

**MITSUMARU EAST KIT (HOLDINGS) LTD:  
WHOLLY OWNED SUBSIDIARY  
SUED FOR MORE THAN \$HK9 MILLION**

A wholly owned subsidiary of [Mitsumaru East Kit \(Holdings\) Ltd \(11\)](#) (Code: 2358, Main Board, The Stock Exchange of Hongkong Ltd) has just been sued for about \$HK9.12 million.

The Mitsumaru East Kit subsidiary is Mitsumaru (Hongkong) Ltd which is the lone Defendant in Action Number 2215, lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The Plaintiff to this Action is Edal Electronics Company Ltd which is claiming \$US1,169,311.24 (about \$HK9,120,628) in respect of goods sold and delivered.

The goods, it is alleged by the Plaintiff, were sold and delivered to the Defendant between April 11, 2007, and June 27, 2007.

Since the Plaintiff cannot get its money, it has reverted to the HKSAR High Court in order to seek redress.

The business of Mitsumaru (Hongkong) Ltd is said to be in trading in electronic components.

On or about September 19, 2007, Mitsumaru East Kit brought out its Interim Report for the first half of the Current Financial Year, ended June 30, 2007.

That Interim Report showed that, on a Turnover of about \$HK535.62 million, the company had suffered a Loss Attributable to Shareholders of about \$HK49.64 million.

Of that Loss Attributable to Shareholders, about \$HK35.46 million was due to the requirement of a Provision in respect of bad and doubtful debts.

Note 12 of the Interim Report states:

*'During the period, the Group has made a provision amounting to HK\$35.5 million for bad and doubtful debts. Among the provision, HK\$34.0 million was made for a customer (the "Debtor") with an amount of approximately HK\$46.8 million (the "Debt") outstanding as at 30 June 2007. To secure with the settlement of the Debt, the Debtor pledged its inventory with book value of approximately HK\$24.9 million and a floating charge on the money receivable from the sales of the inventory for a value of approximately HK\$16 million.'*

According to the database of **TOLFIN** () (The Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider), the losses, incurred in the 2007 Interim Report, are the first losses recorded since Mitsumaru East Kit went public in the HKSAR on June 30, 2004.

However, since going public, the fortunes of this company have been waning, to be sure, in spite of rising Turnovers.

The following table is copied from the database of **TOLFIN** by permission:

	Financial Year, Ended December 31
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	2006	2005	2004	2003	2002
	All Figures Are Denominated In \$HK'000				
Turnover	1,173,795	1,066,240	618,413	624,057	667,357
Net Profit Attributable To Shareholders	8,427	14,929	8,456	64,382	23,856
Net Assets (Shareholders' Funds)	211,097	201,334	183,582	145,394	80,949

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