CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED
(Company Registration Number: 200712727W)
(Incorporated in the Republic of Singapore on 13 July 2007)

DISPOSAL BY THE COMPANY OF ITS EQUITY HOLDING IN A PRC SUBSIDIARY

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1. INTRODUCTION

The Board of Directors of China Kunda Technology Holdings Limited (the "**Company**" and together with its subsidiaries the "**Group**") wishes to announce that the Company had entered into a sale and purchase agreement (the "**Agreement**") with a group of independent third party purchasers, namely Cai Zhi Qun, Cai Chuang Bin, Cai Mei Chi, Zhang Yuanming and Zhang Xi Bo (the "**Purchasers**") in respect of the proposed disposal of its 60% equity holding in its PRC subsidiary, namely 深圳市群鑫达五金有限公司 (Shenzhen Qunxinda Wu Jin Company Limited) ("**Shenzhen Qunxinda**") for the Consideration of RMB 2,600,000 (equivalent to approximately S$548,084) (the "**Disposal**"). Cai Zhi Qun and Cai Chuang Bin are new investors while Cai Mei Chi, Zhang Yuanming and Zhang Xi Bo are the existing management team of Shenzhen Qunxinda.

For the purpose of this announcement (unless otherwise indicated), the average exchange rates of RMB1.00: HK$1.2683 and S$1.00: HK$6.1703 and the closing exchange rates of RMB1.00: HK$1.2814 and S$1.00: HK$6.0787 have been used.

2. INFORMATION ON SHENZHEN QUNXINDA

Shenzhen Qunxinda is a company incorporated in the PRC. Prior to the Disposal, the Company holds 60% of the entire issued equity ("**Sale Equity**") in Shenzhen Qunxinda. The balance 40% equity stake of Shenzhen Qunxinda is held by Zhang Yuanming (holding 20.4%) and Zhang Xi Bo (holding 19.6%).

Shenzhen Qunxinda is principally engaged in the production and sale of stamped metal parts for the electronics and automobile industry (the "**Business**").

3. KEY TERMS OF THE DISPOSAL

(a) Consideration

The consideration for the Disposal is RMB 2,600,000 (equivalent to approximately S$548,084) (the "**Consideration**"). Such Consideration has been arrived on a willing buyer and willing seller basis between the Company and the Purchaser taking into consideration the net asset value (the "**NAV**") of Shenzhen Qunxinda as at 31 January 2014. Based on the management account of the Shenzhen Qunxinda as at 31 January 2014, the NAV of Shenzhen Qunxinda is RMB 3,948,000 (equivalent to approximately S$832,245), and the NAV represented by the Sale Equity is RMB 2,369,000 (equivalent to approximately S$499,389). Accordingly, the Consideration represents a premium of 9.8% over the NAV of the Sale Equity as at 31 January 2014.

(b) Payment of the Consideration and material conditions

The Consideration will be satisfied by the Purchaser in cash before the completion of the legal transfer of the Sale Equity. It is a condition of the Disposal that the Purchaser will, before the completion of the procurement of Shenzhen Qunxinda, to repay net loans of RMB 519,000 (equivalent to approximately S$109,406) extended by the Group to Shenzhen Qunxinda.

(c) The excess or deficit of the proceeds over the book value of the Sale Equity, and the intended use of the sale proceeds

The Consideration represents a premium of approximately 9.8% over the NAV of the Sale Equity as at 31 January 2014 and the Company intends to use the net proceeds received from the Disposal for its general working capital.

(d) Net loss attributable to the Sale Equity and the amount of gain on Disposal

The net loss attributable to the Sale Equity for the financial period ended 31 December 2013 was approximately HK$321,000 (equivalent to approximately S$51,954). Assuming the Proposed Disposal had been completed on 31 January 2014, the Group would recognize a gain on disposal of approximately RMB 585,000 (equivalent to approximately S$123,319) and a realized foreign exchange gain of approximately RMB 208,000 (equivalent to approximately S$43,847). Please note that the gain on disposal and foreign exchange gain will only be finalised upon the legal completion of the transaction and will fluctuate according to the book value of Shenzhen Qunxinda and prevailing foreign currency exchange rates. The above information is included only for information.

4. RATIONALE FOR THE DISPOSAL

The Board is of the view that it is in the interest of the Group to undertake the Disposal for the following reasons:

(a) The operations of Shenzhen Qunxinda no longer fit into the overall strategic framework of the Group

A portion of the products of Shenzhen Qunxinda were used by the IMD segment of the Group for the production of its laptop casing module. However, over the past two years, the laptop casing business of the IMD segment of the Group had declined significantly. Therefore, Shenzhen Qunxinda no longer fits into the overall strategic framework of the Group.

(b) Shenzhen Qunxinda is loss making and lacks critical mass

For the 10 months ended 31 January 2014, Shenzhen Qunxinda recorded revenue of RMB 9.4 million (equivalent to approximately S$1,932,368) and a net loss of RMB 375k (equivalent to approximately S$77,081). Its average monthly revenue is approximately RMB 0.9 million (equivalent to approximately S$193,237).

Shenzhen Qunxinda operates mainly in the extremely competitive electronics industry and needs to grow in size to compete effectively as an independent entity. As Shenzhen Qunxinda does not fit into the strategic framework of the Group, the Group is of the view that it shall cease its investment in Shenzhen Qunxinda to and to discontinue developing its Business.

5. THE DISPOSAL AS A DISCLOSEABLE TRANSACTION

The relative figures in respect of the Disposal, as computed on the bases set out in Rule 1006 of the Listing Manual, are as follows:

Rule 1006	**A**	**B**	**A/B**
	HKD'000 / (S$'000)	HKD'000 / (S$'000)	
(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets **(NOTE 1)**	5,158 (840)	130,078 (21,176)	4.0%
(b) The net loss attributable to the assets acquired or disposed of, compared with the group's net loss **(NOTE 1)**	321 (52)	24,657 (3,991)	1.3%
(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares (**NOTE 2)**	3,330 (542)	86,919 (14,150)	3.8%
(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	NA	NA	NA

Note 1
Net assets and net losses used in the above computation, were extracted from the last announced financial results for the financial period ended 31 December 2013.

Note 2
Weighted average price of S$0.0402 for transactions on 11 March 2014 is used.

Note 3
The average exchange rates of RMB1.00: HK$1.2668 and S$1.00: HK$6.1786 and the closing exchange rates of RMB1.00: HK$1.2809 and S$1.00: HK$6.1427 have been used for the above computation.

6. CONSULTATION WITH SGX-ST

As both the Group and Shenzhen Qunxinda reported a loss for the financial period ended 31 December 2013, the relative figure under Rule 1006(b) which compares the net loss attributable to the Sale Equity, with the Group's net loss, is therefore a positive figure. Pursuant to Rule 1007(1) of the Listing Manual, the Company had on 11 February 2014 submitted a letter of consultation to SGX-ST regarding the application of Chapter 10 of the Listing Manual on the Disposal, specifically on whether the Disposal can be treated as a discloseable transaction only and that it would not be necessary to regard the Disposal as a major transaction which is subject to the shareholders' approval.

The SGX-ST on 27 February 2014 ruled that the Company is not required to seek the approval of its shareholders for the Disposal under Rule 1014(2) of the Listing Manual.

The SGX Approval is not an indication of the merits of the Disposal, the Company and/or its subsidiaries.

7. FINANCIAL EFFECTS

The financial effects of the Disposal on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Disposal.

(a) Share Capital

The Disposal would not impact the issued share capital and the number of Shares of the Company.

(b) Net Tangible Asset

Assuming that the Proposed Disposal had been completed on 31 March 2013 ("**FY2013**") and based on the Group's audited consolidated financial statements for FY2013, the effects on the Net Tangible Assets ("**NTA**") per Share of the Group are as follows:

As at 31 March 2013	**Before the Disposal**	**After the Disposal**
NTA - HK$'000 /(S$'000)	151,323 (24,185)	149,171 (23,841)
Number of issued shares of the Company	352,000,000	352,000,000
NTA per Share - HK cents /(Singapore cents)	43.0 (6.9)	42.4 (6.8)

The closing exchange rates of RMB1.00: HK$1.2489 and S$1.00: HK$6.2569 have been used for the above computation.

(c) Loss per share

Assuming that the Disposal had taken place on 1 April 2013 and based on the Group's audited consolidated financial statements for FY2013, the Disposal would have the following effects on the Group's loss per Share as presented in the following table:

For the financial year ended 31 March 2013	Before the Disposal	After the Disposal
Consolidated net loss – HK$'000 /(S$'000)	50,100 (8,025)	50,064 (8,019)
Consolidated net loss attributable to owners of the Company – HK$'000 /(S$'000)	44,774 (7,172)	44,217 (7,083)
Weighted average Share Capital	352,000,000	352,000,000
Loss Per Share - Hong Kong cents/(Singapore cents)	12.7 (2.0)	12.6 (2.0)

The average exchange rates of RMB1.00: HK$1.2337 and S$1.00: HK$6.2428 have been used for the above computation.

(d) Gearing

Assuming that the Disposal had taken place on 31 March 2013 and based on the Group's audited consolidated financial statements for FY2013, the Disposal would have the following effects on the Group's gearing as presented in the following table:

As at 31 March 2013	Before the Disposal	After the Disposal
Gearing HK$'000/(S$'000)	47,849 (7,647)	47,849 (7,647)

The closing exchange rates of RMB1.00: HK$1.2489 and S$1.00: HK$6.2569 have been used for the above computation.

8. DIRECTORS' INTEREST IN THE DISPOSAL

None of the Directors or controlling shareholders of the Company has any direct or indirect interest in the Disposal, other than through their respective shareholdings in the Company.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the S&P Agreement, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

10. SERVICE AGREEMENT

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Disposal.

11. DOCUMENT FOR INSPECTION

Shareholders should note that a copy of the S&P Agreement shall be available for inspection during normal business hours at the Company's registered office at SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807 for three (3) months from the date hereof.

BY ORDER OF THE BOARD

Cai Kaoqun
Executive Chairman
12 March 2014