest Practicable Date.

(G) FINANCIAL EFFECTS ON THE ENLARGED GROUP

The Target Company will become an indirect wholly-owned subsidiary of the Company upon completion of the Acquisition Agreement. Accordingly, the financial results of the Target Company will be consolidated as to 100% into the financial statements of the Group.

Assets and liabilities

According to the interim report of the Company for the six months ended 30 June 2013, the consolidated total assets and liabilities of the Group as at 30 June 2013 were approximately HK$31,573,000 and HK$175,695,000 respectively. Based on the unaudited pro forma financial information of the Enlarged Group as contained in Appendix IIIA to this circular, assuming that completion of the Acquisition Agreement, the Open Offer as well as the CWA Subscription had taken place on 30 June 2013, the unaudited pro forma consolidated total assets of the Enlarged Group would be increased to approximately HK$272,477,000; whereas the unaudited pro forma consolidated total liabilities of the Enlarged Group would be decreased to approximately HK$83,599,000.

Earnings

The Group recorded an audited consolidated profit of approximately HK$12,778,000 for the year ended 31 December 2012.

As set out in Appendix IIIA to this circular, assuming that completion of the Acquisition Agreement, the Open Offer as well as the CWA Subscription had taken place on 1 January 2012, the unaudited pro forma consolidated profit of the Enlarged Group for the year ended 31 December 2012 would be approximately HK$28,074,000.

In light of the historical financial performance of the TV Business of the Target Company as a business segment of SOYEA before the Reorganisation, the business operations as well as future prospects of the Target Company, it is expected that consolidating the financial results of the Target Company into the Group will have a favorable long term effect on the Enlarged Group's earnings upon completion of the Acquisition Agreement, the Open Offer as well as the CWA Subscription.

It should be noted that the aforementioned estimations are for illustrative purpose only and do not purport to represent how the financial position of the Enlarged Group will be upon completion of the Acquisition Agreement, the Open Offer as well as the CWA Subscription.

(H) SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a table showing the shareholding structure of the Company as at the Latest Practicable Date and the possible shareholding structure of the Company (i) as announced by the Company in the December Joint Announcement (immediately after the CWA Subscription only); and (ii) immediately after the Open Offer and the CWA Subscription, assuming that (a) all of the Qualifying Shareholders take up the Offer Shares in full ("**Scenario I**"); and (b) none of the Qualifying Shareholders participate in the Open Offer ("**Scenario II**"):

	As at the Latest Practicable Date		**As announced by the Company in the December Joint Announcement (immediately after the CWA Subscription only)** *(Note 1)*		**Scenario I** *(Note 2)*		**Scenario II**	
	Shares	*% of shareholding*	*Shares*	*% of shareholding*	*Shares*	*% of shareholding*	*Shares*	*% of shareholding*
CWA/New Prime	–	–	1,000,000,000	71.42	1,000,000,000	26.32	1,000,000,000	26.32
Mr. Zhang's related company *(Note 3)*	249,000,000	62.25	249,000,000	17.79	1,743,000,000	45.87	249,000,000	6.55
Good Day International Limited ("**Good Day**") *(Note 4)*	45,000,000	11.25	–	–	–	–	–	–
SOYEA	38,088,000	9.52	38,088,000	2.72	266,616,000	7.02	38,088,000	1.00
The Underwriter *(Note 5)*	–	–	–	–	–	–	2,400,000,000	63.16
Other public Shareholders	67,912,000	16.98	112,912,000	8.07	790,384,000	20.79	112,912,000	2.97
Total	**400,000,000**	**100**	**1,400,000,000**	**100**	**3,800,000,000**	**100**	**3,800,000,000**	**100**

Notes:

(1) Pursuant to the December Joint Announcement, CWA, through New Prime, shall subscribe for 1,000,000,000 Shares under the CWA Subscription. Due to the Trading Suspension, the CWA Subscription is currently pending for approval and completion. According to the expected timetable of the Resumption, completion of the CWA Subscription is expected to take place simultaneously upon or immediately after the completion of the Open Offer.

(2) As it is expected that completion of the CWA Subscription will take place simultaneously with completion of the Open Offer, i.e. after the Record Date, New Prime shall not be a Qualifying Shareholder and will not be entitled to participate in the Open Offer. New Prime will be interested in 1,000,000,000 Subscription Shares immediately after the completion of the Open Offer.

(3) As at the Latest Practicable Date, Mr. Zhang had not indicated to the Company as to whether or not his related company would accept the Open Offer.

(4) The shareholding interest of Good Day in the Company will be diluted to below 10% immediately after the CWA Subscription and under Scenario I and Scenario II. Accordingly, Good Day will fall into the category of "Other public Shareholders" under such circumstances.

(5) The Underwriter will subscribe for or procure sub-underwriters to subscribe for the Underwritten Shares. As such, there will not be a new substantial shareholder of the Company and the Company will have sufficient public float under Scenario II.

The Proposed Acquisition, the CWA Subscription and the Open Offer will not result in a change in control (as defined in the Takeovers Code) of the Company.

(I) IMPLICATIONS UNDER THE LISTING RULES

As the asset ratio under Rule 14.07 of the Listing Rules in respect of the Guarantee Payment exceeds 100%, the Stock Exchange has expressed concern on whether the Guarantee Payment, which shall be forfeited by SOYEA in the event that the default in payment of any part of the Acquisition Consideration shall continue for more than 60 days since the due date, or if the Shareholders' approval cannot be obtained by 30 November 2013, should be subject to the applicable requirements under Chapter 14 of the Listing Rules, in particular, the prior shareholders' approval requirement.

As the applicable percentage ratio(s) under Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition for the Company exceed(s) 100%, the Proposed Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval at the EGM.

As at the Latest Practicable Date, SOYEA was interested in 38,088,000 Shares, representing approximately 9.52% of the existing issued share capital of the Company. As being the vendor under the Proposed Acquisition, SOYEA and its associates shall abstain from voting on the resolution approving the Proposed Acquisition at the EGM.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM. The Company shall also seek the Shareholders' approval at the EGM for the issue of the Subscription Shares under the Specific Mandate.

As no Shareholder has material interest in the Increase in Authorised Share Capital and the CWA Subscription, no Shareholder is required to abstain from voting on each of the resolutions approving the Increase in Authorised Share Capital and the CWA Subscription at the EGM.

The Open Offer is subject to, among other things, the approval by the Independent Shareholders at the EGM by a resolution on which any controlling shareholders of the Company and their respective associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in accordance with the Listing Rules. Accordingly, Z-Idea Company Limited, being a controlling shareholder of the Company, and its associates shall abstain from voting on the resolution approving the Open Offer at the EGM. In addition, since the majority of the net proceeds from the Open Offer is intended to be used for settling the Acquisition Consideration, SOYEA is deemed to have material interests in the Open Offer. Accordingly, SOYEA and its associates shall also abstain from voting on the resolution approving the Open Offer at the EGM.

(J) GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders as to the terms of the Open Offer. Messis Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Shareholders and potential investors should note that the Proposed Acquisition and the CWA Subscription are conditional upon the fulfillment of a number of condition(s) precedent and hence may or may not proceed. Moreover, the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

The issuance of this circular does not mean that trading in the Shares be resumed and listing of the Subscription Shares and the Offer Shares will be approved by the Stock Exchange.

(K) EGM

A notice convening the EGM to be held at Suite 5005-5006, 50/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 28 November 2013 at 10:30 a.m. or any adjournment is set out from pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed. If you are unable to attend the EGM in person, you are requested to complete and return the form of proxy to the Share Registrar at Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

(L) RECOMMENDATION

The Board considers that the terms of the Proposed Acquisition, the Open Offer, the Increase in Authorised Share Capital, the CWA Subscription and the respective transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends (i) the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Proposed Acquisition, the Increase in Authorised Share Capital and the CWA Subscription; and (ii) the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Open Offer.

Your attention is also drawn to the letter from the Independent Board Committee to the Independent Shareholders, which is set out on page 49 of this circular, and which contains their recommendation in respect of the Open Offer and the transactions contemplated thereunder. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Open Offer and the transactions contemplated thereunder is set out from pages 50 to 62 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Open Offer and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, it recommends the Independent Shareholders to vote in favour of the resolution(s) to approve the Open Offer and the transactions contemplated thereunder at the EGM.

(M) ADDITIONAL INFORMATION

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

By order of the Board
Mitsumaru East Kit (Holdings) Limited
Siu Chi Ming
Executive Director

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders regarding the Open Offer.

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)

12 November 2013

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED OPEN OFFER OF 2,400,000,000 OFFER SHARES ON THE BASIS OF SIX OFFER SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE

We refer to the circular dated 12 November 2013 (the "**Circular**") of the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We have been appointed as the Independent Board Committee to consider the Open Offer and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the Open Offer and the transactions contemplated thereunder and to recommend whether or not the Independent Shareholders should vote on the resolution to be proposed at the EGM to approve the Open Offer and the transactions contemplated thereunder. Messis Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such regards.

We wish to draw your attention to the letter from the Independent Financial Adviser as set out in the Circular which contains, inter alia, its advice and recommendation to us and the Independent Shareholders regarding the terms and conditions of the Open Offer and the Underwriting Agreement with the principal factors and reasons for its advice and recommendation.

Having taken into account the advice and recommendation of the Independent Financial Adviser, we consider that the terms of the Open Offer and the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Furthermore, the Open Offer and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Open Offer, the Underwriting Agreement and the respective transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee
Ms. Au Shui Ming **Mr. Martin He**
Independent non-executive Directors

The following is the full text of a letter of advice from Messis Capital to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer as to whether the Open Offer is in the interests of the Company and the Independent Shareholders and fair and reasonable which has been prepared for the purpose of inclusion in the Circular:

大有融資有限公司
MESSIS CAPITAL LIMITED

12 November 2013

To the Independent Board Committee of the Company

Dear Sir,

PROPOSED OPEN OFFER OF 2,400,000,000 OFFER SHARES ON THE BASIS OF SIX OFFER SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Open Offer is (i) in the interests of the Company and the Independent Shareholders as a whole; (ii) fair and reasonable so far as the Independent Shareholders are concerned; and (iii) whether the Independent Shareholders should vote in favour of the resolutions to approve the Open Offer at the EGM, details of which are set out in the Circular, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As set out in the announcement of the Company on 28 August 2013, the Company proposes to raise HK$240 million, before expenses, by way of the Open Offer of 2,400,000,000 Shares at the Offer Price of HK$0.10 per Offer Share on the basis of six (6) Offer Shares for every one (1) existing Share held on the Record Date.

The Open Offer is subject to, among other things, the approval by the independent shareholders of the Company at the EGM by a resolution on which Z-Idea Company Limited, being a controlling shareholder of the Company, and its associates shall abstain from voting on the resolution approving the Open Offer at the EGM. In addition, since the majority of the net proceeds from the Open Offer is intended to be used for settling the Acquisition Consideration, SOYEA and its associates shall also abstain from voting on the resolution approving the Open Offer at the EGM.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were provided and made and will continue to be so as at the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company.

We consider that we have received sufficient information to enable us to reach an informed view and to justify our reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our view and recommendation. The Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statements in the Circular, including this letter, misleading. We have no reason to suspect that any material information has been withheld by the Company or by the Directors. We have not carried out any independent investigation into the business and affairs of the Company, nor have we conducted an independent investigation into the business and affairs of the Group. However, we have taken all reasonable steps which include the following:

(a) obtained the information and documents relevant to an assessment of the fairness and reasonableness of the Open Offer, including but not limited to, the announcements of the Company in 28 August 2013 and 30 September 2013, the annual reports of the Company for the financial years ended 31 December 2011 and 2012 and the interim report of the Company for the six months ended 30 June 2012;

(b) reviewed and analyzed the prices of the open offer comparables relevant to the pricing of the Open Offer;

(c) reviewed the reasons and background of the Open Offer; and

(d) confirmed that no third party expert opinion being relevant to the Open Offer.

PRINCIPAL FACTORS AND REASONS CONSIDERED

Background

As set out in the announcement of the Company on 28 August 2013, the Company proposes to raise HK$240 million, before expenses, by way of the Open Offer of 2,400,000,000 Shares at the Offer Price of HK$0.10 per Offer Share on the basis of six (6) Offer Shares for every one (1) existing Share held on the Record Date.

In assessing the Open Offer and in giving our recommendation to the Independent Board Committee, we have taken into account the following principal factors and reasons:

Reasons for the Open Offer and use of proceeds

The Directors consider that the Open Offer will enlarge the capital base and strengthen the financial position of the Company so as to facilitate the Enlarged Group's long term development. The Directors are of the view that it is in the interest of the Company to raise additional capital by way of the Open Offer of which all the Qualifying Shareholders are given an equal opportunity to maintain their respective shareholdings in the Company and participate in the enlargement of capital base as well as the future development of the Enlarged Group at their own wish.

The gross proceeds and net proceeds from the Open Offer are estimated to be HK$240 million and HK$233 million respectively. The Company intends to use the net proceeds from the Open Offer as to (i) approximately HK$133.35 million, representing approximately 57.2% of the net proceeds from the Open Offer, for the Acquisition Consideration; and (ii) the remaining HK$99.65 million, representing approximately 42.8% of the net proceeds from the Open Offer, as general working capital of the Group and/or repayment of borrowings. Should the Acquisition Consideration be settled before the completion of the Open Offer by internal resources of the Group and/or bank or other borrowings, the net proceeds from the Open Offer will be used for replenishment/repayment of such internal resources of the Group and/or bank or other borrowings.

Since the listing of the Shares on the Stock Exchange on 15 July 2004, and immediately before and during the Trading Suspension, the Group has all along been engaging in the Existing Business of the television and related components design, trading and assembly business. To achieve the Resumption, the Directors declare that they have been persistently searching for acquisition opportunity of similar television business with satisfactory financial performance and sufficient level of operations for the purpose of achieving resumption in the Shares. Having considered the historical financial performance of the TV Business of the Target Company, the business operations as well as future prospects of the Target Company, the Directors believe that the Enlarged Group's operations and profitability would be enhanced through the Proposed Acquisition and the Enlarged Group shall be able to meet the relevant operations and assets' sufficiency requirements under the Listing Rules. The Proposed Acquisition also aligns with the strategies of the Group to seek acquisition opportunities to boost its performance and creating value for the Shareholders. Having considered the above reasons for the Proposed Acquisition, we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole and that the Acquisition Consideration of approximately HK$133.35 million, representing approximately 57.2% of the net proceeds from the Open Offer, is fair and reasonable so far as the Independent Shareholders are concerned.

The Company intends to use the remaining proceeds from the Open Offer after the Acquisition Consideration as to approximately HK$99.65 million, representing approximately 42.8% of the net proceeds from the Open Offer, as general working capital and/or repayment of borrowings. Having considered that the unaudited consolidated net current liabilities of the Group mainly loans due to independent third parties, of approximately HK$149.5 million as at 30 June 2013 with cash and cash equivalents of approximately HK$0.3 million being considered insufficient to finance the general working capital of the Group and to repay of the short term loans upon due dates, we are of the view that the application of the remaining proceeds to strengthen the liquidity position and to repay the loans upon due dates is in the interests of the Company and the Shareholders as a whole and fair and reasonable so far as the Independent Shareholders are concerned.

Financial and business prospects of the Enlarged Group

The electronic water meters business of the Group achieved a profit of HK$3,559,000 for the six months ended 30 June 2013. With the replacement of traditional water meters by electronic water meters in the coming two to three years, the Directors are confident that the water meters business will have a strong growth in the near future.

Upon completion of the Acquisition Agreement, the Enlarged Group will also engage in the TV Business. Given that the Target Company has been recording stable historical profits and possesses a team of experienced management and technical staff as well as a well established clientele and supplier and distribution networks and brand name, the Directors expect that the Target Company will continue to enjoy steady business growth in the future.

Moreover, it is the current intention of the Company to continue to maintain the current management team of the Target Company to carry on the TV Business. As set out in the Board Letter that the Directors will closely evaluate the performance of the Target Company after the completion of the Proposed Acquisition and will conduct further study to formulate the detailed business plans of the Target Company.

There is no agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any disposal or termination or scaling-down of the water meters business of the Group. The Group intends to develop both of the water meters business and the TV Business after completion of the Acquisition Agreement, the Open Offer as well as the CWA Subscription.

The Company, CWA and the Directors have no present agreement, arrangement, intention, negotiation and/or plan about any acquisition, disposal of company or assets, and/or to carry out a principal business other than the Existing Business (whether concluded or not) within 24 months after the Resumption.

In addition, except for the appointment of a new independent non-executive Director to fulfill the requirement under the Listing Rules, there will be no change in the Board before the Resumption and all Directors (including the proposed independent non-executive Director) at the time of the Resumption will remain with the Board after the Resumption.

Having considered that (i) the electronic water meters business of the Group achieved a profit for the six months ended 30 June 2013; (ii) the Directors are confident that the water meters business will have a strong growth in the near future; (iii) the Target Company has been recording stable historical profits; (iv) the Directors expect that the Target Company is likely to have a positive prospects; (v) the Group intends to develop both of the water meters business and the TV Business after completion of the Acquisition Agreement, the Open Offer as well as the CWA Subscription; and (vi) the Proposed Acquisition is essential for the purpose of the Resumption; we are of the view that (a) the Group's future development is expected to be stable in both the electronic water meters business and TV Business and no material impact on the business and financial prospects is foreseeable in the immediate future; (b) the Company intends to use the net proceeds from the Open Offer mainly for the Acquisition Consideration and as general working capital of the Group and/or repayment of borrowings is necessary which is in the interests of the Company and the Shareholders as a whole; and (c) the intended usage of the proceeds is fair and reasonable so far as the Independent Shareholders are concerned.

ISSUE STATISTICS OF THE OPEN OFFER

Basis of the Open Offer	Six (6) Offer Shares for every one (1) existing Share held on the Record Date
Offer Price	HK$0.10 per Offer Share The aggregate nominal value of the Offer Shares is HK$240,000,000.
Number of Shares in issue as at the Latest Practicable Date	400,000,000 Shares
Number of Offer Shares	2,400,000,000 Shares
Enlarged issued share capital of the Company immediately upon completion of the Open Offer and the CWA Subscription	3,800,000,000 Shares

As at the Latest Practicable Date, the Company had no outstanding warrants, options or convertible or exchangeable securities.

The Offer Shares

The total number of Offer Shares of 2,400,000,000 Shares represents:

(a) approximately 600% of the Company's existing issued share capital as at the Latest Practicable Date; and

(b) approximately 63.16% of the Company's issued share capital as enlarged by the Open Offer and the CWA Subscription.

The Offer Price

The Offer Price of HK$0.10 per Offer Share represents:

(a) the par value of the Shares;

(b) a discount of approximately 89.36% to the closing price of HK$0.94 per Share on the Last Trading Day;

(c) a discount of approximately 89.36% to the average closing price of the Shares for the five consecutive trading days up to and including the Last Trading Day of approximately HK$0.94 per Share; and

(d) a discount of approximately 54.55% to the theoretical ex-rights price of approximately HK$0.22 per Share based on the closing price of HK$0.94 per Share as quoted on the Stock Exchange on the Last Trading Day.

The net price to be raised upon completion of the Open Offer will be approximately HK$0.097 per Offer Share. Trading in the Shares had been suspended for more than five years since 14 February 2008, and in light of the tight financial position and net liability position of the Group, the Company has, after arm's length negotiations with the Underwriter, agreed with the Underwriter that the Offer Price should be set at a substantial discount to the closing price of the Shares before the Trading Suspension so as to incentivise the Qualifying Shareholders to take up their entitlements under the Open Offer. Based on the foregoing, the Directors are of the view that the Offer Price is fair and reasonable.

Basis of provisional allotments

The basis of the Open Offer will be six (6) Offer Shares for every (1) one existing Share held by the Qualifying Shareholders on the Record Date at the Offer Price of HK$0.10 per Offer Share. Application for all or any part of a Qualifying Shareholder's assured entitlements should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

Status of the Offer Shares

The Offer Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the existing issued Shares on its date of allotment.

We have reviewed all the terms and conditions of the Open Offer and note that (i) the Open Offer is conditional upon the Stock Exchange having granted its approval-in-principle for the Resumption which is subject to other conditions including completion of the Proposed Acquisition; and (ii) the Open Offer proceeds will be mainly used for settlement of the Acquisition Consideration, the general working capital of the Group and the repayment of the short term loans upon due dates. Having consider that (i) the Target Company has been recording stable historical profits; (ii) the Group has all along been engaging in the Existing Business of the television and its related components design, trading and assembly business; and (iii) the Group and has been persistently searching for acquisition opportunity of similar television business with satisfactory financial performance and sufficient level of operations for the purpose of achieving resumption in the Shares; we are of the view that (a) the Proposed Acquisition is essential for the purpose of the Resumption; and (b) the Open Offer is necessary for financing both the Proposed Acquisition and the general working capital of the Group and to repay of the short term loans upon due dates and accordingly the Open Offer is in the interests of the Company and the Shareholders as a whole.

THE UNDERWRITING AGREEMENT

Date	21 August 2013
Parties	The Company The Underwriter. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties, and they do not have any relationship with SOYEA or CWA or their respective ultimate beneficial owners. As at the Latest Practicable Date, the Underwriter was not interested in any Shares.
Number of the Underwritten Shares	The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite an aggregate of 2,400,000,000 Offer Shares on a fully underwritten basis at the Offer Price.
Underwriting Commission	2.5% of the aggregated Offer Price in respect of the Underwritten Shares for which the Underwriter has agreed to subscribe for or procure subscription under the Underwriting Agreement (i.e. HK$6,000,000).

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the placing of the Underwritten Shares with selected placees with such authority and rights as the Underwriter has pursuant to its appointment under the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter has undertaken to the Company that the Relevant Subscribers would be independent of and not connected or acting in concert with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

The Underwriter has also undertaken in favour of the Company under the Underwriting Agreement that in the event of the Underwriter being called upon to subscribe for or procure subscribers of the Underwritten Shares: (1) the Underwriter shall not subscribe, for its own account, for such number of the Underwritten Shares which will result in the shareholding of it and parties acting in concert with it in the Company to exceed 10% of the voting rights of the Company upon completion of the Open Offer; and (2) the Underwriter shall use all reasonable endeavours to ensure that each of the Relevant Subscribers shall not, together with any party acting in concert with it, hold 10% or more of the voting rights of the Company upon completion of the Open Offer.

We have reviewed the underwriting commissions under all open offer transactions announced by the companies listed on the Stock Exchange during the six-month period preceding the date of the Underwriting Agreement (i.e. from 22 February 2013 to 21 August 2013) and noted that the underwriting commissions were ranging from 1.00% to 3.50%.

Company (Stock code)	Date of announcement	Underwriting commission (%)
FAVA International Holdings Limited (8108)	17/9/2013	3.50
China Environmental Resources Group Limited (1130)	12/8/2013	2.50
Uni-Bio Science Group Limited (690)	10/7/2013	2.50
U-Right International Holding Limited (627)	9/7/2013	2.50
Sustainable Forest Holdings Limited (723)	5/7/2013	2.50
Larry Jewelry International Company Limited (8351)	5/4/2013	1.50
Warderly International Holdings Limited (607)	21/3/2013	N/A
Eternity Investment Limited (764)	13/3/2013	1.00
Summit Ascent Holdings Limited (102)	28/2/2013	1.25
	Maximum	**3.5**
	Minimum	**1.0**
	Median	**2.5**
	Mean	**2.2**
Company		**2.50**

Source: website of the Stock Exchange (www.hkex.com.hk)

In view that the underwriting commission of 2.5% (i) falls within the range of underwriting commissions; (ii) is equivalent to the median of the comparables of 2.5%; and (iii) is close to the mean of the comparables of approximately 2.2% of the recent open offer transactions, we consider the underwriting commission payable to the Underwriter is in line with the market.

We have reviewed all the terms of the Underwriting Agreement, including the underwriting commission, the independency undertaking and the 10% limit undertaking, we are of the view that the terms of the Underwriting Agreement are on normal commercial basis and fair and reasonable as far as the Independent Shareholders are concerned.

(a) Historical share price performance

We noted that the Offer Price represents substantial discount to the adjusted closing price of the Shares on the Last Trading Day. However, in our opinion, the Last Trading Day is more than five years, we considered the closing price on the Last Trading Day does not represent a major reference to the Offer Price because the current market sentiment is different from the market sentiment five year ago and the closing price on the Last Trading Day does not reflect the existing business prospects and the existing financials of the Company.

(b) Comparison with other open offers

In assessing the fairness of the Offer Price, we have compared the Open Offer with all open offers (the "**Open Offer Comparables**"), to our best endeavor, conducted by companies listed on the Stock Exchange with their shares have been suspended for trading for more than one year and have announced their respective open offer transactions during the 12-month period preceding the date of the Underwriting Agreement (i.e. from 21 August 2012 up to and including 20 August 2013), for comparison purposes. In view that (i) for prolonged suspension companies, it is a common market practice to price the open offer at a substantial discount to the market price of relevant shares in order to encourage subscription by their shareholders; and (ii) the market sentiment at the relevant time may also play an important role in the determination of the offer price, we believe that the Open Offer Comparables may reflect the recent trend of open offer transactions in the market for prolonged suspension companies and consider the Open Offer Comparables are fair and representative samples. Details of the Open Offer Comparables are summarized in the following table:

Open Offer Comparables (Stock code)	Date of announcement	Basis of entitlement	Premium/ (discount) of Offer Price over/(to) the closing price on the last trading day *(%)*	Premium/ (discount) of Offer Price over/(to) the theoretical ex-entitlement price *(%)*	Maximum dilution *(Note)*	Excess application
U-Right International Holding Limited (627)	9/7/2013	5 for 1	(89.29)	(58.14)	83.33	no
Warderly International Holdings Limited (607)	21/3/2013	4 for 1	(89.58)	(63.24)	80.00	Not available ("N/A")
FU JI Food and Catering Services Holdings Limited (1175)	21/1/2013	1 for 1	(99.03)	(98.07)	50.00	yes
Aurum Pacific (China) Group Limited (8148)	21/12/2012	4 for 1	(75.81)	(38.52)	80.00	no
		Maximum	**(99.03)**	**(98.07)**	**83.33**	
		Minimum	**(75.81)**	**(38.52)**	**50.00**	
		Median	**(89.44)**	**(60.69)**	**80.00**	
		Mean	**(88.43)**	**(64.49)**	**73.33**	
The Company	**28/8/2013**	**6 for 1**	**(89.36)**	**(54.55)**	**85.71**	**no**

Source: website of the Stock Exchange (www.hkex.com.hk)

Note: Maximum dilution effect of each open offer is calculated as: ((number of offer shares and (if any) bonus shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the offer shares under the basis of entitlement + number of offer shares and (if any) bonus shares to be issued under the basis of entitlement) x 100%, e.g. for an open offer with basis of 6 offer shares for every share held, the maximum dilution effect is calculated as (6/(1+6)) x 100% = 85.71%.

As shown in the above table, the discounts represented by the offer prices to the closing prices of shares of the Open Offer Comparables on the last trading days prior to the release of the respective announcements ranged from approximately 75.81% to approximately 99.03% (the "**LTD Market Range**"). The discount of approximately 89.36% as represented by the Offer Price to the adjusted closing price of the New Shares on the Last Trading Day falls within the LTD Market Range and is close to the median and the mean of the LTD Market Range.

The discount represented by the offer prices to the theoretical ex-entitlement prices of the shares of the Open Offer Comparables ranged from approximately 38.52% to approximately 98.07% (the "**TEP Market Range**"). The discount of approximately 54.55% as represented by the Offer Price to the theoretical ex-entitlement price falls below the discounts of the median and the mean of the TEP Market Range and within the TEP Market Range.

We consider that it is common for the listed issuers in Hong Kong to issue offer shares at a substantial discount to the market price in order to enhance the attractiveness of an open offer transaction. Having considered that (i) the Shares have been suspended for trading for more than five years and hence, it is reasonable to set the Offer Price at a substantial discount in order to enhance the attractiveness of the Open Offer and to encourage the existing Shareholders to participate in the Open Offer; (ii) the Offer Price was determined after arm's length negotiations between the Company and the Underwriter; (iii) the discount represented by the Offer Price to the adjusted closing price of the New Shares on the Last Trading Day falls within the LTD Market Range and is close to the median and the mean of the LTD Market Range; (iv) the discount represented by the Offer Price to the theoretical ex-entitlement price falls below the discounts of the median and the mean and within the TEP Market Range; and (v) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Offer Shares at the Offer Price, we consider the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

The dilution impact of the Open Offer of 85.71% is slightly over the maximum dilution level of the Open Offer Comparables of 83.3%. Please refer to the section headed "Financial and trading prospects of the Enlarged Group" set out in this letter for the analysis of the financial and business prospects of the Enlarged Group and the section headed "Potential Dilution" set out in this letter for the analysis of the dilution effect.

No excess application for the Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, the Company decided that no excess Offer Shares will be offered to the Qualifying Shareholders as if application for excess Offer Shares is allowed since the Company will be required to put in additional effort and costs to administer the excess application procedures. As such, the Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

Although the absence of the excess application arrangement may not be desirable from the point of view of those Qualifying Shareholders who wish to take up additional Offer Shares in excess of their assured entitlements, in light of that (i) the nil excess application should be balanced against the fact that the Offer Price has been set at discount to the adjusted closing price of the New Share on the Last Trading Day which provides reasonable incentive for the Qualifying Shareholders to take up their respective assured entitlement of the Offer Shares and participate in the Open Offer; (ii) those Qualifying Shareholders who choose to accept their respective entitlements under the Open Offer in full can maintain their respective existing shareholdings in the Company after the Open Offer; (iii) the Open Offer allows the Qualifying Shareholders who are optimistic about the future development of the Company to exercise their rights to subscribe for the Offer Shares with a fair chance; (iv) the nil excess application would lower the administrative costs of the Open Offer to the Company; and (v) the absence of excess application arrangement in an open offer conducted by long suspension company is not uncommon in the market as shown in the Open Offer Comparable, we are of the view that the absence of excess application arrangement, on balance, is acceptable.

Risk associated with the Open Offer

Shareholders and potential investors should note that the Open Offer is conditional, inter alia, upon the fulfillment of the conditions of the Open Offer. In particular, the Open Offer is conditional upon the conditions precedent to the Underwriting Agreement having been satisfied and the Underwriting Agreement is not terminated on or before the latest time for termination by the Underwriter. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares/New Shares, and if they are in any doubt about their position, they should consult their professional advisers.

FUNDRAISNG ALTERNATIVES

Comparing the Open Offer to other methods of fundraisings such as placement of new Shares or other convertible securities and bank borrowing, and taking into account that (i) debt financing and bank borrowing will incur interest burden to the Company; and (ii) the Open Offer will enable the Shareholders to maintain their proportionate interests in the Company, we concur with the view of the Directors that fund raising by way of the Open Offer and the Subscription is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

POSSIBLE FINANCIAL EFFECTS

(i) Working capital

Immediately upon completion the Open Offer, the net proceeds from the Open Offer are estimated to be HK$233 million. The Company intends to use the net proceeds from the Open Offer as to approximately HK$133.35 million for the Acquisition Consideration. The remaining approximately HK$99.65 million the Group's working capital is expected to be increased by the net proceeds from the Open Offer. Accordingly, the work capital will be improved upon completion of the Open Offer.

(ii) Net assets

As set out in AR 2013, the audited consolidated net liabilities of the Group was approximately HK$140.4 million as at 31 December 2012.

As set out in Appendix III to the Circular, the unaudited pro forma financial information of the Enlarged Group, upon completion of the Open Offer, the Enlarged Group's financial position would be improved from net liabilities of approximately HK$140.4 million as at 31 December 2012 by approximately HK$233 million. The net liabilities position of the Group per New Share would become a net asset position, despite the completion of the Acquisition and/or the CWA Subscription or not.

Having considered the enhancement on the working capital and the financial position of the Group upon completion of the Open Offer, we consider that the Open Offer, the Subscription is in the interest of the Company and the Shareholders as a whole of concern.

POTENTIAL DILUTION

Based on the shareholding structure of the Company as set out in the Letter from the Board 151,000,000 Shares are held by the Independent Shareholders as at the Latest Practicable Date. The Open Offer of 2,400,000,000 Offer Shares, on the basis of six Offer Shares for every one existing Share, have been fully underwritten by the Underwriter. Accordingly, the shareholding of an individual Independent Shareholder will be diluted to a maximum level of 85.71% if the Independent Shareholder does not take up any of their entitlements under the Open Offer. However, the shareholding of the individual Independent Shareholder can be maintained if the Independent Shareholder takes up the entitlements under the Open Offer in full or the level of dilution can be reduced if the Independent Shareholder takes up some of the entitlements under the Open Offer.

Having considered that:

(i) the financial position of the Group with net liabilities and low cash position as at 31 December 2012 will be significantly improved from net liabilities position to net assets position upon completion of the Open Offer which is in the interest of the Company and the Shareholders as a whole;

(ii) the proceeds from the Open Offer would strengthen the Group's capital base so as to allow the Group to grasp suitable business/investment opportunities for future development, including the Acquisition, with immediately available fund should appropriate chance arise which is in the interest of the Company and the Shareholders as a whole;

(iii) the Open Offer is on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests which is fair and reasonable so far as the Independent Shareholders are concerned;

(iv) the Open Offer is an essential part of the Resumption Conditions and the Resumption is in the interest of the Company and the Shareholders as a whole;

(v) the Shares have been suspended for trading for more than 5 years and hence, it is normal and acceptable to set the Offer Price at a discount to enhance the attractiveness of the Open Offer and to encourage the existing Shareholders to participate in the Open Offer;

(vi) the discount represented by the Offer Price to the closing price of the New Shares on the Last Trading Day falls below the mean and the median and within the LTD Market Range which is fair and reasonable so far as the Independent Shareholders are concerned; and

(vii) the discount represented by the Offer Price to the theoretical ex-entitlement price is close to the mean and median and falls within the TEP Market Range which is fair and reasonable so far as the Independent Shareholders are concerned;

we are of the view that (i) it is fair and reasonable so far as the Independent Shareholders are concerned that all Qualifying Shareholders being offered the same basis of entitlement and the same Offer Price under the Open Offer; and (ii) it is in the interest of the Independent Shareholders to take up the entitlements under the Open Offer to the maximum amount at their best effort. Accordingly, we are also of the view that the Independent Shareholders who give up their entitlement to participate in the to be improved financial position and the future development of the Group in the same sharing by maintaining their shareholding through taking up the entitlements under the Open Offer in full, should accept the dilution of the their shareholding.

RECOMMENDATION

Taking into consideration of the above mentioned principal factors and reasons, we consider that (i) the Open Offer is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Open Offer are on normal commercial terms; (iii) the basis of the Open Offer is fair and reasonable so far as the Independent Shareholders are concerned; and (iv) the dilution effect is acceptable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolutions to be proposed at the EGM to approve the Open Offer.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Michael Leung
Executive Director

A. THREE-YEARS FINANCIAL INFORMATION

The consolidated financial statements of the Group (i) for the six months ended 30 June 2013 is disclosed in the 2013 interim report of the Company published on 26 September 2013, from pages 3 to 16; (ii) for the financial year ended 31 December 2012 is disclosed in the 2012 annual report of the Company published on 25 April 2013, from pages 22 to 95; (iii) for the financial year ended 31 December 2011 is disclosed in the 2011 annual report of the Company published on 26 April 2012, from pages 24 to 99; and (iv) for the financial year ended 31 December 2010 is disclosed in the 2010 annual report of the Company published on 21 April 2011, from pages 27 to 95, all of which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company.

B. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2013, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had the following borrowings:

The Group

	HK$'000
Current liabilities	
Other loans (unsecured and unguaranteed)	66,972
Other loans (secured and guaranteed)	121,582
Total borrowings	188,554

The Target Company

	HK$'000
Current liabilities	
Other payable (unsecured and unguaranteed)	–
Total borrowings	–

The Enlarged Group

	HK$'000
Current liabilities	
Other loans (unsecured and unguaranteed)	66,972
Other loans (secured and guaranteed)	121,582
Total borrowings	188,554

Contingent liabilities

As at 30 September 2013, the Enlarged Group had no material contingent liabilities.

Commitments

As at 30 September 2013, the Enlarged Group had no commitments.

Disclaimer

Save as disclosed above, as at the close of business on 30 September 2013, the Enlarged Group did not have any debt securities, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and any liabilities under acceptances (other than normal trade bills) or other similar indebtedness, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

To the best understanding and knowledge of the Directors, the Directors confirm that there had been no material changes to the indebtedness position since 30 September 2013 up to the Latest Practicable Date.

Amounts referred to in this indebtedness statement denominated in currencies other than HK$ have been translated into HK$ at the relevant rates of exchange prevailing at the close of business on 30 September 2013.

C. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest published audited financial statements of the Group were made up.

D. WORKING CAPITAL STATEMENT

The Directors, after due and carefully enquiry, are of the opinion that following the completion of the Acquisition Agreement, the Open Offer as well as the CWA Subscription, after taking into account the financial resources available to the Enlarged Group, including internally generated funds and the available banking facilities, the Enlarged Group has sufficient working capital for its present requirements for at least the next 12 months from the expected date of the Resumption, in the absence of unforeseeable circumstances.

中汇
ZHONGHUI

12 November 2013

The Board of Directors
Mitsumaru East Kit (Holdings) Limited

Dear Sirs,

We set out below our report on the financial information (comprising the consolidated statements of financial position, consolidated statements of profit and loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows relating to the TV Business (as defined below) of Soyea Technology Co., Ltd ("Soyea"), a company established under the laws of the People's Republic of China (the "PRC"), whose issued shares are listed on the Shenzhen Stock Exchange (Stock code: 000909), for each of the three years ended 31 December 2012 and the six months ended 30 June 2013 (the "Predecessor Track Record Periods") (the "TV Business Financial Information") for inclusion in the circular dated 12 November 2013 (the "Circular") issued by Mitsumaru East Kit (Holdings) Limited (the "Company") in connection with its proposed acquisition for the entire equity interest in Soyea Jiu Rong Technology Company Limited ("Soyea Jiu Rong") (the "Acquisition"), a wholly owned subsidiary company of Soyea and established by Soyea to operate its TV Business as a result of the Reorganisation (as defined below).

The principal activities of Soyea are, inter alia, 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 (the "TV Business").

In conjunction with the Acquisition, Soyea Jiu Rong was established on 9 June 2013 in the PRC with registered capital of RMB90 million (which has already been fully paid up as at 30 June 2013) to act as the operating arm of Soyea's TV Business, the process of which involves, inter-alia, the transfer of 1) relevant assets of the TV Business principally representing the production facilities but excluding land and building; and 2) part of the assets and liabilities relating to the TV Business. The transfer, however, did not comprise 1) some of the assets and liabilities that were not directly related to the TV Business; 2) results of operations prior to the transfer such as bank balance and cash, finished goods, other receivables and payables, tax payables and bank borrowings; and 3) land and buildings related to the TV Business. Upon the transfer, Soyea Jiu Rong owns and operates the TV Business that was previously owned and operated by Soyea (the "Reorganisation").

No separate audited financial statements for the TV Business have been prepared for the Predecessor Track Record Periods as the TV Business was a part of Soyea. For the purpose of this report, Soyea has prepared management accounts for the TV Business for the Predecessor Track Record Periods in accordance with the accounting policies of Soyea which comply with accounting principles generally accepted in the PRC (the "Underlying Financial Statements").

The Underlying Financial Statements have been audited by Zhonghui Certified Public Accountants Co., Ltd., certified public accountants registered in the PRC in accordance with China Auditing Standards issued by the China Auditing Standards Board.

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The TV Business Financial Information set out in this report has been prepared from the Underlying Financial Statements for the purpose of preparing our report in accordance with the accounting policies of the Company which comply with the Hong Kong Financial Reporting Standards issued by the HKICPA ("HKFRSs") for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of Soyea who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the TV Business Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the TV Business Financial Information and to report our opinion to you.

In our opinion, the TV Business Financial Information gives, for the purpose of this report and on the basis of presentation sets out in note 2 below, a true and fair view of the state of affairs of the TV Business as at 31 December 2010, 2011 and 2012 and 30 June 2013 and of the results and cash flows of the TV Business for the Predecessor Track Record Periods.

The comparative statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the TV Business for the six months ended 30 June 2012 together with the notes thereon have been extracted from the TV Business' unaudited financial information for the same period (the "June 2012 Financial Information") which was prepared by the directors of Soyea solely for the purpose of this report. We conducted our review on the June 2012 Financial Information in accordance with the Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the HKICPA. Our review of the June 2012 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the June 2012 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the June 2012 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the TV Business Financial Information which conform with HKFRSs.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	Notes	**2010**	**2011**	**2012**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(audited)	(audited)	(audited)	(unaudited)	(audited)
Turnover	*5*	315,755	307,799	278,448	146,528	138,100
Cost of sales and services		(273,157)	(260,644)	(239,454)	(123,259)	(118,721)
Gross profit		42,598	47,155	38,994	23,269	19,379
Other income	*6*	3,412	5,024	4,816	2,347	527
Selling expenses		(9,439)	(12,154)	(8,869)	(4,505)	(3,810)
Administrative expenses		(21,781)	(21,982)	(20,499)	(8,279)	(10,756)
Other expenses		(785)	(334)	(272)	(147)	(143)
Profit before tax		14,005	17,709	14,170	12,685	5,197
Income tax expense	*7*	(2,101)	(2,656)	(2,126)	(1,903)	(780)
Profit for the year/period and total comprehensive income	*8*	11,904	15,053	12,044	10,782	4,417

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
	Notes	**2010**	**2011**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
		(audited)	(audited)	(audited)	(audited)
Non-current assets					
Property, plant and equipment	*9*	15,990	12,995	11,749	10,605
Current assets					
Inventories	*10*	91,353	47,097	31,339	28,426
Trade and bills receivables	*11*	179,964	127,401	109,105	123,149
Prepayments, deposits and other receivables	*12*	3,337	5,607	11,618	11,909
		274,654	180,105	152,062	163,484
Current liabilities					
Trade and bills payables	*13*	157,877	86,151	64,827	68,828
Accruals and other payables	*14*	5,894	11,216	10,433	1,837
		163,771	97,367	75,260	70,665
Net current assets		110,883	82,738	76,802	92,819
NET ASSETS		126,873	95,733	88,551	103,424
Capital and reserves					
Current accounts with Soyea	*15*	114,969	68,776	49,550	60,006
Retained profits		11,904	26,957	39,001	43,418
TOTAL EQUITY		126,873	95,733	88,551	103,424

STATEMENTS OF CHANGES IN EQUITY

	Current accounts with Soyea *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
As at 1 January 2010	54,637	–	54,637
Profit and total comprehensive income for the year	–	11,904	11,904
Advance from Soyea, net	60,332	–	60,332
As at 31 December 2010 (audited)	114,969	11,904	126,873
Profit and total comprehensive income for the year	–	15,053	15,053
Repayment to Soyea, net	(46,193)	–	(46,193)
As at 31 December 2011 (audited)	68,776	26,957	95,733
Profit and total comprehensive income for the year	–	12,044	12,044
Repayment to Soyea, net	(19,226)	–	(19,226)
As at 31 December 2012 (audited)	49,550	39,001	88,551

	Current accounts with Soyea *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
As at 1 January 2012	68,776	26,957	95,733
Profit and total comprehensive income for the period	–	10,782	10,782
Repayment to Soyea, net	(2,146)	–	(2,146)
As at 30 June 2012 (unaudited)	66,630	37,739	104,369
As at 1 January 2013	49,550	39,001	88,551
Profit and total comprehensive income for the period	–	4,417	4,417
Advance from Soyea, net	10,456	–	10,456
As at 30 June 2013 (audited)	60,006	43,418	103,424

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Cash flows from operating activities					
Profit before tax	14,005	17,709	14,170	12,685	5,197
Adjustments for:					
Depreciation	4,084	2,660	2,544	1,272	1,097
Gain on disposal of property, plant and equipment	(25)	(509)	(204)	(204)	(38)
Operating profit before working capital changes	18,064	19,860	16,510	13,753	6,256
Change in inventories	(30,031)	44,256	15,758	11,919	2,913
Change in trade and bills receivables	(118,785)	52,563	18,296	(18,948)	(14,044)
Change in prepayments, deposits and other receivables	1,868	(2,270)	(6,011)	1,024	(291)
Change in trade and bills payables	74,619	(71,726)	(21,324)	3,256	4,001
Change in accruals and other payables	(3,153)	5,322	(783)	(6,236)	(8,596)
Cash (used in)/generated from operations	(57,418)	48,005	22,446	4,768	(9,761)
Tax paid	(2,101)	(2,656)	(2,126)	(1,903)	(780)
Net cash (used in)/generated from operating activities	(59,519)	45,349	20,320	2,865	(10,541)
Cash flows from investing activities					
Purchase of property, plant and equipment	(920)	(281)	(1,410)	(1,234)	(251)
Proceeds from disposal of property, plant and equipment	107	1,125	316	515	336
Net cash (used in)/generated from investing activities	(813)	844	(1,094)	(719)	85
Cash flows from financing activities					
Advance from/(repayment to) Soyea	60,332	(46,193)	(19,226)	(2,146)	10,456
Net changes in cash and cash equivalents	–	–	–	–	–
Cash and cash equivalents at beginning of year/period	–	–	–	–	–
Cash and cash equivalents at end of year/period	–	–	–	–	–

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

Soyea Technology Company Limited* 數源科技股份有限公司 ("Soyea") was registered on 31 March 1999 in the PRC with limited liability and its issued shares are listed on the Shenzhen Stock Exchange (Stock Code: 000909). The parent company of Soyea is Westlake Electronics Group Co., Ltd* 西湖電子集團有限公司, which is a stated-owned sole capital company authorised by the Hangzhou government of the PRC. The address of its registered office and principal place of business of Soyea is No.11 Jiaogong Road, Westlake District, Hangzhou, China. The production base of Soyea is located at the industrial park of 5th Avenue, Xiasha Economic and Technological Development Zone, Hangzhou, the PRC.

The principal activities of Soyea are, inter alia, research and development, manufacturing and sales of digital television ("TV"), high definition liquid crystal display TV and set-top box ("STB") as well as provision of application of solutions regarding integration of tele-communication, TV and internet in the digital audio visual industry (the "TV Business"); and intellectual building projects and real estate.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The TV Business is a part of Soyea and the TV Business Financial Information is based on the Underlying Financial Statements, the preparation of which involving the allocation of the activities, assets and liabilities to the TV Business was determined by the management of Soyea, after making such adjustments to comply with the accounting policies of the Company, which comply with HKFRSs, for the purpose of inclusion in the Circular.

The TV Business Financial Information was prepared based on the items of assets, liabilities, income and expenses that can be (i) specifically identified to the TV Business or (ii) allocated to the TV Business on the basis discussed below (such items include selling expenses, administrative expenses and income tax expense). Items that do not meet the criteria set out in (i) and (ii) above are irrelevant to the TV Business and are not included in the accountants' report of the TV Business.

The following is the methodology employed in the identification and the inclusion of specific revenue, costs, expenses, assets and liabilities in relation to the TV Business:

(i) Sales of digital television, 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 were extracted from the sales ledgers by sale of product type. The amounts are reconcilable to the sales ledgers and also the sales accounts in the general ledger of Soyea.

(ii) Cost of sales comprises principally three major items, namely raw material costs, direct wages and manufacturing overheads. These costs were attributed to the TV Business according to the records kept by the respective production lines of Soyea.

(iii) Other income is segregated from other amounts according to their distinct nature as related to the TV Business, which includes principally gain on disposal of property, plant and equipment, subsidy for value-added tax on software integrated circuit and government grants.

(iv) Property, plant and equipment used by the TV Business were all included.

(v) Raw materials specifically purchased for the manufacture of TV and set-top box were all included. The work in progress and finished goods produced that were identifiable and exclusively related to the TV Business were all included.

(vi) Trade debtors, bills receivables, prepayments, deposits and other receivables that were identifiable from the debtors sub-ledger and general ledger and exclusively related to the TV Business were all included.

(vii) All liability items which were identifiable from the creditors sub-ledger and general ledger and related to the TV Business specifically were included.

Expenses that are relevant to the TV Business which are impracticable to identify specifically are determined on the following basis:

(i) Selling expenses and administrative expenses were allocated primarily on the percentage of the revenue of the TV Business to total revenue of Soyea.

(ii) Income tax expenses were calculated based on the tax rate of TV Business as if it was a separate tax reporting entity.

The treasury and cash disbursement functions of the TV Business are centrally administrated by Soyea. All the transactions within the TV Business are handled by Soyea centrally and therefore shown as movements in the current accounts with Soyea as advance from or repayment to Soyea in respect of the TV Business.

The management of the TV Business believes that the method of allocation of the above items presents a reasonable basis of estimating what the TV Business's operating results would have been on a stand-alone basis during the Predecessor Track Record Periods.

On 9 June 2013, Soyea established a wholly-owned subsidiary, Soyea Jiu Rong Technology Company Limited* 數源久融技術有限公司 (the "Target Company"). The Target Company was established by Soyea to operate its TV Business as a result of the proposed acquisition for the entire equity interest in the Target Company by Mitsumaru East Kit (Holdings) Limited, a public limited company incorporated in the Cayman Islands which shares are listed on The Stock Exchange of Hong Kong Limited (the "Acquisition").

In conjunction with the Acquisition, the Target Company was established in the PRC with registered capital of RMB90 million (which has already been fully paid up as at 30 June 2013) to act as the operating arm of Soyea's TV Business. As part of Soyea's reorganization, certain property, plant and equipment, inventories and trade receivables have be transferred and assigned to the Target Company. However, not all assets and liabilities of the TV Business as presented in the TV Business Financial Information were transferred to the Target Company. The details of those assets and liabilities that were retained by Soyea are disclosed in note 16(b) to this accountants' report.

The financial information of the TV Business as disclosed in Appendix IIA to this circular reflects the state of affairs of the TV Business during the Predecessor Track Record Periods and may not be indicative of the Target Company's future business performance and do not necessarily reflect what its results of operations, financial position and cash flows would have been had the business operated as a separate entity during the relevant periods.

The TV Business Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. HKFRSs comprise Hong Kong Financial Reporting Standards; and Interpretations. The TV Business Financial Information includes applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The TV Business Financial Information has been prepared under the historical cost convention.

The TV Business Financial Information has not applied the new HKFRSs that have been issued but are not yet effective. The management of the TV Business has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operation and financial position. The significant accounting policies applied in the preparation of the TV Business Financial Information are set out below.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the TV Business operates (the "functional currency"). The TV Business Financial Information is presented in Renminbi, which is the TV Business's functional and presentation currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the TV Business and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Plant and machinery	4-15 years
Office equipment	5-9 years
Computer equipment	6 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises of direct materials, direct labour and an appropriate proportion of overheads that have been incurred in bringing the inventories to its present location and condition, is calculated using the weighted average method. Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the TV Business becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the TV Business transfers substantially all the risks and rewards of ownership of the assets; or the TV Business neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Trade, bills and other receivables

Trade, bills and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that that TV Business will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowances is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables ' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Trade, bills and other payables

Trade, bills and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the TV Business and the amount of revenue can be measured reliably.

Sales are recognised where goods are delivered and title has passed.

Service income is recognised when services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

Employee leave entitlements: Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Pension obligations: The TV Business contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the TV Business and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the TV Business to the funds.

Termination benefits are recognised at the earlier of the dates when the TV Business can no longer withdraw the offer of those benefits and when the TV Business recognises restructuring costs and involves the payment of termination benefits.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The TV Business's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the TV Business intends to settle its current tax assets and liabilities on a net basis.

Related parties

(a) A person or a close member of that person's family is related to the TV Business if that person:

(i) has control or joint control over the TV Business;

(ii) has significant influence over the TV Business; or

(iii) is a member of the key management personnel of the TV Business or of a parent of the TV Business.

(b) An entity is related to the TV Business (reporting entity) if any of the following conditions applies:

(i) The entity and the TV Business are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the TV Business or an entity related to the TV Business. If the TV Business is itself such a plan, the sponsoring employers are also related to the TV Business.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent the entity).

Impairment of assets

At the end of each reporting period, the management of TV Business reviews the carrying amounts of its tangible assets except inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the management of TV Business estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the TV Business has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the TV Business's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. KEY ESTIMATES

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property, plant and equipment and depreciation: The TV Business determines the estimated useful lives, residual values and related depreciation charges for the TV Business's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The TV Business will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment loss for bad and doubtful debts: The TV Business makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Allowance for slow-moving inventories: Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

4. FINANCIAL RISK MANAGEMENT

The TV Business's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The TV Business's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the TV Business's financial performance.

(a) Foreign currency risk

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

(b) Credit risk

The carrying amount of trade and other receivables included in the statement of financial position represents the TV Business's maximum exposure to credit risk in relation to the TV Business's financial assets.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The TV Business's maximum exposure to credit risk is the event that counterparties fail to perform their obligations. The TV Business's credit risk is primarily attributable to its trade receivables. In order to minimise credit risk, the director has delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the director reviews the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the director considers that the TV Business's credit risk is significantly reduced.

The TV Business has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

(c) Liquidity risk

The TV Business's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. All financial liabilities of the TV Business are matured within 1 year.

(d) Interest rate risk

As the TV Business has no significant interest-bearing assets and liabilities, the TV Business's operating cash flows are substantially independent of changes in market interest rates.

(e) Categories of financial instruments

	As at 31 December			As at 30 June
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(audited)
Financial assets:				
Loans and receivables	179,964	127,401	109,105	123,149
Financial liabilities:				
Financial liabilities at amortised cost	161,683	89,721	74,911	69,745

(f) Fair value

The carrying amounts of the TV Business's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

5. TURNOVER

Turnover represents amounts received and receivable for goods sold and services rendered during the Predecessor Track Record Periods.

An analysis of the TV Business's turnover during the Predecessor Track Record Periods is as follow:

	Year ended 31 December			Six months ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Sales of TV set products	195,754	165,394	120,061	60,420	42,263
Sales of STB and provision of processing services for STB	104,089	141,926	99,798	50,436	72,895
Provision of application solution services	15,912	479	58,589	35,672	22,942
	315,755	307,799	278,448	146,528	138,100

The TV Business is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to senior management for the purposes of resource allocation and performance assessment. In addition, the principal assets employed are located in the PRC. Accordingly, no segment analysis is presented other than entity wide disclosures.

Entity-wide disclosures

Geographical information on turnover

	Year ended 31 December			Six months ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mainland China	99,878	269,647	170,828	97,147	98,833
Other countries	215,877	38,152	107,620	49,381	39,267
	315,755	307,799	278,448	146,528	138,100

Information about major customers

Revenues from customers contributing over 10% of the total revenue of the TV Business for the Predecessor Track Record Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Customer A	91,777	57,095	29,252	16,687	*
Customer B	48,146	–	–	–	–
Customer C	–	57,959	–	–	–
Customer D	*	*	29,820	*	–

* Less than 10% of total revenue of the TV Business

6. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Gain on disposal of property, plant and equipment	25	509	204	204	38
Subsidy for value-added tax on software integrated circuit	1,511	3,584	3,740	1,670	429
Government grants	1,791	844	609	470	60
Sundry income	85	87	263	3	–
	3,412	5,024	4,816	2,347	527

7. INCOME TAX EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Current tax on PRC Enterprise Income Tax ("EIT") Provision for the year/period	2,101	2,656	2,126	1,903	780

Under the Law of the PRC on EIT and Implementation of the EIT Law, the PRC income tax is calculated at 25%. As the hi-tech enterprise qualification license in the PRC was granted to Soyea, it would get the tax incentive for the PRC corporate income tax of 15% for the Predecessor Track Record Periods. Accordingly, the TV Business is provided for the PRC EIT at the rate of 15% for the Predecessor Track Record Periods.

The reconciliation between the income tax expense and the profit before tax is as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Profit before tax	14,005	17,709	14,170	12,685	5,197
Tax at the income tax rate of 15% and income tax expenses	2,101	2,656	2,126	1,903	780

8. PROFIT FOR THE YEAR/PERIOD

The TV Business's profit during the Predecessor Track Record Periods is stated after charging/(crediting) the following:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Costs of inventories sold	270,568	259,919	229,075	122,909	108,102
Costs of provision of processing and other services	2,589	725	10,379	350	10,619
	273,157	260,644	239,454	123,259	118,721
Depreciation	4,084	2,660	2,544	1,272	1,097
Net exchange (gains)/losses	(88)	(631)	273	6	166
Operating lease charges on land and buildings	2,775	2,673	2,722	1,462	1,623
Auditor's remuneration	86	77	88	–	137
Staff costs:					
Salaries, bonus and allowances	10,012	9,296	8,622	4,167	4,508
Retirement benefits scheme contributions	816	1,336	1,694	565	563
	10,828	10,632	10,316	4,732	5,071

9. PROPERTY, PLANT AND EQUIPMENT

	Plant and machineries *RMB'000*	Office equipment *RMB'000*	Computer equipment *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2010	81,127	4,737	2,886	88,750
Additions	486	357	77	920
Disposals	–	(100)	(5)	(105)
At 31 December 2010	81,613	4,994	2,958	89,565
Additions	116	26	139	281
Disposals	(18,649)	(25)	(120)	(18,794)
At 31 December 2011	63,080	4,995	2,977	71,052
Additions	1,268	57	85	1,410
Disposals	(495)	–	–	(495)
At 31 December 2012	63,853	5,052	3,062	71,967
Additions	97	38	116	251
Disposals	(298)	–	–	(298)
At 30 June 2013	63,652	5,090	3,178	71,920
Accumulated depreciation				
At 1 January 2010	64,058	3,000	2,456	69,514
Charge for the year	3,051	866	167	4,084
Disposals	–	(21)	(2)	(23)
At 31 December 2010	67,109	3,845	2,621	73,575
Charge for the year	2,150	382	128	2,660
Disposals	(18,044)	(24)	(110)	(18,178)
At 31 December 2011	51,215	4,203	2,639	58,057
Charge for the year	2,091	344	109	2,544
Disposals	(383)	–	–	(383)
At 31 December 2012	52,923	4,547	2,748	60,218
Charge for the period	985	56	56	1,097
At 30 June 2013	53,908	4,603	2,804	61,315
Carrying amount				
At 30 June 2013	9,744	487	374	10,605
At 31 December 2012	10,930	505	314	11,749
At 31 December 2011	11,865	792	338	12,995
At 31 December 2010	14,504	1,149	337	15,990

10. INVENTORIES

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	37,743	20,982	14,656	14,400
Work in progress	7,015	3,768	2,865	2,841
Finished goods	46,595	22,347	13,818	11,185
	91,353	47,097	31,339	28,426

11. TRADE AND BILLS RECEIVABLES

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables from:				
– Third parties	86,776	90,613	82,640	117,495
– Related companies				
Hangzhou Yi Ho Net Co., Ltd* 杭州易和網絡有限公司 *(note)*	10	973	1,259	755
	10	973	1,259	755
	86,786	91,586	83,899	118,250
Bills receivable	93,178	35,815	25,206	4,899
	179,964	127,401	109,105	123,149

Notes:

Hangzhou Yi Ho Net Co., Ltd is a subsidiary of Soyea. The trade receivable balance was unsecured, interest-free and the credit terms are generally one year.

The TV Business's trading terms with other customers are mainly on credit, which are generally one year. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The TV Business seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

The aging analysis of trade receivables, based on the delivery date, and net of allowance, is as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	84,160	85,035	70,203	105,741
One to two years	2,385	5,717	11,802	11,352
Over two years	241	834	1,894	1,157
	86,786	91,586	83,899	118,250

At 31 December 2010, 2011 and 2012 and 30 June 2013, certain bill receivables with the carrying amounts of approximately RMBnil, RMBnil, RMB1,200,000 and RMBnil of the TV Business were pledged to secure for the bank borrowings of Soyea.

As of 30 June 2013, trade receivables of RMB12,509,000 (31 December 2010, 2011 and 2012: RMB2,626,000, RMB6,551,000 and RMB13,696,000 respectively) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
One to two years	2,385	5,717	11,802	11,352
Over two years	241	834	1,894	1,157
	2,626	6,551	13,696	12,509

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Related parties:				
Westlake Group (HK) Limited* 西湖集團(香港)有限公司 *(note)*	–	–	–	1,097
Third parties:				
– Prepayments for acquisition of raw materials	1,497	4,466	10,553	9,466
– Deposits	1,840	1,141	1,065	1,346
	3,337	5,607	11,618	10,812
	3,337	5,607	11,618	11,909

Note: Westlake Group (HK) Limited is under common control with Soyea. The amount due from Westlake Group (HK) Limited is unsecured, interest free and have no fixed repayment term.

13. TRADE AND BILL PAYABLES

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– Third parties	52,290	33,396	18,371	51,099
– Related companies				
Westlake Group (HK) Limited	23,230	11,221	8,614	–
Soyea Mobile Communication Equipment Co., Ltd* 數源移動通訊設備有限公司	32	821	763	1,504
	23,262	12,042	9,377	1,504
	75,552	45,438	27,748	52,603
Bill payables	82,325	40,713	37,079	16,225
	157,877	86,151	64,827	68,828

The trade payable balances due to related companies were unsecured, interest-free and are payable within one year.

Note: Soyea Mobile Communication Equipment Co., Ltd is under common control with Soyea.

The trade payables are non-interest bearing. The payment terms with suppliers are normally on credit payable within one year from the times when goods are received from the suppliers. Bills payables are with the maturity of less than six months.

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	75,459	45,133	27,475	52,392
Over one year	93	305	273	211
	75,552	45,438	27,748	52,603

14. ACCRUALS AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receipt in advance	3,806	3,570	10,084	917
Other tax payable	584	7,079	273	877
Others	1,504	567	76	43
	5,894	11,216	10,433	1,837

15. CURRENT ACCOUNT WITH SOYEA

The current account represents the advance provided by Soyea to finance the operation of the TV Business, which is derived from the net payment/receipt made by Soyea on behalf of the TV Business for the operation of the TV Business. In the opinion of the management of the TV Business, the advance is unsecured, non-interest bearing and is neither required nor expected to be settled.

16. RELATED PARTY TRANSACTIONS

a) In addition to those related party transactions and balances disclosed elsewhere in the TV Business Financial Information, the TV Business had the following transactions with its related parties during the Predecessor Track Record Periods:

During the Predecessor Track Record Periods, the management of TV Business is of the view that the following individual/companies are related parties of the TV Business:

Name of party	**Relationship**
Zhejiang Soyea Trading Co., Ltd. * 浙江數源貿易有限公司	Subsidiary of Soyea
Hangzhou Ya Ho Net Co., Ltd	Subsidiary of Soyea
Hangzhou Zhong Hsing Property Development Co., Ltd.* 杭州中興房地產開發有限公司	Subsidiary of Soyea
Westlake Electronics Group Co., Ltd.* 西湖電子集團有限公司	Immediate holding company of Soyea
Westlake Group (HK) Limited	Under common control with Soyea
Soyea Mobile Communication Equipment Co., Ltd	Under common control with Soyea

	Year ended 31 December			**Six months ended 30 June**	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Sales to :					
Zhejiang Soyea Trading Co., Ltd.	91,578	57,697	29,508	16,687	9,177
Hangzhou Ya Ho Net Co., Ltd	4,443	646	1,167	705	–
Hangzhou Zhong Hsing Property Development Co., Ltd.	349	129	–	–	–
Westlake Electronics Group Co., Ltd.	812	230	–	–	–
Soyea Mobile Communication Equipment Co., Ltd	2,452	–	–	–	–
	99,634	58,702	30,675	17,392	9,177
Purchases from:					
Zhejiang Soyea Trading Co., Ltd.	8,640	50,434	4,584	4,224	1,915
Soyea Mobile Communication Equipment Co., Ltd	3,206	4,205	3,585	2,072	2,157
Westlake Group (HK) Limited	39,430	40,548	39,669	16,549	12
	51,276	95,187	47,838	22,845	4,084

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Others:					
Sales services charges paid to Zhejiang Soyea Trading Co., Ltd.	–	1,649	684	523	–
Software development service fees paid to Soyea Mobile Communication Equipment Co., Ltd	–	–	472	–	–
Rental expenses paid to Soyea	1,627	1,269	1,277	747	729
Rental expense paid to Westlake Electronics Group Co., Ltd.	1,148	1,404	1,445	715	894

In addition to the above, at 31 December 2012, certain bill receivables with carrying amount of approximately RMB1,200,000 of the TV Business were pledged to secure for the bank borrowings of Soyea.

b) As part of Soyea's reorganisation exercise, certain property, plant and equipment, inventories and trade receivables would be transferred and assigned to the Target Company, a subsidiary of Soyea, as follows:

	As at 30 June 2013	Assets transferred/ assigned to Soyea Jiu Rong	Assets and liabilities retained by Soyea
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property plant and equipment	10,605	(3,431)	7,174
Current assets			
Inventories	28,426	(17,241)	11,185
Trade and bills receivables	123,149	(15,789)	107,360
Prepayments, deposits and other receivables	11,909	–	11,909
	163,484	(33,030)	130,454
Current liabilities			
Trade and bills payables	68,828	–	68,828
Accruals and other payables	1,837	–	1,837
	70,665	–	70,665
Net current assets	92,819	(33,030)	59,789
NET ASSETS	103,424	(36,461)	66,963

Soyea ceased TV Business in July 2013 and their relevant assets and liabilities except for the abovementioned assets transferred/assigned to Soyea Jiu Rong were retained by Soyea since July 2013.

17. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the TV Business in respect of any period subsequent to 30 June 2013.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614
Hong Kong, 12 November 2013

中汇
ZHONGHUI

12 November 2013

The Board of Directors
Mitsumaru East Kit (Holdings) Limited

Dear Sirs,

We set out below our report on the financial information relating to Soyea Jiu Rong Technology Company Limited ("Soyea Jiu Rong", the "Target Company"), which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 9 June 2013 (date of establishment) to 30 June 2013 (the "Relevant Period") and the statement of financial position as at 30 June 2013 (the "Financial Information") for inclusion in the circular dated 12 November 2013 (the "Circular") issued by Mitsumaru East Kit (Holdings) Limited (the "Company") in connection with its proposed acquisition for the entire equity interest in the Target Company (the "Acquisition").

Soyea Jiu Rong was established on 9 June 2013 in the People's Republic of China (the "PRC"). As at the date of this report, the registered and paid-up capital of Soyea Jiu Rong is RMB90 million. The principal activities of Soyea Jiu Rong are 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 (the "TV Business").

No audited financial statements for Soyea Jiu Rong have been prepared for the period from the date of its establishment as it has not reached respective statutory requirement in accordance with the relevant rules and regulations in the PRC. For the purpose of this report, Soyea Jiu Rong has prepared management accounts for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "HKFRS Financial Statements"). We have, for the purpose of this report, carried out appropriate audit procedures in respect of the HKFRS Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

We have examined the HKFRS Financial Statements and have carried out such additional procedures as necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information set out in this report has been prepared from the HKFRS Financial Statements for the purpose of preparing our report for inclusion in the Circular without making any adjustment.

The HKFRS Financial Statements are the responsibility of the directors of Soyea Jiu Rong, who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the HKFRS Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Soyea Jiu Rong as at 30 June 2013 and of its results and cash flows for the Relevant Period.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Period from 9 June 2013 (Date of Establishment) to 30 June 2013

	Notes	**From 9 June 2013 (date of establishment) to 30 June 2013** *RMB'000*
Turnover	*5*	–
Interest income		9
Administrative expenses		(52)
Loss and total comprehensive loss for the period		(43)

STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2013** *RMB'000*
Non-current assets		
Property, plant and equipment	*8*	3,431
Current assets		
Inventories	*9*	17,241
Trade receivables	*10*	15,789
Prepayments, deposits and other receivables	*11*	3,276
Bank and cash balances		56,444
		92,750
Current liabilities		
Trade payables	*12*	5
Accruals and other payables		48
Due to immediate holding company	*13*	6,171
		6,224
Net current assets		86,526
NET ASSETS		89,957
Capital and reserves		
Paid-up capital	*14*	90,000
Reserves		(43)
TOTAL EQUITY		89,957

STATEMENT OF CHANGES IN EQUITY

	Paid-ip capital RMB'000	Accumulated loss RMB'000	Total RMB'000
At 9 June 2013 (date of establishment)	–	–	–
Capital injection	90,000	–	90,000
Loss and total comprehensive loss for the period	–	(43)	(43)
As at 30 June 2013	90,000	(43)	89,957

STATEMENTS OF CASH FLOWS

	From 9 June 2013 (date of establishment) to 30 June 2013 RMB'000
Cash flows from operating activities	
Loss and total comprehensive loss for the period	(43)
Adjustments for:	
Depreciation	–
Operating profit before working capital changes	(43)
Change in inventories	(17,241)
Change in trade receivables	(15,789)
Change in prepayments, deposits and other receivables	(3,276)
Change in trade payables	5
Change in accruals and other payables	48
Net cash used in operating activities	(36,296)
Cash flows from investing activities	
Purchase of property, plant and equipment	(3,431)
Cash out flows from financing activities	
Capital injection	90,000
Advance from immediate holding company	6,171
Cash from financing activities	96,171
Net increase in cash and cash equivalents and cash and cash equivalents at end of period	56,444
Analysis of cash and cash equivalents	
Bank and cash balances	56,444

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

Soyea Jiu Rong Technology Company Limited* 數源久融技術有限公司 (the "Target Company") was registered on 9 June 2013 in the PRC with limited liability. The parent company of the Target Company is Soyea Technology Co., Ltd.* 數源科技股份有限公司, ("Soyea") which issued shares are listed on the Shenzhen Stock Exchange (Stock Code: 000909). The address of its registered office and principal place of business of Soyea Jiu Rong is No.1 Jiaogong Road, Westlake District, Hangzhou, China. The production base of Soyea Jiu Rong is located at the industrial park of 5th Avenue, Xiasha Economic and Technological Development Zone, Hangzhou, the PRC.

The principal activities of the Target Company are research and development, manufacturing and sales of digital television ("TV"), high definition liquid crystal display TV and set-top box ("STB") as well as provision of application of solutions regarding integration of tele-communication, TV and internet in the digital audio visual industry (the "TV Business").

The Target Company was established by Soyea to operate its TV Business as a result of the proposed acquisition for the entire equity interest in the Target Company by Mitsumaru East Kit (Holdings) Limited, a public limited company incorporated in the Cayman Islands which shares are listed on The Stock Exchange of Hong Kong Limited (the "Acquisition").

In conjunction with the Acquisition, the Target Company was established on 9 June 2013 in the PRC with registered capital of RMB90 million (which has already been fully paid up as at 30 June 2013) to act as the operating arm of Soyea's TV Business, the process of which involves, inter-alia, the transfer of 1) relevant assets of the TV Business principally representing the production facilities but excluding land and building; and 2) part of the assets and liabilities relating to the TV Business. The transfer, however, did not comprise 1) some of the assets and liabilities that were not directly related to the TV Business; 2) results of operations prior to the transfer such as bank balance and cash, finished goods, other receivables and payables, tax payables and bank borrowings; and 3) land and buildings related to the TV Business. Upon the transfer, the Target Company owns and operates the TV Business that was previously owned and operated by Soyea (the "Reorganisation").

The details of the assets transferred/assigned are disclosed to note 15 to this accountants' report.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The Financial Information also includes applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Financial Information has been prepared under the historical cost convention.

For the purpose of preparing and presenting the Financial Information, the Target Company has adopted all the new and revised HKFRSs that are effective for its accounting period beginning on 1 January 2013.

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

The significant accounting policies applied in the preparation of the Financial Information are set out below.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Target Company operates (the "functional currency"). The Financial Information is presented in Renminbi, which is the Target Company's functional and presentation currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises of direct materials, direct labour and an appropriate proportion of overheads that have been incurred in bringing the inventories to its present location and condition, is calculated using the weighted average method. Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Company becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Company transfers substantially all the risks and rewards of ownership of the assets; or the Target Company neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that that Target Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowances is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Target Company' s cash management are also included as a component of cash and cash equivalents.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Target Company and the amount of revenue can be measured reliably.

Interest income is recognised on a time-proportion basis using the effective interest method.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Company intends to settle its current tax assets and liabilities on a net basis.

Related parties

(a) A person or a close member of that person's family is related to the Target Company if that person:

(i) has control or joint control over the Target Company;

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

(b) An entity is related to the Target Company (reporting entity) if any of the following conditions applies:

(i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company. If the Target Company is itself such a plan, the sponsoring employers are also related to the Target Company .

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Impairment of assets

At the end of each reporting period, the Target Company reviews the carrying amounts of its tangible assets except inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Target Company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that have the most significant effect on the amounts recognised in the Financial Information.

Acquisition of assets: As part of the Reorganisation process as mentioned in note 1 to this accountants' report, the immediate holding company has gradually transferred certain assets related to the TV Business to the Target Company. The directors of the Target Company consider at this stage, such transfers only represent purchases of assets from a related party. Upon completion of the Acquisition as mentioned in note 1 to this accountants' report, the Target Company will be acquired by Mitsumaru East Kit (Holdings) Limited and the Acquisition would constitute a business combination.

Key Sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property, plant and equipment and depreciation: The Target Company determines the estimated useful lives, residual values and related depreciation charges for the Target Company's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Target Company will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment loss for bad and doubtful debts: The Target Company makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Allowance for slow-moving inventories: Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

4. FINANCIAL RISK MANAGEMENT

The Target Company's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Target Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Company's financial performance.

(a) Foreign currency risk

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

(b) Credit risk

The carrying amount of the cash and bank balances and trade and other receivables included in the statement of financial position represents the Target Company's maximum exposure to credit risk in relation to the Target Company's financial assets.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Target Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 30 June 2013 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the statements of financial position. The Target Company's credit risk is primarily attributable to its trade receivables. In order to minimise credit risk, the director has delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the director reviews the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the director considers that the Target Company's credit risk is significantly reduced.

The Target Company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

(c) Liquidity risk

The Target Company' s policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

All financial liabilities of the Target Company are matured within 1 year.

(d) Interest rate risk

As the Target Company has no significant interest-bearing assets and liabilities, the Target Company's operating cash flows are substantially independent of changes in market interest rates.

(e) Categories of financial instruments

	As at 30 June 2013 *RMB'000*
Financial assets:	
Loans and receivables (including cash and cash equivalents)	72,233
Financial liabilities:	
Financial liabilities at amortised cost	6,176

(f) Fair value

The carrying amounts of the Target Company's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

5. TURNOVER

The Target Company did not record any revenue during the Relevant Period.

6. INCOME TAX EXPENSE

Under the Law of the PRC on Enterprise Income Tax (the "EIT") and Implementation of the EIT Law, the PRC income tax is calculated at 25%. No provision for PRC Income Tax is required since the Target Company has no assessable profit for the Relevant Period.

The reconciliation between the income tax expense and the loss before tax is as follows:

	From 9 June 2013 (date of establishment) to 30 June 2013 *RMB'000*
Loss before tax	(43)
Tax at the income tax rate of 25%	(11)
Tax effect of tax loss not recognised	11
Income tax expenses	–

At the end of the reporting period the Target Company has unused tax losses of RMB43,000 available for offset against future profits. No deferred tax asset has been recognised in respect of the tax loss due to the unpredictability of future profit streams.

7. DIRECTORS' REMUNERATION

The director of the Target Company did not receive any fees or emoluments in respect of their services to the Target Company during the Relevant Period.

8. PROPERTY, PLANT AND EQUIPMENT

	Plant and machineries *RMB'000*	Motor Vehicle *RMB'000*	Office equipment *RMB'000*	Total *RMB'000*
Cost				
Additions and at 30 June 2013	1,974	31	1,426	3,431
Carrying amount				
At 30 June 2013	1,974	31	1,426	3,431

9. INVENTORIES

	As at 30 June 2013 *RMB'000*
Raw materials	14,203
Work in progress	3,038
	17,241

10. TRADE RECEIVABLES

	As at 30 June 2013 *RMB'000*
Trade receivables from third parties assigned from Soyea	15,789

During the period, as a result of the Reorganisation, Soyea assigned trade receivables amounting to RMB15,789,000 to the Target Company. Soyea's trading terms with customers are mainly on credit, which are generally within one year. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Target Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the director.

The aging analysis of trade receivables, based on the delivery date, and net of allowance, is as follows:

	As at 30 June 2013 *RMB'000*
Within one year	15,789

As of 30 June 2013, none of the Target Company's trade receivables were past due but not impaired.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2013 *RMB'000*
– Prepayments for acquisition of raw materials	99
– Other tax receivable	3,177
	3,276

12. TRADE PAYABLES

	As at 30 June 2013 *RMB'000*
Trade payables	5

The trade payables are non-interest bearing. The aging analysis of trade payables, based on the date of receipt of goods, is within one year.

13. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The advance is unsecured, non-interest bearing and has no fixed repayment terms.

14. PAID-UP CAPITAL

	As at 30 June 2013 *RMB'000*
Registered capital	90,000
Paid-up capital	90,000

15. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the Financial Information, the Target Company had the following transactions with its related parties during the Relevant Period:

During the Relevant Period, the directors of Target Company are of the view that Soyea Technology Co., Ltd is the immediate holding company of the Target Company.

In conjunction with the Reorganisation as mentioned in note 1 to this accountants' report, the Target Company had the following transactions with its immediate holding company:

	From 9 June 2013 (date of establishment) to 30 June 2013 *RMB'000*
Acquisition of property, plant and equipment from immediate holding company	3,431
Assignment of trade receivables from immediate holding company	15,789
Acquisition of inventories from immediate holding company	17,241

The above assets were acquired at fair value at a consideration of RMB36,461,000. No gain or loss has been resulted from the acquisition of assets. The consideration was settled by cash and the source of funds was arising from the capital contribution from the immediate holding company.

16. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 30 June 2013.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614
Hong Kong, 12 November 2013

A. Introduction

The accompanying unaudited pro forma financial information of the Enlarged Group has been prepared to illustrate the effect of the (i) Proposed Acquisition of the entire equity interest in Soyea Jiu Rong Technology Company Limited ("Soyea Jiu Rong", the "Target Company"), (ii) share subscription by New Prime, a wholly-owned subsidiary of CWA, for 1,000,000,000 Shares of the Company (the "CWA Subscription"); and (iii) Open Offer on the basis of six (6) Offer Shares for every (1) existing Share held on the Record Date.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2012 are prepared based on (i) the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 30 December 2012, as extracted from the annual report of the Company for the year then ended; and (ii) the audited statement of comprehensive income of TV Business of Soyea (the "Precedent Financial Results of Soyea Jiu Rong") and the audited statement of cash flows of TV Business of Soyea (the "Precedent Financial Cash Flows of Soyea Jiu Rong") for the year ended 31 December 2012, both of which are based on the accountant's report thereon set out in Appendix IIA to this circular and translated from RMB to HK$ at the rate of RMB$1.00 = HK$1.27, as if the Proposed Acquisition had been completed at the beginning of the year ended 31 December 2012.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2013 is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013, as extracted from the interim report of the Company for the period then ended; and (ii) the audited statement of financial position of the Target Company as at 30 June 2013, based on the accountant's report thereon set out in Appendix IIB to this circular and translated from RMB to HK$ at the rate of RMB1.00 = HK$1.27, as if the Proposed Acquisition had been completed on 30 June 2013.

The unaudited pro forma financial information is prepared to provide information on the Enlarged Group as a result of completion of the Proposed Acquisition, the CWA Subscription and the Open Offer.

The unaudited pro forma financial information is based on a number of assumptions, estimates and uncertainties. It does not purport to describe (i) the actual financial position of the Enlarged Group that would have been attained and the Proposed Acquisition, the CWA Subscription and the Open Offer been completed on 30 June 2013; and (ii) the actual results and cash flows of the Enlarged Group that would have been attained had the Proposed Acquisition, the CWA Subscription and the Open Offer been completed on 1 January 2012. The unaudited pro forma financial information does not purport to predict the future financial position, results and cash flows of the Enlarged Group.

The unaudited pro forma financial information should be read in conjunction with the historical financial information of the Group as set out in the published (1) interim report of the Company for the six months ended 30 June 2013; (2) annual report of the Company for the year ended 31 December 2012; and (3) other financial information included elsewhere in this circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE ENLARGED GROUP

	The Group for the year ended 31 December 2012 *HK$'000* *(Note 1)*	The Precedent Financial Results of Soyea Jiu Rong for the year ended 31 December 2012 *HK$'000* *(Note 2)*	Enlarged Group *HK$'000*
CONTINUING OPERATIONS			
Turnover	17,854	353,629	371,483
Cost of sales	(11,899)	(304,106)	(316,005)
Gross profit	5,955	49,523	55,478
Other income and gains	934	6,116	7,050
Selling and distribution costs	(1,100)	(11,264)	(12,364)
Administrative expenses	(13,102)	(26,034)	(39,136)
Other operating expenses	(10,644)	(345)	(10,989)
Gain recognised on disposal of an associate	257	–	257
Gain recognised on disposal of subsidiaries, net	3,224	–	3,224
Finance costs	(4,312)	–	(4,312)
(Loss)/profit before income tax	(18,788)	17,996	(792)
Income tax expense	(563)	(2,700)	(3,263)
(Loss)/profit for the year	(19,351)	15,296	(4,055)
DISCONTINUED OPERATION			
Profit for the year from discontinued operation	32,129	–	32,129
Profit for the year	12,778	15,296	28,074
Other comprehensive loss, after tax			
Release of exchange fluctuation reserve on disposal of subsidiaries	(8,346)	–	(8,346)
Gain on revaluation of buildings	2,281	–	2,281
Exchange difference on translating foreign operations	(80)	–	(80)
Other comprehensive loss, net of tax	(6,145)	–	(6,145)
Total comprehensive income for the year	6,633	15,296	21,929

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

	The Group as at 30 June 2013 HK$'000 (Note 3)	Soyea Jiu Rong as at 30 June 2013 HK$'000 (Note 4)	Subtotal HK$'000	Pro forma adjustments: Acquisition of Soyea Jiu Rong HK$'000 (Note 5)	Pro forma adjustments: CWA Subscription HK$'000 (Note 6)	Pro forma adjustments: Open Offer HK$'000 (Note 7)	Enlarged Group as at 30 June 2013 HK$'000
Non-current assets							
Property, plant and equipment	752	4,357	5,109				5,109
Intangible assets (including goodwill)	4,617	–	4,617	19,105			23,722
Total non-current assets	5,369	4,357	9,726				28,831
Current assets							
Inventories	6,079	21,896	27,975				27,975
Trade and notes receivables	17,745	20,052	37,797				37,797
Prepayments, deposits and other receivables	2,078	4,160	6,238				6,238
Cash and cash equivalents	302	71,684	71,986	(133,350)		233,000	171,636
Total current assets	26,204	117,792	143,996				243,646
Current liabilities							
Trade and bills payables	5,628	6	5,634				5,634
Other payables, accrued expenses and deposits receive	18,489	61	18,550				18,550
Amount due to Soyea company	–	7,837	7,837				7,837
Amount due to non-controlling interests	257	–	257				257
Other loans	144,472	–	144,472		(100,000)		44,472
Derivative financial instrument	5,131	–	5,131				5,131
Tax payable	1,718	–	1,718				1,718
Total current liabilities	175,695	7,904	183,599				83,599
Net current (liabilities)/assets	(149,491)	109,888	(39,603)				160,047
Net assets/(liabilities)	(144,122)	114,245	(29,877)				188,878

	The Group as at 30 June 2013 HK$'000 (Note 3)	Soyea Jiu Rong as at 30 June 2013 HK$'000 (Note 4)	Subtotal HK$'000	Pro forma adjustments: Acquisition of Soyea Jiu Rong HK$'000 (Note 5)	Pro forma adjustments: CWA Subscription HK$'000 (Note 6)	Pro forma adjustments: Open Offer HK$'000 (Note 7)	Enlarged Group as at 30 June 2013 HK$'000
Capital and reserves							
Issued/paid-up capital	40,000	114,300	154,300	(114,300)	100,000	240,000	380,000
Exchange fluctuation reserve	(84)	–	(84)				(84)
Reserves	(185,614)	(55)	(185,669)	55		(7,000)	(192,614)
Equity attributable to owners of the Company	(145,698)	114,245	(31,453)				187,302
Non-controlling interests	1,576	–	1,576				1,576
Total equity	(144,122)	114,245	(29,877)				188,878

D. UNAUDITED PRO FORMA CONSOLIDATED CASH FLOWS OF THE ENLARGED GROUP

	The Group for the year ended 31 December 2012	The Precedent Financial Cash Flows of Soyea Jiu Rong for the year ended 31 December 2012	Subtotal	Pro forma adjustments		Enlarged Group
				Acquisition of Soyea Jiu Rong	Open Offer	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 8)*		*(Note 5)*	*(Note 7)*	
Cash flows from operating activities						
(Loss)/profit before income tax from continuing operations	(18,788)	17,996	(792)			(792)
Profit before income tax from discontinued operations	31,905	–	31,905			31,905
	13,117	17,996	31,113			31,113
Adjustment for:						
Impairment of trade receivables, net	6,900	–	6,900			6,900
Interest income	(22)	–	(22)			(22)
Fair value change of a derivative financial instrument	145	–	145			145
Gain recognised on disposal of discontinued operations, net	(62,963)	–	(62,963)			(62,963)
Gain recognised on disposal of an associate	(257)	–	(257)			(257)
Gain on disposal of subsidiaries, net	(3,224)	–	(3,224)			(3,224)
Gain on disposal of property, plant and equipment	–	(259)	(259)			(259)
Provision of impairment of other receivables	13,437	–	13,437			13,437
Impairment of property, plant and equipment	4,525	–	4,525			4,525
Reversal of impairment of an available-for-sale investment	(446)	–	(446)			(446)
Finance costs	5,871	–	5,871			5,871
Loss on disposal of property, plant and equipment	71	–	71			71
Depreciation for property, plant and equipment	3,750	3,231	6,981			6,981
Depreciation for investment property	556	–	556			556
Amortisation of prepaid land premiums	97	–	97			97
Write-down of inventories, net	5,070	–	5,070			5,070
Operating profit/(loss) before working capital changes	(13,373)	20,968	7,595			7,595

	The Group for the year ended 31 December 2012 HK$'000 (Note 1)	The Precedent Financial Cash Flows of Soyea Jiu Rong for the year ended 31 December 2012 HK$'000 (Note 8)	Subtotal HK$'000	Pro forma adjustments: Acquisition of Soyea Jiu Rong HK$'000 (Note 5)	Pro forma adjustments: Open Offer HK$'000 (Note 7)	Enlarged Group HK$'000
Decrease in inventories	2,577	20,013	22,590			22,590
Decrease in trade and note receivables	28,925	23,236	52,161			52,161
Decrease/(increase) in prepayments, deposits and other receivables	20,411	(7,634)	12,777			12,777
Decrease in trade and bills payables	(39,319)	(27,081)	(66,400)			(66,400)
Decrease in other payables, accrued expenses and deposits received	(2,465)	(994)	(3,459)			(3,459)
Tax paid	–	(2,700)	(2,700)			(2,700)
Cash used in operations and net cash inflow/(outflows) from operating activities	(3,244)	25,808	22,564			22,564
Cash flows from investing activities						
Interest received	22	–	22			22
Purchases of property, plant and equipment	(2,375)	(1,791)	(4,166)			(4,166)
Disposal of subsidiaries, net	(2,249)	–	(2,249)			(2,249)
Acquisition of subsidiary, net	(6,100)	–	(6,100)			(6,100)
Proceeds from disposal of fixed assets	–	401	401			401
Acquisition of Soyea Jiu Rong	–	–	–	(133,350)		(133,350)
Net cash outflow from investing activities	(10,702)	(1,390)	(12,092)			(145,442)

	The Group for the year ended 31 December 2012 HK$'000 (Note 1)	The Precedent Financial Cash Flows of Soyea Jiu Rong for the year ended 31 December 2012 HK$'000 (Note 8)	Subtotal HK$'000	Pro forma adjustments: Acquisition of Soyea Jiu Rong HK$'000 (Note 5)	Pro forma adjustments: Open Offer HK$'000 (Note 7)	Enlarged Group HK$'000
Cash flows from financing activities						
New other loans from third parties	15,588	–	15,588			15,588
Repayment of other loans from third parties	(15,418)	–	(15,418)			(15,418)
Repayment of bank loans	(36,502)	–	(36,502)			(36,502)
Repayment to Soyea	–	(24,418)	(24,418)			(24,418)
New bank loans	42,700	–	42,700			42,700
Repayment of advances from the controlling beneficial shareholder, net	(65)	–	(65)			(65)
Interest paid	(2,479)	–	(2,479)			(2,479)
Net proceeds from the Open Offer	–	–	–		233,000	233,000
Net cash inflow/(outflow) from financing activities	3,824	(24,418)	(20,594)			212,406
Net (decrease)/ increase in cash and cash equivalents	(10,122)	–	(10,122)			89,528
Cash and cash equivalents at beginning of year	12,662	–	12,662			12,662
Effect of foreign exchange rate changes, net	(369)	–	(369)			(369)
Cash and cash equivalents at end of year	2,171	–	2,171			101,821

Notes to the unaudited Pro forma consolidated financial information of the Enlarged Group

1. The financial information is extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2012 as set out in the annual report of the Company for the year then ended.

2. The financial information is extracted from the audited financial statements of the TV Business of Soyea (Precedent Financial Results of Soyea Jiu Rong) for the year ended 31 December 2012 as set out in Appendix IIA to this Circular.

3. The financial information is extracted from the unaudited condensed consolidated financial statements of the Group for the period ended 30 June 2013 as set out in the interim report of the Company for the six months ended 30 June 2013.

4. The financial information is extracted from the audited financial statements of Soyea Jiu Rong as at 30 June 2013 as set out in Appendix IIB to this Circular.

5. Pursuant to the Proposed Acquisition, the Group is to acquire the entire equity interest in Soyea Jiu Rong, the Target Company, at an Acquisition Consideration of RMB105,000,000 (equivalent to approximately HK$133,350,000), payable at cash.

The difference of HK$19,105,000 between the Acquisition Consideration and the net asset value of Soyea Jiu Rong as at 30 June 2013 represents goodwill arising from the acquisition. The carrying amounts of Soyea Jiu Rong's financial assets and financial liabilities approximate their respective fair values as at 30 June 2013.

Goodwill is measured as the excess of the sum of the consideration transferred over the fair value of the identifiable assets acquired less liabilities assumed. The amount of goodwill may change upon completion if fair value of the assets acquired and liabilities assumed on completion date are different to the amounts adopted for this Pro Forma Financial Information.

The goodwill has been assessed for impairment in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" by the directors of the Company and the Company's reporting accountant has agreed with the relevant assessments. No indication of an impairment loss is required at this initial stage. The Company and the Company's reporting accountant will adopt consistent accounting policies, principal assumptions and valuation methods for the impairment tests of goodwill and intangible assets for the pro forma financial information and any future assessment.

The adjustment is not expected to have a continuing effect on the Enlarged Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

6. On 1 December 2010, the Company and New Prime, a wholly-owned subsidiary of CWA, entered into an agreement, pursuant to which, New Prime agreed, subject to fulfillment of certain conditions including approval from the shareholders of the Company at EGM to be held, to, inter alia, subscribe 1,000,000,000 Shares of the Company to be issued at the Subscription Price of HK$0.10 per Share for a total amount of HK$100,000,000. The estimated related expense directly attributable to the subscription is insignificant.

The Subscription Price is to be satisfied by way of offsetting against the loan in principal amount of HK$100,000,000 advanced by New Prime to the Company under a loan agreement dated 1 December 2010 entered into between the Company and New Prime.

7. The estimated net proceeds from the Open Offer of approximately HK$233 million are calculated using 2,400,000,000 Offer Shares to be issued (based on 400,000,000 shares in issue on the Record Date) at a subscription price of HK$0.10 per Offer Share, after deduction of estimated related expenses directly attributable to the Open Offer of approximately HK$7 million.

The adjustment is not expected to have a continuing effect on the Enlarged Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

8. The financial information is extracted from the audited financial statements of the TV Business of Soyea (Precedent Financial Cash Flows of Soyea Jiu Rong) for the year ended 31 December 2012 as set out in Appendix IIA to this circular.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

中汇
ZHONGHUI

TO THE DIRECTORS OF MITSUMARU EAST KIT (HOLDINGS) LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Mitsumaru East Kit (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2013, unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012, and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2012 and related notes as set out on pages IIIA-2 to IIIA-8 to the Appendix IIIA of the Company's circular dated 12 November 2013 (the "Circular"). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in Appendix IIIA of the Circular under the heading of "Introduction".

The pro forma financial information has been compiled by the directors to illustrate the impact of the transactions as stated in the Circular, which include the Proposed Acquisition, the Open Offer, the CWA Subscription on the Group's financial position as at 30 June 2013 and its financial performance and cash flows for the year ended 31 December 2012 as if the transactions had taken place at 30 June 2013 and 1 January 2012 respectively. As part of this process, information about the Group's financial position, has been extracted by the directors from the Group's financial statements as included in the interim report of the Company for the period ended 30 June 2013, on which no audit or review report has been published whereas the Group's financial performance and cash flows have been extracted from the Group's financial statements as included in the annual report of the Company for the year ended 31 December 2012, on which an audit report has been published. Information about the Target Company's financial position has been extracted by the directors from the Target Company's financial statements as at 30 June 2013 (on which an accountants' report has been published). Information about the TV Business's financial performance and cash flows has been extracted by the directors from the TV Business's financial information for the year ended 31 December 2012 (on which an accountants' report has been published).

Directors' Responsibilities for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (HKSAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the

HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2013 or 1 January 2012 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

– The related pro forma adjustments give appropriate effect to those criteria; and

– The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
SZE LIN TANG
Practising Certificate Number – P03614

Hong Kong, 12 November 2013

A. INTRODUCTION

The accompanying unaudited pro forma statement of adjusted consolidated net tangible assets of the Enlarged Group has been prepared to illustrate the effect of the (i) Proposed Acquisition of the entire equity interest in Soyea Jiu Rong Technology Company Limited ("Soyea Jiu Rong", the "Target Company") (the "Proposed Acquisition"), (ii) share subscription by New Prime, a wholly-owned subsidiary of CWA, for 1,000,000,000 Shares of the Company (the "CWA Subscription"); and (iii) Open Offer on the basis of six (6) Offer Shares for every (1) existing Share held on the Record Date (the "Open Offer") have affected the net tangible assets of the Group.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Enlarged Group as at 30 June 2013 is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013 as extracted from interim report 2013 of the Company for the period then ended; and (ii) the audited statement of financial position of the Target Company as at 30 June 2013, based on the accountant's report thereon set out in Appendix IIB to this circular and translated from RMB to HK$ at the rate of RMB1.00 = HK$1.27, as if the Proposed Acquisition, the CWA Subscription and the Open Offer had been completed on 30 June 2013.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Enlarged Group is prepared based on a number of assumptions, estimates, uncertainties and the currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Enlarged Group, it may not give a true picture of the actual net tangible assets of the Enlarged Group that would have been attained had the Proposed Acquisition, the CWA Subscription and the Open Offer actually occurred on the date indicated herein. Furthermore, the unaudited pro forma statement of adjusted consolidated net tangible assets does not purport to predict the Enlarged Group's future net tangible assets.

The unaudited pro forma statement of adjusted consolidated net tangible assets should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular and other financial information included elsewhere in this circular.

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION

	Unadjusted unaudited consolidated net liabilities of the Group as at 30 June 2013	Less: Intangible assets	Unaudited consolidated net tangible liabilities of the Group as at 30 June 2013	Estimated net proceeds from the Open Offer	Unaudited pro forma adjusted consolidated net tangible assets of the group attributable to the Owners of the Company upon completion of the Open Offer	Net tangible assets attributable to the Proposed Acquisition	Less: Acquisition consideration	CWA Subscription	Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group attributable to the Owners of the Company upon completion of the Proposed Acquisition, CWA Subscription and Open Offer
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*		*(Note 3)*		*(Note 4)*	*(Note 5)*	*(Note 6)*	
	(144,122)	(4,617)	(148,739)	233,000	84,261	114,245	(133,350)	100,000	165,156
Unaudited consolidated net tangible liabilities per Share before the Open Offer *(Note 7)*									(0.37)
Unaudited consolidated net tangible assets per Share upon completion of the Open Offer *(Note 8)*									0.03
Unaudited consolidated net tangible assets per Share upon completion of the Proposed Acquisition, CWA Subscription and Open Offer *(Note 9)*									0.04

Notes to the unaudited pro forma statement of adjusted consolidated net tangible assets of the Enlarged Group

1. The unadjusted unaudited consolidated statement of net liabilities of the Group as at 30 June 2013 is extracted from the unaudited condensed consolidated financial statements of the Group for the period ended 30 June 2013 as set out in the published interim report of the Company for the six months ended 30 June 2013.

2. The adjustment represented goodwill arising from the acquisition of Wuhan Sunbow Science & Technology Co., Limited on 11 December 2011.

3. The adjustment represents the net proceeds from the Open Offer, the details of which are set out in Note 7 of Appendix IIIA above.

4. The adjustment represents the net tangible assets attributable to the Proposed Acquisition. The financial information is extracted from the audited financial statements of Soyea Jiu Rong as at 30 June 2013 as set out in Appendix IIB to this Circular.

5. The adjustment represents the Acquisition Consideration of RMB105,000,000 (equivalent to approximately HK$133,350,000), the details of which are set out in Note 5 of Appendix IIIA above. Goodwill arising from the Proposed Acquisition amounted to HK$19,105,000 has been excluded in the calculation of the net tangible assets.

6. On 1 December 2010, the Company and New Prime, a wholly-owned subsidiary of CWA, entered into an agreement, pursuant to which, New Prime agreed, subject to fulfillment of certain conditions including approval from the shareholders of the Company at EGM to be held, to, inter alia, subscribe 1,000,000,000 Shares of the Company to be issued at the Subscription Price of HK$0.10 per Share for a total amount of HK$100,000,000. The estimated related expense directly attributable to the subscription is insignificant.

   The Subscription Price is to be satisfied by way of offsetting against the loan in principal amount of HK$100,000,000 advanced by New Prime to the Company under a loan agreement dated 1 December 2010 entered into between the Company and New Prime.

7. The unaudited consolidated net tangible liabilities per Share before the Open Offer is based on the unaudited consolidated net tangible liabilities of the Group as at 30 June 2013 of approximately HK$148,739,000 divided by 400,000,000 Shares in issue prior to the Open Offer.

8. The unaudited consolidated net tangible assets per Share upon completion of the Open Offer is based on the unaudited pro forma adjusted consolidated net tangible assets of the group as at 30 June 2013 of approximately HK$84,261,000 divided by 2,800,000,000 enlarged issued share capital of the Company, which represented 400,000,000 Shares in issue prior to the Open Offer and 2,400,000,000 Offer Shares expected to be issued upon completion of the Open Offer.

9. The unaudited consolidated net tangible assets per Share upon completion of the Proposed Acquisition, the CWA Subscription and the Open Offer is based on the unaudited pro forma adjusted consolidated net tangible assets of the group as at 30 June 2013 of approximately HK$165,156,000 divided by 3,800,000,000 enlarged issued share capital of the Company, which represented 400,000,000 Shares in issue prior to the Open Offer, 1,000,000,000 Subscription Shares expected to be issued upon completion of the CWA Subscription and 2,400,000,000 Offer Shares expected to be issued upon completion of the Open Offer.

10. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2013.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

中汇 ZHONGHUI

TO THE DIRECTORS OF MITSUMARU EAST KIT (HOLDINGS) LIMITED

We have completed our assurance engagement to report on the compilation of pro forma statement of adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of Mitsumaru East Kit (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only, to provide information about how the transactions as stated in the Company's circular, which include the Proposed Acquisition, the CWA Subscription, the Open Offer might have affected the net tangible assets of the Group presented, for inclusion in Appendix III-B to the circular of the Company dated 12 November 2013 (the "Circular"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix IIIB to the Circular under the heading of "Introduction".

The pro forma financial information has been compiled by the directors to illustrate the impact of the transactions as stated in the Circular, which include the Proposed Acquisition, the CWA Subscription, the Open Offer, on the Group's net tangible assets as at 30 June 2013 as if the transactions had taken place at 30 June 2013. As part of this process, information about the Group's net tangible assets has been extracted by the directors from the Group's financial statements for the period ended 30 June 2013, on which no audit or review report has been published. Information about the Target Company's financial position has been extracted by the directors from the Target Company's financial statements as at 30 June 2013 (on which an accountants' report has been published).

Directors' Responsibilities for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (HKSAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

– The related pro forma adjustments give appropriate effect to those criteria; and

– The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
SZE LIN TANG
Practising Certificate Number – P03614

Hong Kong, 12 November 2013

If there are any material impacts on the profit forecast after the despatch of this circular during the forecast period (i.e. for the year ending 31 December 2014), the Company will issue an announcement and Shareholders would be notified as soon as possible.

(A) PROFIT FORECAST

For the year ending 31 December 2014

Unaudited estimated consolidated profit attributable to the owners of the Company for the year ending 31 December 2014 *(Note 1)* . . . . Not less than HK$13.27 million

Unaudited estimated consolidated profit attributable to the owners of the Company per Share for the year ending 31 December 2014 *(Note 2)* . . . . Not less than 0.349 HK cents

Notes:

1. The forecast for the unaudited estimated consolidated profit attributable to the owners of the Company for the year ending 31 December 2014 is prepared based on the basis and assumptions summarised in the section below.

2. The calculation of unaudited estimated consolidated profit attributable to the owners of the Company per Share for the year ending 31 December 2014 is based on the unaudited estimated consolidated profit attributable to the owners of the Company and divided by 3,800,000,000 Shares in issue upon completion of the Open Offer, the Increase in Authorised Share Capital and the CWA Subscription.

   The calculation takes no account of any Shares which may be allotted and issued or repurchased by the Company from time to time.

(B) BASIS AND ASSUMPTIONS

The Directors, by having reviewed the previous trading and financial information and opining on certain assumptions adopted, which are summarised below, have prepared the above forecast figures of the Enlarged Group for the year ending 31 December 2014 based on the audited consolidated accounts of the Group for the year ended 31 December 2012, the unaudited interim results of the Group for the six months ended 30 June 2013 and the audited results of the TV Business for the year ended 31 December 2012 and the six months ended 30 June 2013.

The profit forecast of the Enlarged Group for the year ending 31 December 2014 has been prepared based on the accounting policies consistent in all material respects with those adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2012, and consistent in all material respects with those adopted by the TV Business and the Target Company as set out in the accountants' reports of the TV Business and the Target Company in Appendix IIA and IIB to the circular.

The Directors have prepared the profit forecast of the Enlarged Group based on the following assumptions:

1. All the transactions contemplated under the August Proposal are duly completed by the end of December 2013 and the Resumption takes place by the end of December 2013. The financial results of the TV Business will be consolidated into the consolidated financial statements of the Group since 1 January 2014.

2. For the year ending 31 December 2014, the Enlarged Group is engaged in the business of manufacturing, assembling and installation of water meters in the PRC and the manufacturing and sales of digital TV, high definition liquid crystal display TV and set-up box as well as the provision of application solutions regarding integration of telecommunication, television and internet in the digital AV industry (i.e. the TV Business).

3. There will be no material changes in the industry practice and market conditions and the Enlarged Group's operations including primarily its supplies and procurement, manufacturing process, sales and marketing, human resources, cost control and management activities.

4. There will be no material changes in the existing political, legal, fiscal, foreign trade or economic condition in Hong Kong, the PRC and other countries in which the Enlarged Group currently operates or which are otherwise material to the Enlarged Group's business.

5. There will be no material change in the laws, regulations and policies in Hong Kong, the PRC, or elsewhere in which the Enlarged Group operates or with which the Enlarged Group has any agreement, which may materially adversely affect the Enlarged Group's business or operations.

6. All license and approvals, existing or otherwise, required for the operation of the Enlarged Group's businesses will remain effective or be obtained and that the Enlarged Group is able to successfully renew or obtain all licenses and approvals when they become expired or required.

7. There will be no material change in the inflation rates, interest rates and foreign exchange rates from those currently prevailing in the context of the Enlarged Group's operations. Conversion of HK$ to RMB is based on the approximate exchange rate of HK$1.27 to RMB1.00, US$1.00 to RMB6.05 and US$1.00 to HK$7.8 throughout the forecast period.

8. There will be no material change in the bases or rates of taxation, surcharges or government levies applicable to the operations of the Enlarged Group. The applicable rates of taxation for Hong Kong profits tax is 16.5% and the PRC income tax is 25%.

9. There will be no disaster, natural, political or otherwise, which would materially disrupt the business or operations of the Enlarged Group or cause substantial loss, damage or destruction to its facilities.

10. There will be no interruption of the Enlarged Group's operations that will adversely affect the trading, financial and prospects of the Enlarged Group as a result of any other circumstances beyond the management control.

11. There will be no material increases in the operating expenses of the Enlarged Group.

12. All outstanding borrowings of the Group including the Bridging Loan will be repaid upon completion of the Open Offer in 2013. The Enlarged Group will not incur material finance costs other than in its ordinary and usual course of business for the year ending 31 December 2014.

13. It is assumed that no abnormal or extraordinary items will occur.

14. For the Company's projection, the major expenses are the rental, salaries and utilities, which was based on actual figures. The management does not consider that there will be a material fluctuation on the expenses. The Company will not record any resumption expenses for the year ending 31 December 2014.

15. For the water meter business's projection, the management has taken into account: (i) the historical performance of the water meters business for the financial year ended 31 December 2012 and the nine months ended 30 September 2013; (ii) the confirmed purchase orders recorded for the fourth quarter of 2013; (iii) the indication of interest of customers in 2014; and (iv) the process of replacement of mechanical water meters by electronic water meters in the PRC, which is expected to generate higher demand for electronic water meters during the forecast periods, it is assumed that the water meters business will grow steadily during the forecast period. Moreover, it is assumed that (i) there will be no material change in the projected gross profit margin of the water meters business for the forecast period in compared with those for the financial year ended 31 December 2012 and for the nine months ended 30 September 2013; (ii) selling expenses and administrative expenses for the water meters business are estimated with reference to a percentage of turnover of the water meters business.

16. For the TV business's projection, the management has taken into account: (i) the Target Company continuously carries out research and makes technological innovation so as to constantly develop new products including new audio and video products, multi-screen interactive software, smart community service platform, HD smart STBs via provincial networks, 4K TV, smart TV, etc. and a variety of application software; (ii) the Target Company actively explores and researches on intelligent transportation, intelligent warehousing systems and other new projects to open up new business opportunities; (iii) by optimizing the supply chain and expanding sourcing channels to reduce production costs, it is anticipated that the production costs of the Target Company will be reduced by certain percentage. For example, the Target Company is currently implementing strategies to reduce the costs of the colour TV sets by controlling the cost of the screens (which accounts for major costs of each TV set) through switching from direct procurement of the entire screens to procurement of module screens; (iv) the reduction of after-sales services costs; (v) the indication of interests received from the customers of the Target Company and customers' feedback on pricing and type of the Target Company's products for year 2014; and (vi) historical performance and track record of the TV Business and the Target Company as set out in the accountants' reports of the TV Business and the Target Company in Appendix IIA and IIB to the Circular. For the expenses projections of the Target Company, (a) the selling expenses mainly consist: (1) commission payable to retail agents (in which the commission payable will be less than track records as the Target Company will focus on direct sale to broadcasting operators and tele-communication operators); (2) after-sales and maintenance services of existing online STB which are projected based on historical record; (3) storage and transportation with reference to the actual expenses incurred in the first half of 2013; and (4) advertising fee; (b) the administrative expenses are projected with reference to historical record mainly consist: (1) staff salaries (including administrative, sales and marketing staff), related benefits and insurance are based on actual figures and human resources requirement of the Target Company; (2) rental expenses for the use of SOYEA's production base is projected based on the result of the Company's preliminary discussion with SOYEA; and (3) business exhibition, travelling and entertainment are projected with reference to historical record; and (c) the research and development expenses are projected after taking into account of historical record and the Target Company's needs which mainly consist: (1) research and development team salaries, related benefits and insurance; (2) software costs and patent application fee; (3) cost of mold; and (4) identification and testing cost.

(C) LETTER FROM THE REPORTING ACCOUNTANT ON THE PROFIT FORECAST

The following is the text of a letter, prepared for inclusion in this circular, received by the Directors in connection with the consolidated profit forecast of the Enlarged Group for the year ending 31 December 2014.

中汇
ZHONGHUI

The Board of Directors
Mitsumaru East Kit (Holdings) Limited
(Incorporated in Cayman Islands with limited liability)

We have performed the procedures agreed with you which are set out below on the profit forecast for the year ending 31 December 2014 of Mitsumaru East Kit (Holdings) Limited (the "**Company**") and its subsidiaries and Soyea Jiu Rong Technology Company Limited (collectively the "**Enlarged Group**") (the "**Forecast**"). The Forecast have been prepared by the directors of the Company (the "**Directors**") in connection with Appendix IV "Profit Forecast for the year ending 31 December 2014" to the circular of the Company dated 12 November 2013 (the "**Circular**").

Our engagement was conducted in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The procedures were performed solely to assist you in connection with the Circular.

For the purpose of this report, the procedures performed are summarised as follows:

1. Check whether the Forecast, so far as the accounting policies and calculations are concerned, are properly compiled in accordance with the assumptions and bases set out in the Circular;

2. Check whether the Forecast are made by the Directors, after due and careful enquiry;

3. Check whether the Forecast are made in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA; and

4. Check the arithmetical calculations of the Forecast.

Based on the information and documents made available to us, we report our findings below:

a. The Forecast, so far as the accounting policies and calculations are concerned, are properly compiled in accordance with the assumptions and bases set out the Circular. We are not aware that any of the assumptions to the Forecast appears to be unrealistic, nor be omitted which appears to be important;

b. The Forecast are made by the Directors, after due and careful enquiry;

c. The Forecast are made in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA; and

d. The arithmetical calculations of the Forecast are correct.

Because the above procedures did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA (collectively referred to as Hong Kong Assurance Standards), we do not express any assurance on the Forecast.

Had we performed additional procedures or had we performed an assurance engagement in respect of the Forecast in accordance with Hong Kong Assurance Standards, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the second paragraph of this report and is for your information only, and is not to be used for any other purpose or to be distributed to any other parties and we expressly disclaim any liability or duty to any other party in this respect. This report relates only to the items specified above and does not extend to the financial statements of the Enlarged Group taken as a whole.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614

Hong Kong, 12 November 2013

(D) LETTER FROM THE FINANCIAL ADVISER ON THE PROFIT FORECAST

The following is the text of a letter, prepared for inclusion in this circular, received by the Directors in connection with the consolidated profit forecast of the Enlarged Group for the year ending 31 December 2014.

普頓資本有限公司
PROTON CAPITAL LIMITED

Suite 06-07, 28/F.
Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

12 November 2013

The Board of Directors
Mitsumaru East Kit (Holdings) Limited

Dear Sirs,

Profit forecast of Mitsumaru East Kit (Holdings) Limited (the "Company", together with its subsidiaries and Soyea Jiu Rong Technology Company Limited, the "Enlarged Group") for the year ending 31 December 2014 (the "Profit Forecast")

We refer to the Profit Forecast, which has been made by the directors of the Company (the "**Directors**"), as set out in the Appendix IV "Profit Forecast for the year ending 31 December 2014" in the circular of the Company dated 12 November 2013 (the "**Circular**"). Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless otherwise defined herein.

The Profit Forecast, for which the Directors are solely responsible, has been prepared based on audited consolidated accounts of the Group for the year ended 31 December 2012, the unaudited interim results of the Group for the six months ended 30 June 2013 and the audited results of the TV Business for the year ended 31 December 2012 and the six months ended 30 June 2013.

We have discussed with the Directors the bases and assumptions, as set out in Part B of Appendix IV to the Circular, upon which the Profit Forecast has been made. We have also considered the letter from ZHONGHUI ANDA CPA Limited ("**ZHONGHUI**"), the reporting accountant of the Company, dated 12 November 2013 addressed to the Company regarding their opinion on whether the Profit Forecast has been properly compiled in accordance with the accounting policies, calculations, assumptions and bases set out therein and whether the Profit Forecast was made by the Directors after due and careful consideration. On the basis of the foregoing, the bases and assumptions of the Profit Forecast made by the Directors and taking into account the opinion of ZHONGHUI, we are satisfied that the Profit Forecast, for which the Directors are solely responsible, has been made after due and careful consideration.

Yours faithfully,
For and on behalf of
Proton Capital Limited

Graham Lam
Managing Director – Corporate Finance

Josephine Lau
Director – Corporate Finance

A. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below are the management discussion and analysis of the Group as extracted from (i) the interim report of the Company for the six months ended 30 June 2013; (ii) the annual report of the Company for the financial year ended 31 December 2012; and (iii) the very substantial disposal circular of the Company dated 25 June 2012 for each of the two financial years ended 31 December 2011 and 2010 (the "**Management Discussion and Analysis**"). Terms used below shall have the same meanings as those defined in the Management Discussion and Analysis. Furthermore, all pages/sections/appendices mentioned in the below text are referred to in those of the Management and Discussion and Analysis.

For the six months ended 30 June 2013

Overall financial results

During the period, the Group achieved approximately HK$16,126,000 in turnover, representing a significant decrease of approximately 80% from that of approximately HK$79,364,000 during the same period of last year. Gross profit was approximately HK$5,613,000, comparing to the gross profit of approximately HK$2,504,000 during the corresponding period of last year. The overall gross profit ratio raised from approximately 3.2% to approximately 34.8%. Loss for the period attributable to owners of the Company was approximately HK$4,414,000. Basic loss per Share was approximately HK0.9 cents. As at 30 June 2013, the balance of cash and cash equivalents were approximately HK$302,000.

Segment information

The only reportable segment of the Group for the period ended 30 June 2013 was the electronic water meters business.

Financial position and liquidity

The net current liabilities of the Group as at 30 June 2013 amounted to approximately HK$149,491,000. The current assets of the Group as at 30 June 2013 mainly represented inventories and trade and note receivables. The current liabilities of the Group as at 30 June 2013 mainly represented loans due to independent third parties.

As at 30 June 2013, the Group's borrowings from other loans were approximately HK$144,472,000.

The cash and cash equivalents were approximately HK$302,000. The current ratio and quick ratio were approximately 0.15 and 0.11 respectively. The gearing ratio decreased to approximately 536% on 30 June 2013 from approximately 1,019% on 31 December 2012.

Turnover

For the period under review, the Group recorded a turnover of approximately HK$16,126,000 which was solely contributed by the water meters business acquired by the Group in 2012.

The substantial drop in turnover as comparing to the same period of last year was mainly because of the disposal of the loss making LCD TV production and trading business on 31 July 2012 which paved the way for the rationalising of the Group's strategic business.

Gross profit margin

During the period under review, the significant improvement of gross margin was mainly credited to the high margin products and services generated from the water meters business.

Capital expenditure

The Group's total capital expenditures on property, plant and equipment during the period under review amounted to approximately HK$103,000.

Pledge of assets

As at 30 June 2013, all assets of the Group with an aggregate carrying value of approximately HK$31,573,000 were pledged to secure borrowings of the Company and of the Group.

Material acquisitions and disposals of subsidiaries and associated companies, significant investments and future plans for material investments

There was no material acquisition and disposal of any subsidiary or associated company, or any significant investment and future plan for any material investment for the period ended 30 June 2013.

Capital structure and foreign exchange risk

During the period, there was no change in the Company's capital structure. The Group generally financed its operations and investing activities principally with funds from other loans.

The Group's monetary assets, loans and transactions were principally denominated in RMB and HK$. The Group was exposed to foreign exchange risk arising from the exposure of US$ against RMB and HK$. Considering that HK$ is pegged to US$, the Group believed its exposure to exchange risk would be confined to RMB against US$. During the period, the Group did not intend to hedge its exposure to foreign exchange fluctuations, but would constantly monitor the economic situation and its foreign exchange risk position, and would consider appropriate hedging measures in future as may be necessary and feasible.

Contingent liabilities and capital commitments

The Group had no capital commitment and contingent liability as at 30 June 2013.

Employees benefit and expenses

As at 30 June 2013, the total number of employees in the Group was 46. The total amount of employee wages and salaries incurred during the period was approximately HK$1,799,000. The Group determined employees' remuneration by the work responsibilities, job performance and professional experience. The Group also provided 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. For the period, all share option granted in prior years was lapsed.

For the year ended 31 December 2012

Overall financial results

For the year ended 31 December 2012, the Group achieved a turnover of approximately HK$17,854,000 with a gross profit of approximately HK$5,955,000. The profit for the year attributable to owners of the Company was approximately HK$12,816,000 while the loss attributable to owners of the Company for the year ended 31 December 2011 was approximately HK$27,175,000. Basic earnings per Share attributable to owners of the Company was approximately HK3.2 cents while basic loss per Share for the year ended 31 December 2011 was approximately HK6.8 cents. As at 31 December 2012, balance of cash and cash equivalents of the Group were approximately HK$2,171,000.

Segment information

In 2012, a new segment joined the Group after the acquisition of a 72.5% equity interest in Sunbow on 29 February 2012 which is engaged in the design, assembly and installation of water meters in the PRC.

Financial position and liquidity

The net current liabilities of the Group as at 31 December 2012 amounted to approximately HK$145,819,000. The current assets of the Group as at 31 December 2012 mainly represented inventories, trade and note receivables, and prepayment, deposits and other receivables. The current liabilities of the Group as at 31 December 2012 mainly represented loans due to Independent Third Parties.

As at 31 December 2013, the Group's borrowings from other loans were approximately HK$138,930,000.

The cash and cash equivalents were approximately HK$2,171,000. The current ratio and quick ratio were approximately 0.09 and 0.07 respectively. The gearing ratio increased significantly to approximately 1,019% on 31 December 2012 from approximately 186% on 31 December 2011.

Gross profit margin

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

Expenses

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

For the year under review, the Group used approximately HK$3,244,000 of cash from its operations. As at 31 December 2012, the Group had cash and cash equivalents of approximately HK$2,171,000. The substantial decrease in cash and cash equivalents was mainly due to repayment of other loans from third parties, the cash outflows from the acquisition of a new PRC subsidiary and the disposals of subsidiaries during the year under review.

As at 31 December 2012, deficit in Shareholders' equity was approximately HK$141,284,000. Current assets of the Group amounted to approximately HK$14,258,000. The current ratio and quick ratio were approximately 0.09 and 0.07 respectively.

As at 31 December 2012, the Group's net debts amounted to approximately HK$156,653,000 and the gearing ratio, representing the ratio of net debts divided by capital plus net debts remained at approximately 1,019% in 2012.

Trade and notes receivables decreased from approximately HK$45,333,000 as at 31 December 2011 to approximately HK$7,111,000 as at 31 December 2012. During the year under review, the Group provided impairment loss of approximately HK$6,900,000 on trade and notes receivables.

Capital expenditure

The Group's total capital expenditures on property, plant and equipment during the year under review amounted to approximately HK$2,375,000.

Pledge of assets

As at 31 December 2012, all assets of the Group with an aggregate carrying value of approximately HK$19,625,000 were pledged to secure borrowings of the Company and of the Group.

Material acquisitions and disposals of subsidiaries and associated companies, significant investments and future plans for material investments

There was no material acquisition and disposal of any subsidiary or associated company, or any significant investment and future plan for any material investment for the year ended 31 December 2012.

Capital structure and foreign exchange risk

During the year under review, there was no change in the Company's capital structure. The Group financed its operations and investing activities with funds from the other loans.

The Group's monetary assets, loans and transactions were principally denominated in RMB and HK$. For the year ended 31 December 2011, the Group was exposed to foreign exchange risk arising from the exposure of US$ against RMB and HK$. Considering that HK$ is pegged to US$, the Group believed its exposure to exchange risk would be confined to RMB against US$. During the year, the Group did not intend to hedge its exposure to foreign exchange fluctuations, but would constantly monitor the economic situation and its foreign exchange risk position, and would consider appropriate hedging measures in future as may be necessary and feasible.

Contingent liabilities and capital commitments

The Group had no capital commitment and contingent liability as at 31 December 2012.

Employees benefit and expenses

As at 31 December 2012, there were 44 employees in the Group. The total amount of employee remuneration incurred for the year was approximately HK$3,931,000. The Group determined employees' remuneration by the work responsibilities, job performance and professional experience. The Group also provided 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. For the year ended 31 December 2012, all share option granted in prior years was lapsed.

For the year ended 31 December 2011

Overall financial results

For the year ended 31 December 2011, the Group did not have any continuing operation. The Group did not record any turnover but a loss of approximately HK$25,239,000 before the estimated gain resulting from the disposal of the Kitking Global Limited and its subsidiaries. As at 31 December 2011, balance of cash and cash equivalents of the Group were approximately HK$9,703,000.

Segment information

The Group did not have any operation for the year ended 31 December 2011, thus the Group did not have any reportable segment.

Financial position and liquidity

The net current liabilities of the Group as at 31 December 2011 amounted to approximately HK$2,090,000. The current assets of the Group as at 31 December

2011 mainly represented amounts due from Kitking Global Limited and its subsidiaries, prepayments, deposits and other receivables and cash and cash equivalents. The current liabilities of the Group as at 31 December 2011 mainly represented loans due to independent third parties.

As at 31 December 2011, the gearing ratio of the Group, calculated as a percentage of net debt divided by capital plus net debt, was approximately 18%. The current ratio and the quick ratio of the Group as at 31 December 2011 were approximately 0.79 and 0.79 respectively.

Capital expenditure

The Group's total capital expenditures on office equipment during the year amounted to approximately HK$8,000.

Pledged of assets

As at 31 December 2011, all assets of the Group excluding the inter-company balances which would be eliminated on the Group level with an aggregate carrying value of approximately HK$8,309,000, were pledged to secure borrowings of the Company and of the Group.

Material acquisitions and disposals of subsidiaries and associated companies, significant investments and future plans for material investments

The Group entered into a cooperation agreement with an Independent Third Party on 9 September 2011 in relation to the establishment of a joint venture company, which is owned as to 75% by the Group and 25% by the joint venture partner.

As disclosed in the announcement of the Company dated 17 November 2011, the Group disposed of its entire equity interest in Dragon Gain Resources Limited and Mitsumaru Electrical (Wuhu) Co., Ltd. The disposal was completed on 31 December 2011 and the disposal resulted in a gain of approximately HK$8,393,000 for the Group.

The Group also entered into three share transfer agreements with parties who are independent of the Company and its connected persons on 15 December 2011 in relation to the acquisition an aggregate of 72.5% equity interest of Sunbow. The acquisition was completed on 29 February 2012.

Save for the aforesaid, there was no material acquisition and disposal of any subsidiary or associated company, or any significant investment and future plan for any material investment for the year ended 31 December 2011.

Capital structure and foreign exchange risk

During the year under review, there was no change in the Group's capital structure. The Group generally financed its investing activities with fund from the owners and other loans.

The Group's monetary assets, loans and transactions were principally denominated in HK$, RMB and US$. The Group was exposed to foreign exchange risk arising from the exposure of US$ against RMB and HK$. Considering that HK$ is pegged to US$, the Group believed its exposure to exchange risk would be confined to RMB against US$. The Group did not intend to hedge its exposure to foreign exchange fluctuations. However, the Group would constantly monitor the economic situation and its foreign exchange risk position, and would consider appropriate hedging measures in future as may be necessary and feasible.

Contingent liabilities and capital commitments

The Group had no contingent liability as at 31 December 2011.

The Group had capital commitments of approximately RMB2,000,000 as at 31 December 2011 which represented commitment on the acquisition of Sunbow.

Employees benefit and expenses

As at 31 December 2011, there were 8 employees in the Group. The total amount of employee remuneration incurred by the Group for the year ended 31 December 2011 was approximately HK$2,826,000. The Group determined employees' remuneration by their work responsibilities, job performance and professional experience. The Group also provided employees with on-the-job training from time to time to upgrade the knowledge, skills and overall caliber of its employees. In addition, the Group granted employees share options as an encouragement.

For the year ended 31 December 2010

Overall financial results

For the year ended 31 December 2010, the Group achieved turnover of approximately HK$426,000 which represented a substantial decrease of approximately 99% from approximately HK$29,804,000 in the previous year. The decrease was mainly attributable to loss of customers' orders.

The loss for the year attributable to owners of the Group was approximately HK$12,645,000 while that for the year ended 31 December 2009 was approximately HK$31,984,000. As at 31 December 2010, balance of cash and cash equivalents of the Group were approximately HK$84,770,000.

Segment information

The only reportable segment of the Group for the year ended 31 December 2010 was trading.

Financial position and liquidity

The net current liabilities of the Group as at 31 December 2010 amounted to approximately HK$73,855,000. The current assets of the Group as at 31 December 2010 mainly represented prepayments, deposits and other receivables and cash and cash equivalents. The current liabilities of the Group as at 31 December 2010 mainly represented loans due to Independent Third Parties.

As at 31 December 2010, the gearing ratio of the Group, calculated as a percentage of net debt divided by capital plus net debt, was approximately 86%.

Capital expenditure

The Group's total capital expenditures on office equipment during the year amounted to approximately HK$42,000.

Pledged of assets

As at 31 December 2010, all assets of the Group excluding the inter-company balances which would be eliminated on the Group level with an aggregate carrying value of approximately HK$87,849,000 were pledged to secure borrowings of the Company and of the Group.

Material acquisitions and disposals of subsidiaries and associated companies, significant investments and future plans for material investments

There was no material acquisition and disposal of any subsidiary or associated company, or any significant investment and future plan for any material investment for the year ended 31 December 2010.

Capital structure and foreign exchange risk

During the year, there was no change in the Group's capital structure. The Group generally financed its operations and investing activities with fund from the owners and other loans.

The Group's monetary assets, loans and transactions were principally denominated in HK$, RMB and US$. The Group was exposed to foreign exchange risk arising from the exposure of US$ against RMB and HK$. Considering that HK$ is pegged to US$, the Group believed its exposure to exchange risk would be confined to RMB against US$. The Group did not intend to hedge its exposure to foreign exchange fluctuations. However, the Group would constantly monitor the economic situation and its foreign exchange risk position, and would consider appropriate hedging measures in future as may be necessary and feasible.

Contingent liabilities and capital commitments

The Group had no capital commitment and contingent liability as at 31 December 2010.

Employees benefit and expenses

As at 31 December 2010, there were 8 employees in the Group. The total amount of employee remuneration incurred by the Group for the year ended 31 December 2010 was approximately HK$4,324,000. The Group determined employees' remuneration by their work responsibilities, job performance and professional experience. The Group also provided employees with on-the-job training from time to time to upgrade the knowledge, skills and overall caliber of its employees. In addition, the Group granted employees share options as an encouragement.

B. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANY

Set out below is the management discussion and analysis of the Target Company for the six months ended 30 June 2013 and each of the three financial years ended 31 December 2012:

For the six months ended 30 June 2013

Overall financial results

For the period ended 30 June 2013, the TV business of SOYEA achieved a turnover of approximately RMB138,100,000, representing a decrease of approximately 5.8% from that of approximately RMB$146,528,000 during the same period of 2012. The decrease in turnover during the period under review was mainly attributable to (i) the market of outdated television model continued to be downsized, (ii) sales promotion to clear up stocks; (iii) the market of STB was closed to saturation; and (iv) the decrease in overseas sales due to weak economy in overseas markets.

Gross profit was approximately RMB19,379,000, comparing to the gross profit of approximately RMB23,269,000 during the corresponding period last year. The overall gross profit ratio dropped from approximately 15.9% to 14.0% mainly due to the drop of sales of provision of application solution services which used to contribute a higher profit margin to the TV business of SOYEA. Profit for the period under review was approximately RMB4,417,000.

Segment information

The TV business was regarded as a single reportable segment in a manner consistent with the way in which information was reported internally to senior management for the purpose of resource allocation and performance assessment. In addition, the principal assets were located in the PRC. Accordingly, no segment analysis was performed other than entity wide disclosures in the accountants' report, the text of which is set out in Appendix IIA to this circular.

Financial position and liquidity

As at 30 June 2013, the current accounts with Soyea was approximately RMB60,006,000.

The net current assets of the TV business of SOYEA as at 30 June 2013 amounted to approximately RMB92,819,000. The current assets of the TV business of SOYEA as at 30 June 2013 mainly represented inventories, trade and bills receivables, and prepayments, deposits and other receivables. The current liabilities of the TV business of SOYEA as at 30 June 2013 mainly represented trade and bills payables, and accruals and other payables. The current and quick ratios for the period under review were approximately 2.3 and 1.91 respectively.

As at 30 June 2013, the receivable turnover day of the TV business of SOYEA, calculated as the trade and bills receivables divided by turnover and multiplied by 365 days, was approximately 284 days. Comparing to the figures of the three years ended 31 December 2012, 2011 and 2010, the June's figure was exceptionally higher because it is the business norm in the PRC on clearing and chasing up trade receivables with customers near the end of a fiscal year which is the months of November and December. Therefore, the June's figure is normally higher than the figure as at the fiscal year end.

The trading terms of the TV business of SOYEA with customers were mainly on credit, which was generally one year. Management sought to maintain strict control over its outstanding receivables. Any overdue balances were reviewed regularly by the management.

As at 30 June 2013, the gearing ratio of the TV business of SOYEA, calculated as a percentage of net debt divided by current accounts with SOYEA plus net debt, was approximately 54.1%.

Expenses

During the period under review, the TV business of SOYEA adopted stringent cost controls on its operation. Management of the TV business of SOYEA believed that maintaining a high standard of cost control on expenses was for the benefits of the business. Therefore, management regularly reviewed and updated controls and procedures to ensure that cost control objectives could be achieved.

During the period under review, the percentage of selling expenses versus turnover was approximately 2.8% as comparing to approximately 3.1% in the corresponding period last year. The drop in selling expenses was mainly due to the decrease in shipping and freight costs on products sold, the staff's business trip expenses and the after-sales expenses in the period which was in line with the decrease in turnover during the said period.

During the period under review, the percentage of administrative expenses versus turnover was approximately 7.8% as comparing to approximately 5.7% in the same period last year. However, turnover decreased to approximately RMB138,100,000 in the period under review from approximately RMB146,528,000 in the same period last year. The administrative expenses did not reduce in line with the turnover as there was an increase in research and development expenses of the TV business of SOYEA in the period under review.

Capital expenditure

The TV business of SOYEA's total capital expenditure on property, plant and equipment during the period amounted to approximately RMB251,000.

Pledged of assets

As at 30 June 2013, the TV business of SOYEA did not pledge any asset to secure any banking facility or borrowing.

Material acquisitions and disposals of subsidiaries and associated companies, significant investments and future plans for material investments

The TV business of SOYEA had no material acquisition and disposal of any subsidiary or associated company, or any significant investment and future plan for any material investment for the period ended 30 June 2013.

Capital structure and foreign exchange risk

During the period, there was no change in the TV business of SOYEA's capital structure. The TV business of SOYEA generally financed its operations and investing activities with funds from SOYEA.

The TV business of SOYEA's monetary assets, loans and transactions were principally denominated in RMB, HK$ and US$, and was exposed to foreign exchange risk arising from the exposure of US$ against RMB and HK$. Considering that HK$ is pegged to US$, the TV business of SOYEA's exposure to exchange risk would be confined to RMB against US$. During the period, the TV business of SOYEA did not intend to hedge its exposure to foreign exchange fluctuations, but would constantly monitor the economic situation and its foreign exchange risk position, and would consider appropriate hedging measures in future as may be necessary and feasible.

Contingent liabilities and capital commitment

The TV business of SOYEA had no capital commitment and contingent liability as at 30 June 2013.

Employees benefit and expenses

As at 30 June 2013, the total number of employees in the TV business of SOYEA was 300. The total amount of employee wages and salaries incurred during the period was approximately RMB5,071,000. Employees' remuneration was determined by the work responsibilities, job performance and professional experience. The TV business of SOYEA also provided employees on-job training from time to time to upgrade the knowledge, skills and overall caliber of its employees.

For the year ended 31 December 2012

Overall financial results

For the year ended 31 December 2012, the TV business of SOYEA achieved a turnover of approximately RMB278,448,000, representing a decrease of approximately 9.5% from that of approximately RMB$307,799,000 during the year of 2011. The decrease in turnover during the year under review was mainly attributable to (i) the market of outdated television model continued to be downsized, (ii) sales promotion to clear up stocks; (iii) the market of STB was closed to saturation; and (iv) the decrease in overseas sales due to weak economy in overseas markets. These decreases in TV set products and STB were offset by the increase in the provision of application of solution services during the year under review.

Gross profit was approximately RMB38,994,000, comparing to the gross profit of approximately RMB47,155,000 in 2011. The overall gross profit ratio dropped from approximately 15.3% to 14.0% mainly due to the drop of sales in TV set products and STB and provision of processing services for STB. Profit for the year review was approximately RMB12,044,000.

Segment information

The TV business was regarded as a single reportable segment in a manner consistent with the way in which information was reported internally to senior management for the purpose of resource allocation and performance assessment. In addition, the principal assets were located in the PRC. Accordingly, no segment analysis was performed other than entity wide disclosures in the accountants' report, the text of which is set out in Appendix IIA to this circular.

Financial position and liquidity

As at 31 December 2012, the current accounts with SOYEA was approximately RMB49,550,000.

The net current assets of the TV business of SOYEA as at 31 December 2012 amounted to approximately RMB76,802,000. The current assets of the TV business of SOYEA as at 31 December 2012 mainly represented inventories, trade and bills receivables, and prepayments, deposits and other receivables. The current liabilities of the TV business of SOYEA as at 31 December 2012 mainly represented trade and bills payables, and accruals and other payables. The current and quick ratios for the year under review were approximately 2.0 and 1.6 respectively.

As at 31 December 2012, the receivable turnover day of the TV business of SOYEA, calculated as the trade and bills receivables divided by turnover and multiplied by 365 days, was approximately 143 days which was in line with approximately 151 days as at 31 December 2011.

The trading terms of the TV business of SOYEA with customers were mainly on credit, which was generally one year. Management sought to maintain strict control over its outstanding receivables. Any overdue balances were reviewed regularly by the management.

As at 31 December 2012, the gearing ratio of the TV business of SOYEA, calculated as a percentage of net debt divided by current accounts with SOYEA plus net debt, was approximately 60.3%.

Expenses

During the year under review, the TV business of SOYEA adopted stringent cost controls on its operation. Management of the TV business of SOYEA believed that maintaining a high standard of cost control on expenses was for the benefits of the business. Therefore, management regularly reviewed and updated controls and procedures to ensure that cost control objectives could be achieved.

During the year under review, the percentage of selling expenses versus turnover was approximately 3.2% as comparing to approximately 4.0% last year. The drop in selling expenses was mainly due to the decrease in after-sales expenses in the year.

During the year under review, the percentage of administrative expenses versus turnover was approximately 7.4% as comparing to approximately 7.1% during 2011. However, turnover decreased to approximately RMB278,448,000 in 2012 from approximately RMB307,799,000 in 2011. The administrative expenses did not reduce in line with the turnover as there was an increase in research and development expenses of the TV business of SOYEA in the year under review.

Capital expenditure

The TV business of SOYEA's total capital expenditure on property, plant and equipment during the year amounted to approximately RMB1,410,000.

Pledged of assets

As at 31 December 2012, the TV business of SOYEA did not pledge any asset to secure any banking facility or borrowing.

Material acquisitions and disposals of subsidiaries and associated companies, significant investments and future plans for material investments

The TV business of SOYEA had no material acquisition and disposal of any subsidiary or associated company, or any significant investment and future plan for any material investment for the year ended 31 December 2012.

Capital structure and foreign exchange risk

During the year, there was no change in the TV business of SOYEA's capital structure. The TV business of SOYEA generally financed its operations and investing activities with funds from SOYEA.

The TV business of SOYEA's monetary assets, loans and transactions were principally denominated in RMB, HK$ and US$, and was exposed to foreign exchange risk arising from the exposure of US$ against RMB and HK$. Considering that HK$ is pegged to US$, the TV business of SOYEA's exposure to exchange risk would be confined to RMB against US$. During the year, the TV business of SOYEA did not intend to hedge its exposure to foreign exchange fluctuations, but would constantly monitor the economic situation and its foreign exchange risk position, and would consider appropriate hedging measures in future as may be necessary and feasible.

Contingent liabilities and capital commitment

The TV business of SOYEA had no capital commitment and contingent liability as at 31 December 2012.

Employees benefit and expenses

As at 31 December 2012, the total number of employees in the TV business of SOYEA was 300. The total amount of employee wages and salaries incurred during the year was approximately RMB10,316,000. Employees' remuneration was determined by the work responsibilities, job performance and professional experience. The TV business of SOYEA also provided employees on-job training from time to time to upgrade the knowledge, skills and overall caliber of its employees.

For the year ended 31 December 2011

Overall financial results

For the year ended 31 December 2011, the TV business of SOYEA achieved a turnover of approximately RMB307,799,000, representing a decrease of approximately 2.5% from that of approximately RMB$315,755,000 during the year of 2010. The decrease in turnover during the year under review was mainly attributable to (i) the market of outdated television model continued to be downsized, (ii) sales promotion to clear up stocks; (iii) the market of STB was closed to saturation; and (iv) the decrease in overseas sales due to weak economy in overseas markets.

Gross profit was approximately RMB47,155,000, comparing to the gross profit of approximately RMB42,598,000 in 2010. The overall gross profit ratio raised from approximately 13.5% to 15.3% mainly due to a bigger portion of sales from the provision of application solution services which had a higher gross profit margin in the year under review. Profit for the year was approximately RMB15,053,000.

Segment information

The TV business was regarded as a single reportable segment in a manner consistent with the way in which information was reported internally to senior management for the purpose of resource allocation and performance assessment. In addition, the principal assets were located in the PRC. Accordingly, no segment analysis was performed other than entity wide disclosures in the accountants' report, the text of which is set out in Appendix IIA to this circular.

Financial position and liquidity

As at 31 December 2011, the current accounts with SOYEA was approximately RMB68,776,000.

The net current assets of the TV business of SOYEA as at 31 December 2011 amounted to approximately RMB82,738,000. The current assets of the TV business of SOYEA as at 31 December 2011 mainly represented inventories, trade and bills receivables, and prepayments, deposits and other receivables. The current liabilities of the TV business of SOYEA as at 31 December 2011 mainly represented trade and bills payables, and accruals and other payables. The current and quick ratios for the year under review were approximately 1.8 and 1.4 respectively.

As at 31 December 2011, the receivable turnover day of the TV business of SOYEA, calculated as the trade and bills receivables divided by turnover and multiplied by 365 days, was approximately 151 days. Comparing to the figure of approximately 208 days as at 31 December 2010, the figure dropped by approximately 57 days mainly because there was a higher portion of bill receivables with customers as at 31 December 2010 which had a longer collection period as compared to the general trade receivables accounts.

The trading terms of the TV business of SOYEA with customers were mainly on credit, which was generally one year. Management sought to maintain strict control over its outstanding receivables. Any overdue balances were reviewed regularly by the management.

As at 31 December 2011, the gearing ratio of the TV business of SOYEA, calculated as a percentage of net debt divided by current accounts with SOYEA plus net debt, was approximately 58.6%.

Expenses

During the year under review, the TV business of SOYEA adopted stringent cost controls on its operation. Management of the TV business of SOYEA believed that maintaining a high standard of cost control on expenses was for the benefits of the business. Therefore, management regularly reviewed and updated controls and procedures to ensure that cost control objectives could be achieved.

During the year under review, the percentage of selling expenses versus turnover was approximately 4.0% as comparing to approximately 3.0% last year. The increase in selling expenses was mainly due to the increase in after-sales expenses in the year.

During the year under review, the percentage of administrative expenses versus turnover was approximately 7.1% as comparing to approximately 6.9% during 2010. However, turnover decreased to approximately RMB307,799,000 in 2011 from approximately RMB315,755,000 in 2010. The administrative expenses did not reduce in line with turnover as there was an increase in research and development expenses of the TV business of SOYEA in the year under review.

Capital expenditure

The TV business of SOYEA's total capital expenditure on property, plant and equipment during the year amounted to approximately RMB281,000.

Pledged of assets

As at 31 December 2011, the TV business of SOYEA did not pledge any asset to secure any banking facility or borrowing.

Material acquisitions and disposals of subsidiaries and associated companies, significant investments and future plans for material investments

The TV business of SOYEA had no material acquisition and disposal of any subsidiary or associated company, or any significant investment and future plan for any material investment for the year ended 31 December 2011.

Capital structure and foreign exchange risk

During the year, there was no change in the TV business of SOYEA's capital structure. The TV business of SOYEA generally financed its operations and investing activities with funds from SOYEA.

The TV business of SOYEA's monetary assets, loans and transactions were principally denominated in RMB, HK$ and US$, and was exposed to foreign exchange risk arising from the exposure of US$ against RMB and HK$. Considering that HK$ is pegged to US$, the TV business of SOYEA's exposure to exchange risk would be confined to RMB against US$. During the year, the TV business of SOYEA did not intend to hedge its exposure to foreign exchange fluctuations, but would constantly monitor the economic situation and its foreign exchange risk position, and would consider appropriate hedging measures in future as may be necessary and feasible.

Contingent liabilities and capital commitment

The TV business of SOYEA had no capital commitment and contingent liability as at 31 December 2011.

Employees benefit and expenses

As at 31 December 2011, the total number of employees in the TV business of SOYEA was 300. The total amount of employee wages and salaries incurred during the year was approximately RMB10,632,000. Employees' remuneration was determined by the work responsibilities, job performance and professional experience. The TV business of SOYEA also provided employees on-job training from time to time to upgrade the knowledge, skills and overall caliber of its employees.

For the year ended 31 December 2010

Overall financial results

For the year ended 31 December 2010, the TV business of SOYEA achieved a turnover of approximately RMB315,755,000. Gross profit was approximately RMB42,598,000. The overall gross profit ratio was approximately 13.5%. Profit for the year under review was approximately RMB11,904,000.

Segment information

The TV business was regarded as a single reportable segment in a manner consistent with the way in which information was reported internally to senior management for the purpose of resource allocation and performance assessment. In addition, the principal assets were located in the PRC. Accordingly, no segment analysis was performed other than entity wide disclosures in the accountants' report, the text of which is set out in Appendix IIA to this circular.

Financial position and liquidity

As at 31 December 2010, the current accounts with SOYEA was approximately RMB114,969,000.

The net current assets of the TV business of SOYEA as at 31 December 2010 amounted to approximately RMB110,883,000. The current assets of the TV business of SOYEA as at 31 December 2010 mainly represented inventories, trade and bills receivables, and prepayments, deposits and other receivables. The current liabilities of the TV business of SOYEA as at 31 December 2010 mainly represented trade and bills payables, and accruals and other payables. The current and quick ratios for the year under review were approximately 1.7 and 1.1 respectively.

As at 31 December 2010, the receivable turnover day of the TV business of SOYEA, calculated as the trade and bills receivables divided by turnover and multiplied by 365 days, was approximately 208 days which comprised mainly bill receivables with customers which had a longer collection period as compared to the general trade receivables accounts.

The trading terms of the TV business of SOYEA with customers were mainly on credit, which was generally one year. Management sought to maintain strict control over its outstanding receivables. Any overdue balances were reviewed regularly by the management.

As at 31 December 2010, the gearing ratio of the TV business of SOYEA, calculated as a percentage of net debt divided by current accounts with SOYEA plus net debt, was approximately 58.8%.

Expenses

During the year under review, the TV business of SOYEA adopted stringent cost controls on its operation. Management of the TV business of SOYEA believed that maintaining a high standard of cost control on expenses was for the benefits of the business. Therefore, management regularly reviewed and updated controls and procedures to ensure that cost control objectives could be achieved.

During the year under review, the percentages of selling expenses and administrative expenses versus turnover were approximately 3.0% and 6.9% respectively.

Capital expenditure

The TV business of SOYEA's total capital expenditure on property, plant and equipment during the year amounted to approximately RMB920,000.

Pledged of assets

As at 31 December 2010, the TV business of SOYEA did not pledge any asset to secure any banking facility or borrowing.

Material acquisitions and disposals of subsidiaries and associated companies, significant investments and future plans for material investments

The TV business of SOYEA had no material acquisition and disposal of any subsidiary or associated company, or any significant investment and future plan for any material investment for the year ended 31 December 2010.

Capital structure and foreign exchange risk

During the year, there was no change in the TV business of SOYEA's capital structure. The TV business of SOYEA generally financed its operations and investing activities with funds from SOYEA.

The TV business of SOYEA's monetary assets, loans and transactions were principally denominated in RMB, HK$ and US$, and was exposed to foreign exchange risk arising from the exposure of US$ against RMB and HK$. Considering that HK$ is pegged to US$, the TV business of SOYEA's exposure to exchange risk would be confined to RMB against US$. During the year, the TV business of SOYEA did not intend to hedge its exposure to foreign exchange fluctuations, but would constantly monitor the economic situation and its foreign exchange risk position, and would consider appropriate hedging measures in future as may be necessary and feasible.

Contingent liabilities and capital commitment

The TV business of SOYEA had no capital commitment and contingent liability as at 31 December 2010.

Employees benefit and expenses

As at 31 December 2010, the total number of employees in the TV business of SOYEA was 300. The total amount of employee wages and salaries incurred during the year was approximately RMB10,828,000. Employees' remuneration was determined by the work responsibilities, job performance and professional experience. The TV business of SOYEA also provided employees on-job training from time to time to upgrade the knowledge, skills and overall caliber of its employees.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Enlarged Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following the completion of the Open Offer, the Increase in Authorised Share Capital and the CWA Subscription are as follows:

As at the Latest Practicable Date

Authorised		*HK$*
1,000,000,000	Shares as at the Latest Practicable Date	100,000,000
Issued and fully paid		
400,000,000	Shares	40,000,000

Upon completion of the Open Offer, the Increase in Authorised Share Capital and the CWA Subscription

Authorised		*HK$*
5,000,000,000	Shares	500,000,000
Issued and fully paid		
400,000,000	Shares	40,000,000
1,000,000,000	Subscription Shares	100,000,000
2,400,000,000	Offer Shares	240,000,000
3,800,000,000		380,000,000

All the Shares in issue, the Subscription Shares and the Offer Shares to be issued rank and will rank *pari passu* in all respects with each other. The Subscription Shares and the Offer Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Subscription Shares or Offer Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept pursuant to Section 352 of the SFO; or (iii) were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**").

(b) Interests of substantial shareholders of the Company

As at the Latest Practicable Date, so far as was known to the Directors, the persons, other than a Director, who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of substantial shareholder	Type of interests	Number of Shares	Percentage of interests
Z-Idea Company Limited *(Note 1)*	Beneficial owner	25,000,000(L) 224,000,000(S)	6.25% 56.00%
Zhang Shuyang *(Note 2)*	Interest of controlled corporation	25,000,000(L) 224,000,000(S)	6.25% 56.00%
Kingston Finance Limited *(Note 3)*	Holder of security interest in share	224,000,000(L)	56.00%
Ample Cheer Limited *(Note 4)*	Interest of controlled corporation	224,000,000(L)	56.00%
Best Forth Limited *(Note 5)*	Interest of controlled corporation	224,000,000(L)	56.00%
Ms. Chu Yuet Wah *(Note 6)*	Interest of controlled corporation	224,000,000(L)	56.00%
Good Day International Limited *(Note 7)*	Beneficial owner	45,000,000(L)	11.25%
Ms. Wu Lixia *(Note 8)*	Interest of controlled corporation	45,000,000(L)	11.25%

The letter "L" denotes a long position and "S" denotes a short position

Notes:

1. Z-Idea Company Limited ("**Z-Idea**") is wholly owned by Mr. Zhang, a former executive Director. Included in the 249,000,000 Shares, 224,000,000 Shares (representing 56% of the issued share capital of the Company) are subject to a loan agreement and memorandum dated 30 July 2010 entered into between Z-Idea, the Company, Mr. Zhang and Kingston Finance Limited ("**Kingston**"), details of which were set out in the announcement of the Company dated 2 August 2010. Pursuant to the loan agreement, Kingston agreed to provide a loan of HK$15,000,000 to the Company. The loan agreement imposed an obligation on the Company, among other things, to deliver the share charge over Z-Idea and the personal guarantee from Mr. Zhang as securities for the loan, and to procure Z-Idea to maintain a minimum shareholding in the Company in respect of the charged Shares. The Company intends to repay the loan with the net proceeds from the Open Offer.

2. The interest in 249,000,000 Shares is the deemed corporate interest through Z-Idea which is beneficially and wholly owned by Mr. Zhang.

3. Kingston is owned as to 100% by Ample Cheer Limited. Ample Cheer Limited is 80% owned by Best Forth Limited and Best Forth Limited is wholly owned by Ms. Chu Yuet Wah. The 224,000,000 Shares represent the securities for the loan of HK$15,000,000 from Kingston.

4. The interest in 224,000,000 Shares is the deemed corporate interest through Kingston.

5. The interest in 224,000,000 Shares is the deemed corporate interest through Ample Cheer Limited.

6. The interest in 224,000,000 Shares is the deemed corporate interest through Best Forth Limited.

7. Good Day International Limited is owned by Ms. Wu Lixia and Mr. Zhang Xuancheng as to 95% and 5% respectively.

8. The interest in 45,000,000 Shares is the deemed corporate interest through Good Day International Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, no other person (other than a Director or chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% 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.

4. DIRECTORS' INTERESTS IN THE ENLARGED GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE ENLARGED GROUP

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2012, the date to which the latest published audited financial statements of the Group were made up.

There was no contract or arrangement entered into by any member of the Enlarged Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Enlarged Group as a whole.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had an interest in any business apart from the Enlarged Group's business, which competes or is likely to compete, either directly or indirectly, with the Enlarged Group's business that needs to be disclosed pursuant to Rule 8.10 of the Listing Rules.

6. QUALIFICATIONS AND CONSENTS OF EXPERTS

The followings are the qualifications of the experts who have given opinion or advice which are contained in this circular:

Name	Qualification
Proton Capital Limited	Licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
ZHONGHUI ANDA CPA Limited	Certified Public Accountants
Messis Capital Limited	Licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name or opinion in the form and context in which it appears.

As at the Latest Practicable Date, all the experts above were not beneficially interested in the share capital of any member of the Enlarged Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, all the experts above did not, directly or indirectly, had any interest in any assets which had since 31 December 2012 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any other member of the Enlarged Group, excluding contracts expiring or which may be terminated by the employer within a year without payment of any compensation (other than statutory compensation).

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the Enlarged Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Enlarged Group within two years immediately preceding the Latest Practicable Date and are or may be material:

(a) the sale and purchase agreement dated 17 November 2011 entered into between the Company (as vendor) and Shinning Jade Limited (as purchaser) regarding the disposal of the entire issued share capital of Dragon Gain Resources Limited, a wholly-owned subsidiary of the Company, at the consideration of HK$17,000,000;

(b) the second supplemental loan agreement dated 6 December 2011 entered into between the Company and New Prime for the extension of the repayment date of the CWA Loan;

(c) the second supplemental agreement dated 6 December 2011 entered into between the Company and New Prime for the extension of the long stop date of the Subscription Agreement;

(d) three share transfer agreements dated 15 December 2011 entered into between China Mutual (as purchaser) and three individual vendors respectively regarding the acquisition of an aggregate of 72.5% equity interest in the registered capital of Sunbow at an aggregate consideration of RMB5,002,500;

(e) the sale and purchase agreement dated 18 May 2012 entered into between Mitsumaru EK (as vendor) and an individual (as purchaser) regarding the disposal of the entire issued share capital of Kitking Global Limited, an indirect wholly-owned subsidiary of the Company, at the consideration of HK$1,000,000;

(f) the third supplemental agreement dated 28 December 2012 entered into between the Company and New Prime for the extension of the long stop date of the Subscription Agreement;

(g) a loan agreement dated 13 August 2013 entered into between the Company as borrower and New Prime as lender in relation to a loan in the aggregate principal amount of USD5,000,000 (being part of the Bridging Loan) which is repayable on 12 August 2014 with interest at the rate of 12% per annum;

(h) the Acquisition Agreement;

(i) the Underwriting Agreement;

(j) a loan agreement dated 23 October 2013 entered into between the Company as borrower and New Prime as lender in relation to a loan in the aggregate principal amount of USD7,500,000 (being part of the Bridging Loan) which is repayable on 22 October 2014 with interest at the rate of 12% per annum; and

(k) the fourth supplemental agreement dated 30 October 2013 entered into between the Company and New Prime for the extension of the long stop date and the amendments to the conditions precedent of the Subscription Agreement.

10. EXPENSES

The estimated expenses in connection with the Open Offer (including but not limited to the underwriting commission, printing, registration, financial advisery, legal, professional and accounting charges) are approximately HK$7 million and are payable by the Company.

11. PARTIES

(a) Particulars of the Directors

Name	**Address**
Executive Directors	
Mr. Tang Chin Wan	Suite 5005-5006, 50/F. Central Plaza, 18 Harbour Road Wanchai, Hong Kong
Mr. Siu Chi Ming	Suite 5005-5006, 50/F. Central Plaza, 18 Harbour Road Wanchai, Hong Kong
Independent non-executive Directors	
Mr. Martin He	Suite 5005-5006, 50/F. Central Plaza, 18 Harbour Road Wanchai, Hong Kong
Ms. Au Shui Ming	Suite 5005-5006, 50/F. Central Plaza, 18 Harbour Road Wanchai, Hong Kong

(b) Biographical details of the Directors

Executive Directors

Mr. Tang Chin Wan, aged 53, is an executive director of the Company. Mr. Tang obtained a Doctorate degree in Industrial and Systems Engineering (Operations Research) from Virginia Polytechnic Institute and State University in 1995. Mr. Tang has worked in the environmental engineering and information technology business sectors for more than 12 years. He is currently responsible for overall management of the Group. Mr. Tang joined the Group and was appointed as a Director on 22 September 2010.

Mr. Siu Chi Ming, aged 33, holds a Bachelor of Business Administration (Accounting) from Hong Kong Baptist University. Mr. Siu is a fellow member of the Association of Chartered Certified Accountants and an associate of Hong Kong Institute of Chartered Secretaries as well as the Institute of Chartered Secretaries and Administrators. Prior to joining the Group, Mr. Siu was a senior manager of a corporate finance division of a licensed corporation registered under the SFO and a licensed person registered under the SFO to carry on type 6 (advising on corporate finance) regulated activity. Mr. Siu has been involved in several corporate finance transactions including mergers and acquisitions, corporate reorganisation and a variety of fund raising exercises. He is currently responsible for the overall management of the Group. Mr. Siu joined the Group and was appointed as a Director on 9 February 2012.

Independent non-executive Directors

Mr. Martin He, aged 50, was appointed as an independent non-executive Director on 27 August 2008. Mr. He has obtained a Master of Finance degree at the University of Toronto as well as the Master of Management and Bachelor of International Economics degrees from the Peking University. Mr. He has extensive experience in private equity, investment banking, mining investment, corporate finance, management of listed company, as well as experience in the media industry. Mr. He is the Responsible Officer License holder for types 4 & 6 activities of the SFO. Mr. He is one of the founders and the Managing Director of Zensation Capital International Limited, a Hong Kong based business and financial consulting company which is not a listed public company. Mr. He is the committee members of the Fund Raising Committee, Hong Kong Society of Rehabilitation; founding member of Zensation Avant Charity Fund; founding member of Yau Yat Chuen Lion Club, and winner of Melvin Jones Fellow.

Ms. Au Shui Ming, aged 48, holds a bachelor degree in Commerce, majoring in Accounting, from the University of Wollongong in Australia. She is a Certified Practising Accountant of CPA Australia and a fellow member of the Hong Kong Institute of Certified Public Accountants. Ms. Au has extensive experience in the finance and accounting fields. Ms. Au was an executive director of China Digital Licensing (Group) Limited (stock code: 8175), a company listed on the Growth Enterprise Market of the Stock Exchange.

An additional independent non-executive Director will be appointed as soon as possible prior to the completion of the August Proposal.

12. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered office	Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Suite 5005-5006, 50/F., Central Plaza 18 Harbour Road, Wanchai, Hong Kong
Authorised representatives	Mr. Siu Chi Ming Mr. Jan Wing Fu, Barry
Company secretary	Mr. Jan Wing Fu, Barry (An associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom)
Joint financial advisers to the Company	Proton Capital Limited Suite 06-07, 28/F., Shui On Centre 6-8 Harbour Road Wanchai Hong Kong Kingston Corporate Finance Limited Suite 2801, One International Finance Centre 1 Harbour View Street, Central Hong Kong
Auditor and reporting accountant	ZHONGHUI ANDA CPA Limited 21/F., Max Share Centre 373 King's Road North Point Hong Kong
Legal advisers as to Hong Kong laws	Michael Li & Co. 19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong
Independent financial adviser	Messis Capital Limited Room 1606, 16/F. Tower 2, Admiralty Centre 18 Harcourt Road Hong Kong
Underwriter	Yue Xiu Securities Company Limited 24/F., Siu On Centre 188 Lockhart Road Wanchai Hong Kong

Principal banker	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong
Branch registrar in Hong Kong	ComputerShare Hong Kong Investor Services Limited Room 1712-16, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

13. MISCELLANEOUS

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Suite 5005-5006, 50/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on any business day from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the Acquisition Agreement (as supplemented by a supplemental agreement);

(c) the Underwriting Agreement;

(d) the annual reports of the Company for the two financial years ended 31 December 2011 and 2012 and the interim report of the Company for the six months ended 30 June 2013;

(e) the letter from the Independent Board Committee, the text of which is set out on page 49 of this circular;

(f) the letter from the Independent Financial Adviser, the text of which is set out from pages 50 to 62 of this circular;

(g) the written consents referred to in the paragraph under the heading "Qualifications and consents of experts" in this appendix;

(h) the material contracts referred to in the paragraph under the heading "Material contracts" in this appendix;

(i) the letters of comfort in relation to the profit forecast of the Enlarged Group for the year ending 31 December 2014, the text of which are both set out in Appendix IV to this circular;

(j) the reports from the reporting accountant on unaudited pro forma financial information of the Enlarged Group and adjusted consolidated net tangible assets of the Enlarged Group as set out in Appendices IIIA and IIIB to this circular respectively;

(k) the accountants' reports of the TV Business and the Target Company as set out in Appendices IIA and IIB to this circular respectively; and

(l) this circular.

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)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting of Mitsumaru East Kit (Holdings) Limited (the "**Company**") will be held at Suite 5005-5006, 50/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 28 November 2013 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**

   (a) the conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") dated 20 August 2013 (as amended by a supplemental agreement dated 20 August 2013) and entered into between Ace Earn Limited, a wholly-owned subsidiary of the Company as purchaser and 數源科技股份有限公司 (SOYEA Technology Co., Ltd) as vendor in relation to the sale and purchase of the entire registered and paid-up share capital of 數源久融技術有限公司 (Soyea Jiu Rong Technology Co., Ltd*) (a copy of which is marked "A" and produced to the EGM and signed by the chairman of the EGM for identification purpose) and any and all other acts taken by the directors (the "**Directors**") of the Company in connection with the Sale and Purchase Agreement, including but not limited to the payment of deposit pursuant to the terms thereto be and are hereby ratified, confirmed and approved; and

   (b) any one or more of the directors (the "**Directors**") of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents for the purpose of, or in connection with, the implementation of and giving effect to the Sale and Purchase Agreement and the transactions ancillary thereto and of administrative nature which he/she/they consider necessary, desirable or expedient."

2. "**THAT** the authorised share capital of the Company of HK$100,000,000 comprising of 1,000,000,000 shares of HK$0.10 each (the "**Shares**") be and is hereby increased to HK$500,000,000 comprising of 5,000,000,000 Shares, by the creation of an additional 4,000,000,000 Shares."

3. "**THAT** subject to the fulfillment of the conditions of the Underwriting Agreement (as defined below),

   (a) the Open Offer (as defined below) and the transactions contemplated thereunder be and are hereby approved, and

   For the purpose of this resolution, "**Open Offer**" means the proposed issue by way of open offer of 2,400,000,000 Shares at the subscription price of HK$0.10 per Share (the "**Offer Shares**") to the qualifying shareholders (the "**Qualifying Shareholders**") of the Company whose names appear on the date by reference to which entitlement under the Open Offer will be determined (other than those shareholders (the "**Excluded Shareholders**") with registered addresses outside Hong Kong whom the Directors, after making relevant enquiry, consider their exclusion from the Open Offer to be 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) in the proportion of six (6) Offer Shares for every one (1) existing issued Share subject to the fulfillment or waiver of the conditions and terms set out in the underwriting agreement dated 21 August 2013 (the "**Underwriting Agreement**", including, if any, all supplemental agreements or deeds relating thereto) entered into among, the Company and Yue Xiu Securities Company Limited (the "**Underwriter**"), (a copy of which is marked "**B**" and produced to the EGM and signed by the chairman of the EGM for identification purpose);

(b) the Directors be and are hereby authorised to allot and issue the Offer Shares pursuant to the Open Offer notwithstanding the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to the Excluded Shareholders as they may deem necessary, desirable or expedient to having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong;

(c) the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the arrangements for taking up of the unsubscribed Offer Shares, if any, by the Underwriters) be and are hereby approved, confirmed and ratified; and

(d) any Directors be and are hereby authorised to sign or execute such documents and do all such acts and things in connection with the allotment and issue of the Offer Shares, the implementation of the Open Offer and the Underwriting Agreement, the exercise or enforcement of any of the Company's rights under the Underwriting Agreement and to make and agree to make such variations of the terms of the Underwriting Agreement as they may in their discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders."

4. "**THAT** subject to the fulfillment of the terms and conditions set out in the subscription agreement dated 1 December 2010 (the "**Subscription Agreement**") entered into between the Company and New Prime Holdings Limited (the "**Subscriber**") (a copy of which is marked "C" and produced to the EGM and signed by the chairman of the EGM for identification purpose) in respect of the subscription for an aggregate of 1,000,000,000 Shares (the "**Subscription Shares**") at a subscription price of HK$0.10 each (the "**Subscription**"):

(a) the Subscription Agreement in relation to the Subscription and the matters contemplated thereby be and are hereby approved, confirmed and ratified;

(b) the terms and conditions of the Subscription be and are hereby approved and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Subscription Shares, the allotment and issue of the Subscription Shares to the Subscriber pursuant to the Subscription Agreement (the "**Specific Mandate**") be and is hereby approved and the Specific Mandate is in addition to, and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on 21 June 2013 or such other general or specific mandate(s) that may have been granted to the Directors prior to the passing of this resolution; and

(c) any one Director be and is hereby authorised to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary or expedient in connection with and to give effect to the Subscription."

For and on behalf of
MITSUMARU EAST KIT (HOLDINGS) LIMITED
Siu Chi Ming
Executive Director

Hong Kong, 12 November 2013

Head office and principal place of business in Hong Kong:
Suite 5005-5006, 50th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorised to sign the same.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Room 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be).

4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

5. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.