

CIRCULAR DATED 28 JANUARY 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of China Kunda Technology Holdings Limited (the “**Company**”) held through The Central Depository (Pte) Limited (the “**CDP**”), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the contents of this Circular, including the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

KUNDA[®]
CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200712727W)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED TRANSFER FROM THE MAIN BOARD TO THE CATALIST OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED; AND**
- (2) THE PROPOSED SHARE ISSUE MANDATE.**

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	21 February 2016 at 9:30 AM
Date and time of Extraordinary General Meeting	:	23 February 2016 at 9:30 AM
Place of Extraordinary General Meeting	:	SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807

CONTENTS

	PAGE
DEFINITIONS.....	3
LETTER TO SHAREHOLDERS	
1. INTRODUCTION.....	6
2. THE PROPOSED TRANSFER FROM THE MAIN BOARD TO THE CATALIST OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED.....	7
3. PROPOSED SHARE ISSUE MANDATE.....	13
4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	13
5. DIRECTORS' RECOMMENDATIONS.....	14
6. EXTRAORDINARY GENERAL MEETING.....	14
7. ACTION TO BE TAKEN BY SHAREHOLDERS.....	14
8. DIRECTORS' RESPONSIBILITY STATEMENT	15
9. DOCUMENTS AVAILABLE FOR INSPECTION	15
NOTICE OF EXTRAORDINARY GENERAL MEETING	16
PROXY FORM	

DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

“Act”	:	The Companies Act, Chapter 50, of Singapore, as amended or modified from time to time
“Board”	:	The board of Directors of the Company, as at the date of this Circular
“Catalist”	:	The Sponsor-supervised Catalist board of the SGX-ST
“Catalist Rules”	:	SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 28 January 2016
“Company”	:	China Kunda Technology Holdings Limited
“Controlling Shareholder”	:	A person who:- a) holds directly or indirectly 15.0% or more of the nominal amount of voting shares in the Company (the SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder); or b) in fact exercises control over the Company
“Director”	:	A director of the Company, as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company, to be convened for the purposes of considering and, if thought fit, passing with or without modifications, the Proposed Resolutions set out in the Notice of EGM
“FY”	:	Financial year ended or ending on 31 March
“Financial Watch-List”	:	The watch-list by the SGX-ST if the issuer posts three consecutive years of pre-tax losses and has an average daily market capitalisation of less than S\$40 million over the last 120 days that the shares of the issuer has been trading
“Group”	:	The Company and its subsidiaries, collectively
“HKD” or “HK\$”	:	Hong Kong dollars
“Latest Practicable Date”	:	14 January 2016, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended, supplemented or modified from time to time
“Main Board”	:	The Main Board of the SGX-ST
“Main Board Rules”	:	The rules of the Listing Manual applicable to issuers of listed on the Main Board

DEFINITIONS

“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“MTP Watch-List”	:	The watch-list by the SGX-ST if the issuer is unable to record a six (6) month volume weighted average price of S\$0.20 or above on 1 March 2016 or at any of the subsequent quarterly review dates
“Notice of EGM”	:	The notice of EGM which is as set out on pages 16 to 18 of this Circular
“Ordinary Resolution”	:	The ordinary resolution in relation to Proposed Share Issue Mandate as set out in the Notice of EGM on pages 16 to 18 of this Circular
“Proposed Sponsor”	:	PrimePartners Corporate Finance Pte. Ltd.
“Proposed Transfer”	:	The proposed transfer of the quotation and listing of the Shares from the Main Board to the Catalist and the admission of the Company to the Catalist
“Proposed Transfer Date”	:	The date of the transfer of the quotation and listing of the Shares from the Main Board to the Catalist and the admission of the Company to the Catalist, to be effected no later than one (1) month after obtaining Shareholders approval at an EGM
“Proposed Share Issue Mandate”	:	The proposed general share issue mandate of the Company pursuant to the Proposed Transfer
“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“SGX-ST” or “Exchange”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders of Shares in the Register of Members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Special Resolution”	:	The special resolution in relation to Proposed Transfer as set out in the Notice of EGM on pages 16 to 18 of this Circular
“Substantial Shareholder”	:	A person who has an interest, directly or indirectly, in five per cent. (5%) or more of the total number of Shares
“S\$” and “cents”	:	Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore
“%” or “per cent.”	:	Per centum or percentage

The term “**associate**”, “**associated company**” and “**subsidiary**” shall have the meanings ascribed to them respectively in the Fourth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 and the Act.

The terms “**Depositor**”, “**Depository**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

DEFINITIONS

Any reference to a time of day in this Circular shall be a reference to Singapore time, unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Act, the SFA, the Listing Manual or such statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Act, the SFA, the Listing Manual or such statutory modification thereof, as the case may be, unless otherwise provided.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in figures included in this Circular between the amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200712727W)

Board of Directors:

Cai Kaoqun (Executive Chairman and Chief Executive Officer)
Yang Jinbiao (Executive Director and Chief Operations Officer)
Cai Kaobing (Executive Director)
Hau Khee Wee (Executive Director and Chief Financial Officer)
Ho Chew Thim (Lead Independent Non-Executive Director)
Lim Yit Keong (Independent Non-Executive Director)
Li Zhiqiang (Independent Non-Executive Director)

Registered Office:

4 Shenton Way
SGX Centre 2, #17-01
Singapore 068807

28 January 2016

To: The Shareholders of China Kunda Technology Holdings Limited

Dear Sir/Madam,

- (1) **THE PROPOSED TRANSFER FROM THE MAIN BOARD TO THE CATALIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED; AND**
- (2) **THE PROPOSED SHARE ISSUE MANDATE.**

1. INTRODUCTION

1.1 Overview

The Directors are convening an Extraordinary General Meeting (“EGM”) to seek Shareholders’ approval for the following:

- (a) the proposed transfer of the listing of the Company from the Main Board to the Catalist (the “**Proposed Transfer**”); and
- (b) the Proposed Share Issue Mandate to allow Directors to allot and issue Shares and convertible securities pursuant to Rule 806(2) of the Catalist Rules.

The purpose of this Circular is to provide Shareholders with information pertaining to the Proposed Transfer and the Proposed Share Issue Mandate, and to seek Shareholders’ approval in respect of the same at the EGM.

Shareholders should note that the Proposed Share Issue Mandate (Resolution 2) is conditional to the passing of the resolution relating to the Proposed Transfer. This means that if the resolution relating to the Proposed Transfer (Resolution 1) is not approved, the resolution relating to the Proposed Share Issue Mandate (Resolution 2) would not be duly passed.

LETTER TO SHAREHOLDERS

2. THE PROPOSED TRANSFER FROM THE MAIN BOARD TO THE CATALIST OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

2.1 Introduction

On 11 January 2016, the Board announced that the Company obtained the approval in-principle from the SGX-ST in relation to the Company's application for the Proposed Transfer (the "AIP"). The approval in-principle from the SGX-ST is subject to, *inter alia*:

- (a) compliance with the SGX-ST's listing requirements;
- (b) an immediate announcement via SGXNET of the Proposed Transfer; and
- (c) shareholders' approval being obtained for the Proposed Transfer via a special resolution under Rule 410(4) of the Catalist Rules;
- (d) Submission of:
 - a. A written undertaking from the Company in the format set out in Appendix 4E of the Catalist Rules to comply with all of the SGX-ST's requirement and policies applicable to the issuers listed on Catalist;
 - b. A written undertaking by the Company that it is not aware of any material information which has not been previously announced via SGXNET which will affect the Company's suitability for the transfer to Catalist;
 - c. A written undertaking from each of the Company's directors in the form set out in Appendix 1 and an undertaking from the Company to procure the same written undertaking from any new director appointed to the Company's Board after the Proposed Transfer takes place; and
 - d. A written confirmation from the Company that it is in compliance with all applicable Main Board Rules.

The AIP from the SGX-ST is not to be taken as an indication of the merits of the Proposed Transfer, the Company or its subsidiaries or their securities.

2.2 Current Circumstances of the Company

- (a) Pre-tax profit for the most recently completed financial year and half year ended 30 September 2015

For the financial year ended 31 March 2015 ("FY2015"), the Group registered an adjusted pre-tax profit from continuing operations of HK\$6.7 million for FY2015, after disregarding non-recurrent income of the Group which included the gain on disposal of property, plant and equipment of HK\$0.6 million, gain arising from the disposal of subsidiaries of HK\$14.0 million, cumulative foreign exchange gain in respect of the disposal of the subsidiaries of HK\$7.2 million, and net foreign exchange gain of HK\$0.2 million ("FY2015 Pre-Tax Recurrent Income").

The improvement in the Company's financial performance in FY2015 was largely attributable to the following:-

- (i) Sale of the Group's loss making entities, namely Changchun Kunda-Guoan Automobile Plastic Mould Company Limited, Kunda Mould (International) Company Limited, Kunda Mould (Shenzhen) Co. Ltd. and Changchun FAW-Sihuan Lida Pressed Component Co. Ltd. The sales were completed in FY2015;

LETTER TO SHAREHOLDERS

- (ii) Improvement in gross profit and gross profit margin due to cost cutting measures such as reduction in workforce and workspace as well as more favourable sales mix; absence of other expenses of HK\$16.7 million incurred in the financial year ended 31 March 2014 (“FY2014”) which arose mainly from impairment charges of HK\$14.2 million on property, plant and equipment; and
- (iii) Reduction in general and administrative expenses of HK\$6.2 million due to reduction of management headcount, reduction of research expenses and absence of one-off professional fees incurred for a corporate action in FY2014.

For the half year ended 30 September 2015 (“1H2016”), the Group registered an adjusted unaudited pre-tax profit from continuing operations of HK\$1.7 million, after disregarding non-recurrent income of HK\$2.5 million from amortization of deferred government grants, HK\$0.6 million from net foreign exchange gain and HK\$0.5 million of compensation income.

For 1H2015, the Group registered an adjusted unaudited pre-tax loss from continuing operations of HK\$2.0 million, after disregarding non-recurrent income of HK\$14.0 million of gain from disposal of subsidiaries and HK\$6.7 million of net foreign exchange gain.

The improvement in the Company’s adjusted unaudited financial performance in 1H2016 as compared to the corresponding period of the previous financial year was largely attributable to improvement in gross profit and gross profit margin due to favourable sales mix and more efficient production processes.

(b) Healthy Financial Position

Whilst there was an operating cash outflow of HK\$6.9 million for FY2015, the outflow was largely attributed to a higher level of prepayments. The prepayments were for the acquisition of electronic components for the trading activities from our in-mold decoration and plastic injection part segment (the “Prepayments”).

The Group further wishes to update that the Prepayments were subsequently terminated and the Company had received the full amount of Prepayments and a compensation of 3% of the Prepayments. The refund of the Prepayments was received in June 2015 and the 3% compensation was received in July 2015.

As at 31 March 2015, the Group had a net cash and cash equivalent position of HK\$27.5 million and working capital of HK\$57.8 million. The Group has no bank borrowings and debt securities.

For 1H2016, the Group recorded a net increase in cash and cash equivalents of HK\$3.0 million. The increase arises mainly from a HK\$3.3 million increase in cash from financing activities offset by a HK\$0.4 million decrease in cash used in operating activities. The operating cash outflow was mainly as a result of increase in trade receivables of HK\$10.3 million mainly due to changes in customer payment term from the automobile component segment in July 2015 resulting in an increase in bill receivables of HK\$6.1 million and an increase in trade and bill receivables from IMD and plastic injection parts segment of HK\$2.5 million due to an increase in revenue by HK\$3.5 million for August and September 2015.

As at 30 September 2015, the Group had a net cash and cash equivalent position of HK\$29.7 million and working capital of HK\$65.7 million. The Group has no bank borrowings and debt securities.

LETTER TO SHAREHOLDERS

2.3 Rationale for the Proposed Transfer

2.3.1 Minimum Trading Price Requirement

The SGX-ST introduced a minimum trading price of S\$0.20 per share (“**MTP**”) as a continuing listing requirement for all issuers listed on the Main Board with effect from 2 March 2015. Issuers have a twelve (12) month transition period from 2 March 2015 to comply with the MTP requirement.

Pursuant to the new MTP requirement, issuers which are unable to record a six (6) month volume weighted average price (“**VWAP**”) of S\$0.20 or above on 1 March 2016 or at any of the subsequent quarterly review dates will be placed on the MTP Watch-List. Such issuers will be afforded up a cure period of thirty-six (36) months to take remedial actions. Affected issuers which fail to take remedial actions during the cure period may be delisted from the Main Board.

Based on the share prices and volume of traded Shares for July 2015 to December 2015, the six (6) month VWAP of the Company was S\$0.0585¹. Notwithstanding that the Company has returned to profitability, it is unable to meet the MTP requirement.

Based on the foregoing, in the event that Shareholders’ approval is not obtained and the Company remains listed on the Main Board, the Company would have to meet the MTP requirements set out by SGX-ST and/or carry out substantive corporate actions (including, without limitation, share consolidation, restructuring and business acquisitions) to raise its Share price to meet the MTP requirement.

2.3.2 Requirements to Exit Financial Watch-List

The Company was placed on the Financial Watch-List with effect from 4 September 2013. The Company had on 29 July 2015 submitted an application to the SGX-ST for an extension of a further twelve (12) months to apply for its removal from the Financial Watch-List and on 2 September 2015, the Company received a notification from the SGX-ST that the Company was granted a 12 month extension of time until 1 September 2016 to meet the requirements to exit the Financial Watch-List which are set out under Rule 1314 of the Main Board Rules, failing which the Exchange may delist the issuer, or suspend the trading of the issuer (without the agreement of the issuer) with a view to delisting the issuer. The Company would need to meet the following requirements to exit the Financial Watch-List.

- (1) the issuer records consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts, excluding exceptional or non-recurrent income and extraordinary items) and has an average daily market capitalization of S\$40 million or more over the last one hundred and twenty (120) Market Days on which trading was not suspended or halted. For the purpose of this rule, trading is deemed to be suspended or halted if trading is ceased for the full Market Day; or
- (2) the issuer satisfies Rule 210(3) and either one of the following requirements:
 - (a) cumulative consolidated pre-tax profit of at least S\$7.5 million for the last three years, and a minimum pre-tax profit of S\$1 million for each of those three years; or
 - (b) cumulative consolidated pre-tax profit of at least S\$10 million for the last one or two years. Rule 210(3)(a) applies to the last one year or last two years as the case may be.

¹ Extracted from Bloomberg

LETTER TO SHAREHOLDERS

Based on the Group's audited profit of HK\$29.3 million for FY2015, the average price earnings ratio over the last 120 market days ("**120 Days MA PER**") of the Company would need to be at least 7.71 times in order for its average daily market capitalisation over the last 120 market days ("**120 Days MA Market Capitalisation**") to be above S\$40 million for the relevant period.

As at 14 January 2016, the Company's last done market price is S\$0.022² with a price earnings ratio of 1.74² times and a market capitalisation of S\$9.02 million². The Company's 120 Days MA PER and 120 Days MA Market Capitalisation was 2.49² times and S\$12.91 million² respectively. Over a 52 week period, the daily market capitalisation of the Company did not exceeded S\$40 million. As the Company is currently trading below its 120 Day MA Market Capitalisation, going forward, the 120 Day MA Market Capitalisation requirement is less likely to be met to exit the Financial Watch-List.

The Group's FY2015 Pre-Tax Recurrent Income is HK\$6.7 million which is lower compared to the FY2015 audited profit of HK\$29.3 million. Based on the FY2015 Pre-Tax Recurrent Income of HK\$6.7 million, the 120 Days MA PER of the Company would need to be at least 33.73 times in order for its 120 Days MA Market Capitalisation to be above S\$40 million. The 120 Days MA PER of the Company as at 14 January 2016 and based on the FY2015 Pre-Tax Recurrent Income is 10.89 times.

Based on the foregoing, in the event that Shareholders' approval is not obtained and the Company remains listed on the Main Board, the Company may need to carry out substantive corporate actions (including, without limitation, restructuring and/or business acquisitions) with the objective of increase its Share price and thereby market capitalisation in order to exit the Financial Watch-List.

2.3.3 Company's Position Of Continued Listing On SGX-ST

The Company believes that a continued listing in Singapore provides the Group with a robust platform to access the capital markets, and that in the event the Company continues trading on Catalist, the Company would be able to create long term shareholders' value.

The Board is of the opinion that the size of its current business, market capitalisation and growth prospects and strategies of the Company better resemble that of other companies listed on Catalist.

2.4 Requirements for the Proposed Transfer

A transfer from the Main Board to the Catalist is governed by Rule 410 of the Catalist Rules. As set out below, the Company has met the requirements for a transfer of the listing to the Catalist, save for the requirement for Shareholders' approval, which is the subject of this Circular and Rule 410(2) of the Catalist Rules, which would be complied with upon the receipt of Shareholders' approval.

2.4.1 Rule 410(1) – Compliance with Catalist Rules 406(1), (2)(b), (3), (4), and 407(2) and (3)

Based on the shareholding statistics available to the Company as at the Latest Practicable Date, approximately 65.00% of the Shares shall be considered as public shareholdings and the number of public shareholders is 713 Shareholders. Accordingly, Rule 406(1) of the Catalist Rules has been complied with.

Pursuant to Rule 406(2)(b), save for the requirements under the AIP, the SGX-ST has not published specific additional or other quantitative criteria for the Proposed Transfer as at the Latest Practicable Date.

² Extracted from Bloomberg

LETTER TO SHAREHOLDERS

The Company has complied with Rule 406(3) of the Catalist Rules as:

- (a) the Directors and executive officer of the Group have the appropriate experience and expertise to manage the Group's business;
- (b) nothing materially adverse has come to the attention of the Proposed Sponsor to suggest that the Directors, executive officer and Controlling Shareholders of the Group do not have the character and integrity expected of a listed issuer; and
- (c) the Group has at least two non-executive directors who are independent and free of any material business or financial connection with the Group.

Based on the Group's existing business, growth plans and barring unforeseen circumstances, in the reasonable opinion of the Board and PrimePartners Corporate Finance Pte. Ltd., the working capital available to the Group is sufficient for its present requirements and for at least 12 months after the Proposed Transfer Date.

Accordingly, Rule 410(1) of the Catalist Rules has been complied with.

2.4.2 Rule 410(2) – The Company is sponsored and the sponsor provides the SGX-ST with a completed Appendix 4D (Transfer Confirmation by Sponsor) of the Catalist Rules

The Board proposes to appoint PrimePartners Corporate Finance Pte. Ltd. as the Company's continuing sponsor, subject to the Proposed Transfer taking effect. The Proposed Sponsor had on 7 January 2016 provided the SGX-ST with a completed Appendix 4D (Transfer Confirmation by Sponsor) of the Catalist Rules.

2.4.3 Rule 410(3) – The Company provides the SGX-ST with a completed Appendix 4E (Applicant's Listing Agreement) of the Catalist Rules

The Company had on 7 January 2016, provided the SGX-ST with a completed Appendix 4E (Applicant's Listing Agreement) of the Catalist Rules) agreeing to comply with the SGX-ST's requirements and policies applicable to issuers listed on the Catalist.

Accordingly, Rule 410(3) of the Catalist Rules has been complied with.

2.4.4 Rule 410(4) – The Company's Shareholders have approved the Proposed Transfer by special resolution

The Proposed Transfer is subject to the approval of the Shareholders by way of a special resolution (Resolution 1) at the EGM, the notice of which is as set out in pages 16 to 18 of this Circular.

Accordingly, subject to the approval of the Shareholders for the Proposed Transfer at the EGM, Rule 410(4) of the Catalist Rules will be complied with.

Shareholders should note that if Shareholders' approval is not obtained and the Company remains listed on the Main Board and the Watch-List, the Company would still be subjected to the compliance to the requirements set out in the Main Board Rules.

2.4.5 Rule 410(5) – The Company is in compliance with all applicable Main Board Rules

The Board has confirmed that the Company is in compliance with all applicable Main Board Rules.

Accordingly, Rule 410(5) of the Catalist Rules has been complied with.

LETTER TO SHAREHOLDERS

2.5 Key Differences between Issuers listed on the Main Board and Issuers listed on Catalyst

The table below summarises some key differences between issuers listed on the Main Board and issuers listed on Catalyst:

	Main Board	Catalist
Supervision	The SGX-ST supervises the compliance of issuers' with their continuing listing obligations under the Main Board Rules.	Sponsors supervise the compliance of issuers' with their continuing listing obligations under the Catalist Rules.
Changes in capital	An issuer can obtain the mandate of shareholders to issue up to 50% of the issuer's share capital excluding treasury shares (of which shares issued on a non pro-rata basis must not exceed 20%).	An issuer can obtain the mandate of shareholders to issue up to 100% of the issuer's share capital excluding treasury shares (of which shares issued on a non pro-rata basis must not exceed 50%). If shareholders approve such mandate by special resolution, the 50% limit can be increased to 100%.
Acquisitions and Realisations	Acquisitions or disposals of assets of more than 20% but less than 100% of the relevant bases set out in the Main Board Rules (i.e. group's net assets, profits, market capitalization or equity securities issued, as the case may be) will require the approval of shareholders.	Acquisitions of assets of more than 75% but less than 100% of the relevant bases set out in the Catalist Rules (i.e. group's net assets, profits, market capitalization or equity securities issued, as the case may be) will require the approval of shareholders. Disposals of assets of more than 50% of the relevant bases set out in the Catalist Rules (i.e. group's net assets, profits, market capitalization or equity securities issued, as the case may be) will require the approval of shareholders.
Minimum Trading Price	There is a minimum trading price of S\$0.20.	There is no minimum trading price.
Financial Watch-list	The SGX-ST will place an issuer on the Financial Watch-list, if it records: <ul style="list-style-type: none"> (a) pre-tax losses for the three (3) most recently completed consecutive financial years (based on the latest announced full year consolidated accounts, excluding exceptional or non-recurrent income and extraordinary items); and (b) an average daily market capitalisation of less than S\$40 million over the last one hundred and twenty (120) market days on which trading was not suspended or halted. 	There is no Financial Watch-list.

LETTER TO SHAREHOLDERS

2.6 Use of savings under the Central Provident Fund (“CPF”) Investment Scheme (“CPFIS”)

Shareholders should note that CPF savings cannot be used to purchase shares of companies that are listed on the Catalist, except for companies that were migrated from the Stock Exchange of Singapore Dealing and Automated Quotation (SESDAQ) to the Catalist.

Accordingly, with the transfer of the Company to Catalist after obtaining Shareholders’ approval for the Proposed Transfer, CPF savings can no longer be used to purchase the Shares.

Shareholders can choose to hold or sell the Shares or participate in corporate actions, subject to prevailing CPFIS rules and limits for the Shares.

Shareholders should also note that CPF members would not be able to purchase shares of companies that they are placed on the Watch-List effective 1 March 2016. Accordingly, if Shareholders’ approval for the transfer to Catalist is not obtained and the Company remains listed on the Main Board and the Watch-List, Shareholders would not be able to purchase the Shares, effective 1 March 2016.

3. PROPOSED SHARE ISSUE MANDATE

At the annual general meeting of the Company held on 24 July 2015, Shareholders approved a general share issue mandate which authorised the Directors to allot and issue new Shares in the capital of the Company in accordance with, and subject to, the provisions of Section 161 of the Act and Rule 806 of the Main Board Rules (the “**Existing Share Issue Mandate**”). No new Shares have been previously issued under the Existing Share Issue Mandate.

The Company is seeking Shareholders’ approval at the EGM for the Proposed Share Issue Mandate to authorise the Directors to issue new Shares and convertible securities of the Company of up to 100% of the Company’s issued share capital as at the date of the EGM with an aggregate sub-limit of 50% of the Company’s issued share capital as at the date of the EGM for any issue of new Shares and convertible securities of the Company, not made on a pro-rata basis to Shareholders.

The Proposed Share Issue Mandate, if approved by Shareholders at the EGM, would replace and supersede the Existing Share Issue Mandate effective on the date of the EGM, and shall continue in force until the next general meeting of the Company. The Existing Share Issue Mandate would be thereafter revoked on the date of the EGM.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

4.1 Directors

As at the Latest Practicable Date, the direct and indirect interests of each of the Directors in the Shares of the Company are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Cai Kaoqun ⁽²⁾	–	–	123,084,000	30.04
Yang Jinbiao ⁽³⁾	–	–	19,200,000	4.68
Cai Kaobing ⁽³⁾	–	–	19,200,000	4.68
Hau Khee Wee	200,000	0.04	–	–
Li Zhiqiang	950,000	0.23	–	–
Lim Yit Keong	–	–	–	–
Ho Chew Thim	–	–	–	–

LETTER TO SHAREHOLDERS

Notes:

- (1) Based on the total issued and fully paid-up ordinary share capital of 409,800,000 Shares as at the Latest Practicable Date.
- (2) Mr Cai Kaoqun is deemed interested in the 123,084,000 Shares held by China Hongda Holdings Limited, by virtue of his 100% shareholdings in China Hongda Holdings Limited.
- (3) Mr Yang Jinbiao and Mr Cai Kaobing are deemed interested in the 19,200,000 Shares through their holdings held by Good Moral Technology Limited.

4.2 Substantial Shareholders

As at the Latest Practicable Date, the direct and indirect interests of each of the Substantial Shareholders in the Shares of the Company are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
China Hongda Holdings Limited	123,084,000	30.04	–	–
Cai Kaoqun ⁽²⁾	–	–	123,084,000	30.04

Notes:

- (1) Based on the total issued and fully paid-up ordinary share capital of 409,800,000 Shares as at the Latest Practicable Date.
- (2) Mr Cai Kaoqun is deemed interested in the 123,084,000 Shares held by China Hongda Holdings Limited, by virtue of his 100% shareholdings in China Hongda Holdings Limited.

5. DIRECTORS' RECOMMENDATIONS

5.1 The Proposed Transfer

The Directors, having considered the rationale for the Proposed Transfer, are of the opinion that the Proposed Transfer is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the Special Resolution (Resolution 1) relating to the Proposed Transfer, as set out in the attached Notice of EGM.

5.2 The Proposed Share Issue Mandate

The Directors, having considered, the rationale for the Proposed Share Issue Mandate, are of the opinion that the Proposed Share Issue Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the Ordinary Resolution (Resolution 2) relating to the Proposed Share Issue Mandate, as set out in the attached Notice of EGM.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 16 to 18 of this Circular, will be held at SGX Centre 2, #17-01, 4 Shenton Way Singapore 068807 on 23 February 2016 at 9:30 AM (or any adjournment thereof) for the purpose of considering and, if thought fit, passing (with or without any modification) the resolutions set out in the Notice of EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a proxy form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807, not less than forty-eight (48) hours before the time appointed for the EGM. The completion and return of the proxy form by a Shareholder will not preclude him/her from attending and voting in person at the EGM in place of his proxy if he/she so wishes.

LETTER TO SHAREHOLDERS

A Depositor will not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears on the Depository Register seventy-two (72) hours before the EGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular, and confirm after making all reasonable enquires that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transfer, Proposed Share Issue Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Circular in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's office at SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807 during normal business hours from the date of this Circular up to and including the time and date of the EGM.

- (a) the annual reports of the Company for FY2014 and FY2015; and
- (b) the Memorandum and Articles of Association of the Company.

Yours faithfully

For and on behalf of the Board of Directors of
CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Cai Kaoqun

Executive Chairman and Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200712727W)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of China Kunda Technology Holdings Limited (the “**Company**”) will be held at SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807 on 23 February 2016 at 9:30 AM for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

*All capitalised terms in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 28 January 2016 (the “**Circular**”).*

RESOLUTION 1 (SPECIAL RESOLUTION)

THE PROPOSED TRANSFER FROM THE MAIN BOARD TO THE CATALIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

That:

- (a) **approval be and is hereby given for the Company to be transferred from the Main Board to the Catalist; and**
- (b) **the Directors and each of them be and are hereby authorised to complete and do all acts and things (including executing all such documents as may be required in connection with the Proposed Transfer) and exercise such discretion as the Director(s) may in their or his absolute discretion deem fit, advisable or necessary to give full effect to this Resolution and the Proposed Transfer.**

RESOLUTION 2 (ORDINARY RESOLUTION)

THE AUTHORITY TO ALLOT AND ISSUE SHARES

That, subject to the above Resolution 1 being duly approved, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors to:-

- (a) allot and issue shares in the capital of the Company (“**Shares**”) (whether by way of rights, bonus or otherwise);

make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:-
 - (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (2) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (1) above, the percentage of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed after adjusting for:-
- (i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (iii) any subsequent bonus issue, consolidation or sub-division of Shares.
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and the Articles of Association for the time being of the Company; and
- (4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall commence upon the transfer of the Company from the Main Board to the Catalist becoming effective and shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (i)]

BY ORDER OF THE BOARD
CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

CAI KAOQUN

Executive Chairman and Chief Executive Officer
Singapore
28 January 2016

Explanatory Note:

- (i) Resolution 2, if passed, will empower the Directors from the date on which the transfer of the Company from the Main Board to the Catalist becoming effective until (i) the conclusion of the next annual general meeting of the Company, or (ii) the date by which the next annual general meeting of the Company is required by law to be held or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred percent (100%) of issued Share capital of the Company (excluding treasury shares), of which up to fifty percent (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

Notes:

- (1) A member, other than a relevant intermediary (as defined in the Companies (Amendment) Act 2014), entitled to attend and vote at the EGM is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (2) A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (3) A member of a company having a share capital who is a relevant intermediary (as defined in the Companies (Amendment) Act 2014) may appoint more than two (2) proxies in relation to a meeting to exercise all or any of his rights to attend and to speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). In such an event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
- (4) The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- (5) The instrument appointing a proxy or proxies must be deposited at the Company's registered office at SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807, not less than forty-eight (48) hours before the time set for the EGM.
- (6) A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited at least seventy-two (72) hours before the time fixed for the holding of the EGM or any postponement or adjournment thereof, in order for the Depositor to attend and vote at the EGM

PERSONAL DATA PRIVACY

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guideline (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200712727W)

IMPORTANT

1. For investors who have used their CPF monies to buy China Kunda Technology Holdings Limited Shares, this Circular is sent to them at the request of their CPF Approved Nominees solely.

FOR INFORMATION ONLY.

2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM EXTRAORDINARY GENERAL MEETING

I/We _____ (Name), _____ (NRIC / Passport No.)

of _____ (Address),

being a member/members* of **China Kunda Technology Holdings Limited** (the "Company") hereby appoint:

Name	Address	NRIC/ Passport No	Proportion of Shareholdings	
			No. of Shares	%

and/or *(delete as appropriate)*

Name	Address	NRIC/ Passport No	Proportion of Shareholdings	
			No. of Shares	%

and/or the person(s) referred to above in accordance with Note 3 of this proxy form, or failing him/her/ them, the Chairman of the Extraordinary General Meeting ("EGM") of the Company, as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM of the Company to be held at SGX Centre 2, #17-01, 4 Shenton Way Singapore 068807 on 23 February 2016 at 9:30 AM, and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion, as he/she/they* will on any other matters arising at the EGM.

The resolutions put to the vote of the EGM shall be decided by the way of poll. Please indicate the number of votes as appropriate.

**Delete as appropriate.*

	Special Resolution	Number of votes FOR	Number of votes AGAINST
1.	Proposed Transfer from the Main Board to Catalist		
Ordinary Resolution			
2.	Authority for Directors to allot and issue new shares		

Dated this _____ day of _____ 2016.

Total Number of shares held in:	
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF.



Notes:

1. A member, other than a relevant intermediary (as defined in the Companies (Amendment) Act 2014), entitled to attend and vote at the EGM is entitled to appoint one (1) or two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A member of a company having a share capital who is a relevant intermediary (as defined in the Companies (Amendment) Act 2014) may appoint more than two (2) proxies in relation to a meeting to exercise all or any of his rights to attend and to speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). In such an event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.
5. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
6. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807, not less than seventy-two (72) hours before the time set for the EGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where an instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument. In addition, in the case of shares entered in the Depository Register, the Company may reject the instrument appointing a proxy or proxies if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 28 January 2016.