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 a licensed securities dealer or 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, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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)

VERY SUBSTANTIAL DISPOSAL
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the extraordinary general meeting of Mitsumaru East Kit (Holdings) Limited to be held at Suite 5005-5006, 50/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 20 July 2012 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of Mitsumaru East Kit (Holdings) Limited, 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 practicable and in any event not later than 48 hours before the time appointed for holding the meeting 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 in person at the meeting or any adjournment thereof (as the case may be) should you so wish.

25 June 2012

CONTENTS

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

"Agreement"	the conditional sale and purchase agreement dated 18 May 2012 entered into between the Vendor and the Purchaser in relation to the Disposal
"Board"	the board of Directors
"Business Day(s)"	a day (other than Saturday, Sunday and other general holidays in Hong Kong and/or the PRC and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m.) on which the licensed banks in Hong Kong and the PRC are generally open for business
"Company"	Mitsumaru East Kit (Holdings) Limited, a company incorporated in the Cayman Islands with limited liabilities, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code : 2358)
"Completion"	completion of the Disposal in accordance with the terms and conditions of the Agreement
"Completion Date"	the date on which Completion takes place
"Consideration"	the consideration of HK$1,000,000 for the Sale Share under the Agreement
"CWA"	China Water Affairs Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code : 855)
"Deed of Waiver"	the deed of waiver to be executed by the Vendor and Kitking at Completion, pursuant to which the Vendor shall waive all the outstanding shareholder's loan owed by the Kitking Group to the Remaining Group
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Sale Share by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement

"EGM"	the extraordinary general meeting of the Company to be convened and held to consider and approve the Agreement and the transactions contemplated thereunder
"EKE China"	東傑電氣（中國）有限公司 (East Kit Electronic (China) Co., Ltd.*), a company established under the laws of the PRC and a wholly-owned subsidiary of Mitsumaru Holdings
"EKE Shanghai"	東傑電氣（上海）有限公司 (East Kit Electronic (Shanghai) Co., Ltd.*), a company established under the laws of the PRC and a wholly-owned subsidiary of Mitsumaru Holdings
"Group"	the Company and its subsidiaries
"Kitking"	Kitking Global Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as at the date of the Agreement
"Kitking Group"	Kitking and its subsidiaries
"Latest Practicable Date"	21 June 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	a loan advanced by New Prime to the Company with a principal amount of HK$100,000,000
"Mitsumaru Holdings"	Mitsumaru (Holdings) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Kitking
"Mitsumaru Shenzhen"	深圳市三丸電氣有限公司 (Shenzhen Mitsumaru Electronic Co., Ltd.*), a company established under the laws of the PRC with limited liability, 67% of the registered capital of which is held by EKE Shanghai
"New Prime"	New Prime Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of CWA

* *For identification purposes only*

"PRC"	The People's Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this circular
"Purchaser"	Mr. Guo Yu Qing
"Remaining Group"	the Group immediately after Completion
"Sale Share"	one ordinary share of HK$0.01 in the capital of Kitking, representing 100% of the issued share capital of Kitking as at the date of the Agreement and at Completion
"SFO"	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Shanghai Zhancheng"	上海戰誠電子科技有限公司 (Shanghai Zhancheng Electronic Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability, 21.7% of the registered capital of which is held by EKE Shanghai, with a percentage of both voting rights and profit sharing of 19.3%
"Share(s)"	ordinary shares of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Sunbow"	Wuhan Sunbow Science & Technology Co., Ltd., a company established under the laws of the PRC with limited liability
"Vendor"	Mitsumaru East Kit (Group) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2358)

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

Independent Non-executive Directors:
Ms. Au Shui Ming
Mr. Martin He
Mr. Mu Xiangming

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

Head Office and Principal Place of Business:
Suite 5005–5006, 50/F Central Plaza
18 Harbour Road
Wanchai
Hong Kong

25 June 2012

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL

INTRODUCTION

On 18 May 2012, the Vendor (a wholly-owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Share at the Consideration of HK$1,000,000. The Sale Share represents 100% of the issued share capital of, and the Group's entire interest in, Kitking. Pursuant to the Agreement, the Vendor also agreed to irrevocably and unconditionally waive all the outstanding shareholder's loan owing by the Kitking Group to the Remaining Group as at Completion.

The Kitking Group is engaged in the design of chassis of colour televisions, assembly of colour televisions and trading of components related to colour televisions. Following the Disposal, the Remaining Group will cease to engage in television related business and will continue with its other existing business in the design, assembly and installation of water meters and provision of related services. In conjunction with the formulation of its resumption plan for its Shares, the Company will also seek for other potential acquisition targets to strengthen its business, operations and assets.

The Disposal constitutes a very substantial disposal for the Company under the Listing Rules and is therefore subject to the approval of the Shareholders at the EGM by way of poll.

The purpose of this circular is to provide you with, among other things, (i) details of the Agreement; (ii) financial information of the Group; (iii) financial information of the Kitking Group; (iv) the unaudited pro forma financial information of the Remaining Group; (v) the valuation of the property of the Kitking Group; and (vi) other information required under the Listing Rules.

THE AGREEMENT

Date

18 May 2012

Parties

(i) Mitsumaru East Kit (Group) Limited (the Vendor); and

(ii) Mr. Guo Yu Qing (the Purchaser).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of the Company and CWA and their respective connected persons (as defined in the Listing Rules). The Purchaser is a merchant with extensive experience in LCD/LED television production in the PRC.

Assets to be disposed of

Pursuant to the Agreement: (i) the Vendor conditionally agreed to sell the Sale Share to the Purchaser free from all liens, charges and encumbrances and together with all rights attaching thereto including all dividends and distributions declared, made or paid after the date of Completion; and (ii) the Vendor conditionally agreed to irrevocably and unconditionally waive all the outstanding shareholder's loan provided to the Kitking Group by the Remaining Group as at the date of Completion by way of the Deed of Waiver.

The Sale Share represents 100% of the issued share capital of and the Group's entire interest in Kitking.

As at 31 December 2011, the outstanding amount of the shareholder's loan owed by the Kitking Group to the Remaining Group was approximately HK$63.5 million.

Consideration

The Consideration shall be HK$1,000,000, which shall be settled by the Purchaser in cash on Completion.

Conditions

Completion is conditional upon:

(i) (if required) the passing by the Shareholders of ordinary resolution(s) to approve the Agreement and the transactions contemplated thereunder in accordance with the Listing Rules and applicable laws and regulations;

(ii) the due execution of the Deed of Waiver; and

(iii) all necessary approvals, authorisations and consents required on the part of the Vendor in connection with the Agreement and the Disposal having been obtained.

The above conditions are not capable of being waived. If the above conditions are not satisfied on or before 30 September 2012 (or such later date as the parties to the Agreement may agree in writing), the Agreement shall cease and determine.

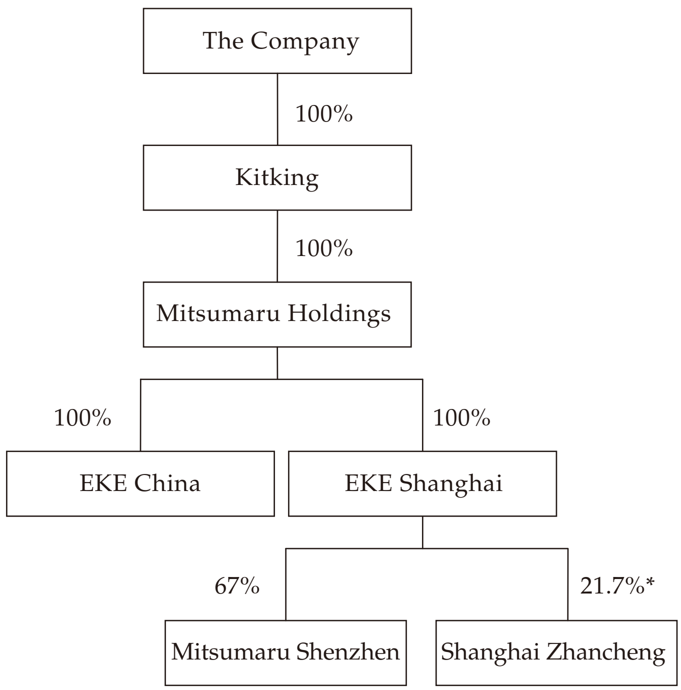
As at the Latest Practicable Date, none of the conditions has been fulfilled.

Completion

Completion shall take place within three Business Days after the date of fulfillment of the conditions under the Agreement.

INFORMATION ON THE KITKING GROUP

The Kitking Group is principally engaged in the design of chassis of colour televisions, assembly of colour televisions and the trading of components related to colour televisions. The business of design of chassis of colour televisions and assembly of colour television sets is carried out under EKE Shanghai at the production facilities located in Shanghai, the PRC. The trading business is carried out under EKE Shanghai, Mitsumaru Shenzhen and Mitsumaru Holdings. The group structure of the Kitking Group is set out below:



* *EKE Shanghai holds 21.7% equity interest in Shanghai Zhancheng, with a percentage of both voting rights and profit sharing of 19.3%.*

Financial information of the Kitking Group

Set out below is the unaudited financial information of the Kitking Group for the two years ended 31 December 2010 and 2011 as set out in Appendix II to this circular:

	For the year ended 31 December	
	2010	**2011**
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Turnover	92,130	316,184
Loss before tax	(34,278)	(2,346)
Loss after tax	(33,880)	(2,022)

	As at 31 December 2011
	(unaudited)
	HK$'000
Total assets	183,649
Total liabilities	(329,160)
Net liabilities	(145,511)

The property, investment property and prepaid land premiums of the Kitking Group are pledged to a bank to secure a loan obtained by a member of the Kitking Group. Upon Completion, the Remaining Group will cease to have any obligation on the performance and repayment of the aforesaid bank loan of the Kitking Group. Details of the property held by the Kitking Group are set out in the valuation report as set out in Appendix IV to this circular.

REASONS FOR THE DISPOSAL

At present, the Group is principally engaged in (i) the design of the chassis of colour televisions, assembly of colour televisions and the trading of components related to colour televisions; and (ii) the sales, design, assembly and installation of water meters and provision of related services.

As disclosed in the Company's 2011 annual report, with the granting of the Loan, the Group's working capital position has been substantially improved. Such financial support has enabled the Group to deliver an improvement in overall performance in terms of turnover and gross profit margin. For the year ended 31 December 2011, the Kitking Group derived turnover and gross profit from continuing operation of the design and assembly of television products and trading of television related components of approximately HK$316.2 million and HK$11.0 million, versus HK$92.1 million and HK$4.3 million recorded in the year ended 31 December 2010. Despite the significant improvements in turnover and gross profit, the Kitking Group still suffered loss after tax of approximately HK$2.0 million after taking into account the substantial amount of depreciation expenses in respect of property, plant and equipment of approximately HK$5.6 million, write-down of inventories of approximately HK$6.3 million and impairment of trade receivables of approximately HK$5.0 million. The Directors consider that it would require substantial additional working capital to scale up the operations of this business and to generate a reasonable return. In light of the circumstances above, the Directors consider it is beneficial to the Company to dispose of this loss making business in order to alleviate the pressure on the Group's future working capital requirements and reallocate its resources to the other business opportunities which may have prospects in generating better return for the Company.

The Consideration is determined after arm's length negotiations between the Vendor and the Purchaser taking into account factors including the net liabilities of the Kitking Group and the amount of the shareholder's loan owed by the Kitking Group to the Remaining Group as at 31 December 2011, and the unsatisfactory performance of the Kitking Group in recent years. For illustration purpose and based on the net liabilities of the Kitking Group as at 31 December 2011 of approximately HK$145.5 million, the amount of the shareholder's loan owed by the Kitking Group to the Remaining Group of approximately HK$63.5 million as at 31 December 2011 to be waived by the Vendor pursuant to the Deed of Waiver, the reversal of impairment in respect of the amount due from the fellow subsidiaries of the Remaining Group to the Kitking Group of approximately HK$70.1 million, the write back of the exchange reserve of the Kitking Group upon Completion of approximately HK$15.4 million and the Consideration, the Disposal is expected to result in a gain of approximately HK$28.3 million for the Group. The actual gain arising from the Disposal however will be calculated based on the financial information of the Kitking Group as at Completion which may be different from the estimated gain disclosed above.

Upon Completion, the Group shall cease to hold any interest in Kitking and Kitking shall cease to be a subsidiary of the Company. The proceeds from the Disposal will be applied as general working capital of the Group.

Taking into account the unsatisfactory performance of the Kitking Group, the cash proceeds receivable and possible gain arising from the Disposal and the opportunity to reallocate resources after the Disposal to other business segments which may have better growth potential, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable and the Disposal is in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Based on the unaudited pro forma consolidated statement of financial information of the Remaining Group as set out in Appendix III to this circular, the financial effects of the Disposal on the Group are as follows:

(1) the Group's total assets would decrease by approximately 88.5% from approximately HK$191,958,000 to HK$22,169,000, and the Group's total liabilities would decrease by approximately 53.9% from approximately HK$339,167,000 to approximately HK$156,461,000 assuming the Disposal had been completed on 31 December 2011; and

(2) the Group's performance for the year ended 31 December 2011 would improve from a loss of approximately HK$27,261,000 to a gain of approximately HK$53,180,000, which is mainly attributable to (a) the exclusion of the loss of the Kitking Group for the year ended 31 December 2011 of approximately HK$2,022,000; and (b) the inclusion of the estimated gain of approximately HK$78,419,000 arising from the Disposal, after deducting expenses incidental to the Disposal assuming the Disposal had been completed on 1 January 2011.

As disclosed in the Company's 2011 annual report, all assets of the Company and the Group from time to time were pledged to New Prime by way of a fixed and floating charge under a debenture dated 1 December 2010 as a security for the repayment of the Loan. The Disposal has no impact on the aforesaid secured debenture. Upon Completion, all assets of the Remaining Group will remain to be pledged to New Prime pursuant to the terms of the secured debenture.

Based on the unaudited pro forma consolidated statement of financial position of the Remaining Group as set out in Appendix III to this circular, the Remaining Group would have a net liabilities position of approximately HK$134.3 million upon Completion. The liabilities of the Remaining Group mainly represent the Loan and other loans of principal amount of HK$38,000,000. On 1 December 2010, the Company entered into a subscription agreement (the "Subscription Agreement") with New Prime pursuant to which New Prime conditionally agreed to subscribe, and the Company conditionally agreed to issue, 1,000,000,000 new Shares (the "Subscription"). The consideration payable by New Prime under the Subscription will be satisfied by New Prime by setting off the Loan. In addition, as announced by the Company on 1 December 2010, the Group proposed to carry out an open offer on the basis of 15 new Shares for every 4 Shares held by the qualifying Shareholders (the "Open Offer"). The gross proceeds of the Open Offer is expected to be HK$150,000,000. The Subscription and the Open Offer will form part of the resumption proposal to be submitted to the Stock Exchange for its review and approval. The Directors are still in the course of formulating the resumption proposal, details of which are set out in the section headed "Updates on the resumption of trading of the Shares" below. Accordingly, the Subscription and the Open Offer may or may not proceed. The Subscription and the Open Offer, if proceed, will be subject to, among other things, the resumption of trading in the Shares and approval from the Shareholders. The long stop date of both the Subscription and the Open Offer is 30 June 2012 and the Company is engaging in discussions with New Prime and the underwriters for the Open Offer regarding extension of the long stop date. It is currently the intention of the Company, New Prime and the underwriters to extend the long stop date of the Subscription and the Open Offer. Further announcement will be made by the Company as and when appropriate. The Directors consider that the Company will be able to meet its financial obligations upon completion of the said fund raising exercises. In addition, New Prime and CWA have confirmed in writing to provide financial support to the Company in meeting certain outstanding loans and working capital of the Company. Taking into account the above, the Directors are of the opinion that, in the absence of unforeseen circumstances, the Remaining Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Following the Disposal, the Remaining Group will cease to engage in television related business and will continue to engage in its existing business of sale, design, assembly and installation of water meters and provision of after sales and related services.

The business of sale, design, assembly and installation of water meters and provision of after sales and related services is carried out under Sunbow which is a 75%-owned subsidiary acquired by the Group in February 2012. Presently, the major business location of Sunbow is in the city of Wuhan, Hubei province, the PRC. Through its long years of research and development, Sunbow has registered three patents, one trademark and one software copyright. The electronic water meters assembled and installed by Sunbow incorporating these intellectual properties enable the remote recording of customers' water and energy consumption, and the remote access to information on water and energy payment status. These intellectual properties used by Sunbow also enable the assembly and installation of water meters which are (i) easier to maintain as the batteries of the water meters are easily replaceable and the replacement is easy and is therefore cost-saving; (ii) more user friendly as signals can be sent to remind users to purchase water from the water supply department in the PRC when the actual water consumption has exceeded the volume purchased; (iii) detachable in design to facilitate the monitoring of water usage and operation of water meters; (iv) conducive to the implementation of the progressive tariff structure by the water supply department in the PRC; and (v) more reliable as they cannot be easily interfered. The above patents and software copyright have provided competitive edge to Sunbow over its competitors which assemble and install traditional water meters. Given the above versatile nature of water meters designed and produced by Sunbow, the Directors believe that Sunbow has the ability to secure potential orders leading to a growth in turnover and customer base. The existing major customers of Sunbow are the major property developers and construction companies located in the city of Wuhan, Hubei province, the PRC. In view of the growing trend to use electronic water meters of the kind assembled and installed by Sunbow to replace the traditional method of manually recording water usage, the electronic water meters business is expected to have promising future and provide attractive return with high gross profit margin. The Company considers Sunbow is a valuable business which will benefit the Group and Shareholders as a whole.

Since completion of the acquisition of Sunbow on 29 February 2012, Sunbow has not made material profit contribution to the Remaining Group. The unaudited turnover and unaudited profit of Sunbow amounted to approximately RMB872,000 (equivalent to approximately HK$1,073,000) and RMB82,000 (equivalent to approximately HK$101,000) respectively for the period from 1 March 2012 to 30 April 2012. The Company has conducted a comprehensive review on the operations of Sunbow to formulate its long-term business strategy for future operations. At present, most of the production work for water meters is sub-contracted by Sunbow to independent third parties and Sunbow is primarily responsible for part of the assembly process and testing. In addition, Sunbow also provides solution services to customers who need advice on the design of water supply and related management system. Going forward, Sunbow will try to secure more orders to generate sustainable profit to the Group. The Group is also engaging in discussions with CWA with a view to pursuing cooperation in the future. As at the Latest

Practicable Date, the Company has no intention to dispose of its water meters business. In view of the current scale of operation of Sunbow, the Company has no present intention to allocate any proceeds from the Disposal to Sunbow.

UPDATES ON THE RESUMPTION OF TRADING OF THE SHARES

At the direction of the Stock Exchange, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 14 February 2008. As disclosed in the announcement of the Company dated 16 May 2012, the Stock Exchange issued a letter to the Company on 15 May 2012 stating that the Company has been placed in the second delisting stage under Practice Note 17 to the Listing Rules from 15 May 2012. According to the aforesaid letter, the Stock Exchange requested the Company to submit a viable resumption proposal to address the following issues at least 10 business days before 14 November 2012, being the expiry date of the second stage of delisting:

(i) demonstrate sufficient level of operations or assets of sufficient value as required under Rule 13.24 of the Listing Rules;

(ii) demonstrate sufficient working capital for at least twelve months from resumption date;

(iii) address any concerns that may be raised by auditors through audit qualifications; and

(iv) demonstrate adequate and effective internal control system to meet the obligations under the Listing Rules.

Until the satisfaction of all the resumption conditions set out above by the Stock Exchange, trading in the Shares will continue to be suspended.

During the year ended 31 December 2011, the Company submitted resumption proposals to the Stock Exchange comprising a fund raising exercise by way of an open offer. Following the finalising of the audit of the 2011 financial statements, the Directors have re-assessed the resumption proposals in light of the audited results of the Group particularly the performance of the Kitking Group, and considered the business of the Kitking Group requires substantial additional working capital to scale up its operations in order to generate a reasonable return. The Directors therefore considered to cease the television related business and commenced discussions with potential investors to dispose of the Kitking Group which led to the conclusion of the Disposal with the Purchaser. In the circumstances, the resumption proposals previously submitted to the Stock Exchange will need to be reformulated. The Directors acknowledge that the current business of the Remaining Group may not be able to meet the resumption conditions set by the Stock Exchange. In conjunction with formulating the new resumption proposal, the Directors are actively pursuing potential acquisition targets for the Group which would have a sufficient level of operations and tangible assets of sufficient value to meet the resumption conditions set by the Stock Exchange. As at the Latest Practicable Date, the Directors have identified certain potential acquisition targets, one of which is related to design, assembly and trading of televisions. The Company has been continuously reviewing possible acquisition opportunities with a view to enhancing the performance of the Company and creating value for the Shareholders. Some preliminary discussions have taken place but no terms and conditions have been agreed and such acquisition may or may not materalise. As at the Latest Practicable Date, the Group has not entered into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether expressed or implied, about any acquisition of new business by the Group. In the event of any acquisition of business by the Remaining Group, such acquisition may constitute a reverse takeover under Chapter 14 of the Listing Rules. Further announcement(s) will be made by the Company if any such acquisition materialises and to update the Shareholders and investors on the progress of the resumption proposal as and when appropriate. The trading in the Shares will remain suspended until further notice.

LISTING RULES IMPLICATIONS

The Disposal constitutes a very substantial disposal for the Company under the Listing Rules and is therefore subject to the approval of the Shareholders at the EGM by way of poll. As no Shareholder has a materially different interest in the Disposal, no Shareholder is required to abstain from voting on the relevant resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its associates (as defined in the Listing Rules) did not hold any Shares as at the date of the Agreement.

EXTRAORDINARY GENERAL MEETING

The EGM will be convened at Suite 5005-5006, 50/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 20 July 2012 at 10:00 a.m. for the Shareholders to consider and, if thought fit, to approve the Agreement and the transactions contemplated thereunder. A notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular. Voting at the EGM on the resolution will be taken by poll.

A form of proxy for use by the Shareholders at the EGM is enclosed herewith. Whether or not you are able to attend the EGM in person, you are advised to read the notice and complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office, 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 but in any event not less than 48 hours before the time appointed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

RECOMMENDATION

The Directors consider that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and accordingly recommend all Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM to approve the Agreement and the transactions contemplated thereunder at the EGM.

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

Yours faithfully,
By Order of the Board
Mitsumaru East Kit (Holdings) Limited
Siu Chi Ming
Executive Director

1. FINANCIAL SUMMARY

The audited consolidated financial statements of the Group for the years ended 31 December 2009, 2010 and 2011 are disclosed in the annual reports of the Company for the years ended 31 December 2009, 2010 and 2011 respectively, all of which have been published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.mitsumaru-ek.com).

2. WORKING CAPITAL

On the basis that (i) New Prime has confirmed not to exercise its overriding right of repayment on demand of the Loan for the twenty months period ending 31 December 2013; (ii) New Prime and CWA have confirmed to provide financial support to the Company to settle other loans of HK$15,000,000 and HK$15,000,000 to be matured on 28 September 2012 and 31 December 2012 respectively; (iii) CWA has confirmed to provide certain continuing financial support to the Company, including the repayment of the Loan, so as to meet its financial obligations as they fall due for the twenty months period ending 31 December 2013; and (iv) the Disposal can be completed as currently envisaged and taking into account of the Group's present available facilities, the Directors are of the opinion that, in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

3. INDEBTEDNESS STATEMENT

Borrowings

As at the close of business on 30 April 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding bank and other borrowings of approximately HK$180 million, which comprised of:

i. The Loan of principal and interest of HK$100,000,000 and HK$2,827,000 respectively pursuant to an agreement dated 1 December 2010 entered into between the Company and New Prime.

   Pursuant to a subscription agreement entered into between the Company and New Prime, the Loan will be applied to settle consideration to be paid by New Prime for subscription of 1,000,000,000 new Shares, upon fulfillment of certain conditions including the resumption of trading of the Shares.

   Pursuant to a debenture dated 1 December 2010, all assets of the Company and the Group are pledged to New Prime by way of a fixed and floating charge;

ii. Bank loan of approximately RMB27,000,000 (equivalent to approximately HK$33,210,000) from a PRC bank pursuant to a bank loan agreement dated 26 April 2011 entered into between a PRC subsidiary of the Company and a PRC bank. These loans were secured by the Group's buildings, investment property and prepaid land lease premiums situated in the PRC with an aggregate carrying value of approximately HK$62 million as at 30 April 2012. These loans carry interest at a fixed rate of 5.76% per annum with an accrued interest payable at 30 April 2012 of RMB1,123,000 (equivalent to approximately HK$1,381,000);

iii. Two promissory notes of HK$20,000,000 and HK$10,000,000 were issued by the Company to two independent third parties in August 2010 whereby the Company promised to pay to these independent third parties at a fixed interest rate of 2% per annum. As at 30 April 2012, the outstanding balances of these two promissory notes were HK$5,000,000 and HK$10,000,000 with an accrued interest payable at 30 April 2012 of approximately HK$8,000 and HK$349,000 respectively;

iv. A loan with principal amount of HK$15,000,000 pursuant to a loan agreement dated 30 July 2010 entered between the Company and Kingston Finance Limited (an independent third party), which is secured by a charge over 224,000,000 Shares beneficially owned by Mr. Zhang Shu Yang ("Mr. Zhang"), the ultimate controlling Shareholder, and a personal guarantee given by Mr. Zhang. The loan is repayable on 28 September 2012 and carries interest at a rate of 8% per annum with an accrued interest payable at 30 April 2012 of approximately HK$99,000;

v. Two unsecured and interest bearing loans from an independent third party amounting to approximately RMB3,000,000 and RMB500,000 (equivalent to approximately HK$3,690,000 and HK$615,000 respectively) were borrowed by the Group in January 2012 and April 2012 respectively, which carries interest at a fixed rate of 1% and 2% per month with an accrued interest payable at 30 April 2012 of approximately RMB479,000 and RMB4,500 (equivalent to approximately HK$589,000 and HK$5,500 respectively);

vi. Two unsecured and non-interest bearing loans from an independent third party amounting to approximately RMB800,000 and RMB1,300,000 (equivalent to approximately HK$984,000 and HK$1,599,000 respectively) were entered into by the Group in January 2012 and April 2012 respectively. As at 30 April 2012, the outstanding balances of these two loans were RMB500,000 and RMB1,300,000 (equivalent to approximately HK$615,000 and HK$1,599,000 respectively);

vii. An unsecured and non-interest bearing loan from Mr. Zhang of approximately HK$72,000 which is repayable on 31 December 2012; and

viii. Bank loan of approximately RMB4,583,000 (equivalent to approximately HK$5,360,000) pursuant to a bank loan agreement dated on 14 December 2011 entered into between a PRC subsidiary of the Company and a PRC bank. The loan was secured by the personal guarantees given by a senior management of the PRC subsidiary of the Company and a minority shareholder of the PRC subsidiary of the Company. The interest rate per annum is computed at 128% over the 6 months to 1 year basis lending rate announced by the People's Bank of China (中國人民銀行公布施行的六個月至一年期貸款基準利率上浮28%) with an accrued interest payable at 30 April 2012 of RMB9,500 (equivalent to approximately HK$11,600).

Disclaimer

Save as disclosed above, as at the close of business on 30 April 2012, the 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 have been no material changes to the indebtedness position since 30 April 2012 up to the Latest Practicable Date.

Amounts referred to in this indebtedness statement denominated in currencies other than HK dollars have been translated into HK dollars at the relevant rates of exchange prevailing at the close of business on 30 April 2012.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited financial statement of the Group were made up.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS AND OPERATIONS OF THE REMAINING GROUP

(a) For the year ended 31 December 2011

Overall financial results

For the year ended 31 December 2011, the Remaining Group did not have any continuing operation. The Remaining 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 Group. As at 31 December 2011, balance of cash and cash equivalents of the Remaining Group were approximately HK$9,703,000.

Segment information

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

Financial position and liquidity

The net current liabilities of the Remaining Group as at 31 December 2011 amounted to approximately HK$2,090,000. The current assets of the Remaining Group as at 31 December 2011 mainly represented amounts due from the Kitking Group, prepayments, deposits and other receivables and cash and cash equivalents. The current liabilities of the Remaining Group as at 31 December 2011 mainly represented loans due to independent third parties.

As at 31 December 2011, the gearing ratio of the Remaining 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 Remaining Group as at 31 December 2011 was 0.79 and 0.79 respectively.

Capital expenditure

The Remaining 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 Remaining 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 Remaining Group.

Material acquisitions, disposals, significant investments and future plans for material investments

The Remaining 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 Remaining 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 completed on 31 December 2011 and the disposal resulted in a gain of approximately HK$8,393,000 for the Remaining Group.

The Remaining 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 were no material acquisitions, disposals, significant investment and future plans for 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 Remaining Group's capital structure. The Remaining Group generally financed its investing activities with fund from the owners and other loans.

The Remaining Group's monetary assets, loans and transactions were principally denominated in HK$, RMB and United States Dollars ("US$"). The Remaining Group was exposed to foreign exchange risk arising from the exposure of US$ against RMB and HK$. Considering that HK$ was pegged to US$, the Remaining Group believed its exposure to exchange risk would be confined to RMB against US$. The Remaining Group did not intend to hedge its exposure to foreign exchange fluctuations. However, the Remaining 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 Remaining Group had no contingent liability as at 31 December 2011.

The Remaining Group had capital commitments of 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 Remaining Group. The total amount of employee remuneration incurred by the Remaining Group for the year ended 31 December 2011 was approximately HK$2,826,000. The Remaining Group determined employees' remuneration by their work responsibilities, job performance and professional experience. The Remaining 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 Remaining Group granted employees share options as an encouragement.

(b) For the year ended 31 December 2010

Overall financial results

For the year ended 31 December 2010, the Remaining Group achieved turnover of approximately HK$426,000 which represented a substantial decrease of approximately 99% from 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 Remaining 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 Remaining Group were approximately HK$84,770,000.

Segment information

The only reportable segment of the Remaining Group for the year ended 31 December 2010 was trading.

Financial position and liquidity

The net current liabilities of the Remaining Group as at 31 December 2010 amounted to approximately HK$73,855,000. The current assets of the Remaining Group as at 31 December 2010 mainly represented prepayments, deposits and other receivables and cash and cash equivalents. The current liabilities of the Remaining Group as at 31 December 2010 mainly represented loans due to independent third parties.

As at 31 December 2010, the gearing ratio of the Remaining Group, calculated as a percentage of net debt divided by capital plus net debt, was approximately 86%.

Capital expenditure

The Remaining 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 Remaining 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, disposals, significant investments and future plans for material investments

There were no material acquisitions, disposals, significant investment and future plans for material investment for the year ended 31 December 2010.

Capital structure and foreign exchange risk

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

The Remaining Group's monetary assets, loans and transactions were principally denominated in HK$, RMB and US$. The Remaining Group was exposed to foreign exchange risk arising from the exposure of US$ against RMB and HK$. Considering that HK$ was pegged to US$, the Remaining Group believed its exposure to exchange risk would be confined to RMB against US$. The Remaining Group did not intend to hedge its exposure to foreign exchange fluctuations. However, the Remaining 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 Remaining 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 Remaining Group. The total amount of employee remuneration incurred by the Remaining Group for the year ended 31 December 2010 was approximately HK$4,324,000. The Remaining Group determined employees' remuneration by their work responsibilities, job performance and professional experience.

The Remaining 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 Remaining Group granted employees share options as an encouragement.

(c) For the year ended 31 December 2009

Overall financial results

For the year ended 31 December 2009, the Remaining Group achieved turnover of approximately HK$29,804,000.

The loss for the year attributable to owners of the Remaining Group was approximately HK$31,984,000. As at 31 December 2009, balance of cash and cash equivalents of the Remaining Group were approximately HK$993,000.

Segment information

The only reportable segment of the Remaining Group for the year ended 31 December 2009 was trading.

Financial position and liquidity

The net current liabilities of the Remaining Group as at 31 December 2009 amounted to approximately HK$11,441,000. The current assets of the Remaining Group as at 31 December 2009 mainly represented prepayments, deposits and other receivables and cash and cash equivalents. The current liabilities of the Remaining Group as at 31 December 2009 mainly represented loans due to independent third parties.

As at 31 December 2009, the gearing ratio of the Remaining Group, calculated as a percentage of net debt divided by capital plus net debt, was approximately 40%.

Capital expenditure

The Remaining Group's does not have any capital expenditures during the year.

Pledged of assets

As at 31 December 2009, the Remaining Group did not pledge any assets to secure any banking facilities or borrowing.

Material acquisitions, disposals, significant investments and future plans for material investments

There were no material acquisitions, disposals, significant investment and future plans for material investment for the year ended 31 December 2009.

Capital structure and foreign exchange risk

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

The Remaining Group's monetary assets, loans and transactions were principally denominated in HK$, RMB and US$. The Remaining Group was exposed to foreign exchange risk arising from the exposure of US$ against RMB and HK$. Considering that HK$ is pegged to US$, the Remaining Group believed its exposure to exchange risk would be confined to RMB against US$. The Remaining Group did not intend to hedge its exposure to foreign exchange fluctuations. However, the Remaining 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 Remaining Group had no capital commitment and contingent liability as at 31 December 2009.

Employees benefit and expenses

As at 31 December 2009, there were 7 employees in the Remaining Group. The total amount of employee remuneration incurred by the Remaining Group for the year ended 31 December 2009 was approximately HK$6,912,000. The Remaining Group determined employees' remuneration by their work responsibilities, job performance and professional experience. The Remaining 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 Remaining Group granted employees share options as an encouragement.

SUMMARY OF UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE KITKING GROUP

Set out below are the unaudited consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Kitking Group for the three years ended 31 December 2009, 2010 and 2011 (the "Relevant Periods") and the unaudited consolidated statements of financial positions of the Kitking Group as at 31 December 2009, 2010 and 2011 and certain explanatory notes, which have been reviewed by the independent auditor of the Company, BDO Limited, in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. Based on their review, nothing has come to their attention that causes them to believe that the unaudited financial information of the Kitking Group is not prepared, in all material respects, in accordance with the accounting policies used in the preparation of the consolidated financial statements of the Company set out in its annual reports in the Relevant Periods, and on the basis of preparation set out in note 2 to the unaudited consolidated financial information of the Kitking Group.

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF THE KITKING GROUP

For the years ended 31 December 2009, 2010 and 2011

	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*
Turnover	115,327	92,130	316,184
Cost of sales	(122,131)	(87,861)	(304,286)
Gross (loss)/profit	(6,804)	4,269	11,898
Other income and gains	1,931	4,593	20,073
Selling and distribution costs	(6,347)	(4,449)	(4,933)
Administrative expenses	(21,251)	(22,575)	(26,405)
Other operating expenses	(17,125)	(9,033)	(1,991)
Share of loss of an associate	(7,302)	(5,914)	(29)
Gain recognised on disposal of an associate	–	–	796
Finance costs	(1,495)	(1,169)	(1,755)
Loss before income tax	(58,393)	(34,278)	(2,346)
Income tax credit	278	398	324
Loss for the year	(58,115)	(33,880)	(2,022)
Other comprehensive income, after tax			
(Loss)/gain on revaluation of buildings	(99)	(221)	2,233
Exchange differences on translating foreign operations	822	427	91
Other comprehensive income, net of tax	723	206	2,324
Total comprehensive income for the year	(57,392)	(33,674)	302
Loss for the year attributable to:			
– Owners of the Company	(58,472)	(33,252)	(1,937)
– Non-controlling interests	357	(628)	(85)
	(58,115)	(33,880)	(2,022)
Total comprehensive income attributable to:			
– Owners of the Company	(57,753)	(33,071)	353
– Non-controlling interests	361	(603)	(51)
	(57,392)	(33,674)	302

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE KITKING GROUP

As at 31 December 2009, 2010 and 2011

	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	74,007	57,784	58,238
Investment property	–	11,786	12,118
Prepaid land premiums	5,892	5,889	5,994
Interest in associates	8,559	2,772	–
Available-for-sale investment	340	226	236
Total non-current assets	88,798	78,457	76,586
Current assets			
Inventories	25,206	26,079	16,373
Trade and notes receivables	8,300	8,569	45,333
Prepayments, deposits and other receivables	4,967	5,811	29,538
Amounts due from fellow subsidiaries	106,189	60,903	12,860
Pledged deposits	733	–	–
Restricted cash	227	–	–
Cash and cash equivalents	3,216	1,040	2,959
Total current assets	148,838	102,402	107,063
Current liabilities			
Trade and bills payables	146,985	143,196	120,007
Other payables, accrued expenses and deposits received	13,764	18,178	22,850
Amounts due to fellow subsidiaries	14,797	8,431	140
Amount due to the immediate holding company	70,000	70,000	70,000
Amount due to an intermediate holding company	66,800	66,203	76,314
Bank loan	22,760	–	30,545
Other loans	11,334	15,301	3,665
Tax payable	924	948	993
Total current liabilities	347,364	322,257	324,514
Net current liabilities	(198,526)	(219,855)	(217,451)
Total assets less current liabilities	(109,728)	(141,398)	(140,865)
Non-current liabilities			
Deferred tax liabilities	2,411	4,415	4,646
Total non-current liabilities	2,411	4,415	4,646
Net liabilities	(112,139)	(145,813)	(145,511)
Equity attributable to owners of the Company			
Issued capital	–	–	–
Reserves	(113,516)	(146,587)	(146,234)
	(113,516)	(146,587)	(146,234)
Non-controlling interests	1,377	774	723
Total deficits	(112,139)	(145,813)	(145,511)

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF THE KITKING GROUP

For the years ended 31 December 2009, 2010 and 2011

	Issued capital	Statutory surplus reserve	Expansion reserve	Building revaluation reserve	Exchange fluctuation reserve	Accumulated lossed	Sub-Total	Non-controlling interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2009	–	28,419	701	15,456	14,117	(114,456)	(55,763)	1,016	(54,747)
Loss for the year	–	–	–	–	–	(58,472)	(58,472)	357	(58,115)
Other comprehensive income	–	–	–	(99)	818	–	719	4	723
Total comprehensive income for the year	–	–	–	(99)	818	(58,472)	(57,753)	361	(57,392)
Transfer between reserve upon disposal of property	–	–	–	(1,016)	–	1,016	–	–	–
As at 31 December 2009 and 1 January 2010	–	28,419	701	14,341	14,935	(171,912)	(113,516)	1,377	(112,139)
Loss for the year	–	–	–	–	–	(33,252)	(33,252)	(628)	(33,880)
Other comprehensive income	–	–	–	(221)	402	–	181	25	206
Total comprehensive income for the year	–	–	–	(221)	402	(33,252)	(33,071)	(603)	(33,674)
As at 31 December 2010 and 1 January 2011	–	28,419	701	14,120	15,337	(205,164)	(146,587)	774	(145,813)
Loss for the year	–	–	–	–	–	(1,937)	(1,937)	(85)	(2,022)
Other comprehensive income	–	–	–	2,233	57	–	2,290	34	2,324
Total comprehensive income for the year	–	–	–	2,233	57	(1,937)	353	(51)	302
As at 31 December 2011	–	28,419	701	16,353	15,394	(207,101)	(146,234)	723	(145,511)

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS OF THE KITKING GROUP

For the years ended 31 December 2009, 2010 and 2011

	2009 *HK$'000*	2010 *HK$'000*	2011 *HK$'000*
Cash flows from operating activities			
Loss before income tax	(58,393)	(34,278)	(2,346)
Adjustments for:			
Share of loss of an associate	7,302	5,914	29
(Reversal)/impairment of trade receivables	(3,183)	(544)	4,968
Reversal of impairment of other receivables	(447)	(238)	–
Interest income	(965)	(16)	(21)
Gain recognised on disposal of an associate, net	–	–	(796)
Impairment of property, plant and equipment	6,591	–	–
Impairment of available-for-sale investment	400	125	–
Impairment of amount due from an associate	168	–	–
Impairment of amounts due from fellow subsidiaries	2,008	329	–
Finance costs	1,495	1,169	1,755
Loss/(gain) on disposal of property, plant and equipment	603	(12)	62
Depreciation of property, plant and equipment	10,241	8,570	5,638
Depreciation of investment property	–	740	874
Amortisation of prepaid land premiums	154	156	164
Write-back on waiver of amount due to a former fellow subsidiary	–	–	(7,871)
Write-off of amount due from a former fellow subsidiary	3,100	–	–
Write-down/(reversal of write-down) of inventories, net	11,514	(766)	6,286
Write-back on waiver of trade payables	–	(569)	(4,940)
Operating (loss)/profit before working capital changes	(19,412)	(19,420)	3,802
Decrease in inventories	5,141	570	4,531
Decrease/(increase) in trade and notes receivables	35,193	2,373	(42,054)
Decrease/(increase) in prepayments, deposits and other receivables	13,776	(368)	(23,453)
Decrease in trade and bills payables	(134,563)	(6,444)	(29,789)
(Decrease)/increase in other payables, accrued expenses and deposits received	(4,590)	3,992	6,826
Decrease in amounts due from fellow subsidiaries	7,521	3,430	3,189
Decrease in amounts due to fellow subsidiaries	(611)	(6,366)	(800)
Cash used in operations	(97,545)	(22,233)	(77,748)
China corporate income tax refund, net	157	–	–
Net cash outflow from operating activities	(97,388)	(22,233)	(77,748)

	2009 *HK$'000*	2010 *HK$'000*	2011 *HK$'000*
Cash flows from investing activities			
Interest received	965	16	21
Purchases of property, plant and equipment	(296)	(1,350)	(2,304)
Purchase of available-for-sale investment	(740)	–	–
Proceeds from disposal of an associate	–	–	3,668
Proceeds from disposal of property, plant and equipment	1,483	50	21
Decrease in pledged deposits	53,592	732	–
(Increase)/decrease in restricted cash	(227)	227	–
Net cash inflow/(outflow) from investing activities	54,777	(325)	1,406
Cash flows from financing activities			
New other loans from third parties	11,334	14,834	3,665
Repayment of other loans from third parties	–	(11,334)	(14,833)
New bank loans	23,443	–	30,545
Repayment of bank loans	(19,751)	(22,760)	–
Advances from the controlling beneficial shareholder	–	467	–
Repayment of advances from the controlling beneficial shareholder	–	–	(467)
Advances to fellow subsidiaries	(1,729)	–	–
Repayment of advances to fellow subsidiaries	–	41,527	47,783
Advances from an intermediate holding company	130	–	30,620
Repayment of advances from an intermediate holding company	–	(597)	(20,510)
Interest paid	(1,495)	(1,168)	–
Net cash inflow from financing activities	11,932	20,969	76,803
Net (decrease)/increase in cash and cash equivalents	(30,679)	(1,589)	461
Cash and cash equivalents at beginning of year	36,586	3,216	1,040
Effect of foreign exchange rate changes, net	(2,691)	(587)	1,458
Cash and cash equivalents at end of year	3,216	1,040	2,959

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE KITKING GROUP

1. GENERAL

On 18 May 2012, Mitsumaru East Kit (Group) Limited, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Mr. Guo Yu Qing for the disposal of the entire equity interests in Kitking at a cash consideration of HK$1,000,000.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

The unaudited consolidated financial information of the Kitking Group for the Relevant Periods has been prepared using the same accounting policies adopted by the Group, which conform with the recognition and measurement requirements in the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited consolidated financial information has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules and solely for the purposes of inclusion in this circular to be issued by the Company in connection with the disposal of the entire equity interests in Kitking.

A. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong.

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25 June 2012

The Board of Directors
Mitsumaru East Kit (Holdings) Limited

Dear Sirs,

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Mitsumaru East Kit (Holdings) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), as set out on pages III–4 to III–11 in Appendix III to the circular dated 25 June 2012 (the "Circular"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information on how the proposed disposal (the "Disposal") of the entire equity interests in Kitking Global Limited, a wholly owned subsidiary of the Company, might have affected the financial information presented in respect of the Group, for inclusion in Appendix III to the Circular. The Group after the completion of the Disposal is hereinafter referred to as the Remaining Group.

The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages III–4 in Appendix III to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 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" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited 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.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

– the financial position of the Remaining Group as at 31 December 2011 or any future date; or

– the results and cash flows of the Remaining Group for the year ended 31 December 2011 or any future period.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company 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 Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) Chapter 4 of the Listing Rules.

Yours faithfully,
BDO Limited
Certified Public Accountants
Hong Kong

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The unaudited pro forma financial information presented below is prepared to illustrate (a) the financial position of the Remaining Group as if the Disposal had been completed on 31 December 2011; and (b) the results and cash flows of the Remaining Group as if the Disposal had been completed on 1 January 2011.

The preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group is based on the audited consolidated statement of financial position of the Group as at 31 December 2011, which has been extracted from the published annual report of the Group for the year ended 31 December 2011. The preparation of the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2011 are based on the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2011, respectively, which have been extracted from the published annual report of the Group for the year ended 31 December 2011.

Narrative descriptions of the unaudited pro forma adjustments that are directly attributable to the Disposal and factually supportable are summarized in the accompanying notes.

As the unaudited pro forma financial information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial results, cash flows and financial position of the Remaining Group had the Disposal been taken place at 1 January 2011 or 31 December 2011 or any future dates.

Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group
At 31 December 2011

	The Group	Pro forma adjustment (Note 1(a))	Pro forma adjustment (Note 1(b))	Pro forma adjustment (Note 1(c))	Pro forma adjustment (Note 1(d))	Pro forma Remaining Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets						
Property, plant and equipment	58,270	(58,238)				32
Investment property	12,118	(12,118)				–
Prepaid land premiums	5,994	(5,994)				–
Golf club membership	360					360
Interest in associates	–					–
Available-for-sale investment	236	(236)				–
Total non-current assets	76,978					392
Current assets						
Inventories	16,373	(16,373)				–
Trade and notes receivables	45,333	(45,333)				–
Prepayments, deposits and other receivables	40,612	(29,538)				11,074
Amounts due from fellow subsidiaries	–	(12,860)	(70,097)	82,957		–
Cash and cash equivalents	12,662	(2,959)			1,000	10,703
Total current assets	114,980					21,777
Current liabilities						
Trade and bills payables	122,135	(120,007)				2,128
Other payables, accrued expenses and deposits received	31,370	(22,850)				8,520
Amounts due to fellow subsidiaries	–	(140)		140		–
Amount due to the immediate holding company	–	(70,000)		70,000		–
Amount due to an imtermediate holding company	–	(76,314)		76,314		–
Bank loan	30,545	(30,545)				–
Other loans	143,928	(3,665)				140,263
Derivative financial instrument	4,861					4,861
Tax payable	1,682	(993)				689
Total current liabilities	334,521					156,461

	The Group	Pro forma adjustment (Note 1(a))	Pro forma adjustment (Note 1(b))	Pro forma adjustment (Note 1(c))	Pro forma adjustment (Note 1(d))	Pro forma Remaining Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Net current liabilities	(219,541)					(134,684)
Total assets less current liabilities	(142,563)					(134,292)
Non-current liabilities						
Deferred tax liabilities	4,646	(4,646)				–
Total non-current liabilities	4,646					–
Net liabilities	(147,209)					(134,292)
Equity attributable to owners of the Company						
Issued capital	40,000					40,000
Exchange fluctuation reserve	15,394	(15,394)				–
Other reserves	(203,350)	723				(202,627)
Estimated gain on disposal of Kitking Group *(Note 1(d))*	–	160,905	(70,097)	(63,497)	1,000	28,311
	(147,956)					(134,316)
Non-controlling interests	747	(723)				24
Total deficits	(147,209)					(134,292)

Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining Group
For the year ended 31 December 2011

	The Group	Pro forma adjustment (Note 2)	Pro forma adjustment (Note 3)	Pro forma adjustment (Note 4)	Pro forma Remaining Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
CONTINUING OPERATIONS					
Turnover	316,184	(316,184)			–
Cost of sales	(305,181)	304,286		895	–
Gross profit	11,003				–
Other income and gains	21,272	(20,073)			1,199
Selling and distribution costs	(4,933)	4,933			–
Administrative expenses	(38,223)	26,405			(11,818)
Other operating expenses	(10,821)	1,991			(8,830)
Share of loss of an associate	(29)	29			–
Gain recognised on disposal of an associate	796	(796)			–
Finance costs	(11,337)	1,755			(9,582)
Estimated gain on disposal of Kitking Group	–		78,419		78,419
(Loss)/profit before income tax	(32,272)				49,388
Income tax credit	324	(324)			–
(Loss)/profit for the year from continuing operations	(31,948)				49,388
DISCONTINUED OPERATION					
Profit for the year from a discontinued operation	4,687			(895)	3,792
(Loss)/profit for the year	(27,261)				53,180
Other comprehensive income, after tax					
Release of exchange fluctuation reserve on disposal of subsidiaries	(3,713)		(15,337)		(19,050)
Gain on revaluation of buildings	2,812	(2,233)			579
Exchange differences on translating foreign operations	397	(91)			306
Other comprehensive income, net of tax	(504)				(18,165)
Total comprehensive income for the year	(27,765)				35,015

Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

For the year ended 31 December 2011

	The Group	Pro forma adjustment *(Note 3)*	Pro forma adjustment *(Note 4)*	Pro forma adjustment *(Note 5)*	Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash flows from operating activities					
(Loss)/profit before income tax	(32,272)	78,419	895	2,346	49,388
Profit before tax from discontinued operation	4,558		(895)		3,663
	(27,714)				53,051
Adjustments for:					
Share of loss of an associate	29			(29)	–
Impairment of trade receivables, net	5,809			(4,968)	841
Interest income	(21)			21	–
Fair value change of a derivative financial instrument	170				170
Gain recognised on disposal of subsidiaries, net	(8,393)	(78,419)		7,871	(78,941)
Gain recognised on disposal of an associate, net	(796)			796	–
Impairment of property, plant and equipment	741				741
Finance costs	11,337			(1,755)	9,582
Loss on disposal of property, plant and equipment	62			(62)	–
Depreciation of property, plant and equipment	6,564			(5,638)	926
Depreciation of investment property	874			(874)	–
Amortisation of prepaid land premiums	219			(164)	55
Write-down/(reversal of write-down) of inventories, net	6,953			(6,286)	667
Write-back on waiver of trade payables	(4,940)			4,940	–
Waiver of interest expenses to the controlling beneficial shareholder	(741)				(741)
Operating loss before working capital changes	(9,847)				(13,649)
Decrease/(increase) in inventories	3,038			(4,531)	(1,493)
(Increase)/decrease in trade and notes receivables	(36,406)			38,865	2,459
Increase in prepayments, deposits and other receivables	(24,976)			23,453	(1,523)
(Decrease)/increase in trade and bills payables	(30,245)			30,589	344
Increase in other payables, accrued expenses and deposits received	7,433			(6,826)	607
Cash used in operations and net cash outflow from operating activities	(91,003)				(13,255)

	The Group	Pro forma adjustment (Note 3)	Pro forma adjustment (Note 4)	Pro forma adjustment (Note 5)	Pro forma Remaining Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cash flows from investing activities					
Interest received	21			(21)	–
Purchases of property, plant and equipment	(2,353)			2,304	(49)
Proceeds from disposal of an associate	3,668			(3,668)	–
Proceeds from disposal of property, plant and equipment	21			(21)	–
Disposal of subsidiaries	8,395			1,000	9,395
Net cash inflow from investing activities	9,752				9,346
Cash flows from financing activities					
New other loans from third parties	3,665			(3,665)	–
Repayment of other loans from third parties	(27,334)			14,833	(12,501)
New bank loans	30,545			(30,545)	–
Repayment of advances from the controlling beneficial shareholder, net	(845)			467	(378)
Contribution from a non-controlling shareholder	25				25
Interest paid	(1,187)				(1,187)
Net cash inflow/(outflow) from financing activities	4,869				(14,041)
Net decrease in cash and cash equivalents	(76,382)				(17,950)
Cash and cash equivalents at beginning of year	86,250			(1,040)	85,210
Effect of foreign exchange rate changes, net	2,794			(1,458)	1,336
Cash and cash equivalents at end of year	12,662				68,596

Notes:

(1) (a) The adjustment reflects the effect of exclusion of assets and liabilities attributable to the Kitking Group from the consolidated statement of financial position of the Group as at 31 December 2011 assuming the Disposal had been taken place on 31 December 2011. The items of assets and liabilities of the Kitking Group are extracted from the unaudited consolidated statements of financial position of the Kitking Group as at 31 December 2011 as set out in Appendix II to this circular.

(b) The adjustment represents the reversal of impairment of approximately HK$70,097,000 in respect of amount due from the Remaining Group to the Kitking Group made in prior years. This amount is considered recoverable upon signing of the Agreement. The net amount after the reversal of impairment owed by the Kitking Group to the Remaining Group is referred as shareholder's loan in this circular.

(c) The adjustment reflects the execution of the Deed of Waiver at Completion to waive all the outstanding shareholder's loan owed by the Kitking Group to the Remaining Group.

(d) The adjustment reflects the receipt of the Consideration of the Disposal. Assuming the Disposal had been taken place on 31 December 2011, the estimated gain of the Disposal is approximately HK$28,311,000 recognised in the unaudited pro froma consolidated statement of financial position of the Remaining Group as at 31 December 2011 with details as follows:

	HK$'000
Consideration*	1,000
Cost of disposal of the Kitking Group	
Net liabilities of the Kitking Group	(145,511)
Reversal of impairment on the amount due from the Remaining Group to the Kitking Group *(Note 1(b))*	70,097
	(75,414)
Wavier of shareholder's loan owed by the Kitking Group to the Remaining Group	63,497
Cumulative exchange gain realised to profit or loss upon disposal of the Kitking Group	(15,394)
	(27,311)
Estimated gain on disposal of the Kitking Group as if the Disposal had been taken place on 31 December 2011	28,311

* The consideration of the Disposal is in cash of HK$1,000,000. As the Disposal is part of the Company's resumption proposal as detailed on page 12 to this circular, the Company considered that any expenses incurred relating to the Disposal are costs incurred related to the resumption proposal and no direct costs are allocated to the Disposal.

(2) The adjustment reflects the exclusion of income and expenses attributable to the Kitking Group from the consolidated statement of comprehensive income of the Group for the year ended 31 December 2011 assuming the Disposal had been taken place on 1 January 2011. The items of income and expenses of the Kitking Group are extracted from the unaudited consolidated statements of comprehensive income for the year ended 31 December 2011 as set out in Appendix II to this circular.

(3) The adjustment reflects the estimated gain of approximately HK$78,419,000 and release of cumulative exchange gain as if the Disposal had been taken place on 1 January 2011 and recognised in the unaudited pro forma consolidated statement of comprehensive income of the Remaining Group. The carrying amount of net liabilities of the Kitking Group as at 1 January 2011 is used to calculate the gain on disposal as follows:

	HK$'000
Consideration	1,000
Cost of disposal of the Kitking Group	
Net liabilities of the Kitking Group	(145,813)
Reversal of impairment on the amount due from the Remaining Group to the Kitking Group	80,227
	(65,586)
Waiver of shareholder's loan owed by the Kitking Group to the Remaining Group	3,504
Cumulative exchange gain realised to profit or loss upon disposal of the Kitking Group	(15,337)
	(77,419)
Estimated gain on disposal of the Kitking Group as if the Disposal had been taken place on 1 January 2011	78,419

(4) The adjustment reflects the reclassification of purchases of the Remaining Group from the Kitking Group classified under discontinued operation for the year ended 31 December 2011.

(5) The adjustment reflects the receipt of the Consideration and the exclusion of cash flows attributable to the Kitking Group (excluding net advance of HK$57,893,000 from the Remaining Group to the Kitking Group) from the consolidated statement of cash flows of the Group for the year ended 31 December 2011 assuming the Disposal had been taken place on 1 January 2011. The items of cash flows of the Kitking Group are extracted from the unaudited consolidated statements of cash flows for the year ended 31 December 2011 as set out in Appendix II to this circular.

A. VALUATION OF THE PROPERTY OF THE KITKING GROUP

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 31 May 2012 of the property held by the Kitking Group.

Asset Appraisal Limited
中誠達資產評值顧問有限公司

Rm 901 9/F On Hong Commercial Building
No.145 Hennessy Road Wanchai HK
香港灣仔軒尼詩道145號安康商業大廈9樓901室
Tel: (852) 2529 9448 Fax: (852) 3521 9591

25 June 2012

The Board of Directors
Mitsumaru East Kit (Holdings) Limited
Suite 5005-5006, 50th Floor
Central Plaza
18 Harbour Road
Wanchai Hong Kong

Dear Sirs,

Land and buildings of
an industrial compound
situated at No. 2688 Gudai Road
Min Hang District Shanghai City
The People's Republic of China (the "PRC")

In accordance with the instructions from **Mitsumaru East Kit (Holdings) Limited** (referred to as the "**Company**") to value the captioned property interests (referred to as the "**Property**") held by the Company or its subsidiaries (the Company and its subsidiaries are altogether referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections of the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 May 2012 (the "**date of valuation**").

Basis of Valuation

Our valuation of the Property represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Valuation Methodology

The Property has been valued by the comparison method where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

Assumptions

Our valuation has been made on the assumption that owners sell the Property on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the Property.

As the Property is held by the owner by means of long term land use rights granted by the PRC Government, we have assumed that the owner or his successor in title has free and uninterrupted rights to use the Property for the whole of the unexpired term of the respective land use rights. We have also assumed that they can be freely transferred on the market free from any land premium or expenses of substantial amount payable to the PRC Government.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

Titleship

We have been provided with copies of legal documents regarding the Property. However, we have not verified ownership of the Property and the existence of any encumbrances that would affect its ownership.

We have also relied upon the legal opinion provided by the PRC legal adviser, namely Shanghai Guang Ming Law Office (上海市光明律師事務所), to the Company on the relevant laws and regulations in the PRC, on the nature of land use rights or interests in the Property.

Limiting Conditions

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value. Our valuation have been made on the assumption that the seller sells the Property on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect its values.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site areas and floor areas in respect of the Property but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

We have carried out inspections of the Property. However, no structural survey has been made. In the course of our inspection, we did not note any serious defects. We are unable to report whether the buildings and structures of the Property is free of rot, infestation or any other structural defects. No test was carried out on any of the services of the buildings and structures of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Property, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1 January 2005.

Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB).

Our valuation certificate is attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited
Tse Wai Leung
MFin BSc MRICS MHKIS RPS(GP)
Director

Tse Wai Leung is a member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a Registered Professional Surveyor in General Practice and a qualified real estate appraiser in the PRC. He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and have over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

VALUATION CERTIFICATE

Property interests principally held by the Group for self occupation

<table>
<tr><th>Property</th><th>Description and tenure</th><th>Particulars of occupancy</th><th>Market Value in existing state as at 31 May 2012
RMB</th></tr>
<tr><td>Land and buildings of an industrial compound situated at No. 2688 Gudai Road Min Hang District Shanghai City The PRC

Lot No. Shanghai Minhang District Shenzhuang Zhen 216 Jie Fang 1 Qui (上海市閔行區莘莊鎮216街坊1丘)</td><td>The Property comprises a parcel of industrial land with an area of 20,333 square metres on which the following structures are erected:

<table><tr><th>Use</th><th>No. of Storey</th><th>Gross Floor Area</th></tr><tr><td>Office and Warehouse</td><td>3</td><td>16,953.38m²</td></tr><tr><td>Power Room</td><td>2</td><td>376.32m²</td></tr><tr><td>Testing Room</td><td>1</td><td>87.09m²</td></tr><tr><td>Guard House</td><td>1</td><td>38.00m²</td></tr><tr><td>Total:</td><td></td><td>17,454.79m²</td></tr></table>
The above buildings were completed in 2006.

The land use rights in the subject land have been granted for a term of 50 years expiring on 22 July 2052.</td><td>A portion on the Level 2 of the 3-storey office and warehouse building of the Property with a gross floor area of 3,800 square metres is subject to a tenancy for an undefined lease term at a monthly rent of RMB100,000. In addition, a room within the 3-storey office and warehouse building with a gross floor area of 200 square metres is subject to another tenancy for a term of 1 year expiring on 14 August 2012 at a monthly rent of RMB11,625 inclusive of power charge, water charge and management fee. The remaining portion of the Property is currently occupied by the Group as offices and storage.</td><td>67,600,000</td></tr>
</table>

Notes:

1. Pursuant to a Land Use Right Contract entered into between the Property and Land Resource Administration Bureau of Shanghai as grantor and East Kit Electronic (China) Co., Ltd. (東傑電氣(中國)有限公司), a wholly-owned subsidiary of the Group, as grantee on 17 May 2002, the land use rights in the subject land (Lot No. Shanghai Minhang District Shenzhuang Zhen 216 Jie Fang 1 Qui (上海市閔行區莘莊鎮216街坊1丘)) with an area of 20,333 square metres were granted by the grantor to the grantee for a term of 50 years for industrial use. The land premium for the land grant has been settled in full by the grantee. As provided in the said Land Use Right Contract, the property can be freely transferred, leased or mortgaged after building construction for the land is up to the threshold status. As confirmed by the Group, the Property has been acquired by it for more than 5 years.

2. A Shanghai City Building and Land Ownership Certificate (上海市房地產權證 Ref No. Hu Fang Di Min Zi (2006) 006809) registered on 7 February 2006 in the name of East Kit Electronic (China) Co., Ltd. has been issued for the subject land and the buildings thereon.

3. The Property is subject to a mortgage in favour of China Merchants Bank Co., Ltd. Shanghai Jinganse Branch.

4. The opinion from the PRC legal adviser of the Company on the Property is as follows:

i. According to a copy of the Shanghai City Building and Land Ownership Certificate (Ref No. Hu Fang Di Min Zi (2006) 006809) and registration records dated 23 May 2013 (the "Registration Records") obtained from the Property Registration Office of Minhang District, Shanghai (上海市閔行區房地產登記處), the title to the land use rights of the subject land parcel (Lot No. Shanghai Minhang District Shenzhuang Zhen 216 Jie Fang 1 Qui (上海市閔行區莘莊鎮216街坊1丘)) with an area of 20,333 square metres was registered in the name of East Kit Electronic (China) Co., Ltd. (東傑電氣(中國)有限公司).

ii. Other registration details are set out as follows:

- Land Use Right Term: spanning between 23 July 2002 and 22 July 2052
- Nature of Land Use Rights: State-owned
- Method of Land Use Rights Acquisition: Land Grant
- Land Use: Industrial

iii. According to a copy of the Shanghai City Building and Land Ownership Certificate (Ref No. Hu Fang Di Min Zi (2006) 006809) and the Registration Records, the title to the building ownership rights of the 4 subject buildings with a total gross floor area of 17,454.79 square metres was registered in the name of East Kit Electronic (China) Co., Ltd. (東傑電氣(中國)有限公司).

iv. According to a copy of the Property Mortgage Agreement (房產抵押貸款合同) and the Registration Records, the Property was subject to a mortgage in favour of China Merchants Bank Co., Ltd. Shanghai Jinganse Branch with a principal amount of RMB60,000,000 for a loan period spanning between 28 April 2011 and 28 April 2014. The mortgage was registered on 29 April 2011 with ref no. Min 201112013798.

v. Pursuant to 2 sets of tenancy agreement dated 29 December 2009 and 15 November 2011 provided by the Company, portions of the Property with a total gross floor area of 4,000 square metres are leased by the Group to third parties. Out of the total leased floor area, the lease term for 200 square metres is expiring on 14 August 2012 whilst the lease term for the remaining portion is undefined. Up to 23 May 2012, the registration procedures for the two tenancy agreements have not yet been completed. Under the PRC Contract Law, either party to the tenancy agreement of undefined lease term is entitled to terminate the tenancy agreement by serving reasonable prior notice to the counter-party.

vi. As revealed from the Registration Records, the Group's title to the Property was not subject to closure order, restriction and appeal on title registration.

vii. The land use rights of the subject land parcel with an area of 20,333 square metres and the building ownership rights of the 4 subject buildings with a total gross floor area of 17,454.79 square metres are legally held by East Kit Electronic (China) Co., Ltd. (東傑電氣(中國)有限公司).

B. RECONCILIATION STATEMENT OF PROPERTY OF THE KITKING GROUP

Set out below is the reconciliation of (i) the carrying value of the Kitking Group's property included in the audited consolidated financial statements of the Kitking Group as at 31 December 2011; (ii) the carrying value of the Kitking Group's property included in the management accounts of the Kitking Group as at 31 May 2012; and (iii) the fair value of the Kitking Group's property as at 31 May 2012 as stated in the property valuation report in this appendix.

	(i) Carrying value included in the audited consolidated financial statements of the Group as at 31 December 2011	Addition from January 2012 to May 2012	Depreciation charge and amortisation for January 2012 to May 2012	(ii) Carrying value in the management accounts of the Kitking Group as at 31 May 2012	Unrealised revaluation surplus on prepaid land premium stated as cost	Valuation surplus	(iii) Fair value as at 31 May 2012 as shown in the valuation report as set out in this appendix
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Land and buildings of an industrial compound situated at No. 2688 Gudai Road Min Hang District Shanghai City the PRC	38,797	–	(999)	37,798	13,080	16,722	67,600

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 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. DISCLOSURE OF INTERESTS

(a) Directors and Chief Executive

As at the Latest Practicable Date, none of the Directors and chief executive had or was deemed to have any interest in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders

(i) So far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, companies and persons who had interests or short positions in the Shares and 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 which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Substantial Shareholders	Class of Shares	Capacity	Number of Shares held *(Note 4)*	Approximate Percentage of the Total Issued Share Capital
Z-Idea Company Limited *(Note 1)*	Ordinary shares	Beneficial owner	249,000,000(L) 224,000,000(S)	62.25% 56.00%
Zhang Shuyang *(Note 2)*	Ordinary shares	Interest of controlled corporation	249,000,000(L) 224,000,000(S)	62.25% 56.00%
Kingston Finance Limited *(Note 3)*	Ordinary shares	Holder of security interest in shares	224,000,000(L)	56.00%
Ample Cheer Limited *(Note 4)*	Ordinary shares	Interest of controlled corporation	224,000,000(L)	56.00%
Best Forth Limited *(Note 5)*	Ordinary shares	Interest of controlled corporation	224,000,000(L)	56.00%
Ms. Chu Yuet Wah *(Note 6)*	Ordinary shares	Interest of controlled corporation	224,000,000(L)	56.00%
Good Day International Limited *(Note 7)*	Ordinary shares	Beneficial owner	45,000,000(L)	11.25%
Ms. Wu Lixia *(Note 8)*	Ordinary shares	Interest of controlled corporation	45,000,000(L)	11.25%
數源科技股份有限公司	Ordinary shares	Beneficial owner	38,088,000(L)	9.52%

Notes:

1. Z-Idea Company Limited ("Z-Idea") is wholly owned by Mr. Zhang Shuyang ("Mr. Zhang"), a former executive director. Included in the 249,000,000 Shares are 224,000,000 Shares (representing 56% of the issued share capital of the Company) which 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 are 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 imposes 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.

2. The interest in 249,000,000 Shares is 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 deemed corporate interest through Kingston.

5. The interest in 224,000,000 Shares is deemed corporate interest through Ample Cheer Limited.

6. The interest in 224,000,000 Shares is deemed corporate interest through Best Forth Limited.

7. Good Day International Limited is owned by Ms. Wu Lixia and Mr. Zhang Xuancheng, the son of Mr. Zhang, as to 95% and 5% respectively. Ms. Wu Lixia is the mother of Mr. Zhang Xuancheng.

8. The interest in 45,000,000 Shares is deemed corporate interest through Good Day International Limited.

9. The letter L denotes a long position and S denotes a short position.

Save as disclosed above, so far as the Directors are aware, no person was interested in or had a short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

3. OTHER DIRECTORS' INTERESTS

(i) Interests in competing business

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

(ii) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2011 (the date to which the latest published audited consolidated financial statements of the Company were made up).

(iii) Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting and which is significant in relation to the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

Mr. Siu Chi Ming, an executive Director, has entered into a service contract with the Company on 8 February 2012 which shall continue to be effective unless terminated by three months' notice in writing served by either party on the other or payment in lieu. He is entitled to receive a director's fee HK$10,000 per month which was determined with reference to market terms, qualifications and work experience of him, plus a discretionary year-end bonus to be determined by the Board from time to time.

Mr. Tang Chin Wan, an executive Director, has entered into a service contract with the Company on 22 September 2011 for a term of one year subject to termination by either party giving not less than three months' written notice for an annual fee of HK$400,000. On 1 February 2012, the fee was adjusted to HK$10,000 per month for the remaining contract period after an annual review by the Company.

Ms. Au Shui Ming Anna, an independent non-executive Director, has entered into a service contract with the Company on 1 May 2012 for a term of two years for an annual fee of HK$120,000.

Mr. Martin He, an independent nonexecutive Director, has entered into a service contract with the Company on 3 September 2010 for a term of two years for an annual fee of HK$216,000.

Mr. Mu Xiangming, an independent non-executive Director, has entered into a service contract with the Company on 7 June 2011 for a term of two years for an annual fee of HK$180,000.

On 1 February 2012, the annual fee for Mr. Martin He and Mr. Mu Xiangming were adjusted to HK$10,000 per month for the remaining individual contract period after an annual review by the Company.

Save and except as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

(i) a promissory note ("Lam Promissory Note") dated 14 July 2010 issued by the Company in favour of Mr. Lam Kwong Tim Spencer ("Mr. Lam") in the principal sum of HK$5,000,000 ("Mr. Lam's Loan") which is due for repayment on 13 July 2011 carrying interest at the rate of 2% per annum;

(ii) the loan agreement dated 30 July 2010 entered into between the Company as the borrower and Kingston Finance Limited ("Kingston Finance") as the lender pursuant to which Kingston Finance agreed to provide a loan of HK$15,000,000 to the Company;

(iii) a promissory note ("Chu Promissory Note") dated 2 August 2010 issued by the Company in favour of 初曉曄 (Chu Xiaoye*) in the principal sum of HK$10,000,000 which is due for repayment on 2 August 2011 carrying interest at the rate of 2% per annum;

(iv) a promissory note ("Newlight Promissory Note") dated 3 August 2010 issued by the Company in favour of Newlight Investments Limited ("Newlight Investments") in the principal sum of HK$20,000,000 ("Newlight Loan") which is due for repayment on 2 August 2011 carrying interest at the rate of 2% per annum;

(v) the letter of intent dated 28 October 2010 entered into among (1) the Company, and (2) Wealth Investment Development Limited, Kingston Securities Limited (collectively, the "Possible Underwriters") and (3) Premier One Investments Limited in relation to possible underwriting obligations under an open offer to be conducted by the Company, which has been superseded by the Letter of Intent (as defined below);

(vi) the loan agreement dated 1 December 2010 ("Loan Agreement") entered into between the Company as borrower and New Prime as lender in relation to the Loan in the aggregate principal amount of up to HK$100,000,000 in cash advanced by New Prime to the Company;

(vii) the debenture dated 1 December 2010 entered into between the Company as borrower and New Prime as lender pursuant to which the Company, as the legal and beneficial owner, charges to New Prime, as a continuing security for the payment and discharge in full of the Loan, both present and future by way of first fixed charge of all the assets of the Company from time to time and by way of first floating charge, the undertaking and all the property, assets and rights of the Company, whatsoever and wheresoever if and insofar as not otherwise effectively charged by way of first fixed charge as mentioned above;

(viii) the subscription agreement dated 1 December 2010 ("Subscription Agreement") entered into between the Company as the issuer and New Prime as the subscriber in relation to the subscription of 1,000,000,000 new shares at the subscription price of HK$0.10 per subscription share (subject to adjustments provision under the Subscription Agreement);

(ix) the non-legally binding letter of intent dated 1 December 2010 ("Letter of Intent") entered into between the Possible Underwriters and the Company in relation to the underwriting obligations in respect of 1,500,000,000 shares to be allotted and issued under an open offer ("Offer Shares") on the basis of 15 Offer Shares for every four shares held by the qualifying Shareholders ("Open Offer") subject to signing of the underwriting agreement;

(x) the underwriting letter dated 1 December 2010 entered into between the Company as the issuer and New Prime as the underwriter pursuant to which New Prime unconditionally and irrevocably undertakes to act as the underwriter for the whole amount of the Open Offer in cash in the event that the Possible Underwriters fail to enter into the underwriting agreement with the Company in relation to the Open Offer prior to or upon the Subscription Agreement becoming unconditional;

(xi) the assignment over accounts dated 1 December 2010 ("Assignment Over Accounts") entered into between the Company as assignor and New Prime as lender in relation to the assignment of the balance from time to time standing to the credit of an account maintained with DBS Bank (Hong Kong) Limited ("Account") and the Company's right and interest in the Account to New Prime as security for the payment and discharge of all present and future obligations of the Company to New Prime under the Loan Agreement;

(xii) the supplemental agreement to Loan Agreement dated 7 March 2011 entered into between New Prime as lender and the Company as borrower in relation to certain amendments to the Loan Agreement;

(xiii) the supplemental agreement to Subscription Agreement dated 7 March 2011 entered into between New Prime as subscriber and the Company as the issuer in relation to, inter alia, extension of the long stop date for fulfilment or waiver of conditions precedent to completion of the Subscription Agreement to 30 June 2011 with a right on the part of New Prime at its own discretion to further extend the long stop date to 31 December 2011;

(xiv) the non-legally binding supplemental Letter of Intent dated 7 March 2011 entered into between the Possible Underwriters and the Company in relation to extension of the long stop date for satisfaction or waiver of the conditions to the underwriting obligations of the Possible Underwriters to 30 June 2011;

(xv) the loan agreement dated 26 April 2011 entered into between EKE China and China Merchants Bank Shanghai Branch in relation to the provision of loan facility of RMB60,000,000 (equivalent to approximately HK$72,000,000) from the bank to EKE China;

(xvi) the non-legally binding second supplemental Letter of Intent dated 30 June 2011 entered into between the Possible Underwriters and the Company in relation to extension of the long stop date for satisfaction or waiver of the conditions to the underwriting obligations of the Possible Underwriters to 31 December 2011;

(xvii) an agreement dated 13 July 2011 entered into between the Company and Mr. Lam in relation to extension of repayment date of Mr. Lam's Loan under the Lam Promissory Note from 13 July 2011 to 12 October 2011, subject to the payment of interest to Mr. Lam of HK$100,000, representing interest accrued up to 13 July 2011;

(xviii) an agreement dated 2 August 2011 entered into between the Company and Newlight Investments in relation to extension of repayment date of Newlight Loan under the Newlight Promissory Note from 2 August 2011 to 1 November 2011;

(xix) an agreement dated 3 August 2011 entered into between the Company and 初曉曄 (Chu Xiaoye*) in relation to extension of repayment date of HK$10,000,000 under the Chu Promissory Note from 2 August 2011 to 31 December 2011;

(xx) the share transfer agreement dated 30 August 2011 entered into between EKE Shanghai as vendor and 紹興益析光電科技有限公司 as purchaser in relation to the sale and purchase of the entire 38.5% equity interest in Cyber Opto-Electronical Technology Co., Ltd. held by EKE Shanghai for a cash consideration of approximately RMB3,000,000;

(xxi) the cooperation agreement dated 9 September 2011 entered into between the Vendor, and Unique Mark Holdings Limited in relation to the establishment of a joint venture company, namely China Mega Development Limited, which is owned as to 75% by the Vendor and as to 25% by Unique Mark Holdings Limited;

(xxii) an agreement dated 12 October 2011 entered into between the Company and Mr. Lam (as amended by a confirmation dated 6 December 2011 issued by Mr. Lam) in relation to further extension of repayment date of Mr. Lam's Loan under the Lam Promissory Note from 12 October 2011 to 31 December 2012, subject to the payment of outstanding interest to Mr. Lam of HK$16,666.66, representing interest accrued up to 12 October 2011;

(xxiii) an agreement dated 1 November 2011 entered into between the Company and Newlight Investments (as amended by a confirmation dated 6 December 2011 issued by Newlight Investments) in relation to extension of repayment date of HK$10,000,000 of the Newlight Loan under the Newlight Promissory Note from 1 November 2011 to 31 December 2012, subject to the repayment to Newlight Investments of HK$5,000,000 of the Newlight Loan;

(xxiv) an agreement dated 1 November 2011 entered into between the Company and Newlight Investments in relation to extension of repayment date of HK$5,000,000 of the Newlight Loan under the promissory note dated 3 August 2010 from 1 November 2011 to 30 November 2011, subject to the repayment to Newlight Investments of HK$5,000,000 of the Newlight Loan;

(xxv) the conditional sale and purchase Agreement dated on 17 November 2011 between the Company as vendor and Shinning Jade Limited as purchaser in relation to the sale and purchase of the entire share capital of Dragon Gain Resources Limited at the consideration of HK$17,000,000;

(xxvi) an agreement dated 30 November 2011 entered into between the Company and Newlight Investments (as amended by a confirmation dated 6 December 2011 issued by Newlight Investments) in relation to extension of repayment date of HK$5,000,000 of the Newlight Loan under the Newlight Promissory Note from 30 November 2011 to 31 December 2012, subject to the repayment to Newlight Investments of HK$8,333.33, representing interest accrued up to 30 November 2011;

(xxvii) a supplemental agreement dated 6 December 2011 entered into between the Company and 初曉曄 (Chu Xiaoye*) in relation to extension of repayment date of HK$10,000,000 under the Chu Promissory Note dated 2 August 2010 from 31 December 2011 to 31 December 2012;

(xxviii) the second supplemental agreement to Loan Agreement dated 6 December 2011 entered into between New Prime as lender and the Company as borrower in relation to, inter alia, extension of the repayment date of the Loan to 31 December 2012 or the date of termination of the Subscription Agreement, whichever is later;

(xxix) the second supplemental agreement to Subscription Agreement dated 6 December 2011 entered into between New Prime as subscriber and the Company as the issuer in relation to, inter alia, extension of the long stop date to 30 June 2012, failing which New Prime shall have the right at its own discretion to extend the long stop date to a date not later than 31 December 2012 (or any other date as may be agreed between the parties thereto);

(xxx) the third non-legally binding supplemental Letter of Intent dated 6 December 2011 entered into between the Possible Underwriters and the Company in relation to extension of the long stop date for satisfaction or waiver of the conditions to the underwriting obligations of the Possible Underwriters to 30 June 2012;

(xxxi) the share transfer agreement dated 15 December 2011 entered into between China Mutual Investment Limited ("China Mutual"), a indirect wholly-owned subsidiary of the Company as purchaser, and Mr. Xu Guoyiu, as vendor, in relation to acquisition by China Mutual of 22.5% equity interest in the registered capital of Sunbow for a consideration of RMB1,552,500;

(xxxii) the share transfer agreement dated 15 December 2011 entered into between China Mutual, as purchaser, and Mr. Liu Fujun, as vendor, in relation to acquisition by China Mutual of 45% equity interest in the registered capital of Sunbow for a consideration of RMB3,105,000;

(xxxiii) the share transfer agreement dated 15 December 2011 entered into between China Mutual, as purchaser, and Mr. Jia Junning, as vendor, in relation to acquisition by China Mutual of 5% equity interest in the registered capital of Sunbow for a consideration of RMB345,000; and

(xxxiv) the Agreement.

* *for identification purposes only*

6. LITIGATION

Save as disclosed below, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries:

In respect of a claim against EKE Shanghai

A claim was made by Shanghai Printronics Electronics Company Limited* (上海普林電路板有限公司) against EKE Shanghai in 2010 for outstanding payment of goods supplied in the sum of RMB3,228,009.79. On 17 June 2010, an arbitration award was made by the relevant court and EKE Shanghai was required to pay Shanghai Printronics Electronics Company Limited* (上海普林電路板有限公司) a sum of RMB2,779,284.66, out of which RMB200,000 has been settled by EKE Shanghai on 12 January 2012.

In respect of claims against EKE China

(i) A claim was made by Wuhu Xindi Science and Technology Company Limited* (蕪湖新廸科技有限公司) against EKE China in 2009 for outstanding payment of goods supplied in the sum of RMB234,912.80. On 19 July 2010, judgment was made by the relevant court against EKE China ruling that EKE China shall pay Wuhu Xindi Science and Technology Company Limited* (蕪湖新廸科技有限公司) a sum of RMB234,912.80, which has not been settled by EKE China as at the Latest Practicable Date.

(ii) A claim was made by Changzhou Hero Electric Company Limited* (常州豪傑電器有限公司) against EKE China in 2009 for outstanding payment of goods supplied in the sum of RMB2,402,209.13. On 20 July 2010, judgment was made by the relevant court against EKE China ruling that EKE China shall pay Changzhou Hero Electric Company Limited* (常州豪傑電器有限公司) a sum of RMB2,402,209.13, which has not been settled by EKE China as at the Latest Practicable Date.

(iii) A claim was made by Hello Electronics (Xiamen) Company Limited* (廈門哈隆電子有限公司) against EKE China in 2012 for outstanding payment of goods supplied in the sum of RMB237,664.00. The case was under the first trial as at the Latest Practicable Date.

(iv) A claim was made by Laizhou Guangli Printing Plate Company Limited* (萊州市廣利印刷板有限公司) against EKE China in 2011 for outstanding payment of goods supplied in the sum of RMB399,863.64. On 10 November 2011, judgment was made by the relevant court against EKE China ruling that EKE China shall pay Laizhou Guangli Printing Plate Company Limited* (萊州市廣利印刷板有限公司) a sum of RMB399,863.64, which has not been settled by EKE China as at the Latest Practicable Date.

(v) A claim was made by Liraysun Technology (Nan Jing) Company Limited* (麗睿聲科技（南京）有限公司) against EKE China in 2011 for outstanding payment of goods supplied in the sum of RMB141,259.45. On 7 February 2012, judgment was made by the relevant court against EKE China ruling that EKE China shall pay Liraysun Technology (Nan Jing) Company Limited* (麗睿聲科技（南京）有限公司) a sum of RMB141,259.45, which has not been settled by EKE China as at the Latest Practicable Date.

(vi) A claim was made by The Ezhou Laborers Gao Li Electronic Company Limited* (鄂州華工高理電子有限公司) against EKE China in 2011 for outstanding payment of goods supplied in the sum of RMB332,471.78. On 15 February 2012, judgment was made by the relevant court against EKE China ruling that EKE China shall pay The Ezhou Laborers Gao Li Electronic Company Limited* (鄂州華工高理電子有限公司) a sum of RMB332,471.78, which EKE China was preparing to apply for a retrial of the case.

(vii) A claim was made by Nanjing Xin Ying Xi Technology Company Limited* (南京鑫蓥錫科技有限公司) against EKE China in 2011 for outstanding payment of goods supplied in the sum of RMB419,340.00. On 15 November 2011, EKE China and Nanjing Xin Ying Xi Technology Company Limited* (南京鑫蓥錫科技有限公司) made a settlement in the court with EKE China, and that EKE China shall pay 南京鑫蓥錫科技有限公司 a sum of RMB419,340.00, which has not been settled by EKE China as at the Latest Practicable Date.

(viii) A claim was made by Shanghai Cloud Kun Trade Company Limited* (上海雲坤經貿有限公司) against EKE China in 2011 for outstanding payment of goods supplied in the sum of RMB472,810.95. On 29 December 2011, judgment was made by the relevant court against EKE China ruling that EKE China shall pay Shanghai Cloud Kun Trade Company Limited* (上海雲坤經貿有限公司) a sum of RMB472,810.95, which has not been settled by EKE China as at the Latest Practicable Date.

(ix) A claim was made by Wuhu Up Printing Company Limited* (蕪湖市可達印務有限責任公司) against EKE China in 2011 for outstanding payment of goods supplied in the sum of RMB255,022.46. The case was under the second trial as at the Latest Practicable Date.

(x) A claim was made by Jilin Huahong Electronic Company Limited* (吉林市華虹電子有限公司) against EKE China in 2011 for outstanding payment of goods supplied in the sum of RMB526,518.21. The case was under the first trial as at the Latest Practicable Date.

(xi) A claim was made by Wuxi Jin Yue Technology Company Limited* (無錫金悅科技有限公司) against EKE China in 2012 for outstanding payment of goods supplied in the sum of RMB398,180.71. The case was under the first trial as at the Latest Practicable Date.

Upon Completion, the Remaining Group will not be liable to the above litigations.

* *for identification purposes only*

7. EXPERTS AND CONSENTS

Name	**Qualification**
BDO Limited ("**BDO**")	Certified Public Accountants
Asset Appraisal Limited ("**Asset Appraisal**")	Independent professional valuer

Each of BDO and Asset Appraisal has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, neither BDO nor Asset Appraisal was interested in any Share or share in any member of the Group nor did it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, neither BDO nor Asset Appraisal had any direct or indirect interest in any asset which had been, since 31 December 2011, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Suite 5005–5006, 50/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the EGM:

(i) the memorandum and articles of association of the Company;

(ii) the annual reports of the Company for the two years ended 31 December 2010 and 31 December 2011;

(iii) the accountant's report on the unaudited pro forma financial information of the Remaining Group from BDO, the text of which is set out in Appendix III to this circular;

(iv) the valuation report on the property held by the Kitking Group from Asset Appraisal, the text of which is set out in Appendix IV to this circular;

(v) the service contracts of the Directors referred to under the section headed "Directors' service contracts" in this appendix;

(vi) the written consents referred to under the section headed "Experts and Consents" in this appendix;

(vii) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and

(viii) this circular.

9. GENERAL

(i) The secretary of the Company is Mr. Jan Wing Fu, Barry, who is 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.

(ii) The head office and principal place of business in Hong Kong of the Company is located at Suite 5005–5006, 50/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

(iii) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(iv) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited located at Room 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(v) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text for the purpose of interpretation.

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 OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an 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 Friday, 20 July 2012 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the conditional sale and purchase agreement (the "Agreement") dated 18 May 2012 and entered into between Mitsumaru East Kit (Group) Limited (the "Vendor"), a wholly-owned subsidiary of the Company, as vendor and Mr. Guo Yu Qing as purchaser, in relation to the disposal (the "Disposal") of the entire issued share capital of Kitking Global Limited ("Kitking") at a consideration of HK$1,000,000 (a copy of which has been produced to this meeting marked "A" and initialed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder (including but not limited to the entering into of the deed of waiver between the Vendor and Kitking upon completion of the Disposal) be and are hereby approved, confirmed and ratified; and

(b) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Agreement and the transactions contemplated thereunder."

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

Hong Kong, 25 June 2012

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.