



# CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

## Unaudited Financial Statements for the Financial Period ended 31 December 2019

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

<u>Consolidated Income Statement</u>	Note	Group (HK\$'000)		Change %	Group (HK\$'000)		Change %
		3 months ended 31-Dec-19 ("3Q2020")	31-Dec-18 ("3Q2019")		9 months ended 31-Dec-19 ("9M2020")	31-Dec-18 ("9M2019")	
<b><u>Continuing operations</u></b>							
Revenue		10,625	13,335	(20.3)	35,871	29,692	20.8
Cost of sales		(7,510)	(9,399)	(20.1)	(25,440)	(22,574)	12.7
<b>Gross profit</b>		<b>3,115</b>	<b>3,936</b>	(20.9)	<b>10,431</b>	<b>7,118</b>	46.5
<b>Other items of income</b>							
Interest income		143	83	72.3	487	390	24.9
Other income	1	214	116	84.5	682	3,394	(79.9)
<b>Other items of expense</b>							
Selling and distribution expenses		(660)	(1,065)	(38.0)	(1,872)	(1,904)	(1.7)
General and administrative expenses		(4,577)	(3,366)	36.0	(13,734)	(10,031)	36.9
Other credit/(charges)	2	184	3	n.m.	294	(260)	n.m.
<b>Loss before taxation</b>	3	<b>(1,581)</b>	<b>(293)</b>	439.6	<b>(3,712)</b>	<b>(1,293)</b>	187.1
<b>Loss from continuing operations, net of tax</b>		<b>(1,581)</b>	<b>(293)</b>	439.6	<b>(3,712)</b>	<b>(1,293)</b>	187.1
<b><u>Discontinued operation</u></b>							
<b>Profit from discontinued operation, net of tax</b>		-	-	n.m.	-	<b>1,034</b>	n.m.
<b>Loss for the period</b>		<b>(1,581)</b>	<b>(293)</b>	439.6	<b>(3,712)</b>	<b>(259)</b>	n.m.
<b>Attributable to:</b>							
<b>Owners of the Company</b>							
Loss from continuing operations, net of tax		(1,581)	(293)	439.6	(3,712)	(1,293)	187.1
		-	-	n.m.	-	590	n.m.
<b>Loss for the period attributable to owners of the Company</b>		<b>(1,581)</b>	<b>(293)</b>	439.6	<b>(3,712)</b>	<b>(703)</b>	428.0
<b>Non-controlling interests</b>							
Profit from discontinued operations, net of tax		-	-	n.m.	-	444	n.m.
<b>Profit for the period attributable to non-controlling interests</b>		-	-	n.m.	-	<b>444</b>	n.m.

n.m. : not meaningful

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

	Group			Group		
	3Q2020 HK\$'000	3Q2019 HK\$'000	Change %	9M2020 HK\$'000	9M2019 HK\$'000	Change %
<b>Loss for the period</b>	<b>(1,581)</b>	<b>(293)</b>	439.6	<b>(3,712)</b>	<b>(259)</b>	n.m.
<b>Other comprehensive income:</b>						
Items that may be subsequently reclassified to profit & loss:						
Foreign currency translation	761	(78)	n.m.	(1,877)	(4,639)	(59.5)
Items that may not be subsequently reclassified to profit & loss:						
Foreign currency translation	249	(21)	n.m.	(695)	(6,126)	(88.7)
<b>Other comprehensive income for the period, net of tax</b>	<b>1,010</b>	<b>(99)</b>	n.m.	<b>(2,572)</b>	<b>(10,765)</b>	(76.1)
<b>Total comprehensive income for the period</b>	<b>(571)</b>	<b>(392)</b>	45.7	<b>(6,284)</b>	<b>(11,024)</b>	(43.0)
<b>Attributable to:</b>						
Owners of the Company	(571)	(392)	45.7	(6,284)	(9,171)	(31.5)
Non-controlling interests	-	-	n.m.	-	(1,853)	n.m.
<b>Total comprehensive income for the period</b>	<b>(571)</b>	<b>(392)</b>	45.7	<b>(6,284)</b>	<b>(11,024)</b>	(43.0)
<b>Attributable to:</b>						
<b>Owners of the Company</b>						
Total comprehensive income from continuing operations, net of tax	(571)	(392)	45.7	(6,284)	(6,383)	(1.6)
Total comprehensive income from discontinued operations, net of tax	-	-	n.m.	-	(2,788)	n.m.
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>(571)</b>	<b>(392)</b>	45.7	<b>(6,284)</b>	<b>(9,171)</b>	(31.5)

n.m. : not meaningful

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

	Group			Group		
	3Q2020 HK\$'000	3Q2019 HK\$'000	Change %	9M2020 HK\$'000	9M2019 HK\$'000	Change %
<b>Note 1 – Other income</b>						
Sale of raw materials/ scrap materials	59	68	(13.2)	353	109	223.9
Gain on disposal of property, plant and equipment	-	44	n.m.	-	44	n.m.
Government grants related to income	238	23	934.8	256	60	326.7
Net foreign exchange (loss)/gain	(83)	(19)	336.8	73	2,482	(97.1)
Cumulative exchange gain in respect of the net assets of the subsidiary reclassified from equity on loss of control of the subsidiary	-	-	n.m.	-	699	n.m.
	<u>214</u>	<u>116</u>	84.5	<u>682</u>	<u>3,394</u>	(79.9)
<b>Note 2 – Other (credit)/charges</b>						
(Reversal of)/Impairment loss on doubtful trade and other receivables	(51)	(1)	n.m.	(51)	73	n.m.
(Reversal of)/Impairment loss on inventories	(133)	(2)	n.m.	(243)	175	n.m.
Others	-	-	n.m.	-	12	n.m.
	<u>(184)</u>	<u>(3)</u>	n.m.	<u>(294)</u>	<u>260</u>	n.m.
<b>Note 3 – Loss before taxation</b>						
This is determined after charging the following:						
Depreciation of property, plant and equipment	528	298	77.2	1,480	897	65.0
Research and product testing expenses	656	473	38.7	2,081	1,801	15.5

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-Dec-19 HK\$'000	Group As at 31-Mar-19 HK\$'000	Company As at 31-Dec-19 HK\$'000	Company As at 31-Mar-19 HK\$'000
<b><u>Non-current assets</u></b>				
	-	-	43,676	45,696
	5,634	5,793	-	-
	89	-	-	-
	<b>5,723</b>	<b>5,793</b>	<b>43,676</b>	<b>45,696</b>
<b><u>Current assets</u></b>				
	3,288	2,879	-	-
	14,738	10,481	-	-
	880	1,088	67	70
	-	128	12,582	15,949
	39,880	51,194	1,000	1,398
	<b>58,786</b>	<b>65,770</b>	<b>13,649</b>	<b>17,417</b>
	<b>64,509</b>	<b>71,563</b>	<b>57,325</b>	<b>63,113</b>
<b><u>Current liabilities</u></b>				
	5,143	5,214	-	-
	6,463	7,128	1,409	1,928
	421	266	-	-
	-	187	-	-
	47	49	-	-
	<b>12,074</b>	<b>12,844</b>	<b>1,409</b>	<b>1,928</b>
	<b>46,712</b>	<b>52,926</b>	<b>12,240</b>	<b>15,489</b>
	<b>12,074</b>	<b>12,844</b>	<b>1,409</b>	<b>1,928</b>
	<b>52,435</b>	<b>58,719</b>	<b>55,916</b>	<b>61,185</b>
<b><u>Equity attributable to owners of the Company</u></b>				
	148,309	148,309	148,309	148,309
	(35,768)	(32,056)	(101,290)	(98,708)
	(74,397)	(74,397)	-	-
	14,291	16,863	8,897	11,584
	<b>52,435</b>	<b>58,719</b>	<b>55,916</b>	<b>61,185</b>
	<b>64,509</b>	<b>71,563</b>	<b>57,325</b>	<b>63,113</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-Dec-19 HK\$'000</b>	<b>Group As at 31-Mar-19 HK\$'000</b>
<b>Note 1 – Inventories</b>		
Raw materials	1,130	1,202
Work in progress	776	1,034
Finished goods	1,382	643
	3,288	2,879

**Note 2 – Trade and other receivables**

Trade receivables	12,986	9,512
Bill receivables	1,584	596
Other receivables	168	373
	14,738	10,481

**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 December 2019</b>		<b>As at 31 March 2019</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 December 2019</b>		<b>As at 31 March 2019</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 December 2019 and 31 March 2019.

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.**

Notes	Group (HK\$'000)		Group (HK\$'000)	
	3Q2020	3Q2019	9M2020	9M2019
<b>Operating activities</b>				
Loss before tax from continuing operations	(1,581)	(293)	(3,712)	(1,293)
Loss before tax from discontinued operation	-	-	-	(394)
Loss before tax, total	(1,581)	(293)	(3,712)	(1,687)
Adjustments for:				
Depreciation of property, plant and equipment	528	298	1,480	897
Amortisation of intangible assets	8	-	8	-
(Reversal of)/ impairment loss on inventories	(133)	(2)	(243)	175
(Reversal of)/Impairment loss on doubtful trade and other receivables	(51)	(1)	(51)	73
Gain on disposal of property, plant and equipment	-	(44)	-	(44)
Amortisation of deferred government grant	(180)	-	(180)	-
Interest income	A (143)	(83)	(487)	(402)
Unrealised foreign exchange (gain)/loss	(73)	21	(73)	(3,180)
Operating cash flows before working capital changes	(1,625)	(104)	(3,258)	(4,168)
Decrease/(Increase) in:				
Trade and other receivables	2,886	(4,359)	(4,699)	8,438
Inventories	(286)	748	(297)	986
Prepayments	672	(1,442)	161	(1,946)
Increase/(Decrease) in:				
Trade and other payables	(810)	914	160	(1,859)
Other liabilities	(241)	996	(352)	(626)
Amount due to related parties, net	159	(442)	296	36
Cash flows generated from/(used in) operations	755	(3,689)	(7,989)	861
Interest received	143	83	487	402
Income tax paid	-	-	-	(276)
<b>Net cash flows generated from/(used in) operating activities</b>	<b>898</b>	<b>(3,606)</b>	<b>(7,502)</b>	<b>987</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	B (354)	(3,459)	(1,577)	(4,102)
Purchase of computer software	1	-	(98)	-
Proceeds from disposal of property, plant and equipment	-	44	-	44
Net cash outflow on disposal of subsidiaries	-	-	-	(773)
<b>Net cash flows used in investing activities</b>	<b>(353)</b>	<b>(3,415)</b>	<b>(1,675)</b>	<b>(4,831)</b>
<b>Financing activities</b>				
Dividends paid to non-controlling interests	-	-	-	(6,348)
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,348)</b>
Net increase/(decrease) in cash and cash equivalents	545	(7,021)	(9,177)	(10,192)
Effect of exchange rate changes on cash and cash equivalents	743	207	(2,137)	(5,150)
Cash and cash equivalents at beginning of financial period	38,592	55,513	51,194	64,041
<b>Cash and cash equivalents at end of financial period</b>	<b>39,880</b>	<b>48,699</b>	<b>39,880</b>	<b>48,699</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 (HK\$'000)		Group (HK\$'000)	
	3Q2020	3Q2019	9M2020	9M2019
<b>Note A:</b>				
<b>Interest income:</b>				
Interest income from continuing operations	143	83	487	390
Interest income from discontinued operation	-	-	-	12
Total interest income	<b>143</b>	<b>83</b>	<b>487</b>	<b>402</b>
<b>Note B:</b>				
<b>Cash outflow on purchase of property, plant and equipment:</b>				
Aggregate cost of property, plant and equipment acquired	354	3,101	1,577	3,744
Less: Movement of prepayments made	-	358	-	358
Cash payments made to acquire property, plant and equipment	<b>354</b>	<b>3,459</b>	<b>1,577</b>	<b>4,102</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	Equity attributable to owners of the Company, total	Share capital	Accumulated losses	Restructuring reserve	Foreign currency translation reserve
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Group</b>						
<b>3Q2020</b>						
Opening balance at 1 October 2019	53,006	53,006	148,309	(34,187)	(74,397)	13,281
Loss for the period	(1,581)	(1,581)	-	(1,581)	-	-
Other comprehensive income for the period, net of tax	1,010	1,010	-	-	-	1,010
Total comprehensive income for the period	(571)	(571)	-	(1,581)	-	1,010
Closing balance at 31 December 2019	52,435	52,435	148,309	(35,768)	(74,397)	14,291



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	HK\$'000
<b>Group</b>						
<b>3Q2019</b>						
Opening balance at 1 October 2018	60,186	60,186	148,309	(28,293)	(74,397)	14,567
Loss for the period	(293)	(293)	-	(293)	-	-
Other comprehensive income for the period, net of tax	(99)	(99)	-	-	-	(99)
Total comprehensive income for the period	(392)	(392)	-	(293)	-	(99)
Closing balance at 31 December 2018	59,794	59,794	148,309	(28,586)	(74,397)	14,468

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	Equity attributable to owners of the Company, total	Share capital	Accumulated losses	Restructuring reserve	Foreign currency translation reserve
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Group</b>						
<b>9M2020</b>						
Opening balance at 1 April 2019	58,719	58,719	148,309	(32,056)	(74,397)	16,863
Loss for the period	(3,712)	(3,712)	-	(3,712)	-	-
Other comprehensive income for the period, net of tax	(2,572)	(2,572)	-	-	-	(2,572)
Total comprehensive income for the period	(6,284)	(6,284)	-	(3,712)	-	(2,572)
Closing balance at 31 December 2019	52,435	52,435	148,309	(35,768)	(74,397)	14,291

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						Non-controlling interests
	Equity, total	Equity attributable to owners of the Company, total	Share capital	Accumulated losses	Restructuring reserve	Foreign currency translation reserve	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Group</b>							
<b>9M2019</b>							
Opening balance at 1 April 2018	104,388	69,664	148,309	(29,442)	(74,397)	23,635	34,724
(Loss)/Profit for the period	(259)	(703)	-	(703)	-	-	444
Other comprehensive income for the period, net of tax	(10,765)	(8,468)	-	-	-	(8,468)	(2,297)
Total comprehensive income for the period	(11,024)	(9,171)	-	(703)	-	(8,468)	(1,853)
<u>Others</u>							
Dividends distributed to non-controlling interests	(6,348)	-	-	-	-	-	(6,348)
Appropriation to reserve	-	-	-	(58)	-	-	-
Disposal of subsidiaries	(27,222)	(699)	-	1,617	-	(699)	(26,523)
Total others	(33,570)	(699)	-	1,559	-	(699)	(32,871)
Closing balance at 31 December 2018	59,794	59,794	148,309	(28,586)	(74,397)	14,468	-

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.

	<u>Attributable to owners of the Company</u>			
	<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>3Q2020</b>				
Opening balance at 1 October 2019	55,632	148,309	(100,515)	7,838
Loss for the period	(775)	-	(775)	-
Other comprehensive income for the period, net of tax	1,059	-	-	1,059
Total comprehensive income for the period	284	-	(775)	1,059
Closing balance at 31 December 2019	55,916	148,309	(101,290)	8,897
<b>Company</b>				
<b>3Q2019</b>				
Opening balance at 1 October 2018	63,859	148,309	(94,319)	9,869
Loss for the period	(974)	-	(974)	-
Other comprehensive income for the period, net of tax	(21)	-	-	(21)
Total comprehensive income for the period	(995)	-	(974)	(21)
Closing balance at 31 December 2018	62,864	148,309	(95,293)	9,848

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.

	<u>Attributable to owners of the Company</u>			
	Equity, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Foreign currency translation reserve HK\$'000
<b>Company</b>				
<b>9M2020</b>				
Opening balance at 1 April 2019	61,185	148,309	(98,708)	11,584
Loss for the period	(2,582)	-	(2,582)	-
Other comprehensive income for the period, net of tax	(2,687)	-	-	(2,687)
Total comprehensive income for the period	(5,269)	-	(2,582)	(2,687)
Closing balance at 31 December 2019	55,916	148,309	(101,290)	8,897
<b>Company</b>				
<b>9M2019</b>				
Opening balance at 1 April 2018	70,281	148,309	(94,002)	15,974
Loss for the period	(1,291)	-	(1,291)	-
Other comprehensive income for the period, net of tax	(6,126)	-	-	(6,126)
Total comprehensive income for the period	(7,417)	-	(1,291)	(6,126)
Closing balance at 31 December 2018	62,864	148,309	(95,293)	9,848

- 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 December 2019 and 30 September 2019	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 December 2019 and 31 March 2019</b>
Total number of issued shares excluding treasury shares	409,800,000

The Company did not have any treasury shares as at 31 December 2019 and 31 March 2019.

- 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 year as compared with the most recently audited annual financial statements for the financial year ended 31 March 2019, 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 2019. 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			
		3Q2020	3Q2019	9M2020	9M2019
Loss for the period attributable to owners of the Group, after deducting any provision for preference dividends and non-controlling interests	HK\$'000	(1,581)	(293)	(3,712)	(703)
Basic loss per share	HK cents	(0.39)	(0.07)	(0.91)	(0.17)

Basic loss per share for the 3Q2020 and 9M2020 are calculated based on weighted average number of shares in issue of 409,800,000 (3Q2019 and 9M2019: 409,800,000). The diluted loss per share is not presented as there were no potential dilutive securities as at 31 December 2019 and 31 December 2018.

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 Dec 2019	31 Mar 2019	31 Dec 2019	31 Mar 2019
	HK cents	HK cents	HK cents	HK cents
Net assets per ordinary share after deducting non-controlling interests, based on 409.8 million shares as at 31 December 2019 (31 March 2019: 409.8 million shares)	12.80	14.33	13.64	14.93

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.

**Financial period from 1 October 2019 to 31 December 2019 (“3Q2020”) vs 1 October 2018 to 31 December 2018 (“3Q2019”)**

**Income Statement**

**Continuing operations**

**Revenue and Gross Profit**

Third quarter of the financial year (HK\$'000)	IMD and Plastic Injection Parts Business	Furniture Business	Total
<b>3Q2020 Revenue</b>	9,740	855	<b>10,625</b>
<b>3Q2019 Revenue</b>	11,990	1,345	<b>13,335</b>
<b>% change</b>	(18.8)	(34.2)	<b>(20.3)</b>
<b>3Q2020 Sales mix</b>	91.7%	8.3%	<b>100.0%</b>
<b>3Q2019 Sales mix</b>	89.9%	10.1%	<b>100.0%</b>
<b>3Q2020 Gross profit</b>	3,018	97	<b>3,115</b>
<b>3Q2019 Gross profit</b>	3,816	120	<b>3,936</b>
<b>% change</b>	(20.9)	(19.2)	<b>(20.9)</b>
<b>3Q2020 Gross profit margin</b>	31.0%	11.0%	<b>29.3%</b>
<b>3Q2019 Gross profit margin</b>	32.8%	8.9%	<b>30.3%</b>
<b>Percentage point difference</b>	(1.8)	2.1	<b>1.0</b>

As tabulated above, our Group's revenue in 3Q2020 decreased by 20.3% as compared to 3Q2019, mainly due to decrease in sales from our In-Mould Decoration (“IMD”) and the Plastic Injection Parts Business (collectively, the “IMD Business”). With the decrease in revenue, overall gross profit in 3Q2020 decreased by 20.9% as compared to 3Q2019, mainly arising from lower gross profit from our IMD business.

**IMD and Plastic Injection Parts Business**

IMD and plastic injection parts are mainly supplied to the manufactures in consumer electronics, electrical appliances and medical devices industries. Revenue decreased by 18.8% in 3Q2020 as compared to 3Q2019 mainly due to a slowdown in orders from our customers in 3Q2020, following higher order volume in the first half of the financial year ending 31 March 2020 (“1H2020”). Following the decrease in capacity utilisation rate, gross margin decreased from 32.8% in 3Q2019 to 31.0% in 3Q2020.



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.**

#### Furniture Business

In 3Q2019, the Group commenced the manufacture and distribution of furniture, appliances and other related activities (“**Furniture Business**”) which mainly comprise sales of kitchen appliances and customized kitchen cabinets. Revenue decreased by 34.2% in 3Q2020 as compared to 3Q2019 mainly due to decrease in sales of kitchen appliances in 3Q2020 as a result of decrease in first time orders of display units to the retail outlets from our business collaboration which commenced in 3Q2019. Despite the decline in revenue, gross margin improved from 8.9% in 3Q2019 to 11.0% in 3Q2020, mainly due to higher gross margin from the sales of customized kitchen cabinets.

#### Other items of income

The increase in interest income in 3Q2020 was mainly attributed to increase in fixed deposit interest rate and the average monthly fixed deposit balance with the banks in the People's Republic of China (“**PRC**”) as compared to the corresponding previous financial period.

The increase in other income in 3Q2020 was mainly due to a non-recurring deferred government subsidy of HK\$0.2 million recognised as an income following the fulfilment of the grant conditions.

#### Other items of expense

Selling and distribution expenses decreased by 38.0% in 3Q2020 as compared to 3Q2019, in tandem with decline in revenue.

General and administrative expenses increased by 36.0% in 3Q2020 as compared to 3Q2019, mainly due to:

- increase in employee benefit expenses by HK\$0.5 million, mainly due to increase in headcount from our Furniture Business;
- increase in accrued annual performance bonus by HK\$0.4 million as a result of improved financial performance during the calendar year of 2019 from our IMD business; and
- increase in research and product testing expenses of HK\$0.2 million, attributable to new product development as well as research activities for potential investment opportunities.

Depreciation of plant and equipment increased mainly arose from the amortisation of renovation works for our Furniture Business which completed at the end of 3Q2019 and the newly acquired plant and equipment for our IMD business and our Furniture Business since 1 January 2019.

In 3Q2020, the Group recorded a reversal of impairment loss on inventories of HK\$0.13 million upon utilisation and disposal of slow-moving IMD inventories, and a reversal of impairment loss on doubtful trade and other receivables of HK\$0.05 million upon debt collected from our IMD business.

Arising from the above, the Group recorded a net loss of HK\$1.6 million from its continuing operations in 3Q2020 as compared to HK\$0.3 million in 3Q2019.

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.

**Financial period from 1 April 2019 to 31 December 2019 (“9M2020”) vs 1 April 2018 to 31 December 2018 (“9M2019”)**

**Income Statement**

**Continuing operations**

**Revenue and Gross Profit**

<b>First nine months of the financial year (HK\$'000)</b>	<b>IMD and Plastic Injection Parts Business</b>	<b>Furniture Business</b>	<b>Total</b>
<b>9M2020 Revenue</b>	33,317	2,554	<b>35,871</b>
<b>9M2019 Revenue</b>	28,347	1,345	<b>29,692</b>
<b>% change</b>	17.5	89.9	<b>20.8</b>
<b>9M2020 Sales mix</b>	92.9%	7.1%	<b>100.0%</b>
<b>9M2019 Sales mix</b>	95.5%	4.5%	<b>100.0%</b>
<b>9M2020 Gross profit</b>	10,192	239	<b>10,431</b>
<b>9M2019 Gross profit</b>	6,998	120	<b>7,118</b>
<b>% change</b>	45.6	99.2	<b>46.5</b>
<b>9M2020 Gross profit margin</b>	30.6%	9.4%	<b>29.1%</b>
<b>9M2019 Gross profit margin</b>	26.0%	8.9%	<b>25.2%</b>
<b>Percentage point difference</b>	4.6	0.5	<b>3.9</b>

As tabulated above, our Group's revenue increased by 20.8% in 9M2020 as compared to 9M2019, mainly due to increase in sales from our IMD and the Plastic Injection Parts Business and Furniture Business. With the increase in revenue, overall gross profit increased by 46.5% in 9M2020 as compared to 9M2019, mainly arising from higher gross profit contributed from our IMD Business.

**IMD Business**

IMD revenue increased by 17.5% in 9M2020 as compared to 9M2019, mainly attributed to the Group's effort to secure new customers and additional contracts from the existing customers, as such sales of IMD and plastic injection parts to the customers in consumer electronics, electrical appliances and medical devices industries with higher gross margins increased. In view of the abovementioned and coupled with improved capacity utilisation rate and tighter cost control, the gross margin improved from 26.0% in 9M2019 to 30.6% in 9M2020.

**Furniture Business**

In 9M2020, the Group recorded a 89.9% growth from its Furniture Business revenue which commenced operations in 3Q2019. With the increase in revenue, gross profit also increased by 99.2% in 9M2020 as compared to 9M2019.

**Other items of income**

Interest income increased by 24.9% in 9M2020, mainly attributed to increase in fixed deposit interest rate and the average fixed deposit balance with the banks in PRC as compared to 9M2019.

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.**

The decrease in other income in 9M2020 as compared to 9M2019 was mainly due to:

- decrease in unrealised foreign exchange gain of HK\$2.4 million that arose from the translation of inter-company owings between the Group's subsidiaries ("**Inter-company Balances**"). Following the change of nature of business of a subsidiary and consequently which resulted in a change in its functional currency in the first quarter of the financial year ending 31 March 2020 ("**1Q2020**"), Inter-company Balances are denominated in the same functional currency and hence no foreign exchange differences was recorded in 9M2020; and
- absence of cumulative exchange translation gain realised from the disposal of automobile component business in Beijing in the second quarter of the financial year ended 31 March 2019 ("**2Q2019**"); offset by
- increase in sale of raw materials and scrap materials from our IMD Business; and
- increase in government grants related to a non-recurring deferred government subsidy of HK\$0.2 million recorded as an income in 3Q2020 following the fulfilment of the grant conditions.

#### Other items of expense

Despite the revenue growth, selling and distribution expenses slightly decreased by 1.7% in 9M2020 as compared to 9M2019, mainly due to decrease in advertising expenses incurred for our Furniture Business which commenced operation in 3Q2019.

General and administrative expenses increased by 36.9% in 9M2020 as compared to 9M2019, mainly due to:

- increase in employee benefit expenses, rental expenses, amortisation of renovation costs and other administrative expenses by HK\$2.2 million incurred by the Furniture Business which commenced operations in 3Q2019; and
- increase in employee benefit expense and other administrative expenses by HK\$1.6 million from our IMD business as a result of increased business volume. In addition, the increase in employee benefit expense from our IMD business was also attributed to increase in accrued performance bonus by HK\$0.4 million as a result of improved financial performance from our IMD business.

Depreciation of plant and equipment increased mainly arose from the amortisation of renovation works for our Furniture Business which completed at the end of 3Q2019 and the newly acquired plant and equipment for our IMD business and our Furniture Business since 1 January 2019.

In 9M2020, the Group recorded a reversal of impairment loss on inventories of HK\$0.24 million upon utilisation and disposal of slow-moving IMD inventories, and a reversal of impairment loss on doubtful trade and other receivables of HK\$0.05 million upon debt collected from our IMD Business as compared to impairment losses of HK\$0.25 million on inventories and doubtful trade receivables in 9M2019.

Arising from the above, the Group recorded a net loss from its continuing operations of HK\$3.7 million in 9M2020 as compared to HK\$1.3 million in 9M2019.

#### Discontinued operation

Following the completion of the disposal of automobile component business in Beijing in 2Q2019, no revenue and expense was recorded in 9M2020.

#### Other comprehensive income - Foreign currency translation

The foreign currency translation loss 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 1.9% in 3Q2020 and appreciated by 4.4% in 9M2020 respectively as compared to an appreciation of 0.1% in 3Q2019 and 8.8% in 9M2019.

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.**

### **Balance sheet**

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

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

- Depreciation charges of HK\$1.5 million recorded in 9M2020; and
- Foreign currency translation loss of HK\$0.3 million; offset by
- Addition of HK\$1.6 million mainly relating to acquisition of plant and equipment by both business segments.

As at 31 December 2019, intangible assets comprised computer software from our Furniture Business.

#### **Current assets**

Inventories as at 31 December 2019 increased by 14.2% as compared to 31 March 2019, mainly due to increases in kitchen appliances for the promotion activities before Chinese New Year, and raw materials used for the production of kitchen cabinets commenced in 2Q2020.

Trade and other receivables of our Group as at 31 December 2019 increased by 40.6% as compared to 31 March 2019, mainly due to increase in combined trade and bill receivable from our IMD Business, in tandem with revenue growth in 9M2020.

Prepayments as at 31 December 2019 decreased by 19.1% as compared to 31 March 2019, was mainly due to prepayments realised upon the receipt of goods and services from suppliers and subcontractors in 9M2020.

Amount due from related parties at the Company level relates to receivables from subsidiaries within the Group. Amount due from related parties at the Group level as at 31 March 2019 mainly relates to the factory rental of our Furniture Business paid in advanced to Shenzhen Kunda Precision Mould Co., Ltd, which had been realised in the income statement in 1Q2020.

#### **Current liabilities**

Other liabilities as at 31 December 2019 decreased by 9.3% as compared to 31 March 2019, mainly due to decrease in accrued operating expenses from our Singapore office following the payments made in 9M2019.

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.

In 3Q2020, the deferred government grant was recorded as an income in the income statement following the fulfilment of the grant conditions.

### **Cash flow**

#### **Financial period from 1 October 2019 to 31 December 2019 ("3Q2020") vs 1 October 2018 to 31 December 2018 ("3Q2019")**

In 3Q2020, the Group's cash and cash equivalents increased by HK\$0.5 million.

In 3Q2020, net cash flow generated from operating activities was mainly due to working capital inflow of HK\$2.4 million and received interest of HK\$0.1 million, partially offset by operating cash outflows before working capital changes of HK\$1.6 million.

The Group also utilised HK\$0.4 million in 3Q2020 in investing activities mainly relating to acquisition of plant and equipment for both business segments.

There was no cash utilised or generated from financing activities in 3Q2020.

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.

**Financial period from 1 April 2019 to 31 December 2019 ("9M2020") vs 1 April 2018 to 31 December 2018 ("9M2019")**

In 9M2020, the Group's cash and cash equivalents decreased by HK\$9.2 million.

In 9M2020, net cash flow used in operating activities was mainly due to working capital outflow of HK\$4.7 million and operating cash outflows before working capital changes of HK\$3.3 million, partially offset by interest received of HK\$0.5 million. The working capital outflow in 9M2020 mainly arose from increase in trade and other receivables of HK\$4.7 million, increase in inventories of HK\$0.3 million and decrease in other liabilities of HK\$0.4 million, partially offset by increase in amount due to related parties of HK\$0.3 million, increase in trade and other payables of HK\$0.2 million and decrease in prepayments of HK\$0.2 million. The increase in overall working capital was mainly attributed to increased sales and production volume from our IMD business.

The Group also utilised HK\$1.7 million in 9M2020 in investing activities mainly relating to acquisition of plant and equipment for both business segments.

There was no cash utilised or generated from financing activities in 9M2020.

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 2019, dated 6 November 2019.

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 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 outbreak of the coronavirus had an adverse impact on the general economic activity of the PRC and the region in general. Following instructions from the relevant government agencies, our main facility had commenced operations partially on 12 February 2020 and our staff currently do not have significant exposure to the virus. Given the restrictions imposed by the containment measures and its impact on the general economy, we expect operating conditions to remain challenging.

Notwithstanding the revenue growth in our IMD Business and Furniture Business in 9M2020, the Group expects the growth momentum of our IMD business and Furniture Business to remain challenging and volatile in the current business environment. In view of the foregoing, the Group is likely to continue incurring losses in the short-run.

We will 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 also hope 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.

- 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.**

Following recent amendments to Rule 705 of the Catalist Rules which took effect from 7 February 2020, the Company will proceed to transition to the announcement of its financial results for the half year and full financial year, subsequent to this results announcement. In its deliberations, the Board has considered, *inter alia*, compliance efforts required for quarterly reporting.

The Company will announce its next set of results for the full year ending 31 March 2020 on or before 30 May 2020.

**11. Dividend**

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

Any dividend declared 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) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

- 12. If no dividend has been declared/recommendeded, 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 are expected improve the overall financial position of the Group, no dividend has been declared or recommended for the current reporting period 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.**

No interested person transaction mandate has been obtained from shareholders. There were no IPTs exceeding S\$100,000 entered into during the financial period reported on.

- 14. 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.

**15. Confirmation by the Board pursuant to Rule 705(5) of the Catalyst 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 financial statements for the financial period ended 31 December 2019 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**  
**13 February 2020**

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

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

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).