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**CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED**

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(Company Registration No. 200712727W)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

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**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS**

**1(a) An income statement for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<b><u>Condensed Consolidated Income Statement</u></b>	<b>Note</b>	<b>Group (Restated)</b>		<b>Change %</b>
		<b>6 months ended</b>		
		<b>30-Sep-22 ('1H2023') HK\$'000</b>	<b>30-Sep-21 ('1H2022') HK\$'000</b>	
<b><u>Continuing operations</u></b>				
Revenue	4	11,211	13,955	(19.7)
Cost of sales		(10,218)	(12,200)	(16.2)
<b>Gross profit</b>		<b>993</b>	<b>1,755</b>	(43.4)
<b>Other items of income</b>				
Interest income		59	13	353.8
Other income	5	306	294	4.1
<b>Other items of expense</b>				
Selling and distribution expenses		(663)	(769)	(13.8)
General and administrative expenses		(7,216)	(7,029)	2.7
Other expenses	6	(773)	(49)	n.m.
<b>Loss before tax</b>	7	<b>(7,294)</b>	<b>(5,785)</b>	26.1
Income tax expense		-	-	n.m.
<b>Loss from continuing operations, net of tax</b>		<b>(7,294)</b>	<b>(5,785)</b>	26.1
<b><u>Discontinued operation</u></b>				
<b>Loss from discontinued operation, net of tax</b>		-	(1,702)	(100.0)
<b>Loss for the period</b>		<b>(7,294)</b>	<b>(7,487)</b>	(2.6)
<b>Attributable to:</b>				
<b>Owners of the Company</b>				
Loss from continuing operations, net of tax		(7,294)	(5,785)	26.1
Loss from discontinued operations, net of tax		-	(1,702)	(100.0)
<b>Loss for the period attributable to owners of the Company</b>		<b>(7,294)</b>	<b>(7,487)</b>	(2.6)
<b>Loss per share from continuing operations attributable to owners of the Company (HK cents per share)</b>				
Basic and diluted	9 (a)	(1.78)	(1.41)	
<b>Loss per share (HK cents per share)</b>				
Basic and diluted	9 (b)	(1.78)	(1.83)	

n.m. : not meaningful

- 1(a) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>Group</b>		<b>Change</b>
	<b>(Restated)</b>		
<u><b>Condensed Consolidated Statement of Comprehensive Income</b></u>	<b>1H2023</b>	<b>1H2022</b>	<b>%</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	
<b>Loss for the period</b>	<b>(7,294)</b>	<b>(7,487)</b>	<b>(2.6)</b>
<b>Other comprehensive income:</b>			
Items that may be subsequently reclassified to profit & loss:			
Foreign currency translation	(2,059)	481	n.m.
Items that may not be subsequently reclassified to profit & loss:			
Foreign currency translation	(615)	136	n.m.
<b>Other comprehensive income for the period, net of tax</b>	<b>(2,674)</b>	<b>617</b>	<b>n.m.</b>
<b>Total comprehensive income for the period</b>	<b>(9,968)</b>	<b>(6,870)</b>	<b>45.1</b>
<b>Attributable to:</b>			
<b>Owners of the Company</b>			
Total comprehensive income from continuing operations, net of tax	(9,968)	(5,168)	92.9
Total comprehensive income from discontinued operations, net of tax	-	(1,702)	(100.0)
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>(9,968)</b>	<b>(6,870)</b>	<b>45.1</b>

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Note	Group As at 30-Sep-22 HK\$'000	Group As at 31-Mar-22 HK\$'000	Company As at 30-Sep-22 HK\$'000	Company As at 31-Mar-22 HK\$'000
<b><u>Non-current assets</u></b>					
Investment in subsidiaries		-	-	26,938	29,212
Property, plant and equipment	11	3,243	1,356	-	-
Prepayments		3,660	-	-	-
<b>Total non-current assets</b>		<b>6,903</b>	<b>1,356</b>	<b>26,938</b>	<b>29,212</b>
<b><u>Current assets</u></b>					
Inventories	12	2,824	1,248	-	-
Trade and other receivables	13	7,444	6,394	-	-
Prepayments		130	133	91	133
Amount due from related parties	13	-	-	4,665	7,303
Cash and short-term deposits	13	11,526	30,190	373	136
<b>Total current assets</b>		<b>21,924</b>	<b>37,965</b>	<b>5,129</b>	<b>7,572</b>
<b>Total Assets</b>		<b>28,827</b>	<b>39,321</b>	<b>32,067</b>	<b>36,784</b>
<b><u>Current liabilities</u></b>					
Trade and other payables	13	3,563	3,675	286	277
Other liabilities	14	5,300	5,737	676	1,458
Amount due to related parties	13	238	210	-	-
Provision for taxation		46	51	-	-
<b>Total current liabilities</b>		<b>9,147</b>	<b>9,673</b>	<b>962</b>	<b>1,735</b>
<b>Net current assets</b>		<b>12,777</b>	<b>28,292</b>	<b>4,167</b>	<b>5,837</b>
<b>Total liabilities</b>		<b>9,147</b>	<b>9,673</b>	<b>962</b>	<b>1,735</b>
<b>Net assets</b>		<b>19,680</b>	<b>29,648</b>	<b>31,105</b>	<b>35,049</b>
<b><u>Equity attributable to owners of the Company</u></b>					
Share capital	16	148,309	148,309	148,309	148,309
Accumulated losses		(70,202)	(62,908)	(128,200)	(126,947)
Restructuring reserve		(74,397)	(74,397)	-	-
Foreign currency translation reserve		15,970	18,644	10,996	13,687
<b>Total equity</b>		<b>19,680</b>	<b>29,648</b>	<b>31,105</b>	<b>35,049</b>
<b>Total equity and liabilities</b>		<b>28,827</b>	<b>39,321</b>	<b>32,067</b>	<b>36,784</b>

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	(Restated)	
	1H2023	1H2022
	(HK\$'000)	(HK\$'000)
<b>Operating activities</b>		
Loss before tax from continuing operations	(7,294)	(5,785)
Loss before tax from discontinued operation	-	(1,702)
Loss before tax, total	(7,294)	(7,487)
Adjustments for:		
Depreciation of property, plant and equipment	287	774
Amortisation of intangible assets	-	17
Reversal of impairment loss on inventories	-	(103)
Impairment loss on inventories	748	-
Impairment loss on trade and other receivables	17	-
Gain on disposal of property, plant and equipment	(9)	(6)
Interest income	(59)	(13)
Unrealised foreign exchange (gain)/loss	(187)	16
Operating cash flows before working capital changes	(6,497)	(6,802)
(Increase)/Decrease in:		
Trade and other receivables	(1,865)	12,549
Inventories	(2,561)	1,494
Prepayments	(12)	140
Increase/(Decrease) in:		
Trade and other payables	304	(1,138)
Other liabilities	198	(1,943)
Amount due to related parties, net	54	(1,192)
Cash flows generated (used in)/from operations	(10,379)	3,108
Interest received	59	13
<b>Net cash flows generated (used in)/from operating activities</b>	<b>(10,320)</b>	<b>3,121</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(6,319)	(12)
Proceeds from disposal of property, plant and equipment	9	6
Withdrawal of short-term deposits with terms more than three months on the maturity date	3,596	-
<b>Net cash flows used in investing activities</b>	<b>(2,714)</b>	<b>(6)</b>
Net (decrease)/increase in cash and cash equivalents	(13,034)	3,115
Effect of exchange rate changes on cash and cash equivalents	(881)	252
Cash and cash equivalents at beginning of financial period	17,731	18,086
<b>Cash and cash equivalents at end of financial period</b>	<b>3,816</b>	<b>21,453</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company					
	Equity, total HK\$'000	Equity attributable to owners of the Company, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	Foreign currency translation reserve HK\$'000
<b>Group</b>						
<b>1H2023</b>						
Opening balance at 1 April 2022	29,648	29,648	148,309	(62,908)	(74,397)	18,644
Loss for the period	(7,294)	(7,294)	-	(7,294)	-	-
Other comprehensive income for the period, net of tax	(2,674)	(2,674)	-	-	-	(2,674)
Total comprehensive income for the period	(9,968)	(9,968)	-	(7,294)	-	(2,674)
Closing balance at 30 September 2022	19,680	19,680	148,309	(70,202)	(74,397)	15,970
<b>1H2022</b>						
Opening balance at 1 April 2021	42,474	42,474	148,309	(48,397)	(74,397)	16,959
Loss for the period	(7,487)	(7,487)	-	(7,487)	-	-
Other comprehensive income for the period, net of tax	617	617	-	-	-	617
Total comprehensive income for the period	(6,870)	(6,870)	-	(7,487)	-	617
Closing balance at 30 September 2021	35,604	35,604	148,309	(55,884)	(74,397)	17,576

- 1(d) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>Attributable to owners of the Company</b>			
	<b>Equity, total HK\$'000</b>	<b>Share capital HK\$'000</b>	<b>Accumulated losses HK\$'000</b>	<b>Foreign currency translation reserve HK\$'000</b>
<b>Company</b>				
<b>1H2023</b>				
Opening balance at 1 April 2022	35,049	148,309	(126,947)	13,687
Loss for the period	(1,253)	-	(1,253)	-
Other comprehensive income for the period, net of tax	(2,691)	-	-	(2,691)
Total comprehensive income for the period	(3,944)	-	(1,253)	(2,691)
Closing balance at 30 September 2022	31,105	148,309	(128,200)	10,996
<b>Company</b>				
<b>1H2022</b>				
Opening balance at 1 April 2021	49,146	148,309	(111,086)	11,923
Loss for the period	(1,408)	-	(1,408)	-
Other comprehensive income for the period, net of tax	718	-	-	718
Total comprehensive income for the period	(690)	-	(1,408)	718
Closing balance at 30 September 2021	48,456	148,309	(112,494)	12,641



## Notes to the unaudited financial statements

### 1. Corporate information

China Kunda Technology Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited. These unaudited condensed consolidated financial statements comprise the Company and its subsidiaries (collectively, the "Group"). The principal activity of the Company is investment holding. The principal activity of the Group mainly relating to the production and supply of moulds and IMD products.

The registered office of the Company is at 4 Shenton Way, SGX Centre 2, #17-01, Singapore 068807. The principal place of business of the Group is located at Bao Long Industrial Park, Bao Long Yi Road, Longgang District, Shenzhen City, Guangdong Province, People's Republic of China ("PRC").

### 2. Basis of preparation

These unaudited condensed consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the provisions of the Catalist Rules.

The accounting policies and methods of computation applied in these unaudited condensed consolidated financial statements are consistent with those of the latest audited annual financial statements for the financial year ended 31 March 2022 except for the adoption of new and amended standards as set out in Note 2.1.

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (HK\$) and all values in the tables are rounded to the nearest thousand (HK\$'000), except when otherwise indicated.

The comparatives presented for the corresponding six months ended 30 September ("1H2022") have been restated to present the net loss of the discontinued operations following the disposal of a subsidiary in March 2022.

#### 2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting year. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### 2.2 Use of judgements and estimates

In preparing the unaudited condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements as at and for the financial year ended 31 March 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### 3. Seasonality of operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

#### 4. Financial information by operating segment

For management purposes, the Group is organised into business units based on their products and services, and has one reportable operating segment as follows:

- (a) *In-Mould Decoration (“IMD”) and the Plastic Injection Parts Business (collectively, the “IMD Business”)*

The IMD and Plastic injection parts segment provide specialised plastic injection parts and technical services used mainly in the production of electrical appliances and electronic devices.

IMD is the simultaneous injection moulding of a product with a formable plastic film. The formed film is inserted into the mould and then injected with the molten plastic resin to surround it, forming a finished integral part.

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated by the Executive Chairman and Chief Executive Officer solely based on gross profit or loss. Certain expenses, other income, financial income/expense and income taxes are managed on a group basis and are not allocated to operating segments.

##### 4.1 Business segments

	1H2023 (HK\$'000)		(Restated) 1H2022 (HK\$'000)	
	IMD Business	Per consolidated financial statements	IMD Business	Per consolidated financial statements
<b>Revenue</b>				
Sales to external customers	11,211	11,211	13,955	13,955
<b>Segment results:</b>				
Segment gross profit	993	993	1,755	1,755
Depreciation of property, plant and equipment	(287)	(287)	(620)	(620)
Gain on disposal of property, plant and equipment	9	9	6	6
Impairment loss on inventories	(748)	(748)	-	-
Reversal of impairment loss on inventories	-	-	158	158
Impairment loss on trade and other receivables	(17)	(17)	-	-
Research expenses	(1,878)	(1,878)	(1,511)	(1,511)
Unallocated expenses, net		(5,366)		(5,573)
Loss before tax		(7,294)		(5,785)
<b>Additions to non-current assets</b>	6,319	6,319	12	12
	<b>As at 30 September 2022</b>		<b>As at 31 March 2022</b>	
<b>Segment assets</b>	28,827	28,827	39,321	39,321
<b>Segment liabilities</b>	9,147	9,147	9,673	9,673

## 4.2 Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue (Restated)		Non-current assets	
	1H2023 HK\$'000	1H2022 HK\$'000	30 Sept 2022 HK\$'000	31 Mar 2022 HK\$'000
PRC	10,478	12,712	6,903	1,356
Europe	493	1,034	-	-
Others	240	209	-	-
	<u>11,211</u>	<u>13,955</u>	<u>6,903</u>	<u>1,356</u>

Non-current assets information presented above consist of property, plant and equipment and non-current prepayment, as presented in the consolidated balance sheet.

## 4.3 Disaggregation of revenue

Segments	IMD and Plastic Injection Parts		Total revenue	
	1H2023 HK\$'000	1H2022 HK\$'000	1H2023 HK\$'000	1H2022 HK\$'000
<b>Primary geographical markets</b>				
People's Republic of China ("PRC")	10,478	12,712	10,478	12,712
Europe	493	1,034	493	1,034
Others	240	209	240	209
	<u>11,211</u>	<u>13,955</u>	<u>11,211</u>	<u>13,955</u>
<b>Major products</b>				
IMD products	10,484	13,249	10,484	13,249
IMD moulds	727	706	727	706
	<u>11,211</u>	<u>13,955</u>	<u>11,211</u>	<u>13,955</u>
<b>Timing of transfer of goods</b>				
At a point in time	11,211	13,955	11,211	13,955

## 4.4 Contract liabilities

Information about contract liabilities from contracts with customers is disclosed as follows:

	Group	
	30 September 2022 HK\$'000	31 March 2022 HK\$'000
Contract liabilities	<u>987</u>	<u>567</u>

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of IMD products and IMD moulds.

**5. Other income**

	<b>Group</b>	
	<b>1H2023</b>	<b>(Restated)</b>
	<b>HK\$'000</b>	<b>1H2022</b>
		<b>HK\$'000</b>
Sale of raw materials/scrap materials	40	104
Government grants related to income	70	26
Gain on disposal of property, plant and equipment	9	6
Net foreign exchange gain	187	-
Reversal of impairment loss on inventories	-	158
	<u>306</u>	<u>294</u>

**6. Other expenses**

	<b>Group</b>	
	<b>1H2023</b>	<b>(Restated)</b>
	<b>HK\$'000</b>	<b>1H2022</b>
		<b>HK\$'000</b>
Impairment loss on trade and other receivables	17	-
Impairment loss on inventories	748	-
Net foreign exchange loss	-	16
Others	8	33
	<u>773</u>	<u>49</u>

**7. Loss before tax**

The following items have been included in arriving at loss before tax from continuing operations:

	<b>Group</b>	
	<b>1H2023</b>	<b>(Restated)</b>
	<b>HK\$'000</b>	<b>1H2022</b>
		<b>HK\$'000</b>
Depreciation of property, plant and equipment	287	620
Research expenses	1,878	1,511
	<u>2,165</u>	<u>2,131</u>

**8. Related party transactions**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial period:

	<b>Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Rental of factory premises charged by a director-related company	924	1,659

## 9. Loss per share

### (a) Continuing operations

	<b>Group</b>	
	<b>1H2023</b>	<b>(Restated) 1H2022</b>
Loss from continuing operations attributable to owners of the Company (HK\$'000)	(7,294)	(5,785)
Weighted average number of ordinary shares for earnings per share computation ('000)	409,800	409,800
Basic loss per share (HK cents)	(1.78)	(1.41)

### (b) Loss per share computation

	<b>Group</b>	
	<b>1H2023</b>	<b>(Restated) 1H2022</b>
Loss for the year attributable to owners of the Company (HK\$'000)	(7,294)	(7,487)
Weighted average number of ordinary shares for earnings per share computation ('000)	409,800	409,800
Basic loss per share (HK cents)	(1.78)	(1.83)

The diluted loss per share is not presented as there were no potential dilutive securities as at 30 September 2022 and 31 March 2022.

## 10. Net asset value per share

	<b>Group</b>		<b>Company</b>	
	<b>30 Sept 2022</b>	<b>31 Mar 2022</b>	<b>30 Sept 2022</b>	<b>31 Mar 2022</b>
	HK cents	HK cents	HK cents	HK cents
Net assets per ordinary share based on 409.8 million shares as at 30 September 2022 (31 March 2022: 409.8 million shares)	4.80	7.23	7.59	8.55

## 11. Property, plant and equipment

During the six months ended 30 September 2022, the Group acquired plant and equipment amounting to HK\$2,442,000 (30 September 2021: HK\$12,000) for its IMD business.

## 12. Inventories

	<b>Group</b>	
	<b>30 Sept 2022</b>	<b>31 Mar 2022</b>
	HK\$'000	HK\$'000
<b>Balance sheet:</b>		
Raw materials (at cost)	1,219	817
Work-in-progress (at cost)	1,101	154
Finished goods (at cost or net realizable value)	504	277
	2,824	1,248

### 13. Financial assets and financial liabilities

	Group		Company	
	30 Sept 2022	31 Mar 2022	30 Sept 2022	31 Mar 2022
<u>Financial assets</u>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	6,993	5,528	-	-
Bills receivables	444	797	-	-
Deposits	1	1	-	-
Other receivables	6	68	-	-
Total trade and other receivables	7,444	6,394	-	-
Add: Amounts due from related parties	-	-	4,665	7,303
Add: Cash and short-term deposits	11,526	30,190	373	136
Less: Bills receivables at FVOCI	(444)	(797)	-	-
Total financial assets carried at amortised cost	18,526	35,787	5,038	7,439

	Group		Company	
	30 Sept 2022	31 Mar 2022	30 Sept 2022	31 Mar 2022
<u>Financial liabilities</u>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	2,759	3,327	-	-
Other payables	804	348	286	277
Total trade and other payables	3,563	3,675	286	277
Add: Amounts due to related parties	238	210	-	-
Add: Accrued operating expenses	3,485	4,196	676	1,458
Total financial liabilities carried at amortised cost	7,286	8,081	962	1,735

#### 13.1 Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**);
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (**Level 2**); and
- Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (**Level 3**)

The following table presented the assets measured at fair value:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Group – 30 September 2022</b>				
<b>Financial assets</b>				
Bills receivables at FVOCI	-	444	-	444
<b>Group – 31 March 2022</b>				
<b>Financial assets</b>				
Bills receivables at FVOCI	-	797	-	797

14. **Other liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>30 Sept 2022</b>	<b>31 Mar 2022</b>	<b>30 Sept 2022</b>	<b>31 Mar 2022</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accrued operating expenses	3,485	4,196	676	1,458
Contract liabilities	987	567	-	-
VAT and other tax payables	828	974	-	-
	<b>5,300</b>	<b>5,737</b>	<b>676</b>	<b>1,458</b>

15. **Aggregate amount of the Group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

(In HK\$'000)

<b>As at 30 September 2022</b>		<b>As at 31 March 2022</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
-	-	-	-

**Amount repayable after one year**

(In HK\$'000)

<b>As at 30 September 2022</b>		<b>As at 31 March 2022</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
-	-	-	-

**Details of any collateral**

The Group did not have any bank borrowings or debt securities as at 30 September 2022 and 31 March 2022.

16. **Share capital**

	<b>Group and Company</b>			
	<b>As at 30 Sept 2022</b>		<b>As at 31 Mar 2022</b>	
	<b>No. of shares '000</b>	<b>HK\$'000</b>	<b>No. of shares '000</b>	<b>HK\$'000</b>
<b>Issued and fully paid ordinary shares</b>				
Balance at beginning and end of financial period/year	409,800	148,309	409,800	148,309

The Company had no outstanding convertibles, treasury shares or subsidiary holdings as at the end of the current financial period reported on and as at the end of the immediately preceding financial year.

17. **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable, as the Company did not have any treasury shares as at the end of the current financial period reported on.

**18. A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable, as the Company did not have any subsidiary holdings as at the end of the current financial period reported on.

**19. Events after the end of the reporting period**

There are no known subsequent events which led to adjustments to this set of condensed consolidated interim financial statements.



## Other Information Required by Appendix 7C of the Catalyst Rules

### OTHER INFORMATION

1. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 September 2022 and the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial period ended 30 September 2022 and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2. **Whether the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter)**

Not applicable.

3. **Whether the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**  
(b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable. The latest financial statements have an unmodified opinion.

4. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **Income Statement** **Continuing operation**

##### Revenue and Gross Profit

Revenue decreased by 19.7% in 1H2023 as compared to 1H2022, mainly attributed to the HK\$4.8 million decline in sales of our In-Mould Decoration ("IMD") and plastic injection parts (collectively, "IMD Products") to the customers in electrical appliances, consumer electronics and medical devices industries, offset by the HK\$2.5 million maiden sales of IMD Products to the new customers in network communication and external energy storage industries which were started in May 2022 and July 2022 respectively.

Following the decline in revenue and consequential lower capacity utilisation rate, the gross margin decreased from 12.6% in 1H2022 to 8.9% in 1H2023. The decrease in gross margin was also due to:

- Unfavourable sales mix in 1H2023 as compared to 1H2022 with a higher portion of sales of small sized and low priced IMD Products and small volume orders which are more labour intensive which contributed lower margins in 1H2023; and
- IMD moulds were sold at discounted prices in order to attract more sales order of IMD Products amid intensifying competition. In 1H2023, there are 65 units of IMD moulds produced as compared to 33 units in 1H2022.

##### Other items of income

The increase in other income in 1H2023 was mainly due to the increase in net foreign exchange gain mainly arising from the conversion of US dollars to Renminbi for the bank balance denominated in US dollars.

##### Other items of expense

Selling and distribution expenses decreased by 13.8% in 1H2023 as compared to 1H2022, mainly due to decrease in entertainment expenses in tandem with the decline in revenue from our IMD business.

4. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

General and administrative expenses increased by 2.7% in 1H2023 as compared to 1H2022, mainly due to increase in research and development expenses arising from the development of new IMD moulds and IMD Products.

In 1H2023, the increase in other expenses was mainly due to an impairment loss on inventories of HK\$0.7 million for certain IMD moulds under construction.

Depreciation of plant and equipment decreased by 53.7%, mainly due to the write-off of office renovation carried out at our factory in Shenzhen following disposal of our furniture business in March 2022 which were recorded under general and administrative expenses in 1H2022.

#### **Discontinued Operations**

Following the completion of disposal of our furniture business, no revenue or expenses were recorded in 1H2023.

Arising from the above, the Group recorded a net loss of HK\$7.3 million in 1H2023 as compared to HK\$7.5 million in 1H2022.

#### **Other comprehensive income - Foreign currency translation**

The foreign currency translation gain arose mainly from the translation of our net asset position in our financial statements denominated in Renminbi (“RMB”) to Hong Kong dollars (“HKD”) when consolidating the Group's financials. HKD appreciated against RMB by approximately 10.9% in 1H2023 as compared to a 1.5% depreciation in 1H2022.

#### **Balance sheet**

##### **Non-current assets**

The increase in property, plant and equipment was mainly due to:

- Additions of HK\$2.4 million mainly relating to acquisition of plant and equipment for our IMD automated production line; offset by
- Depreciation charges of HK\$0.3 million recorded in 1H2023; and
- Foreign currency translation loss of HK\$0.3 million.

Prepayments amounting to HK\$3.7 million as at 30 September 2022 relates to the prepayment of plant and equipment from our IMD automated production line.

##### **Current assets**

Inventories as at 30 September 2022 increased by HK\$1.6 million as compared to 31 March 2022, consists of increases in IMD moulds under construction, raw materials and finished goods by HK\$1.0 million, HK\$0.4 million and HK\$0.2 million respectively, mainly due to the Company stocking up for its order books. Notably, with the inclusion of Value Added Tax (“VAT”), order book increased from approximately HK\$3.4 million as at 31 March 2022 to HK\$5.8 million as at 30 September 2022. The Group's efforts to secure new projects, is reflected by the increase in the number of moulds under construction. There are 34 units of IMD moulds under construction as at 30 September 2022 compared to 6 units as at 31 March 2022.

Trade and other receivables as at 30 September 2022 increased by HK\$1.1 million as compared to 31 March 2022 was mainly due to increase in sales of IMD Products inclusive of VAT by HK\$1.5 million in second quarter of financial year ending 31 March 2023 (“2Q2023”) as compared to fourth quarter of financial year ended 31 March 2022 (“4Q2022”).

4. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Current liabilities

Trade and other payables of our Group as at 30 September 2022 remained relatively stable as compared to 31 March 2022.

Other liabilities as at 30 September 2022 decreased by 7.6% as compared to 31 March 2022, mainly due to decrease in accrued operating expenses from our Singapore office following the payments made during the financial period reported on.

The increase in amount due to related parties was mainly due to accrual of rental expenses of our factory premise at Bao Long Yi Road during the financial period reported on.

Cash flow

In 1H2023, the Group's cash and cash equivalents decreased by HK\$13.0 million, comprised net cash flow used in operating activities of HK\$10.3 million and net cash flow used in investing activities of HK\$2.7 million.

In 1H2023, net cash flow used in operating activities was mainly due to operating cash outflows before working capital changes of HK\$6.5 million and net working capital outflow of HK\$3.9 million. The working capital outflow in 1H2023 mainly arose from increase in trade and other receivables of HK\$1.9 million, and increase in inventories of HK\$2.6 million, partially offset by increase in trade and other payables of HK\$0.3 million and increase in other liabilities of HK\$0.2 million. The increase in overall working capital was mainly attributed to the increase in sales volume and order books of our IMD Products in 2Q2023 as compared to 4Q2022.

In 1H2023, the Group also utilised HK\$6.3 million to acquire plant and equipment for its IMD automated production line, partially offset by withdrawal of short-term deposits with terms more than 3 months amounted to HK\$3.6 million.

There was no cash utilised or generated from financing activities in 1H2023.

5. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The financial results are in-line with the forecast statement disclosed in the Company's financial results announcement for the financial year ended 31 March 2022, dated 27 May 2022.

6. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group's revenue is largely contributed by the electronics manufacturers in the People's Republic of China ("PRC") who supply their products to the domestic and international markets. With the continuing uncertainties over the PRC economic condition and expected weakening demand in the international markets, the manufacturing industry in PRC is expected to continue to face the challenge of slowing demand and rising costs.

Despite the decline in revenue in 1H2023 as compared to 1H2022, the Group has been striving for new orders of its existing and new IMD Products. Our revenue rose 40.0% in 2Q2023 as compared to first quarter of financial year ending 31 March 2023 ("1Q2023") while our order book as at 30 September 2022 rose 70.6% as compared to 31 March 2022. In addition, the total quantity of IMD mould produced and under construction as at 30 September was 99 units as compared to 45 units as at 30 September 2021 although mass orders are still pending from our customers.

**6. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Other than IMD Products for use in network communication products and external energy storage products, the Group will further expand its IMD Products range for use in household beauty instruments, medical testing products, smart watches etc. In addition, we will seek out other new sales channels that will provide scalability and sustainability for our IMD Business. We will also continue to diversify our customer base through these measures.

Notwithstanding the increase in order book, the Group's operating environment remains volatile and challenging due to intensifying competition and rising costs. In view of the foregoing, the Group is likely to continue incurring losses.

The Group will continue to improve the existing production efficiencies through setting up automated production line and strengthen collaboration with our existing and potential business partners.

The Group will also continue to explore new business opportunities and potential acquisitions of new businesses with long term prospects that are expected to improve the overall financial position and performance of the Group.

**7. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared/recommended for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

**(c) The date the dividend is payable.**

Not applicable.

**(d) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**8. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

Due to the Group's subdued financial performance and intention to invest in new business opportunities that could assist in improving the overall financial position of the Group, no dividend has been declared or recommended for the current financial period on grounds of prudence.

## 9. Interested person transactions

If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all interested person transactions during financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) HK\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) HK\$'000
<u>Shenzhen Kunda Precision Mould Co., Ltd</u> <sup>(1)</sup> (“ <b>Shenzhen Precision</b> ”)		
Rental of factory premises at Bao Long Yi Road, Shenzhen	1,960 <sup>(2)</sup>	-
<b>Total</b>	<b>1,960</b>	-

No interested person transaction general mandate was obtained from shareholders. Save for as disclosed above, there were no IPTs exceeding S\$100,000 entered into during the financial period reported on.

### Note:

- (1) Shenzhen Kunda Precision Mould Co., Ltd – a company incorporated in PRC. The shareholders of Shenzhen Precision are our Executive Chairman and CEO, Cai Kaoqun and our Executive Director Cai Kaobing who hold 95% and 5% of the equity interests in Shenzhen Precision respectively. The directors of Shenzhen Precision are Cai Kaoqun, and our Executive Director, Cai Kaobing.
- (2) The total annual rental of RMB1,680,000 was translated at the average exchange rate of RMB1.00:HK\$1.1667 for the financial period ended 30 September 2022. The transaction falls under the exemption of Catalist Rule 916(1), details of which are disclosed under the Company's announcement dated 30 June 2022.

## 10. Confirmation that the Company has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Rules.

## 11. Disclosures on Acquisition and Realisation of shares Pursuant to Rule 706A

Not applicable. During 1H2023, there were no acquisition or disposal of shares in subsidiaries, associated companies of the Company or in any company which became or ceased to be a subsidiary or an associated company (as the case may be) resulting from such acquisition or disposal, as required by Rule 706A.

## 12. Negative confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules.

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited condensed consolidated financial statements for the six months ended 30 September 2022 to be false or misleading in any material aspect.

**On Behalf of the Board of Directors**

**Cai Kaoqun**  
Executive Chairman and CEO

**Cai Kaobing**  
Executive Director

**BY ORDER OF THE BOARD**  
**CAI KAOQUN**  
**EXECUTIVE CHAIRMAN AND CEO**  
**10 November 2022**

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

*The contact person for the Sponsor is Ms. Ng Shi Qing, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.*