



## CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Company Registration Number: 200712727W) (Incorporated in the Republic of Singapore on 13 July 2007)

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## PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE RESEARCH AND DEVELOPMENT, MANUFACTURING AND DISTRIBUTION OF MEDICAL DEVICES

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### 1. INTRODUCTION

The board of Directors (the "**Board**") of China Kunda Technology Holdings Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Group proposes to diversify its business of the Group ("**Existing Business**"), to include the research and development, manufacturing and distribution of medical devices (the "**Proposed Diversification**").

### 2. INFORMATION ON THE PROPOSED DIVERSIFICATION

#### 2.1. Background

The Group is principally engaged in (i) the manufacture of precision moulds, plastic injection parts and in-mould decoration products to the electrical, automobile and specialised devices industries; and (ii) the manufacturing and distribution of furniture and other related activities (collectively, the "**Existing Business**") in the People's Republic of China ("**PRC**").

While the Group remains committed to the Existing Business so long as its continuity is in the best interest of the Group, the proposed expansion of the Group's core business is meant to benefit from the increased business opportunities with an aim to enhance its financial position and long-term prospects of the Group.

#### 2.2. Medical Device Business

Subject to approval of shareholders of the Company (the "**Shareholders**") being obtained at an extraordinary general meeting ("**EGM**") to be convened, the Group proposes to diversify into the new business described below, as and when the appropriate opportunities arise:

- (a) To research, develop and design hardware and software of medical devices and other related products which include but not limited to homecare products, respiratory products, rehabilitation products, hospital instruments, the matching reagents, and other accessories and materials used for the production of medical devices (the "**Products**");
- (b) To engage in the trading, manufacturing, distributing and/or marketing of the Products; and
- (c) To provide consultancy service in relation to design hardware and software of the Products and other related services (the "**Services**"),

collectively the "**Medical Device Business**".

The Group also proposes, as part of the Medical Device Business, to invest or acquire from time to time any interest, including assets, investments or shares in companies and/or entities in line with the Medical Device Business.

If approved, initial operations of the Medical Device Business would be conducted through Kunda Plastic Electronics (Shenzhen) Company Limited, an existing wholly-owned subsidiary of the Company.

### **2.3. Rationale for the Proposed Diversification**

#### **(a) Enhance Shareholders' value**

The Proposed Diversification will enable the Group to participate in a new market, offering new business opportunities which would potentially provide additional and recurrent revenue streams and assist in continual growth of the Group, thereby enhancing the Group's financial position and Shareholders' value.

#### **(b) Complementary to existing business**

The technologies of IMD and plastic components can be applied in the industry of the manufacturing of the Products. As such, the Group endeavours to potentially leverage on the Group's current experience and knowledge in the related field which would provide a competitive advantage to the Group as a new entrant and synergy to the Group's existing operations.

#### **(c) Reducing reliance of the Existing Business**

With the new business opportunities that the Medical Device Business provides, the Group would be able to reduce its reliance on the Existing Business, which remains challenging. The Proposed Diversification is expected to mitigate volatility in the Existing Business and improve the Group's long-term prospects as a whole.

#### **(d) Potential in the Medical Device Business**

Medical devices are essential for safe and effective prevention, diagnosis, treatment and rehabilitation of illnesses and diseases. Overall industry revenue of medical devices in PRC is estimated to exceed RMB 700 billion in 2020, recording a year-on-year increase of 17.9%. From 2013 to 2019, the annual growth rate of the said overall industry revenue had been above 15%.<sup>1</sup> The Group has assessed the potential of the medical device market and is optimistic that the increase in healthcare awareness is expected to drive growth in the medical device industry worldwide in the long-term. The Proposed Diversification would allow the Group to participate in the growth prospects of the medical device industry and to maximise returns to shareholders in the long-term.

### **3. SHAREHOLDERS' APPROVAL**

The Proposed Diversification involves a new business which is substantially different from the Existing Business, which is envisaged to change the existing risk profile of the Group.

Pursuant to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), Shareholders' approval is required for the Proposed Diversification. Accordingly, an extraordinary general meeting will be convened by the Company to seek approval from the Shareholders for the Proposed Diversification. A circular containing further information of the Proposed Diversification will be released to Shareholders on the SGXNet in due course.

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<sup>1</sup> <https://www.iimedia.cn/c1061/69833.html>

#### 4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors of the Company and their respective associates has any interest, direct or indirect, in the Proposed Diversification (other than by reason only of being a Director and through their respective shareholdings in the Company).

In addition, as far as the Directors are aware, none of the Company's controlling shareholders have any interest, direct or indirect, in the Proposed Diversification (other than by reason of their shareholding interests in the Company).

#### 5. CAUTIONARY STATEMENT

**Shareholders are advised to exercise caution in trading the Company's shares as there is no certainty or assurance as at the date of this announcement that the Proposed Diversification will be completed.**

**Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts as to the actions they should take.**

#### **By the Order of the Board**

Cai Kaoqun  
Executive Chairman and Chief Executive Officer  
29 July 2020

*This announcement has been prepared by China Kunda Technology Holdings Limited (the "Company") and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the information or opinions made, or reports contained in this announcement.*

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