



# CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

## Unaudited Financial Statements for the Financial Year ended 31 March 2021

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	Note	Group (HK\$'000)		Change %
		31-Mar-21 ("FY2021")	31-Mar-20 ("FY2020")	
<b><u>Consolidated Income Statement</u></b>				
<b><u>Continuing operations</u></b>				
Revenue		44,916	41,822	7.4
Cost of sales		(37,472)	(30,433)	23.1
<b>Gross profit</b>		<b>7,444</b>	<b>11,389</b>	(34.6)
<b>Other items of income</b>				
Interest income		97	632	(84.7)
Other income	1	1,539	998	54.2
<b>Other items of expense</b>				
Selling and distribution expenses		(1,822)	(2,143)	(15.0)
General and administrative expenses		(16,052)	(17,529)	(8.4)
Other expenses	2	(855)	(39)	n.m.
<b>Loss for the year</b>	3	<b>(9,649)</b>	<b>(6,692)</b>	44.2
<b>Attributable to:</b>				
<b>Owners of the Company</b>				
<b>Loss for the year attributable to owners of the Company</b>		<b>(9,649)</b>	<b>(6,692)</b>	44.2

n.m. : not meaningful

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

	Group		Change %
	FY2021 HK\$'000	FY2020 HK\$'000	
<b>Loss for the year</b>	(9,649)	(6,692)	44.2
<b>Other comprehensive income:</b>			
Items that may be subsequently reclassified to profit & loss:			
Foreign currency translation	2,860	(2,679)	n.m.
Items that may not be subsequently reclassified to profit & loss:			
Foreign currency translation	872	(957)	n.m.
<b>Other comprehensive income for the year, net of tax</b>	<b>3,732</b>	<b>(3,636)</b>	n.m.
<b>Total comprehensive income for the year</b>	<b>(5,917)</b>	<b>(10,328)</b>	(42.7)
<b>Attributable to:</b>			
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<b>(5,917)</b>	<b>(10,328)</b>	(42.7)
<b>Note 1 – Other income</b>			
Sale of raw materials/ scrap materials	776	407	90.7
Government grants related to income	763	270	182.6
Net foreign exchange gain	-	126	n.m.
Reversal of impairment loss on inventories	-	195	n.m.
	<u>1,539</u>	<u>998</u>	54.2
<b>Note 2 – Other expenses</b>			
Net foreign exchange loss	181	-	n.m.
Collection of previously impaired trade receivables	(85)	-	n.m.
Impairment loss on doubtful trade and other receivables	-	39	n.m.
Impairment loss on inventories	759	-	n.m.
	<u>855</u>	<u>39</u>	n.m.
<b>Note 3 – Loss for the year</b>			
This is determined after charging the following:			
Depreciation of property, plant and equipment	1,702	1,950	(12.7)
Research and product testing expenses	3,074	2,673	15.0

n.m. : not meaningful

**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 31-Mar-21 HK\$'000	Group As at 31-Mar-20 HK\$'000	Company As at 31-Mar-21 HK\$'000	Company As at 31-Mar-20 HK\$'000
<b><u>Non-current assets</u></b>				
	-	-	40,399	42,735
	4,244	5,050	-	-
	52	79	-	-
	<b>4,296</b>	<b>5,129</b>	<b>40,399</b>	<b>42,735</b>
<b><u>Current assets</u></b>				
	5,072	6,252	-	-
	28,894	9,231	-	-
	863	7,673	66	67
	-	-	9,831	12,310
	18,086	32,596	705	722
	<b>52,915</b>	<b>55,752</b>	<b>10,602</b>	<b>13,099</b>
	<b>57,211</b>	<b>60,881</b>	<b>51,001</b>	<b>55,834</b>
<b><u>Current liabilities</u></b>				
	6,086	4,515	231	304
	6,935	7,502	1,624	1,619
	1,667	427	-	-
	49	46	-	-
	<b>14,737</b>	<b>12,490</b>	<b>1,855</b>	<b>1,923</b>
	<b>38,178</b>	<b>43,262</b>	<b>8,747</b>	<b>11,176</b>
	<b>14,737</b>	<b>12,490</b>	<b>1,855</b>	<b>1,923</b>
	<b>42,474</b>	<b>48,391</b>	<b>49,146</b>	<b>53,911</b>
<b><u>Equity attributable to owners of the Company</u></b>				
	148,309	148,309	148,309	148,309
	(48,397)	(38,748)	(111,086)	(102,102)
	(74,397)	(74,397)	-	-
	16,959	13,227	11,923	7,704
	<b>42,474</b>	<b>48,391</b>	<b>49,146</b>	<b>53,911</b>
	<b>57,211</b>	<b>60,881</b>	<b>51,001</b>	<b>55,834</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.**

	<b>Group As at 31-Mar-21 HK\$'000</b>	<b>Group As at 31-Mar-20 HK\$'000</b>
<b>Note 1 – Inventories</b>		
Raw materials	3,693	1,141
Work in progress	807	4,303
Finished goods	572	808
	5,072	6,252
<b>Note 2 – Trade and other receivables</b>		
Trade receivables	28,403	8,768
Bill receivables	484	0
Other receivables	7	463
	28,894	9,231
<b>Note 3 – Cash and short-term deposits</b>		
Cash at banks and on hands	18,086	5,246
Short-term deposit with terms more than three months	-	27,350
	18,086	32,596

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

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

**(In HK\$'000)**

<b>As at 31 March 2021</b>		<b>As at 31 March 2020</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
-	-	-	-

**Amount repayable after one year**

**(In HK\$'000)**

<b>As at 31 March 2021</b>		<b>As at 31 March 2020</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 31 March 2021 and 31 March 2020.

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.**

	<b>Group (HK\$'000)</b>	
	<b>FY2021</b>	<b>FY2020</b>
<b>Notes</b>		
<b>Operating activities</b>		
Loss before tax, total	(9,649)	(6,692)
Adjustments for:		
Depreciation of property, plant and equipment	1,702	1,950
Amortisation of intangible assets	33	16
Reversal of impairment loss on inventories	-	(195)
Impairment loss on inventories	759	-
Impairment loss on doubtful trade and other receivables	-	39
Amortisation of deferred government grant	-	(180)
Interest income	(97)	(632)
Unrealised foreign exchange gain	181	(126)
Operating cash flows before working capital changes	<u>(7,071)</u>	<u>(5,820)</u>
(Increase)/Decrease in:		
Trade and other receivables	(18,244)	547
Inventories	889	(3,456)
Prepayments	7,201	(6,827)
Increase/(Decrease) in:		
Trade and other payables	1,151	(370)
Other liabilities	(1,157)	857
Amount due to related parties, net	1,163	311
Cash flows used in operations	<u>(16,068)</u>	<u>(14,758)</u>
Interest received	97	632
<b>Net cash flows used in operating activities</b>	<b><u>(15,971)</u></b>	<b><u>(14,126)</u></b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(513)	(1,573)
Purchase of computer software	-	(98)
Proceeds from disposal of property, plant and equipment	-	-
Placement in short-term deposit with terms more than three months	-	(27,350)
Withdrawal of short-term deposit with terms more than three months on the maturity date	27,395	-
<b>Net cash flows generated from/(used in) investing activities</b>	<b><u>26,882</u></b>	<b><u>(29,021)</u></b>
Net increase/(decrease) in cash and cash equivalents	10,911	(43,147)
Effect of exchange rate changes on cash and cash equivalents	1,929	(2,801)
Cash and cash equivalents at beginning of financial year	<u>5,246</u>	<u>51,194</u>
<b>Cash and cash equivalents at end of financial year</b>	<b><u>18,086</u></b>	<b><u>5,246</u></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					Foreign currency translation reserve
	Equity, total	Equity attributable to owners of the Company, total	Share capital	Accumulated losses	Restructuring reserve	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Group</b>						
<b>FY2021</b>						
Opening balance at 1 April 2020	48,391	48,391	148,309	(38,748)	(74,397)	13,227
Loss for the year	(9,649)	(9,649)	-	(9,649)	-	-
Other comprehensive income for the year, net of tax	3,732	3,732	-	-	-	3,732
Total comprehensive income for the year	(5,917)	(5,917)	-	(9,649)	-	3,732
Closing balance at 31 March 2021	42,474	42,474	148,309	(48,397)	(74,397)	16,959

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.

	<b>Attributable to owners of the Company</b>					<b>Foreign currency translation reserve</b>
	<b>Equity attributable to owners of the Company, total</b>	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Restructuring reserve</b>	<b>Foreign currency translation reserve</b>	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Group FY2020</b>						
Opening balance at 1 April 2019	58,719	58,719	148,309	(32,056)	(74,397)	16,863
Loss for the year	(6,692)	(6,692)	-	(6,692)	-	-
Other comprehensive income for the year, net of tax	(3,636)	(3,636)	-	-	-	(3,636)
Total comprehensive income for the year	(10,328)	(10,328)	-	(6,692)	-	(3,636)
Closing balance at 31 March 2020	48,391	48,391	148,309	(38,748)	(74,397)	13,227

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.

	<b>Attributable to owners of the Company</b>			
	<b>Equity, total</b> HK\$'000	<b>Share capital</b> HK\$'000	<b>Accumulated losses</b> HK\$'000	<b>Foreign currency translation reserve</b> HK\$'000
<b>Company</b>				
<b>FY2021</b>				
Opening balance at 1 April 2020	53,911	148,309	(102,102)	7,704
Loss for the year	(8,984)	-	(8,984)	-
Other comprehensive income for the year, net of tax	4,219	-	-	4,219
Total comprehensive income for the year	(4,765)	-	(8,984)	4,219
Closing balance at 31 March 2021	49,146	148,309	(111,086)	11,923
<b>Company</b>				
<b>FY2020</b>				
Opening balance at 1 April 2019	61,185	148,309	(98,708)	11,584
Loss for the year	(3,394)	-	(3,394)	-
Other comprehensive income for the year, net of tax	(3,880)	-	-	(3,880)
Total comprehensive income for the year	(7,274)	-	(3,394)	(3,880)
Closing balance at 31 March 2020	53,911	148,309	(102,102)	7,704



- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	<b>Number of shares</b>	<b>Resultant issued and paid-up share capital (HK\$'000)</b>
Share capital as at 31 March 2021 and 30 September 2020	409,800,000	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 corresponding period of the immediately preceding financial year.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>As at 31 March 2021 and 31 March 2020</b>
Total number of issued shares excluding treasury shares	409,800,000

The Company did not have any treasury shares as at 31 March 2021 and 31 March 2020.

- 1(d)(iv) 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.

- 1(d)(v) 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.

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

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**3A. Where 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.**

Not applicable. The Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable. The Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group had consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period as compared with the most recently audited annual financial statements for the financial year ended 31 March 2020, except for the adoption of certain new or revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations to SFRS(I) ("SFRS(I) INT") which became mandatory from 1 April 2020. The adoption of these SFRS(I) and SFRS(I) INT has no significant impact to the financial position or performance of the Group and the Company.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please see explanation in note 4 above.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

		Group	
		FY2021	FY2020
Loss for the year attributable to owners of the Group, after deducting any provision for preference dividends and non-controlling interests	HK\$'000	(9,649)	(6,692)
Basic loss per share	HK cents	(2.35)	(1.63)

Basic loss per share for FY2021 are calculated based on weighted average number of shares in issue of 409,800,000 (FY2020: 409,800,000). The diluted loss per share is not presented as there were no potential dilutive securities as at 31 March 2021 and 31 March 2020.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group		Company	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
Net assets per ordinary share after deducting non-controlling interests, based on 409.8 million shares as at 31 March 2021 (31 March 2020: 409.8 million shares)	HK cents	HK cents	HK cents	HK cents
	10.36	11.81	11.99	13.16

8. 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:-
- 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
  - 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 operations

##### Revenue and Gross Profit

Financial year (HK\$'000)	IMD Business	Furniture Business	Medical Device Business	Total
<b>FY2021 Revenue</b>	31,802	4,334	8,780	<b>44,916</b>
<b>FY2020 Revenue</b>	38,522	3,300	-	<b>41,822</b>
<b>% change</b>	(17.4)	31.3	n.m.	<b>7.4</b>
<b>FY2021 Sales mix</b>	70.8%	9.6%	19.6%	<b>100.0%</b>
<b>FY2020 Sales mix</b>	92.1%	7.9%	-	<b>100.0%</b>
<b>FY2021 Gross profit</b>	6,243	805	396	<b>7,444</b>
<b>FY2020 Gross profit</b>	10,984	405	-	<b>11,389</b>
<b>% change</b>	(43.2)	98.8	n.m.	<b>(34.6)</b>
<b>FY2021 Gross profit margin</b>	19.6%	18.6%	4.5%	<b>16.6%</b>
<b>FY2020 Gross profit margin</b>	28.5%	12.3%	-	<b>27.2%</b>
<b>Percentage point difference</b>	(8.9)	6.3	n.m.	<b>(10.6)</b>

n.m. : not meaningful

As tabulated above, our Group's revenue increased by 7.4% in FY2021 as compared to FY2020, mainly due to the maiden revenue from our medical device business and increase in sales from our furniture business, offset by decrease in sales from our In-Mould Decoration ("IMD") and the Plastic Injection Parts Business (collectively, the "IMD Business"). Despite the revenue increased by 7.4%, overall cost of sales increased by 23.1% in FY2021 as compared to FY2020, mainly due to the commencement of the medical business which recorded cost of sales amounting to HK\$8.4 million and lower capacity utilization rate from our IMD business. As such, overall gross profit decreased by 34.6% in FY2021 as compared to FY2020.

#### IMD Business

IMD revenue decreased by 17.4% in FY2021 as compared to FY2020, mainly attributed to the decline in sales of IMD and plastic injection parts to the customers in consumer electronics and electrical appliances industries who were adversely affected by the effects of poor market sentiment in global market largely due to Covid-19. Following the decline in revenue and consequential lower capacity utilisation rate, gross margin decreased from 28.5% in FY2020 to 19.6% in FY2021.

#### Furniture Business

In FY2021, the revenue from our furniture business increased by 31.3% as compared to FY2020, mainly attributed to increased sales from customized cabinetry products. Due to higher margins contributed from the sales of customized cabinetry products, gross margin improved from 12.3% in FY2020 to 18.6% in FY2021.

#### Medical Device Business

In FY2021, our medical device business commenced operations contributing revenue of HK\$8.8 million from sales of thermometers, and gross profit of HK\$0.4 million respectively.

#### Other items of income

The decrease in interest income in FY2021 was mainly attributed to decrease in fixed deposits placed with the banks in PRC, in tandem with decline in cash and short-term deposits.

The increase in other income in FY2021 as compared to FY2020 was mainly due to an increase in: (i) sales of accessories, raw materials and scrap materials from our IMD business, and (ii) government grants related to income mainly for technologically advanced domestic enterprise status, research and development activities and employee training.

8. **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:-**
- **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**
- any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Other items of expense

Selling and distribution expenses decreased by 15.0% in FY2021 as compared to FY2020, mainly due to the decline in revenue from our IMD business.

General and administrative expenses decreased by 8.4% in FY2021 as compared to FY2020, mainly due to decrease in employee benefit expenses and other administrative expenses which include the depreciation of plant and equipment, in tandem with the decreased business volume from our IMD business. The decrease was partially offset by the increase in research and product testing expenses, mainly due to mainly arising from the development of new products from our IMD business and furniture business, as well as research activities for potential investment opportunities.

In FY2021, other expenses mainly comprised of: (i) an impairment loss on inventories of HK\$0.8 million mainly for certain IMD moulds and stagnant materials from our IMD business, and (ii) net foreign exchange loss of HK\$0.2 million, mainly arising from the conversion of US dollars to Renminbi for the bank balance denominated in US dollars.

Depreciation of plant and equipment decreased by 12.7%, mainly due to the full amortisation recognised in April and December 2020 respectively for the renovation works of the factory located in Shenzhen which were carried out for our IMD business in FY2017 and FY2018 respectively.

Arising from the above, the Group recorded a net loss from its continuing operations of HK\$9.6 million in FY2021 as compared to HK\$6.7 million in FY2020.

**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 depreciated against RMB by approximately 8.4% in FY2021 as compared to an appreciation of 6.5% in FY2020.

**Balance sheet**

Non-current assets

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

- Depreciation charges of HK\$1.7 million recorded in FY2021; offset by
- Foreign currency translation gain of HK\$0.4 million; and
- Addition of HK\$0.5 million mainly relating to acquisition of plant and equipment by our IMD business.

The intangible assets comprised computer software from our Furniture Business. The decrease was mainly due to amortisation charges recorded during the financial period.

Current assets

Inventories as at 31 March 2021 decreased by 18.9% as compared to 31 March 2020, mainly due to decrease in work-in-progress of thermometers and finished goods of IMD Business which had been sold during FY2021, partially offset by the increase in raw materials for our IMD Business.

Trade and other receivables of our Group increased from HK\$ 9.2 million as at 31 March 2020 to HK\$28.9 million as at 31 March 2021, mainly due to:

- Increase in trade receivables from the:-
  - the IMD Business of HK\$10.0 million, mainly due to increase in sales of IMD parts and raw materials inclusive of value added tax by HK\$15.3 million in second half of FY2021 (“**2H2021**”) as compared to second half of FY2020 (“**2H2020**”);
  - the Medical Device Business of HK\$8.8 million, from sales of thermometers and its accessories recognised in FY2021; and

**8. 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:-**

- 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

**any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

- Increase in bill receivables of HK\$0.5 million from one of our IMD customers who settles their trade balance by way of 50% in cash and 50% in bank bills. As at 31 March 2020, no such bank bills were outstanding.

Prepayments as at 31 March 2021 decreased by 88.8% as compared to 31 March 2020, mainly due to the prepayments of HK\$6.7 million as at 31 March 2020 made for the preparation of thermometer production, which were realised upon the receipt of goods and services from supplier and subcontractors. As at 31 March 2021, no such prepayments were recorded.

Current liabilities

Trade and other payables of our Group as at 31 March 2021 increased by 34.8% as compared to 31 March 2020, mainly due to increase in trade and other payables from our IMD business, in tandem with the increase in sales and production volume in 2H2021 as compared to 2H2020.

Other liabilities as at 31 March 2021 decreased by 7.6% as compared to 31 March 2020, mainly due to decrease in advances by customers from our Medical Device business, which had been realised upon the delivery of goods to the customers during the financial year reported on.

The increase in amount due to related parties was mainly due to accruals of rental expenses of our factory premise at Bao Long Yi Road and director remunerations during the financial year reported on.

Cash flow

In FY2021, the Group's cash and cash equivalents increased by HK\$10.9 million.

In FY2021, net cash flow used in operating activities was mainly due to working capital outflow of HK\$9.0 million and operating cash outflows before working capital changes of HK\$7.1 million. The working capital outflow in FY2021 mainly arose from increase in trade receivables of HK\$18.2 million and decrease in other liabilities of HK\$1.2 million, partially offset by decrease in prepayments of HK\$7.2 million, decrease in inventories of HK\$0.9 million, increase in trade and other payables of HK\$1.2 million and increase in amount due to related parties of HK\$1.2 million. The increase in overall working capital was mainly attributed to: (i) increase in sales of IMD parts and raw materials in 2H2021 as compared to 2H2020, and (ii) the sales of thermometers and its accessories which commenced during the financial year.

Under investing activities, the Group recorded net cash inflow of HK\$26.9 million in investing activities which pertains to withdrawal of a 6-month fixed deposit of HK\$27.4 million with a bank in the People's Republic of China on its maturity date, offset by acquisition of plant and equipment of HK\$0.5 million from our IMD business.

There was no cash utilised or generated from financing activities in FY2021.

**9. 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 period ended 30 September 2020, dated 12 November 2020.

**10. 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 current business 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.

The Group's existing businesses was adversely impacted by the outbreak of the COVID-19 pandemic in fourth quarter of FY2020 ("4Q2020"). In FY2021, the COVID-19 pandemic is largely under control in the PRC and the market demand and supply chain in the PRC are also gradually recovering.

The Group's average quarterly revenue rose 88.7% in FY2021 as compared to 4Q2020. The growth was largely attributed to the maiden revenue from the sales of thermometers. However, in view of intensifying competition, the market demand of thermometers is expected to slow down in the next reporting period. Notwithstanding the average quarterly revenue growth in FY2021, the growth momentum of our existing businesses to remain challenging and volatile in the current business environment. In view of the foregoing, the Group is likely to continue incurring losses.

Despite the expected slow down in sales of thermometers, the Group believes that the increase in healthcare awareness is expected to drive growth in the medical device industry worldwide in long-term. The medical device business will allow the Group to participate in the growth prospects of this industry. As at the date of this announcement, the Group is in the preparation to supply other medical devices. The Company would provide updates as and when appropriate.

We will also continue to improve the existing operations through seeking higher productivity in our core businesses and strengthen collaboration with our existing and potential business partners. In addition, we will seek out other new products range and sales channels that will provide scalability and sustainability for our IMD Business and Furniture Business. We will also continue to diversify our customer base through these measures.

The Company will 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.

**11. Dividend**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No.

**(b) (i) Amount per share ..... cents**

No.

**(ii) Previous corresponding period ..... cents**

No.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

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

Not applicable.

- (e) **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.

**12. 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 FY2021 on grounds of prudence.

**13. 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 year 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
Shenzhen Kunda Precision Mould Co., Ltd <sup>(1)</sup> (" <b>Shenzhen Precision</b> ") Rental of factory premises at Bao Long Yi Road, Shenzhen	3,162 <sup>(2)</sup>	-
<b>Total</b>	<b>3,162</b>	-

No interested person transaction 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 RMB2,760,000 was translated at the average exchange rate of RMB1.00:HK\$1.1456 for the financial year ended from 1 April 2020 to 31 March 2021.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Business segments**

For management purposes, the Group is organised into business units based on their products and service. In FY2021, the Group has three reportable operating segments as follows:-

- 1) In-Mould Decoration and Plastic Injection Parts ("**IMD and Plastic Injection Parts**")  
The IMD and Plastic Injection Parts segment provides specialised plastic injection parts and technical services used mainly in the production of electrical appliances and electronic devices.

In-Mould Decoration 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.

**14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

2) Furniture Business

The Furniture Business segment supplies furniture and fittings which includes but not limited to cabinets, appliances, surfaces, woodwares, decorative products and other related activities.

3) Medical Device Business

The Medical Device Business segment supplies medical device and other related products which include but not limited to homecare products, respiratory products, rehabilitation products, hospital instruments, the matching reagents, and other accessories and materials used for the production of medical device.

Except as indicated above, no 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.

**14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Business segment  
FY2021 (HK\$'000)**

	<b>IMD and Plastic Injection Parts</b>	<b>Furniture Business</b>	<b>Medical Device Business</b>	<b>Per consolidated financial statements</b>
<b>Revenue</b>				
Sales to external customers	31,802	4,334	8,780	44,916
<b>Segment results:</b>				
Segment gross profit	6,243	805	396	7,444
Depreciation of property, plant and equipment	(1,408)	(294)	-	(1,702)
Amortisation of intangible assets	-	(33)	-	(33)
Collection of previously impaired trade receivables	85	-	-	85
Impairment loss on inventories	(734)	(25)	-	(759)
Research and product testing expenses	(2,598)	(476)	-	(3,074)
Unallocated expenses, net				(11,610)
Loss before tax				(9,649)
<b>Assets:</b>				
Additions to non-current assets	513	-	-	513
<b>Segment assets</b>	<b>44,008</b>	<b>4,385</b>	<b>8,818</b>	<b>57,211</b>
<b>Segment liabilities</b>	<b>13,230</b>	<b>1,507</b>	<b>-</b>	<b>14,737</b>



14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Business segment  
FY2020 (HK\$'000)**

	<b>IMD and Plastic Injection Parts</b>	<b>Furniture Business</b>	<b>Per consolidated financial statements</b>
<b>Revenue</b>			
Sales to external customers	38,522	3,300	41,822
<b>Segment results:</b>			
Segment gross profit	10,984	405	11,389
Depreciation of property, plant and equipment	(1,203)	(747)	(1,950)
Amortisation of intangible assets	-	(16)	(16)
Impairment loss on trade and other receivables	(39)	-	(39)
Reversal of impairment loss on inventories	195	-	195
Research and product testing expenses	(2,509)	(164)	(2,673)
Unallocated expenses, net			(13,598)
Loss before tax			(6,692)
<b>Assets:</b>			
Additions to non-current assets	601	972	1,573
<b>Segment assets</b>	<b>55,373</b>	<b>5,508</b>	<b>60,881</b>
<b>Segment liabilities</b>	<b>12,321</b>	<b>169</b>	<b>12,490</b>

**Geographical segment**

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

**FY2021 (HK\$'000)**

	<b>Asia except for PRC</b>	<b>Europe</b>	<b>PRC</b>	<b>Total</b>
<b>Revenue</b>				
Sales to external customers	129	309	44,478	44,916
Non-current assets	-	-	4,296	4,296

**FY2020 (HK\$'000)**

	<b>Asia except for PRC</b>	<b>Europe</b>	<b>PRC</b>	<b>Total</b>
<b>Revenue</b>				
Sales to external customers	65	1,798	39,959	41,822
Non-current assets	-	-	5,129	5,129

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

15. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

**Business segment**

Please see note 8 for factors leading to material changes in turnover and earnings by business segments.

**Geographical segment**

The increase in sales in the PRC and Asia was mainly attributed to the increases in sales from our medical device business and furniture business. The decrease in sales in Europe except for PRC was mainly due to the decrease in sales of our IMD and plastic injection parts used for the consumer electronics.

16. **A breakdown of sales.**

	Group		
	FY2021 HK\$'000	FY2020 HK\$'000	% Change
<u>First Half</u>			
Revenue reported for the first half year	22,230	25,246	(11.9)
Net loss after tax and non-controlling interest	(4,542)	(2,131)	113.1
<u>Second Half</u>			
Revenue reported for the second half year	22,686	16,576	36.9
Net loss after tax and non-controlling interest	(5,107)	(4,561)	12.0

The Group recorded a net loss after tax and non-controlling interest of HK\$5.1 million in second half of FY2021 (“2H2021”) as compared to HK\$4.5 million in first half of FY2021 (“1H2021”), mainly due to increase in operating expenses from HK\$9.1 million in 1H2021 to HK\$9.7 million in 2H2021 as a result of increase in revenue from our IMD Business in 2H2021.

17. **A breakdown of the total annual dividend (in dollar value) for the issuer’s latest full year and its previous full year.**

No dividend was declared for FY2021 and FY2020.

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying a managerial position in the Company and/or its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company and/or its subsidiaries as at 31 March 2021 pursuant to Rule 704(10) of the Catalist Rules.

19. **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.

20. **Additional Information Required Pursuant to Rule 706A**

Not applicable. During FY2021, 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.

**BY ORDER OF THE BOARD**  
**CAI KAOQUN**  
**EXECUTIVE CHAIRMAN AND CEO**  
**28 May 2021**

*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.*

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