KUNDA®

China Kunda Technology Holdings Limited

ANNUAL REPORT 2019

BUILDING ON
SOLID FOUNDATION

TABLE OF CONTENTS

This annual report 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 Catalist.

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

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 Email: sponsorship@ppcf.com.sg).

China Kunda Technology Holdings Limited is a specialist in the field of plastic injection moulding with the ability to provide plastic engineering solutions in the production of complex plastic products. We are also a provider of furniture fittings and appliances that holistically meet the requirements of every home.

SHENZHEN

- Operations headquarter
- In-Mould Decoration and plastic injection component manufacturing facility
- Furniture fittings and appliances operation

HONG KONG

- Sales and logistics office

CHAIRMAN'S **STATEMENT**

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present China Kunda Technology Holdings Limited's annual report for the financial year ended 31 March 2019 ("**FY2019**").

The uncertain economic condition has had a significant impact on our In-Mould-Decoration ("**IMD**") business as we are affected by the volatility in demand in our customers' products. In spite of the challenging market conditions in FY2019, we are pleased to report that we have successfully diversified to include the manufacturing and distribution of furniture and other related activities ("**Furniture Business**") in the Group's core business. A wholly-owned subsidiary, Shenzhen Shi Er Ju Quan Wu Ding Zhi Company Limited (深圳适而居全屋定制有限公司) was established in August 2018 for the Furniture Business and commenced operation in December 2018. The business expansion of the Group's core business is aimed at providing increased business opportunities and thereafter contribute positively to the long-term prospects and financial position of the Group.

During the financial year, we had completed the disposal of our subsidiaries in Beijing which have been dormant and does not fit into the overall strategic framework of the Group following the closure of our automobile component production facility in Beijing. This provided the Group with financial flexibility to redeploy its funds and allocate its resources more effectively with a view to improve the overall financial performance of the Group. Following completion of the disposal, the Group's principal business are (i) the manufacture and sale of IMD and other plastic components ("**IMD and the Plastic Parts Business**"); and (ii) the manufacture and distribution of furniture and other related activities ("**Furniture Business**").

In FY2019, our revenue decreased by 18.8% as compared to the financial year ended 31 March 2018 ("**FY2018**"), mainly due to decrease in sales from our IMD and the Plastic Parts Business offset by the maiden revenue contributed from our Furniture Business. As a result of lower gross profits and higher operating expenses, coupled with the decrease in net profit from the discontinued operation, the Group recorded a net loss of HK$3.7 million in FY2019 as compared to a net profit of HK$18.7 million in FY2018.

We expect the revenue of our IMD and Plastic Injection Parts Business to slowly ramp up while the Furniture Business requires time to gain traction and grow its market share. In view of the foregoing, the Group is expected to incur losses in the short-run. As at 31 March 2019, our balance sheet remained healthy with cash and bank balance of HK$51.2 million and zero borrowings.

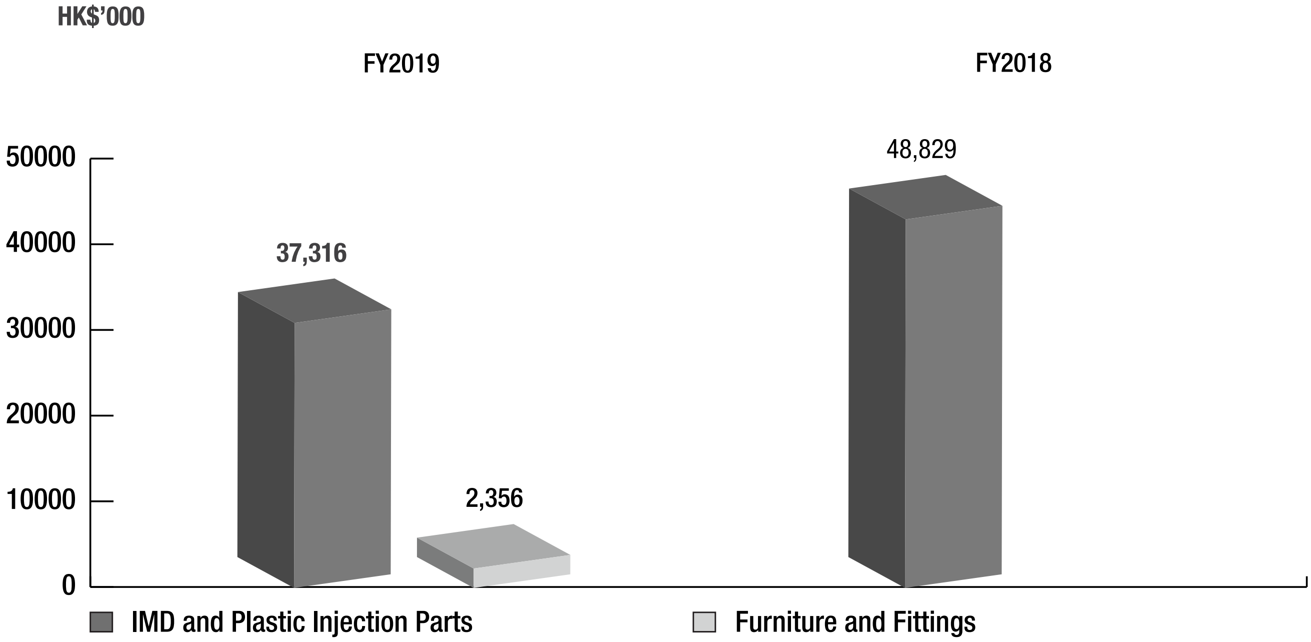
Our strategy is to seek new customers from different industries while securing additional contracts from our existing customers. Despite the immediate challenges ahead, we aim to continue to leverage on our technology and expertise to explore other new product range and sales channels that provide scalability and sustainability for our core businesses. In addition, we will continue to improve our existing operations through optimising productivity and strengthening collaboration with our existing and potential business partners.

We are also constantly improving our current business models and asset deployment for both our business segments. We will continue to assess new business opportunities and potential acquisition of new businesses with long term prospects that is expected to improve the overall financial position of the Group.

Lastly, I would like to express my appreciation to our shareholders, customers and directors for their valuable contribution and support to the Group. I would also like to thank our employees for their hard work and commitment. I look forward to your continued support in the years ahead.

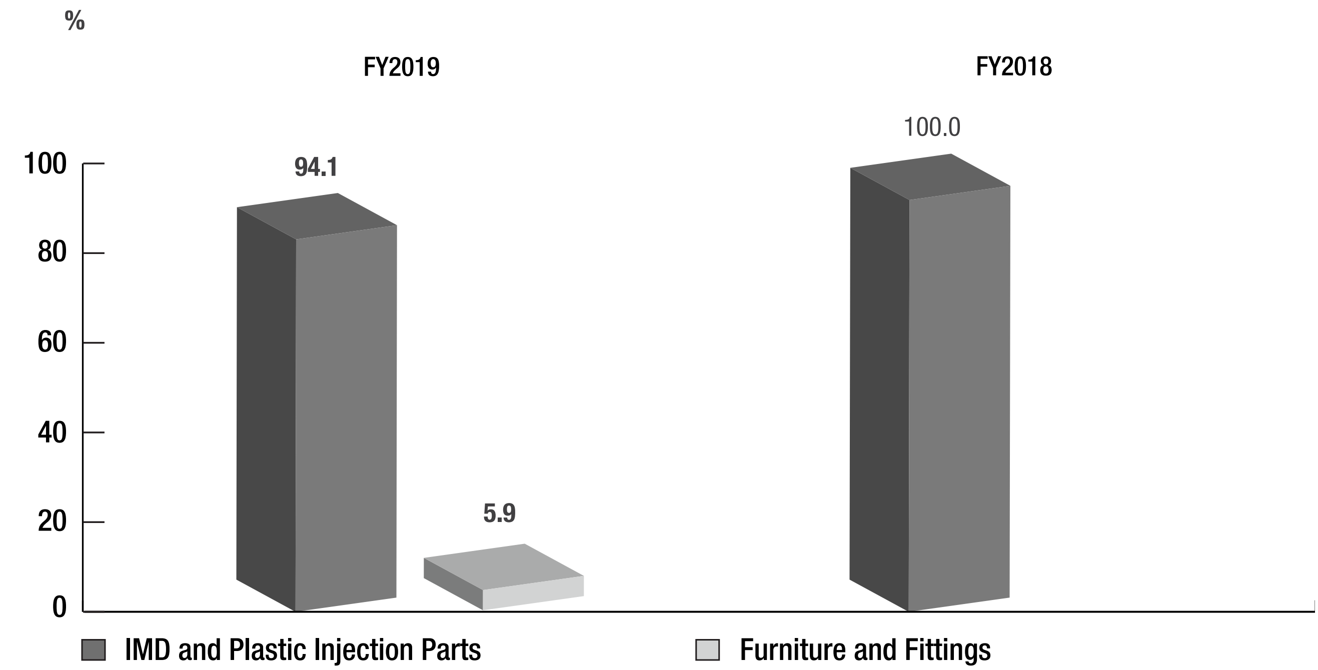
Cai Kaoqun
Executive Chairman and CEO

Sales by Business Segment



HK$'000	IMD AND PLASTIC INJECTION PARTS	FURNITURE AND FITTINGS	TOTAL
FY2019	**37,316**	**2,356**	**39,672**
FY2018	48,829	-	48,829

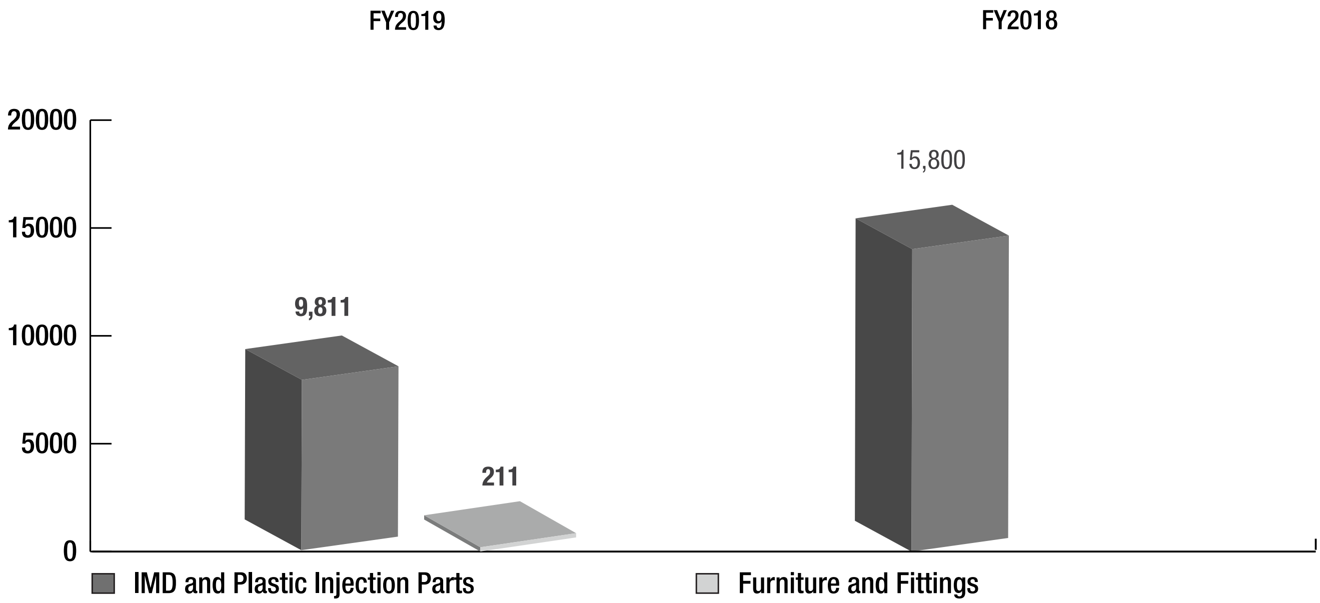
Sales Mix



%	IMD AND PLASTIC INJECTION PARTS	FURNITURE AND FITTINGS	TOTAL
FY2019	**94.1**	**5.9**	**100.0**
FY2018	100.0	-	100.0

Gross Profit

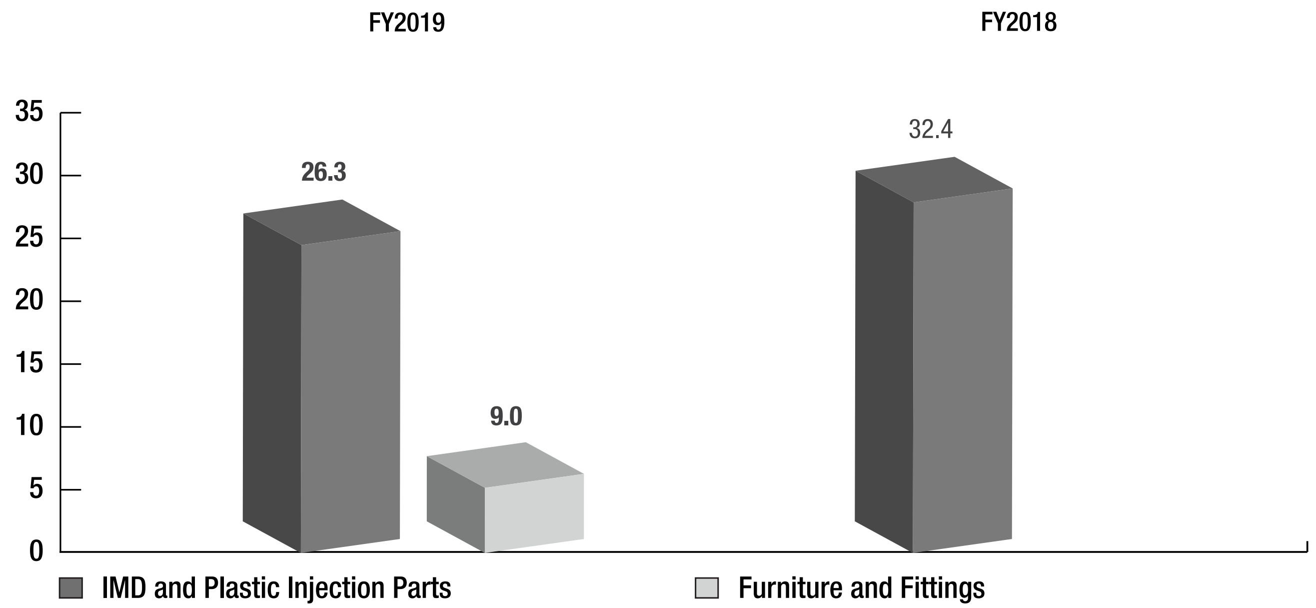
HK$'000



HK$'000	IMD AND PLASTIC INJECTION PARTS	FURNITURE AND FITTINGS	TOTAL
FY2019	**9,811**	**211**	**10,022**
FY2018	15,800	-	15,800

Gross Profit Margin

%



%	IMD AND PLASTIC INJECTION PARTS	FURNITURE AND FITTINGS	TOTAL
FY2019	**26.3**	**9.0**	**25.3**
FY2018	32.4	-	32.4

The financial year ended 31 March 2019 ("**FY2019**") has been a year of adversity and competition for the Group. As highlighted in the chairman statement of this annual report, we are currently primarily involved in two business segments: (i) IMD and Plastic Injection Parts Business and (ii) Furniture Business.

IMD and Plastic Injection Parts Business

Following the disposal of our automobile component business in Beijing, the sale of IMD and plastic injection parts has become our major source of revenue. Sales are made mainly to electronics manufacturers in People's Republic of China ("**PRC**") who supply consumer electronics and electrical appliances to the domestic and international markets. In FY2019, our IMD and Plastic Injection Parts Business experienced a slowdown in demand, mainly due to lower revenue contributions from these electronics manufacturers who were adversely affected by the combined effects of poor market sentiment in PRC and a decrease in the export sales to the USA.

Among the different geographical markets, the PRC market remained the Group's highest revenue generator with a significant contribution of 92% to the business segment. The markets in Europe and Asia (excluding the PRC), contributed the remaining.

Furniture Business

The Furniture Business commenced operations in the PRC In third quarter of FY2019 and the principal activities are as follows:

(a) engage in design and development of furniture and fittings, which includes but not limited to cabinets, appliances, surfaces, woodwares, decorative products ("**Products**");

(b) manufacture, distribute and assemble the Products; and

(c) provide consultancy services with respect to the Products and other related activities.

The Group has been collaborating with the strategic business partners who have the relevant expertise and resources to support our Furniture Business.

Completion of disposal of a subsidiary

On 14 August 2017, the Group had commenced the closure of the automobile component production facility in Beijing. In November 2017, the Group had ceased its production of automobile components in Beijing after the fulfilment of outstanding orders to the automobile component customers.

On 14 September 2018, the Company announced the entry into a sale and purchase agreement with an independent third-party purchaser to dispose Beijing Baiju Automobile Component Company Limited ("**BBJ**") and Beijing Baiju Automobile Component Sales Company Limited ("**BBJS**") through the sale of its 57% equity interest in BBJ at a consideration of approximately RMB 2.0 million (equivalent to HK$ 2,346,000). The consideration was fully settled in cash. The disposal was completed on 24 October 2018.

Income Statement

Revenue and Gross Margin

In view of the foregoing, our IMD revenue decreased by 23.6% in FY2019 as compared to the previous corresponding year ("**FY2018**"). As a result of the decrease in revenue and capacity utilisation rate, gross margin decreased from 32.4% in FY2018 to 26.3% in FY2019. Our Furniture Business recorded revenue of HK$2.4 million and 9.0% gross margin for FY2019.

Other items of income and expenses

As compared to the preceding comparative year, other items of income in FY2019 increased by 270.3%. The increase in other items of income was mainly due to the foreign exchange gains arising mainly from the translation of inter-company balances within the Group, and net foreign exchange translation gain reclassified from foreign currency translation reserve to income statement following the disposal of BBJ. Despite the decline in revenue, the total other items of expense remained relatively constant in FY2019 as a result of an increase in selling and administrative expenses, offset by the decrease in other expenses. No income tax expense was recorded in FY2019 due to the Group is in a tax loss position.

Arising from the above, the Group recorded a net loss of HK$4.8 million from its continuing operations in FY2019 as compared to HK$1.5 million in FY2018.

Discontinued operation

Following the completion of the disposal, there was no gain or loss on disposal of BBJ whilst a HK$0.7 million of net foreign exchange translation gain was reclassified from equity to income statement in the second quarter of the financial year ended 31 March 2019.

Following the completion of the closure of automobile component production facilities in Beijing, no revenue was generated and expenses in FY2019 decreased by 99.4% as compared to FY2018.

An over-provision of income tax in prior reporting year was written back following the finalisation of income tax assessment with the local tax authorities.

In view of the foregoing and the absence of non-recurring income and expenses which were recorded in FY2018, the Group recorded a net profit of HK$1.0 million from its discontinued operation in FY2019 as compared to HK$20.1 million in FY2018.

Financial Position

Non-current assets

The increase in property, plant and equipment was mainly due to HK$4.0 million acquisition of plant and equipment and the capitalisation of renovation works of factories from both business segements, and partially offset by depreciation charges of HK$1.4 million and foregin translation loss of HK$0.2 million recorded in FY2019.

Current assets

Inventories as at 31 March 2019 decreased by 7.9% as compared to 31 March 2018 mainly due to decrease in inventories of our IMD operations as a result of decline in sales and production volume.

Trade and other receivables of the Group as at 31 March 2019 decreased by 80.6% as compared to 31 March 2018 mainly due to:

- Disposal of BBJ which recognised HK$27.3 million of trade and other receivables prior to the disposal as at 31 July 2018; and
- Repayment by customers from both continuing and discontinued operations during the financial year reported on;

This is offset by:

- Increase in trade and other receivables of our Furniture Business which commenced operations during the financial year reported on.

The increase in prepayment as at 31 March 2019 as compared to 31 March 2018 was mainly due to the increase in prepayments made to the suppliers and sub-contractors for both business segments.

Amount due from related parties mainly relates to the factory rental of our Furniture Business in Shenzhen for the quarter from 1 April 2019 to 30 June 2019, paid in advance in March 2019.

Current liabilities

Trade and other payables decreased by 39.2% as at 31 March 2019 as compared to 31 March 2018, mainly due to decrease in trade and other payables of our IMD operations as a result of decline in sales and production volume.

Other liabilities as at 31 March 2019 decreased by 23.9% as compared to 31 March 2018, mainly due to:

- Disposal of BBJ which recognised HK$1.5 million of other liabilities prior to the disposal as at 31 July 2018; and
- Decrease in accrued operating expenses following payments made during the financial year reported on.

The increase in amount due to related parties was mainly due to interest-free advances given by a director during the financial year reported on.

The decrease in provision for taxation was due to the write-back of over-provision of income tax in prior reporting year from discontinued operation.

Cash Flow

The Group's cash and cash equivalents decreased by HK$9.1 million in FY2019, mainly attributed to the net cash flows used in investing activities and financing activities of HK$4.7 million and HK$6.3 million respectively, offset by net cash flow generated from the operating activities of HK$2.0 million.

The net cash inflow generated from operating activities was mainly due to working capital inflow of HK$8.1 million and interest received of HK$0.6 million, partially offset by operating cash outflow before movements in working capital of HK$6.3 million and income tax payment of HK$0.4 million.

The Group also utilised HK$4.7 million in FY2019 in investing activities mainly relating to acquisition of plant and equipment and renovation costs of HK$4.0 million and net cash outflow on disposal of a subsidiary of HK$0.8 million.

The Group paid dividends of HK$6.3 million to non-controlling interest from its discontinued operation in FY2019.

Looking Ahead

FY2019 had been a challenging and volatile year for our Group. We expect that the business environment for FY2020 will likely remain the same. The Group strongly believes in optimising growth opportunities. Despite the challenges ahead, we prioritise to grow our revenue stream through competitive pricing and service quality excellence as well as to build rapport with our clients and better understand their needs. We will continue to refine our operational workflow and resources and strengthen collaboration with our existing and potential business partners. In addition, we will seek out other new product range and sales channels that will provide scalability and sustainability for our both businesses. We are confident these approaches will stand us in good stead to seize the business opportunities in FY2020.

MR. CAI KAOQUN
Executive Chairman and CEO

Cai Kaoqun is our Executive Chairman and Chief Executive Officer and founder of our Group. Mr Cai was appointed as our Director on 26 December 2007. He is responsible for the overall strategic and business management of our Group. He has over 20 years of experience in the plastic and moulds industry. Mr Cai started his career at the age of 18 as an operator in 深圳龙丰塑胶电子厂(Shenzhen Longfeng Plastic Electronics Factory) in 1988. From 1992 to 1993, he was the mould supervisor at 深圳飞达模具厂(Shenzhen Feida Mould Factory). In 1994, Mr Cai worked as a freelance engineer providing maintenance and repair services in respect of plastic injection moulds prior to setting up Yick Kwan Tat in 1998.

In 2006, Mr Cai graduated from Aotearoa Business School established by Phoenix International University and University of New Zealand, where he was awarded the Executive Master of Business Administration. In the same year, he was certified as the Certified International Organization Planning Manager by the American Certification Institution. In December 2006, he was appointed as the vice-president at 广东省模具工业协会(Guangdong Die & Mould Industry Association). In 2007, he was appointed as the Technical Advisor to 材料形成与模具技术国家重点实验室(The National Key Laboratory of Material Forming and Mould Technology).

MR. CAI KAOBING
Executive Director

Cai Kaobing is our Executive Director. He was appointed as our Director on 26 December 2007. He joined our Group in 1998 and assists our CEO in the overall management of our Group.

In 1986, Mr Cai started his career as a woodworker in the renovation industry. From 1994 to 1997, he assisted Cai Kaoqun in the provision of maintenance and repair services in respect of Plastic Injection Moulds. From 1998 to 2009, he is responsible for the production and quality control of Moulds in Yick Kwan Tat. From 2010 to 2013, Mr Cai was the General Manager of the IMD division.

In 2003, Mr Cai graduated from 北京工商管理专修学院(Beijing Business School) with 工商企业管理文凭 (Diploma in Business Enterprise Management). In 2004, he obtained his Master of Business Administration from Newport University, USA. Mr Cai is the brother of Cai Kaoqun.

BOARD OF **DIRECTORS**

MR. HO CHEW THIM
Lead Independent Director

Ho Chew Thim was appointed as a Director of our Company on 18 June 2008. He is our Lead Independent Director.

He has over 35 years of experience in financial management and had held senior financial positions in mainly listed companies and banks. These include China Water Holdings Pte Ltd (an associate of SGX-listed CNA Group Ltd), CAN Group Ltd, Achieva Limited, China World Trade Centre Ltd (an associate of Shangri-La Asia Limited), Poh Tiong Choon Logistics Limited, China-Singapore Suzhou Industrial Park Development Co., Ltd, Deutsche Bank (Singapore Branch), L & M Group Investments Ltd, United Industrial Corporation Limited and United Overseas Bank Limited. He is also an independent director on the boards of several public listed companies in Singapore. Mr Ho is a Fellow Member of the Institute of Singapore Chartered Accountants and CPA Australia. He graduated with a Bachelor of Accountancy (First Class Honours) degree from University of Singapore in 1976.

MR. LIM YIT KEONG
Independent Director

Lim Yit Keong was appointed as an Independent Director of our Company on 18 June 2008.

Mr Lim is currently a management consultant with Capital Consulting Pte Ltd. He founded Capital Consulting Pte Ltd in 2000. He has over 35 years of experience in finance with Global Knowledge Network Pte Ltd, KPMG, Dornier Asia Medical Systems Pte Ltd, Bena Consultancy Services, Braun AG and Wearnes Technology Pte Ltd. holding various senior financial positions. He is a Fellow Member of the Institute of Singapore Chartered Accountants (United Kingdom) and a member of the Institute of Singapore Chartered Accountants.

MR. HAU KHEE WEE
Independent Director

Hau Khee Wee joined the Company as a Non-executive Director on 1 December 2017 and was re-designated as an Independent Director on 1 April 2019.

Mr Hau is currently the Greater China Financial Controller of Fullerton Healthcare Corporation Limited since April 2016. He is also an independent director of Imperium Crown Limited since October 2017. From May 2007 to March 2016, he was an Executive Director (with effect from 26 December 2007) and Chief Financial Officer of our Company. From 2000 to 2007, he held a senior financial position in China Powerplus Limited (previously known as Zhongguo Powerplus Industries Limited) and the position of audit senior in Ernst & Young.

Mr Hau is a non-practising member of Institute of Singapore Chartered Accountants. He graduated with a Bachelor of Accountancy from Nanyang Technological University of Singapore in 2000.

MR. CAI SINAN
Operation Manager of IMD division

Cai Sinan is our Operation Manager of IMD division. He joined our Group in January 2013. He is currently in charge of the IMD operations of our Group. From 1980 to 1985, he worked as a statistician of 揭阳县白塔粮所 (Jieyang Baita Food Department). From 1986 to 1988, he was a supervisor of 深圳市平湖玩具厂 (Shenzhen City Ping Hu Toy Factory). From 1988 to 2012, he joined 东莞塘厦快达厂(Dongguan Tang Xia Kuai Da Factory) as a production manager. Mr Cai graduated from 广播电视大学 (University of Broadcast & Television) with a diploma in social and economic statistics in September 1982.

MR. HUANG YAO
Deputy General Manager of Kunda Plastic Electronic (Shenzhen) Company Limited

Huang Yao is our Deputy General Manager of Kunda Plastic Electronic (Shenzhen) Company Limited. He joined our Group as project manager in March 2017 and was promoted to Deputy General Manager in May 2018. He is currently responsible for the investment projects assigned by our CEO. He has over 20 years of managerial experience in several companies in PRC. These include Guizhou Jia Yin Sheng Tai Huan Bao Company Limited (贵州佳茵生态环保有限公司), Shenzhen City Qun Da Hang Jing Mi Mo Ju Company Limited (深圳市群达行精密模具有限公司), Shenzhen City Ge Lin Hai Te Ke Ji Company Limited (深圳市格林海特科技有限公司), Shenzhen City Kai Ai Bao Zhuang Ji Su Company Limited (深圳市铠爱包装技术有限公司) and Sang Shi Da Shi Pin (Shenzhen) Company Limited 桑仕达饰品（深圳) 有限公司. He is also an executive director of Shenzhen City Qian Hai Qi Cheng Tou Zhi Company Limited (深圳市前海启程投资有限公司). In September 1986, he obtained a Bachelor's degree in Soil Agrochemistry from College of Agriculture, Guizhou University（贵州大学农学院).

MR. LIM KHENG ONN
Group Financial Controller

Lim Kheng Onn is our Group Financial Controller and he is responsible for overseeing and managing the accounting, finance, budgeting and taxation matters of our Group. He joined our group as Finance Manager in February 2010 and was promoted to Group Financial Controller in April 2016. From July 2004 to January 2010, he joined Ernst and Young as an audit assistant and subsequently held the position of audit supervisor. In July 2002, Mr Lim obtained a Bachelor's degree in Accounting and Finance from University of Plymouth. He is a fellow member of the Association of Chartered Certified Accountant (United Kingdom) and a member of Institute of Singapore Chartered Accountants.

CORPORATE
GOVERNANCE REPORT

China Kunda Technology Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") are committed to maintaining good corporate governance to enhance and safeguard the interest of its shareholders. This report outlines the Company's corporate governance framework and practices of the Company with specific references made to the principles of the Code of Corporate Governance 2012 (the "**2012 Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 for the financial year ended 31 March 2019 ("**FY2019**"). Explanations are provided where there are deviations from the Code. The Company has complied with the principles of the Code where applicable.

The Code of Corporate Governance 2018 (the "**2018 Code**") was published by the Monetary Authority of Singapore on 6 August 2018. According to the accompanying Transitional Practice Note 2, the 2018 Code will apply to listed companies from 1 January 2019. Nevertheless, the Group will review and set out the corporate practices in place to comply with the 2018 Code where appropriate in the next Annual Report.

1. BOARD MATTERS

1.1. Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management (the "**Management**"). To fulfill this role, the Board sets the Group's strategic direction, establishes goals for management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group.

Apart from its statutory responsibilities, the principal functions of the Board encompass the following:

- Providing stewardship to the Company including charting its corporate strategies and business plans;
- Ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- Authorizing and monitoring major investment and strategic commitments;
- Reviewing and assessing the performance of the Management (comprising executive directors ("**Executive Directors**") and key management personnel of the Company ("**Executive Officers**");
- Overseeing the evaluation of the adequacy of internal controls, addressing risk management, financial reporting and compliance, and satisfying itself as to the sufficiency of such processes;
- Establishing a framework for effective control, including the safeguarding of shareholders' interests and the company's assets;
- Providing guidance and advice to Management;
- Being responsible for good corporate governance;
- Considering sustainability issues, including environmental and social factors, as part of the Company's strategic formulation;

- Identifying key stakeholder groups of the Company and recognising that their perceptions affect the Company's reputation; and

- Setting the Company's values and standards, including ethical standards, and ensuring that the obligations to its shareholders and other stakeholders are understood and met.

All Directors are expected to discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board has also adopted internal guidelines setting forth matters that require Board approval. The Board's decision or specific approval is required on matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals exceeding 5% of the Group's net asset value, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends, acceptance of bank facilities, release of the Group's quarterly and full year results announcements and all interested person transactions.

The Board conducts regularly scheduled meetings. In between the scheduled meetings, the Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad-hoc Board meetings are also convened as and when they are deemed necessary. To facilitate the attendance and participation of the Directors at Board meetings, the Company's Constitution permits the Directors of the Company to attend meetings through the use of audio-visual communication equipment.

In FY2019, the number of Board and Board Committee meetings held and the attendance of each Board member are summarised in the table below:-

Board and Board Committee Meetings in FY2019				
	Board	**Audit Committee**	**Remuneration Committee**	**Nominating Committee**
No. of meetings held	4	4	1	1
Directors	**Number of meetings attended**			
Cai Kaoqun	4	4(1)	1(1)	1
Cai Kaobing	4	N.A.	N.A.	N.A.
Ho Chew Thim	4	4	1	1
Lim Yit Keong	4	4	1	1
Hau Khee Wee(2)	4	4	1	1

Notes:

(1) Attendance by invitation.

(2) Hau Khee Wee joined the Company as a Non-Executive Director on 1 December 2017 and was re-designated as an Independent Director on 1 April 2019.

N.A. denotes not applicable

To assist the Board in the discharge of its responsibilities, the Board has established three (3) Board Committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). Upon its establishment, the Board Committees operate within clearly defined terms of reference and operating procedures, which would be reviewed on a regular basis. Minutes of all Board Committee meetings will be circulated to the Board so that the Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings. As at the date of this report, the composition of the Board Committees are as follows:

Composition of the Board Committees			
	AC	**NC**	**RC**
Chairman	Ho Chew Thim	Lim Yit Keong	Hau Khee Wee
Member	Lim Yit Keong	Ho Chew Thim	Ho Chew Thim
Member	Hau Kee Wee	Cai Kaoqun	Lim Yit Keong

The Board ensures that incoming newly appointed Directors will be given an orientation of the Group's business activities, strategic direction, policies and governance practices to facilitate the effective discharge of their duties. Newly appointed Directors will also be provided with a formal letter setting out their duties and obligations. The Company will also provide training for first-time Directors in areas such as accounting, legal and industry-specific knowledge or other relevant training courses to familiarise them with the duties and responsibilities as a Director of a listed company, or as may be appropriate.

The Management will monitor new laws, regulations and commercial developments and will keep the Board updated accordingly. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts. Where necessary, the Company will also arrange for the Directors to attend any training programmes in connection with their duties as Directors. In addition, as required under the SGX-ST Listing Manual: Section B: Rules of Catalist ("**Catalist Rules**"), a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training will be completed within one year of the appointment.

Briefings and updates provided for the Directors in FY2019 include:

(a) the external auditors ("**EA**") briefed the AC on changes or amendments to the accounting standards during the AC meetings;

(b) the Company Secretary and the Sponsor had briefed the Board on the regulatory updates; and

(c) the Management updated the Directors on the business activities and its strategic directions regularly of the Group.

1.2. Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders[1]. No individual or small group of individuals should be allowed to dominate the Board's decision making.

1 The term "10% shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

The Board has five (5) Directors and comprises the following:

Composition of the Board	
Name of Director	**Designation**
Cai Kaoqun	Executive Chairman and Chief Executive Officer ("**CEO**")
Cai Kaobing	Executive Director
Ho Chew Thim	Lead Independent Director
Lim Yit Keong	Independent Director
Hau Khee Wee	Independent Director

The Company endeavours to maintain a strong and independent element on the Board. Three (3) of the Company's Directors are independent, thereby fulfilling the Code's requirement (a) that at least one-third of the Board should comprise of Independent Directors and (b) that Independent Directors should make up at least half the Board where the Chairman is not an Independent Director and is part of the Management.

The criteria of independence are based on the definition given in the Catalist Rules and Code. The Board has three (3) Independent Directors who have served on the Board beyond nine (9) years, namely Mr Lim Yit Keong ("**Mr Lim**"), Mr Ho Chew Thim ("**Mr Ho**") and Mr Hau Khee Wee ("**Mr Hau**") (collectively the "**Independent Directors**"). The NC has reviewed and determined that Mr Lim, Mr Ho and Mr Hau are independent in accordance with the 2012 Code and Catalist Rules. The Independent Directors have confirmed that they and their immediate family members are not employed or have been employed by the Company or any of its related corporations for the current and any of the past three financial years. They have also confirmed that they do not have any relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Group. The Independent Directors have also confirmed their independence in accordance with the 2012 Code and Catalist Rules. For the avoidance of doubt, Mr Hau was re-designated from Non-Independent Non-Executive Director to Independent Director on 1 April 2019. For FY2019, the Company has two Independent Directors, namely, Mr Lim and Mr Ho. The independence of each Director will be reviewed annually by the NC in accordance with the definition of independence in the 2012 Code.

Notwithstanding that Mr Lim, Mr Ho and Mr Hau had served on the Board for more than nine (9) years, the Board has assessed and is of the view that they had engaged the Board in constructive discussion; their contributions are relevant and reasoned; and they had exercised independent judgement during the Board discussions. The Board further recognises that they had over time developed significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution as Independent Directors. Taking into consideration the abovementioned, the NC, with the concurrence of the Board, has concluded that Mr Lim, Mr Ho and Mr Hau are independent and should continue to serve as Independent Directors, notwithstanding they have served on the Board beyond nine (9) years from the date of their first appointment.

A review will be undertaken by the Board, together with the NC to determine if the current size of the Board is appropriate for the scope and nature of the Group's operations to facilitate effective decision-making and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. For FY2019, the NC is of the view that the present size of the Board allows it to be effective and not too large as to be unwieldy.

The Board's policy in identifying director nominees is primarily to for the Board to have the appropriate diversity of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The NC has reviewed and is of the view that the current Board comprises persons who as a group provide an appropriate balance and diversity of skills, experience and capabilities required for the Board to be effective.

Balance and Diversity of the Board		
	Number of Directors	**Proportion of Board**
Core Competencies		
Accounting or finance	3	60%
Business management	5	100%
Legal or corporate governance	3	60%
Relevant industry knowledge or experience	5	100%
Strategic planning experience	5	100%
Customer based experience or knowledge	2	40%

The composition of the Board will be reviewed on an annual basis. The Board has taken the following steps to maintain or enhance its balance and diversity:

(a) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

(b) Annual appraisal carried out on each director on their skill set they possess.

The NC will evaluate and act on the results of these exercises and where appropriate, recommend to the Board for the appointment of new directors and/or where neccessary, seek the resignation of incumbent directors.

The Independent Directors will constructively challenge and assist in the development of proposals on strategy, assist the Board in reviewing and monitoring the performance of the Management in meeting agreed goals and objectives. When necessary, the Independent Directors will have discussions amongst themselves without the presence of the Management.

The profiles of the Directors are set out on pages 7 and 8 of this Annual Report.

1.3. Chairman and CEO

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

Mr Cai Kaoqun is the Executive Chairman of the Board and CEO of the Company. The Board is of the view, given the scope and nature of the operations of the Group, it is not necessary to separate the functions of Chairman and CEO. However, to ensure that there is no concentration of power and authority vested in one individual, the Company has appointed Mr Ho Chew Thim as the lead Independent Director (the "**Lead Independent Director**").

The Lead Independent Director will be available to the shareholders where they have concerns which cannot be resolved through the normal channels via the Executive Chairman, the CEO and/or the Group Financial Controller, or where such contact is not possible or inappropriate. Led by the Lead Independent Director, the Independent Directors will also meet periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

As the CEO, Mr Cai Kaoqun works with the Board to determine the strategy for the Group and is responsible for the Group's business performance and bears overall daily operational responsibility for the Group's business. He also works with the senior management of the Group to ensure that the senior management operates in accordance with the strategic and operational objectives of the Group.

As the Executive Chairman, Mr Cai Kaoqun leads the Board to ensure its effectiveness on all aspects of its role. He approves the agendas for the Board and ensures that adequate time is available for discussion of all agenda items during the meetings, in particular strategic issues. The agendas for Board Committees are approved by the Executive Chairman together with the respective chairpersons of the Board Committees.

The Executive Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board, the Management and the shareholders of the Company. He encourages interactions between the Board and the senior management, as well as between the Executive and Non-Executive Directors, and promotes a culture of openness and debate at the Board. The Executive Chairman also ensures that the Directors receive complete, adequate and timely information and ensures effective communication with shareholders. In addition, the Executive Chairman takes a leading role in ensuring the Company's compliance with corporate governance guidelines.

1.4. Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominating Committee

The Company has constituted the NC to, among other things, make recommendations to the Board on all Board appointments and oversee the Company's succession and leadership development plans.

The primary function of the NC is to determine the criteria for identifying candidates, review nominations for the appointment of Directors to the Board, to decide how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval. Its duties and functions are outlined as follows:-

(a) to make recommendations to the Board on all Board appointments and re-nomination having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient factors);

(b) to ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three (3) years;

(c) to determine annually whether a Director is independent, in accordance with the guidelines contained in the 2012 Code;

(d) to decide whether a Director is able to and has adequately carried out his duties as a director of the Company, in particular, where the Director has multiple board representations;

(e) to review and approve any new employment of persons related to the Directors and the proposed terms of their employment;

(f) put in place and review Board succession plans for the Directors, and in particular, for the Chairman of the Board and the CEO of the Company;

(g) assessing the effectiveness of the Board as a whole and its Board Committees, and the contribution by each individual Director to the effectiveness of the Board;

(h) to decide how the Board's performance may be evaluated and to propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long term shareholders' value; and

(i) to review the training and professional development programs for the Board.

The NC reviews and recommends all new Board appointments and also the re-appointment of Directors to the Board. The NC assesses to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Group's business and that each Director contributes and brings to the Board an objective perspective to enable balanced and well-considered decisions to be made.

There is a formal and transparent process for the appointment of new Directors to the Board. In the nomination and selection process of a new Director, the NC will take into consideration the current Board size and its composition – including the mix of expertise, skills and attributes of the Directors – and determine if the candidate's background, experience and knowledge will bolster the core competencies of the Board. The NC will consider candidates proposed by the Management or may engage external search consultants where necessary. The NC will identify key attributes required of an incoming Director based on the requirements of the Board and interview the candidates to assess their suitability, and thereafter recommend to the Board.

In the process for re-election of incumbent Directors, the NC will assess the performance of the Director in accordance with the performance criteria set by the Board and consider the current needs of the Board. Subject to the NC's satisfactory assessment, the NC will recommend the proposed re-appointment of the Director to the Board for its consideration and approval. Each NC member will abstain from his assessment as a Director whenever applicable.

At present, the Board does not intend to set a maximum number of listed company board representations a Director may hold as it is of the view that the effectiveness of a Director should be evaluated by a qualitative assessment of his contributions to the Company's affairs taking into account his other commitments including his directorships in other listed companies. The NC shall review from time to time the listed company board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately; and decide on the maximum number of listed company board representations which Directors may hold should such need arises.

The considerations in assessing the capacity of Directors include the following:

a) Expected and/ or competing time commitments of Directors;

b) Competencies of Directors;

c) Geographical location of Directors;

d) Size and composition of the Board; and

e) Nature and scope of the Group's operations and size.

The NC has reviewed and is satisfied that Mr Ho Chew Thim, Mr Lim Yit Keong and Mr Hau Khee Wee have been able to devote sufficient time and attention to adequately discharge their duties as Directors of the Company, notwithstanding their respective board representations on other listed companies.

All Directors are subject to the provisions of Regulation 107 of the Company's Constitution whereby one-third of the Directors are required to retire and subject themselves to re-election by the shareholders at each Annual General Meeting ("**AGM**"), and each Director is required to subject himself for re-election at least once every three (3) years. In addition, pursuant to Regulation 117, any new Director appointed during the year either to fill a casual vacancy or as an addition to the Board will have to retire at the AGM following his appointment, and is eligible for re-election if he so desires.

Information on Directors nominated for re-election – Appendix 7F of Catalist Rules

NAME OF DIRECTOR	CAI KAOBING	HO CHEW THIM	LIM YIT KEONG
Date of Appointment	26 December 2007	18 June 2008	18 June 2008
Date of Last Re-Appointment	24 July 2015	27 July 2017	24 July 2015
Age	50	68	66
Country of principal residence	China	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	On recommendation of the Nominating Committee, the Board approved the re-appointment of Mr Cai Kaobing as Executive Director of the Company based on his qualifications, expertise and past experiences.	On recommendation of the Nominating Committee, the Board approved the re-appointment of Mr Ho Chew Thim as Lead Independent Director of the Company based on his qualifications, expertise and past experiences.	On recommendation of the Nominating Committee, the Board approved the re-appointment of Mr Lim Yit Keong as Independent Director of the Company based on his qualifications, expertise and past experiences.
Whether appointment is executive, and if so, the area of responsibility	Executive, Mr Cai Kaobing assists the CEO in the overall management of the Group.	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Lead Independent Director, Chairman of Audit Committee, member of Nominating Committee and Remuneration Committee	Independent Director, Chairman of Nominating Committee, member of Audit Committee and Remuneration Committee
Professional qualifications	Master of Business Administration, Newport University, USA (2004) Diploma in Business Enterprise Management, Beijing Business School, China (2003)	Bachelor of Accountancy (First Class Honours), University of Singapore (1976) Fellow member of Institute of Singapore Chartered Accountants CPA Australia	Fellow Member of Institute of Singapore Chartered Accountants (UK) Member of Institute of Singapore Chartered Accountants

NAME OF DIRECTOR	CAI KAOBING	HO CHEW THIM	LIM YIT KEONG
Working experience and occupation(s) during the past 10 years	1998 to Present: Executive Director, China Kunda Technologies Holdings Limited (2010 to 2013: General Manager of IMD Division, 1998 to 2009: Director, Production & Quality Control)	2007 to present: Yongmao Holdings Limited, Independent Director 2008 to present: Mencast Holdings Limited, Independent Director 2008 to present: China Kunda Technology Holdings Ltd, Lead Independent Director 2009 to present: Henyang Petrochemical Logistics Limited, Independent Director 2013 to present: Henyang Holding Pte Ltd, Non-executive Director 2015 to present: Manulife US Real Estate Management Pte Ltd, Independent Director 2016 to present: Procurri Corporation Limited, Lead Independent Director 2012 to present: Unoterra Advisory Services Pte Ltd, Non-executive Director 2012-2019: Declout Limited, Lead Independent Director 2007-2014: RH Energy Ltd, Lead Independent Director	2000 to present: Capital Consulting Pte. Ltd., Executive Director 2013 to 2016: Edition Limited, Independent Director 2007 to 2014: RH Energy Limited, Independent Director 2016 to 2017: Transcorp Holdings Limited, Independent Director
Shareholding interest in the listed issuer and its subsidiaries	Yes. Good Moral Technology Limited ("GMT") holds 19,200,000 ordinary shares in the Company. Mr Cai Kaobing holds 80% equity interest in GMT and he is deemed to have an interest in the shares of the Company held by GMT.	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes. Mr Cai Kaobing is the brother of Mr Cai Kaoqun, the Executive Chairman and CEO of the Company.	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil

NAME OF DIRECTOR	CAI KAOBING	HO CHEW THIM	LIM YIT KEONG
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships			
Past (for the last 5 years)	No	DeClout Limited – Lead Independent Director RH Energy Limited – Lead Independent Director	Transcorp Holdings Limited – Independent Director R H Energy Ltd – Independent Director Edition Ltd – Lead Independent Director.
Present	China Kunda Technology Holdings Limited – Executive Director Shenzhen Kunda Precision Mould Co., Ltd – Executive Director	Yongmao Holdings Limited – Independent Director, AC Chairman, NC and RC member; Mencast Holdings Ltd – Independent Director, AC Chairman, NC and RC member; China Kunda Technology Holdings Limited – Lead Independent Director, AC Chairman, NC and RC Member; Hengyang Petrochemical Logistics Limited – Independent Director, NC Chairman, AC member Henyang Holding Pte Ltd - Non-Executive Director (wef 25 Sep 2013) Manulife US Real Estate Management Pte. Ltd. – Independent Director, Audit & Risk Committee Chairman Procurri Corporation Limited – Lead Independent Director, RC Chairman, AC and NC member Unoterra Advisory Services Pte Ltd – Non-Executive Director	China Kunda Technology Holdings Limited – Independent Director, Chairman of NC, AC and RC Member Capital Consulting Pte. Ltd. - Director Lifebrandz Limited – Independent Director, RC, AC and NC Member

NAME OF DIRECTOR	CAI KAOBING	HO CHEW THIM	LIM YIT KEONG
Information required pursuant to Listing Rule 704(7) or Catalist Rule 704(6)			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No

NAME OF DIRECTOR	CAI KAOBING	HO CHEW THIM	LIM YIT KEONG
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

NAME OF DIRECTOR	CAI KAOBING	HO CHEW THIM	LIM YIT KEONG
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

NAME OF DIRECTOR	CAI KAOBING	HO CHEW THIM	LIM YIT KEONG
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management of conduct, in Singapore or elsewhere, of the affairs of:-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

NAME OF DIRECTOR	CAI KAOBING	HO CHEW THIM	LIM YIT KEONG
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.	No	No	No

NAME OF DIRECTOR	CAI KAOBING	HO CHEW THIM	LIM YIT KEONG
Disclosure applicable to appointment of Director only			
Any prior experience as a director of a listed company? **If yes, please provide details of prior experience.** **If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).**	Yes China Kunda Technology Holdings Limited	Yes Yongmao Holdings Limited Mencast Holdings Limited China Kunda Technology Holdings Limited Hengyang Petrochemical Logistics Limited DeClout Limited (resigned on 22 April 2019) Procurri Corporation Limited R H Energy Limited	Yes Lifebrandz Limited Transcorp Holdings Limited China Kunda Technology Holdings Limited Edition Limited R H Energy Limited

The NC has reviewed and recommended to the Board that Mr Cai Kaobing, Mr Ho and Mr Lim be nominated for re-election at the forthcoming AGM of the Company. Mr Cai Kaobing will, upon re-election as a Director, remain as an Executive Director of the Company. Mr Ho will, upon re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the AC and member of the NC and RC. Mr Lim will, upon re-election as a Director of the Company, remain as Chairman of the NC and member of AC and RC. Both Mr Ho and Mr Lim will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Each NC member had abstained from deliberation and voting on the assessment of his re-election as a Director.

Key information regarding the Directors, including the date of initial appointment and last re-election of each Director, together with their directorships in other companies, are set out on pages 7 and 8 of this Annual Report and below:

Name of Director	Date of initial appointment	Date of last re-election	Directorships in other listed companies and other major appointments	
			Current	**Past 3 Years**
Cai Kaoqun	26 December 2007	26 July 2018	Nil	Nil
Cai Kaobing	26 December 2007	24 July 2015	Nil	Nil
Ho Chew Thim	18 June 2008	27 July 2017	• Yongmao Holdings Limited • Mencast Holdings Ltd • Hengyang Petrochemical Logistics Limited • Manulife US Real Estate Management Pte Ltd • Procurri Corporation Limited	• DeClout Limited

Name of Director	Date of initial appointment	Date of last re-election	Directorships in other listed companies and other major appointments	
			Current	Past 3 Years
Lim Yit Keong	18 June 2008	24 July 2015	• Lifebrandz Limited	• Edition Limited • Transcorp Holdings Limited
Hau Khee Wee	1 December 2017	26 July 2018	• Imperium Crown Limited	Nil

1.5. Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC decides on how the Board's performance is to be evaluated. For FY2019, the following objective performance criteria includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, the Board's supervision of the CEO and top management and the Board's standard of conduct. The performance criteria for the evaluation of the Board Committee's include committee composition, conduct of meetings and the specific responsibilities to be discharged by each committee.

A yearly evaluation form for the Board's and Board committees' performance is disseminated to all Directors. The evaluation is led by the Chairman of the NC who will make arrangement for the forms to be presented to the Board for review and discussion. The Board will review the feedback collectively and decide on any action plans.

The Board and the NC endeavors to ensure that Directors appointed to the Board possess the experience, knowledge and expertise critical to the Group's business and relevant to the Board Committees of which they are members. For FY2019, each Director has carried out a self-appraisal based on performance criteria determined by the NC which includes overall attendance, adequacy in meeting preparation, generation of creative/constructive ideas, maintenance of independence (applicable for Independent Directors for), leadership – visionary quality, review and timely disclosure of related party transactions, keeping abreast of industry developments, help gain access to new businesses (not applicable to Independent Directors) and other contribution in specific areas. The self-appraisal is submitted to the NC for assessment. In addition, the NC has also carried out the appraisal for the Board Committees based on the performance criteria determined by the NC which includes committee composition, meetings held and committee responsibilities. The NC had taken into account the contribution by each individual Director to the effectiveness of the Board as a whole and to its Board Committees having regard to the Director's performance and contribution. All members of the NC have abstained from the review process of any matters in connection with the assessment of his performance.

The NC, having reviewed the overall performance of the Board and the respective committees in terms of its roles and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board, the respective Board committees and each individual Director have been satisfactory.

1.6 Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Company recognises the importance of continual dissemination of relevant information which is explicit, accurate, timely and vital to the Board in carrying out its duties. The Management reports to the Board with respect to the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company in a timely and accurate manner. Prior to each quarterly Board meeting, the Board members are each provided with the relevant documents and the necessary information to allow the Board to comprehensively understand the issues to be deliberated upon and to make informed decisions thereon, including periodic financial summary reports, budgets, forecasts and other disclosure documents. Directors are also entitled to request from Management additional information required to make informed decisions, which the Management will provide in a timely manner.

In discharging their duties, the Directors have unrestricted, separate and independent access to the Management, Company Secretary and independent auditors. The Company Secretary attends all Board meetings of the Company, ensures a good flow of information within the Board and between the Management and the Independent Directors, attends to corporate secretariat administration matters, and advises the Board on corporate governance matters, ensuring Board procedures are followed and that applicable rules and regulations are complied with. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

The Directors, either individually or as a whole, has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

2. REMUNERATION MATTERS

2.1. Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC is governed by a set of written terms of reference, which includes:

(a) to review and recommend to the Board a framework of remuneration for the Management, including the CEO, other personnel having the authority and responsibility for planning, directing and controlling the activities of the Group, and the employees related to the Directors and controlling shareholders of the Company, and reviews specific remuneration packages for the Management. The review will cover all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and other benefits-in-kind;

When conducting such reviews, the RC will take into account the performance of the Group and that of individual employees. It will also review and approve the framework for salary reviews, performance bonus and incentives for the Management of the Group. The recommendations of the RC on remuneration of Directors will be submitted for endorsement by the entire Board; and

(b) to administer any long-term incentive schemes including share schemes which may be implemented by the Company, and to consider whether any Director should be eligible for benefits under such long-term incentive schemes.

Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package. The overriding principle is that no Director should be involved in deciding his own remuneration. The RC has met to consider and review the remuneration packages of the Executive Directors and Executive Officers, including those employees related to the Directors and controlling shareholders of the Company.

The RC may from time to time, and where necessary or required, engage independent external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management. Among other things, this helps the Company to stay competitive when developing its remuneration packages. No independent external consultants have been engaged by the Company for this purpose for FY2019.

2.2. Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the RC takes into account compensation and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.

The Independent Directors receive fixed Directors' fees, which takes into account factors such as effort, time spent, and responsibilities of each Director. The RC recognises the need to pay competitive fees to attract, motivate and retain such Independent Directors, yet not over-compensate them to the extent that their independence may be compromised. Directors' fees are recommended by the Board for approval and subjected to shareholders' approval at the Company's AGM.

The Executive Directors, namely Mr Cai Kaoqun and Mr Cai Kaobing are remunerated based on their service agreements with the Company. The remuneration comprises a fixed salary, a one-month fixed bonus and performance bonuses linked to corporate and individual performances where appropriate, and is designed to align the interests of the Executive Directors with those of shareholders. The Executive Directors do not receive Directors' Fees.

The Group has also entered into letters of employment with all the Executive Officers. Such letters typically provide for the salaries payable to the Executive Officers, their working hours, medical benefits, grounds of termination and certain restrictive covenants.

The Group's compensation framework comprises fixed pay and short-term and long-term incentives. The compensation framework articulates to staff that total compensation is linked to the achievement of organizational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market or the industry.

The following performance conditions were chosen for the Group to remain competitive and to motivate the Management to work in alignment with the goals of all stakeholders:

Performance Conditions	**Short-term Incentives (such as performance bonus)**	**Long-term Incentives (such as the employee share option scheme)**
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors 7. Securing new business 8. Identifying business expansion opportunities	1. Group's major project or development 2. Current market and industry practices
Quantitative	1. Profit before tax[1]	

Note:

(1) Please refer to page 136 and page 137 of the Prospectus dated 30 September 2008 for more detailed information.

The recommendations of the RC in relation to remuneration packages of the Executive Directors and Executive Officers will be submitted to the Board for endorsement. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company. For FY2019, no professional experts were engaged.

2.3. Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

The breakdown of remuneration[(1)] of the Directors of the Company for FY2019 is as follows:

Directors/ Chief Executive Officer	**Fees %**	**Salaries %**	**Bonus %**	**Total %**
Below S$250,000 per annum				
Cai Kaoqun[1]	–	92	8	100
Cai Kaobing[1]	–	92	8	100
Ho Chew Thim	100	–	–	100
Lim Yit Keong	100	–	–	100
Hau Khee Wee	100	–	–	100

Note:

(1) Remuneration package of Executive Directors include fixed bonus of one (1)-month salary as long as the Executive Director is under the employment of the Company on the last day of March.

The aggregate total remuneration of Directors, including the proposed Directors' fees for FY2019 is approximately S$504,000.

Given the highly competitive environment that the Company is operating in and the confidentiality attached to the remuneration matters, the Company believes that disclosing remuneration in bands of S$250,000 and disclosing in aggregate the total remuneration paid to the Management and Board provides sufficient overview of the remuneration of the Management and Board.

The Group only had three Executive Officers (who are not Directors or the CEO) for FY2019, details of remuneration paid to these Executive Officers of the Group for FY2019 is as follows:

Executive Officers	**Salaries %**	**Bonus %**	**Total %**
Below S$250,000			
Cai Sinan	81	19	100
Huang Yao[1]	100	–	100
Lim Kheng Onn	93	7	100

Note:

(1) Mr Huang Yao was appointed as an Executive Officer on 15 May 2018.

The aggregate total remuneration of the above Executive Officers for FY2019 is approximately S$288,000.

There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the Executive Officers (who are not Directors or the CEO). The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and Executive Officers in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and Executive Officers, "claw-back" provisions in the service agreements may not be relevant or appropriate.

There were no employees who were immediate family members of a Director and/or the CEO whose remuneration exceeded S$50,000 during FY2019.

China Kunda Employee Stock Option Scheme

The Company had pursuant to an extraordinary general meeting of the Company held on 28 July 2011 established an employee share option scheme, known as the "China Kunda Employee Stock Option Scheme" (the "**Scheme**"). The RC administers the Scheme in accordance with the rules of the Scheme.

Under the rules of the Scheme, Executive Directors and Non-Executive Directors (including Independent Directors), confirmed full time employees and controlling shareholders or their Associates of the Group are eligible to participate in the Scheme.

The total number of new shares over which options may be granted pursuant to the Scheme, when added to the number of shares issued and issuable under such other share-based incentive plans (where applicable) of the Company, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of grant of the options.

The number of options to be offered to a participant shall be determined at the discretion of the RC which shall take into account criteria such as rank, responsibilities within the Group, past performance, years of service and potential for future development of that participant. However, in relation to controlling shareholders or associates of controlling shareholders, the aggregate number of shares which may be granted shall not exceed 25% of the total number of shares available under the Scheme and the aggregate number of shares which may be granted to any individual controlling shareholders or associate of a controlling shareholder shall not exceed 10% of the total number of shares available under the Scheme.

The options that are granted under the Scheme may have exercise prices that are, at the RC's discretion, set at a price (the "**Market Price**") equal to the average of the last dealt prices for the shares on the Catalist over the three consecutive market days immediately preceding the relevant date of grant of the relevant option; or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price may only be exercised after the second anniversary from the date of grant of the option.

The Scheme shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years, commencing on the date the Scheme is adopted and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Since the establishment of the Scheme to the end of FY2019, no options have been granted under the Scheme.

3. ACCOUNTABILITY AND AUDIT

3.1. Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board believes that it should conduct itself in ways that deliver maximum sustainable value to its shareholders. Timely releases of the Group's financial results and all significant information to shareholders as well as the prompt fulfillment of statutory requirements are ways to maintain shareholder's confidence and trust in the Board's capability and integrity.

Currently, the Company is required to release quarterly and full year results announcements pursuant to the Catalist Rules. In this respect, the Board, with the assistance of the Management, strives to provide a balanced and understandable assessment of the Group's performance, position and prospects. The Board also undertakes such effort with respect to other price sensitive reports and reports to regulators, where required. Price sensitive information will be publicly released either before the Company meets with any group of investors and analysts or simultaneously with such meetings.

The Management is responsible to the Board and the Board is accountable to the shareholders of the Company. Annual general meetings are held every year to obtain shareholders' approval for routine businesses.

The Board has also established written policies of the Company to ensure compliance of the Company with legislative and regulatory requirements, including requirements under the Catalist Rules. In addition to the statutory responsibilities, the Board also ensures that the principal risks of the Company's business are identified and appropriately managed.

3.2. Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, as well as to manage risks. The Board also oversees the management in the design, implementation and monitoring of the risk management and internal control systems. The Board will review on an annual basis the adequacy and effectiveness of the Group's internal controls system, including financial, operational, compliance and information technology controls. The risk and corresponding controls are further elaborated as follows:-

(a) Operational risks

Management regularly reviews and improves the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The internal audit function will complement the role of the risk management by providing an independent perspective on the controls that help to mitigate any operational risks. All significant matters identified by the Management and the internal audit function will be highlighted to the Board and the AC.

(b) Compliance and legal risks

The Group recognises the risks associated with changes in laws and regulations in Singapore and the People's Republic of China and has reviewed its business plans in light of legal and regulatory changes in the year. The Group will continue to monitor legal and regulatory changes to keep abreast with developments that may have an impact on its business and operations.

(c) Financial risks

Management regularly identifies and reviews the financial risks applicable to the Group. The Group's financial risk management is discussed under financial risk management objectives and policies of the Notes to the Financial Statements, on pages 93 to 97 of the Annual Report.

(d) Information technology risks

The Group recognises the risk especially in the domain of disaster recovery of information technology systems. Information technology security risk assessments are carried out on a regular basis and mitigation actions are documented in a risk treatment plan.

With the assistance of the internal auditors (or equivalent) and through the AC, the Board reviews the adequacy and effectiveness of the Company's risk management policies and systems, and key internal controls on an annual basis and as and when circumstances warrant, provides its perspective on management control and ensures that the necessary corrective actions are taken on a timely basis. There are formal procedures in place for both the internal and external auditors to report conclusions and recommendations to Management and to the AC independently.

The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, are adequate and effective for FY2019. The bases for the opinion are as follows:

a) assurance has been received from the CEO and Group Financial Controller of the Group;

b) an in-house review on the Group's internal controls has been done by the Group Financial Controller and no significant matters were highlighted to the AC; and

c) the Executive Officers regularly evaluate, monitor and report to the AC on material risks, if any.

The Board has also received assurances from the CEO and Group Financial Controller of the Group that in respect of the past 12 months:

a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

b) the Company's risk management and internal control systems are effective as the CEO and Group Financial Controller have evaluated the effectiveness of the Group's internal controls and have discussed with the Company's external auditors of their reporting points and note that there have been no known material deficiencies in the design or operations of internal controls which could adversely affect the Company's and Group's ability to record, process, summarise or report financial data.

The Board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the Company's risk management framework and policies. However, the Company currently does not have a separate board risk committee, and the risk management process is managed by the AC.

3.3. Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

All members of the AC are non-executive directors and all members of the AC, including the Chairman of the AC, are independent.

The AC members possess many years of experience in accounting, legal, business and financial management. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities as the members have extensive and practical knowledge and experience.

It functions under a set of written terms of reference which sets out its responsibilities set out below. The AC also has explicit authority to investigate any matter within its terms of reference. The terms of reference are set of below, amongst others: -

(a) review the scope and results of the audit and its cost effectiveness;

(b) review the independence and objectivity of the external auditors annually;

(c) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;

(d) review the quarterly and full year financial results before submission to the Board for approval;

(e) review the adequacy of the Group's internal controls, as set out in the 2012 Code;

(f) review the effectiveness of the Group's internal audit function;

(g) meet periodically with the Company's internal and external auditors to review their audit plan and discuss the results of their respective examinations and their evaluation of the Group's system of internal accounting controls without the presence of the Management;

(h) consider and recommend to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors;

(i) review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

(j) review the external and internal auditors' reports;

(k) review the co-operation given by the Group's officers to the external auditors;

(l) review and approve interested persons transactions, if any, falling within the scope of Chapter 9 of the Catalist Rules;

(m) review the adequacy of the business risk management process;

(n) review potential conflicts of interest, if any, and ensuring procedures for resolving such conflicts are strictly adhered to;

(o) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(p) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and

(q) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments made thereto from time to time.

The internal auditor's primary line of reporting is the Chairman of the AC on audit matters and administratively to the Management.

Apart from the above functions, the AC is empowered to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. Each member of the AC will abstain from any deliberations and/or voting in respect of matters in which he has an interest in.

The AC has full access to the Management and also full discretion to invite any Director or Management to attend its meetings, and has been given reasonable resources to enable it to discharge its function properly.

The AC has met with the external auditors without the presence of Management once in FY2019.

The AC has recommended to the Board the nomination of Messrs Ernst & Young LLP for their re-appointment as external auditors of the Company at the forthcoming AGM. The AC is satisfied that Messrs Ernst & Young LLP and their audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations. In this connection, the Company confirms that it complies with Rules 712 and 715 of the Catalist Rules, and has recommended to the Board, the proposed re-appointment of Messrs Ernst & Young LLP as the external auditors of the Company.

The total fees paid to Messrs Ernst & Young LLP for FY2019 was S$127,000, including the audit fee of S$122,000 and the non-audit services fee of S$5,000, which is 4.1% of the audit fee. The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The Group has established a whistle-blowing policy, endorsed by the AC, which seeks to provide a channel for the Group's employees and any other persons to raise concerns in good faith and in confidence about possible improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to wbcommittee@kunda.com.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements by the External Auditors through the AC meetings held in FY2019.

3.4. Significant matter impacting the financial statements

Significant matter for FY2019	How the AC reviewed this matter and what decision was taken
Recoverability of receivables	The AC reviewed the information of major customers and inquired management for any unusual transactions. The recoverability of receivables was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2019. The AC reviewed the external auditors' comments on the recoverability of receivables. (See audit opinion on pages 43 and 44). The Audit Committee was satisfied that sufficient analysis and assessments had been performed in this area.

3.5. Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises the importance of an internal audit function to maintain a sound system of internal control within the Group to safeguard shareholders' investments and the Company's assets. The AC has the responsibility to review annually the adequacy and effectiveness of the internal audit function, review the internal audit program and ensure co-ordination between internal auditors (or equivalent), external auditor and Management, and ensure that the internal audit function meets or exceeds the standards set by nationally or internationally recognised professional bodies, in particular, the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC will also approve the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation in the event that the internal audit function is outsourced.

The primary objective of the internal audit is to report to the AC and the Board the extent that sound risk management processes and controls are in place and operate effectively. The internal auditors of the Company has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

BDO LLP was previously engaged on a rotational basis and the last engagement was January 2017. Since then, the Group went through a series of restructuring, closure and disposal of non-profitable business and scaling down of the IMD business and no internal audit was carried out due to the scaling down of the Group's business. Instead, an in-house review on internal controls was done by the Group Financial Controller in FY2019. The AC has reviewed and is satisfied that the in-house audit function is sufficient and has the appropriate standing within the Group considering the Group's size of operations. AC also confirms that the review of the internal audit function is independent, effective and adequately resourced. In view of the expansion of the Group's core business to include the Furniture Business and in compliance to the requirements of the Catalist Rules, AC will reassess and determine the appropriate internal audit scope for FY2020.

4. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

4.1. Shareholder Rights and Communication with Shareholders

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

All shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore, it is the Board's policy to ensure that all shareholders are informed regularly and on a timely basis of every significant development that has an impact on the Group.

Pertinent information is communicated to shareholders on a regular and timely basis through the following means:

(a) financial results and annual reports are announced or issued within the mandatory period;

(b) material information are disclosed in a comprehensive, accurate and timely manner via SGXNET and the media channels (where applicable) thereafter; and

(c) the Company's general meetings.

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. The quarterly and full-year financial results for are released to shareholders within 45 and 60 days of the end of each quarter and full year, respectively.

The Board establishes and maintains regular dialogue with its shareholders, to gather views or inputs and to address shareholders' concerns. The general meeting of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders of the Company will receive annual reports and are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meeting to put forth any questions they may have on the motions to be debated and decided upon.

Shareholders to attend and vote at general meetings of the Company or to appoint not more than two proxies, other than a relevant intermediary (as defined in section 181(6) of the Companies Act) to attend and vote on their behalf. A relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the general meetings.

The Company did not pay any dividends for FY2019. The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the above, any declaration of dividends would be clearly communicated to the shareholders via the SGXNET.

4.2. Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

At the AGM, the shareholders of the Company will be given the opportunity to voice their views and direct to the Directors or the Management questions regarding the Company. At the Company's general meetings, each distinct issue is proposed as a separate resolution, and all resolutions will be voted on by poll.

The Chairman of the Board and the Chairman of each Board Committees is required to be present to address questions at the AGM. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.

After the AGM, the Company will make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentage. The Company Secretary prepares minutes of the AGM, which incorporate substantial comments or queries from shareholders and responses from the Board and the Management. Such minutes are available to shareholders upon their request.

The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

ADDITIONAL INFORMATION

5. DEALING IN SECURITIES

The Company has adopted a policy on dealings in securities in accordance with Rule 1204(19) of the Catalist Rules. The Directors and officers are prohibited to deal in the Company's securities, during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three (3) quarters of its financial year, and one (1) month before the announcement of the Company's full year financial results, and ending on the date of the announcement of the relevant results.

In addition, the Company, its Directors and officers of the Company are reminded (i) not to deal with the Company's securities for a short term considerations or if they are in possession of unpublished material price-sensitive information; and (ii) that they are required to report on their dealings in shares of the Company.

Directors and officers are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

6. MATERIAL CONTRACTS

There was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.

7. INTERESTED PERSONS TRANSACTIONS ("IPTs")

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis that are not prejudicial to the interests of the shareholders. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board. Save for as disclosed below, there is no other IPTs conducted during the financial year, which exceeds S$100,000 in value.

Name of Interested Person	**Aggregate value of all IPTs conducted during FY2019 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all IPTs conducted during FY2019 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**
	HK$'000	HK$'000
Shenzhen Kunda Precision Mould Co., Ltd Rental of factory premise at Bao Long Yi Road	1,785	–
Total	1,785	–

The Group does not have a general mandate obtained from shareholders for IPTs.

8. NON-SPONSOR FEES (RULE 1204(21))

Non-sponsor fees paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2019 was S$15,000.

9. RISK MANAGEMENT

The Board had not delegated the oversight responsibility of risk management to a separate committee. The Board, AC and Management assume the responsibility of the risk management function. Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

The Board would like to highlight to shareholders that the Group relies significantly on direct sales to two major customers which accounted for approximately 50.3% of the Group's total revenue in FY2019 as compared to 63.1% in financial year ended 31 March 2018. The Group is actively seeking to diversifying its revenue base through diversifying the customer base of our existing businesses and seeking new business ventures.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of China Kunda Technology Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2019.

1. Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Cai Kaoqun
Cai Kaobing
Ho Chew Thim
Lim Yit Keong
Hau Khee Wee

3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Ordinary shares of the Company				
Cai Kaoqun	–	–	123,084,000	123,084,000
Cai Kaobing	–	–	19,200,000	19,200,000
Hau Khee Wee	200,000	200,000	–	–

China Hongda Holdings Limited ("CHH") and Good Moral Technology Limited ("GMT") holds 123,084,000 and 19,200,000 shares in the Company respectively.

Mr. Cai Kaoqun holds 100% equity interests in CHH and Mr. Cai Kaobing hold 80% equity interests in GMT. By virtue of their controlling interest of not less than 20% in CHH and GMT respectively, Mr. Cai Kaoqun and Mr. Cai Kaobing are deemed under section 7 of the Singapore Companies Act, Chapter 50, to have an interest in the shares of the Company held by CHH and GMT respectively.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2019.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

5. Options

No options were issued by the Company during the financial year. As at 31 March 2019, there were no options on the unissued shares of the Company or any other body corporate which were outstanding.

6. Audit committee

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance. The functions performed and further details are set up in the Corporate Governance Report.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

6. Audit committee (continued)

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Cai Kaoqun
Director

Cai Kaobing
Director

25 June 2019

Report on the audit of the financial statements

Opinion

We have audited the financial statements of China Kunda Technology Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2019, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment for trade receivables

The gross balance of the Group's trade receivables as of 31 March 2019 is HK$10.6 million, against which allowance for expected credit losses of HK$0.7 million was made. The Group determines expected credit losses of trade receivables by making debtor-specific assessment of expected impairment loss for long overdue trade receivables, and using a provision matrix for the remaining trade receivables that is based on its historical credit loss experience, adjusted for forward-looking information specific to the debtors and economic environment. This assessment involved significant judgement and accordingly, we determine that this is a key audit matter.

Impairment for trade receivables (continued)

As part of our audit, we obtained an understanding of the Group's processes and controls relating to the determination of expected credit losses of trade receivables and considered ageing of trade receivables to identify collection risks. Our audit procedures included, amongst others, requesting confirmation of selected trade receivable balances, obtaining evidence of receipts from these debtors subsequent to the year-end, and discussing the identified collection issues with the relevant business managers. We evaluated management's assumptions and inputs used in determining the expected credit losses through ageing analyses, review of historical credit loss experiences, and consideration of the data and information that management has used to make forward-looking adjustments. We checked the arithmetic accuracy of the computation of expected credit losses. We also assessed the adequacy of the Group's disclosures concerning trade receivable in Note 15 *Trade and other receivables*, and the related risks such as credit risk and liquidity risk in Note 27 *Financial risk management objectives and policies* to the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Po Hsiong Jonathan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
25 June 2019

(Amounts expressed in Hong Kong Dollars)

	Note	2019 HK$'000	2018 HK$'000
Continuing operations			
Revenue	4	39,672	48,829
Cost of sales		(29,650)	(33,029)
Gross profit		10,022	15,800
Other items of income			
Interest income	5	578	373
Other income	6	2,562	475
Other items of expense			
Selling and distribution expenses		(2,571)	(2,244)
General and administrative expenses		(14,946)	(13,111)
Other expenses	7	(408)	(2,612)
Loss before tax from continuing operations	8	(4,763)	(1,319)
Income tax expense	9	–	(149)
Loss from continuing operations, net of tax		(4,763)	(1,468)
Discontinued operation			
Profit from discontinued operation, net of tax	11(d)	1,034	20,178
(Loss)/Profit for the year		(3,729)	18,710
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		(4,763)	(1,468)
Profit from discontinued operation, net of tax		590	11,579
(Loss)/Profit for the year attributable to owners of the Company		(4,173)	10,111
Non-controlling interests			
Profit from discontinued operation, net of tax		444	8,599
Profit for the year attributable to non-controlling interests		444	8,599
Loss per share from continuing operations attributable to owners of the Company(HK cents per share)			
Basic and diluted	10 (a)	(1.2)	(0.4)
(Loss)/Earnings per share (HK cents per share)			
Basic and diluted	10 (b)	(1.0)	2.5

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

(Amounts expressed in Hong Kong Dollars)

	Note	2019 HK$'000	2018 HK$'000
(Loss)/Profit for the year		(3,729)	18,710
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation, net of tax	23(c)	(3,980)	4,637
Items that will not be reclassified subsequently to profit or loss			
Foreign currency translation, net of tax	23(c)	(4,390)	6,977
Other comprehensive income for the year, net of tax		(8,370)	11,614
Total comprehensive income for the year		(12,099)	30,324
Attributable to:			
Owners of the Company		(10,246)	18,562
Non-controlling interests		(1,853)	11,762
Total comprehensive income for the year		(12,099)	30,324
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax		(7,458)	3,284
Total comprehensive income from discontinued operation, net of tax		(2,788)	15,278
Total comprehensive income for the year attributable to owners of the Company		(10,246)	18,562

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

(Amounts expressed in Hong Kong Dollars)

	Note	Group 2019 HK$'000	Group 31.3.2018 HK$'000	Group 1.4.2017 HK$'000	Company 2019 HK$'000	Company 31.3.2018 HK$'000	Company 1.4.2017 HK$'000
ASSETS							
Non-current assets							
Investment in subsidiaries	11	–	–	–	45,696	48,739	44,071
Property, plant and equipment	12	5,793	3,336	14,673	–	–	–
Prepayments	16	–	–	890	–	–	–
		5,793	3,336	15,563	45,696	48,739	44,071
Current assets							
Inventories	14	2,879	3,127	23,035	–	–	–
Trade and other receivables	15	10,481	54,082	41,308	–	–	–
Prepayments	16	1,088	72	3,479	70	72	65
Amounts due from related parties	17	128	–	–	15,949	23,142	25,370
Cash and cash equivalents	18	51,194	64,041	43,092	1,398	308	1,309
		65,770	121,322	110,914	17,417	23,522	26,744
Total assets		71,563	124,658	126,477	63,113	72,261	70,815
LIABILITIES							
Current liabilities							
Trade and other payables	19	5,214	8,577	39,303	–	–	–
Other liabilities	20	7,128	9,371	12,280	1,928	1,980	1,879
Amounts due to related parties	17	266	208	323	–	–	–
Deferred government grants	21	187	200	181	–	–	–
Income tax payable		49	1,914	326	–	–	–
		12,844	20,270	52,413	1,928	1,980	1,879
Net current assets		52,926	101,052	58,501	15,489	21,542	24,865
Total liabilities		12,844	20,270	52,413	1,928	1,980	1,879
Net assets		58,719	104,388	74,064	61,185	70,281	68,936
EQUITY							
Equity attributable to owners of the Company							
Share capital	22	148,309	148,309	148,309	148,309	148,309	148,309
Accumulated losses		(32,056)	(29,442)	(38,417)	(98,708)	(94,002)	(88,370)
Restructuring reserve	23	(74,397)	(74,397)	(74,397)	–	–	–
Statutory reserve fund	23	–	1,559	423	–	–	–
Foreign currency translation reserve	23	16,863	23,635	15,184	11,584	15,974	8,997
		58,719	69,664	51,102	61,185	70,281	68,936
Non-controlling interests		–	34,724	22,962	–	–	–
Total equity		58,719	104,388	74,064	61,185	70,281	68,936
Total equity and liabilities		71,563	124,658	126,477	63,113	72,261	70,815

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENT OF
CHANGES IN EQUITY
For the financial year ended 31 March 2019

(Amounts expressed in Hong Kong Dollars)

		Attributable to owners of the Company						
	Equity, total	**Equity attributable to owners of the Company, total**	**Share capital (Note 22)**	**Accumulated losses**	**Restructuring reserve (Note 23 (a))**	**Statutory reserve fund (Note 23(b))**	**Foreign currency translation reserve (Note 23(c))**	**Non-controlling interests**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group								
2019								
Opening balance at 1 April 2018 (SFRS(I) framework)	104,388	69,664	148,309	(29,442)	(74,397)	1,559	23,635	34,724
(Loss)/Profit for the year	(3,729)	(4,173)	–	(4,173)	–	–	–	444
Other comprehensive income								
Foreign currency translation	(8,370)	(6,073)	–	–	–	–	(6,073)	(2,297)
Other comprehensive income for the year, net of tax	(8,370)	(6,073)	–	–	–	–	(6,073)	(2,297)
Total comprehensive income for the year	(12,099)	(10,246)	–	(4,173)	–	–	(6,073)	(1,853)
Others								
Dividends paid to non-controlling interests	(6,348)	–	–	–	–	–	–	(6,348)
Appropriation to reserve	–	–	–	(58)	–	58	–	–
Disposal of subsidiaries	(27,222)	(699)	–	1,617	–	(1,617)	(699)	(26,523)
Total others	(33,570)	(699)	–	1,559	–	(1,559)	(699)	(32,871)
Closing balance at 31 March 2019	58,719	58,719	148,309	(32,056)	(74,397)	–	16,863	–
Group								
2018								
Opening balance at 1 April 2017 (SFRS(I) framework)	74,064	51,102	148,309	(38,417)	(74,397)	423	15,184	22,962
Profit for the year	18,710	10,111	–	10,111	–	–	–	8,599
Other comprehensive income								
Foreign currency translation	11,614	8,451	–	–	–	–	8,451	3,163
Other comprehensive income for the year, net of tax	11,614	8,451	–	–	–	–	8,451	3,163
Total comprehensive income for the year	30,324	18,562	–	10,111	–	–	8,451	11,762
Others								
Transfer to statutory reserve fund	–	–	–	(1,136)	–	1,136	–	–
Total others	–	–	–	(1,136)	–	1,136	–	–
Closing balance at 31 March 2018	104,388	69,664	148,309	(29,442)	(74,397)	1,559	23,635	34,724

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

(Amounts expressed in Hong Kong Dollars)

	Equity, total	Share capital (Note 22)	Accumulated losses	Foreign currency translation reserve (Note 23(c))
	HK$'000	HK$'000	HK$'000	HK$'000
Company				
2019				
Opening balance at 1 April 2018	70,281	148,309	(94,002)	15,974
Loss for the year	(4,706)	–	(4,706)	–
Other comprehensive income				
Foreign currency translation	(4,390)	–	–	(4,390)
Other comprehensive income for the year, net of tax	(4,390)	–	–	(4,390)
Total comprehensive income for the year	(9,096)	–	(4,706)	(4,390)
Closing balance at 31 March 2019	61,185	148,309	(98,708)	11,584
Company				
2018				
Opening balance at 1 April 2017	68,936	148,309	(88,370)	8,997
Loss for the year	(5,632)	–	(5,632)	–
Other comprehensive income				
Foreign currency translation	6,977	–	–	6,977
Other comprehensive income for the year, net of tax	6,977	–	–	6,977
Total comprehensive income for the year	1,345	–	(5,632)	6,977
Closing balance at 31 March 2018	70,281	148,309	(94,002)	15,974

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

CONSOLIDATED
CASH FLOW STATEMENT

For the financial year ended 31 March 2019

(Amounts expressed in Hong Kong Dollars)

	Note	Group 2019 HK$'000	Group 2018 HK$'000
Operating activities			
Loss before tax from continuing operations		(4,763)	(1,319)
(Loss)/profit before tax from discontinued operation	11	(394)	23,757
(Loss)/profit before tax, total		(5,157)	22,438
Adjustments for:			
Depreciation of property, plant and equipment	12	1,377	2,676
Impairment loss/(reversal of impairment loss) on inventories	7,11	286	(793)
Impairment loss on doubtful trade and other receivables	7,11	110	163
Gain on disposal of property, plant and equipment	6,11	(44)	(2,693)
Fixed assets written off	11	–	5,959
Interest income		(590)	(559)
Unrealised exchange (gain)/loss		(2,338)	2,709
Total adjustments		(1,199)	7,462
Operating cash flows before changes in working capital		(6,356)	29,900
Changes in working capital			
Decrease/(increase) in:			
Trade and other receivables		12,387	17,259
Inventories		(233)	21,922
Prepayments		(1,020)	3,570
(Decrease)/increase in:			
Trade and other payables		(2,791)	(32,937)
Other liabilities		(133)	(3,980)
Amount due to related parties, net		(57)	(89)
Total changes in working capital		8,153	5,745
Cash flows from operations		1,797	35,645
Interest received		590	559
Income taxes paid		(390)	(2,248)
Net cash flows generated from operating activities		1,997	33,956
Investing activities			
Purchase of property, plant and equipment	A	(4,005)	(1,869)
Proceeds from disposal of property, plant and equipment		44	8,965
Advances to non-controlling interests		–	(25,362)
Net cash outflow on disposal of subsidiaries		(773)	–
Net cash flows used in investing activities		(4,734)	(18,266)
Financing activities			
Dividends paid to non-controlling interests		(6,348)	–
Net cash flows used in financing activities		(6,348)	–
Net (decrease)/increase in cash and cash equivalents		(9,085)	15,690
Effect of exchange rate changes on cash and cash equivalents		(3,762)	5,259
Cash and cash equivalents at 1 April		64,041	43,092
Cash and cash equivalents at 31 March	18	51,194	64,041

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Notes to the consolidated cash flow statement

A. Purchase of property, plant and equipment

	Group	
	2019	**2018**
	HK$'000	HK$'000
Aggregate cost of property, plant and equipment acquired (Note 12)	4,005	2,751
Add: Payment for prior years acquisitions	–	49
Less: Movement of prepayments	–	(931)
Cash payments made to acquire property, plant and equipment	4,005	1,869

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

1. Corporate information

China Kunda Technology Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

For all periods up to and including the financial year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the financial year ended 31 March 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

2.2 *First-time adoption of SFRS(I))*

These financial statements for the financial year ended 31 March 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the financial year ended 31 March 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 April 2017, the Group's and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of new standards that are effective on 1 April 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

2. Summary of significant accounting policies (continued)

2.2 *First-time adoption of SFRS(I)) (continued)*

Exemptions applied on adoption of SFRS(I) (continued)

- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 *Financial Instruments*

On 1 April 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The comparative information was prepared in accordance with the requirements of FRS 39.

<u>Classification and measurement</u>

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018, and then applied retropectively to those financial assets that were not derecognied before 1 April 2018.

2. Summary of significant accounting policies (continued)

2.2 *First-time adoption of SFRS(I)) (continued)*

SFRS(I) 9 *Financial Instruments (continued)*

Classification and measurement (continued)

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. The Group has determined that for its bill receivables, its business model is to hold the debt instrument to collect contractual cash flows and sell, and accordingly measured at FVOCI when it applies SFRS(I) 9.There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The initial application of SFRS(I) 9 did not have any material impact to the Group's and Company's expected loss allowance.

The Group has assessed which business model apply to the financial assets held by the Group at 1 January 2018 and had classified its financial instruments into the appropriate categories in accordance with SFRS(I) 9. The effects before tax impact are as follow :

Financial assets:		**Group**	
	FRS 39 carrying amount on 31 March 2018	**Re-classifications**	**SFRS(I) 9 carrying amount on 1 April 2018**
	HK$'000	HK$'000	HK$'000
FVOCI	12,673	(12,673)	–
Reclassified from bill receivables at amortised cost	–	12,673	12,673
FVOCI balances, reclassifications at 1 January 2018	12,673	–	12,673

Tax and other adjustments

There is no significant tax impact arising from adoption of SFRS(I) 9.

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group is in the business of manufacturing and sales of In-Mould Decoration ("IMD") and Plastic Injection Parts and Furniture. The Group has assessed that the adoption of SFRS(I) 15 does not have any impact to the Group.

2. Summary of significant accounting policies (continued)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
The Conceptual Framework for Financial Reporting	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the accounting standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of ‘low value’ assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 April 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate as of 1 April 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 April 2019; and

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

2. Summary of significant accounting policies (continued)

2.3 *Standards issued but not yet effective (continued)*

SFRS(I) 16 Leases (continued)

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16. Based on the Group's assessment, the adoption of SFRS(I) 16 is not expected to have a material impact to the Group.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Consolidation of the subsidiaries in Hong Kong and PRC is based on the subsidiaries' financial statements prepared in accordance with SFRS(I). Profits reflected in the financial statements prepared in accordance with SFRS(I) may differ from those reflected in the Hong Kong and PRC statutory financial statements of the subsidiaries, prepared for Hong Kong and PRC statutory reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the Hong Kong and PRC subsidiaries are based on the amounts stated in their respective statutory financial statements.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

2. Summary of significant accounting policies (continued)

2.4 *Basis of consolidation and business combinations (continued)*

(b) *Business combinations and goodwill (continued)*

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The financial statements are presented in Hong Kong Dollars. The functional currency of the Company is Renminbi ("RMB"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into RMB and then into HKD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

		Years
Office equipment	–	2 to 5
Plant and machinery	–	3 to 10
Motor vehicles	–	4 to 5
Renovations	–	3 to 5

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2.8 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

(i) *Research and development costs*

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised on a straight-line basis over their estimated useful life of 5 years.

2. Summary of significant accounting policies (continued)

2.8 *Intangible assets (continued)*

(ii) *Computer software*

Computer software which is acquired separately is amortised on a straight-line basis over its finite useful life, ranging from 3 to 5 years.

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss, unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 *Financial instruments*

(a) *Financial assets*

<u>Initial recognition and measurement</u>

Financial assets are recognised when, and only when, the Group becomes party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. Summary of significant accounting policies (continued)

2.11 *Financial instruments (continued)*

(a) *Financial assets (continued)*

Initial recognition and measurement (continued)

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gain and losses and interest calculated using the effective interest method are recognised in profit or loss.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequent measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

2. Summary of significant accounting policies (continued)

2.11 *Financial instruments (continued)*

(a) Financial assets (continued)

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.12 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of exposure, irrespective of timing of the default (a lifetime ECL).

2. Summary of significant accounting policies (continued)

2.12 *Impairment of financial assets (continued)*

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For bill receivables at fair value through OCI, the Group accesses the credit risk of the financial institution, which issues the bills at every reporting date. The Group evaluates whether the bills are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand.

2.14 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted-average cost basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted-average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (continued)

2.16 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred government grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants related to income are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss, under the general heading "Other income".

2.17 *Employee benefits*

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore Company in the Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Subsidiaries incorporated in the PRC are required to provide certain staff pension benefits to their employees under existing PRC legislation. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for paying pensions to the PRC's subsidiaries' retired employees.

2.18 *Leases*

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (continued)

2.19 *Discontinued operations*

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of separate major line of business or geographical area of operations.

2.20 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of IMD mould and IMD products*

Revenue from the sale of IMD mould and sale of IMD products is recognised at a point in time when control of the goods are transferred to the customer, generally upon delivery.

(b) *Sale of furniture*

Revenue from the sale of furniture is recognised at a point in time when control of the goods are transferred to the customer, generally upon delivery.

(c) *Interest income*

Interest income is recognised using the effective interest method.

2.21 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Summary of significant accounting policies (continued)

2.21 *Taxes (continued)*

(b) *Deferred tax (continued)*

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (continued)

2.21 *Taxes (continued)*

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.22 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.23 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial period.

3. Significant accounting judgments and estimates (continued)

3.1 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 15.

The carrying amount of trade receivables as at 31 December 2018 are HK$9,512,000 (31 March 2018: HK$14,539,000, 1 April 2017: $36,140,000) respectively.

4. Revenue

(a) Disaggregation of revenue

Segments	IMD and Plastic Injection Parts		Furniture		Total revenue	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Primary geographical markets						
People's Republic of China ("PRC")	34,370	47,825	2,356	–	36,726	47,825
Others	2,946	1,004	–	–	2,946	1,004
	37,316	48,829	2,356	–	39,672	48,829
Major products						
IMD products	36,284	46,424	–	–	36,284	46,424
IMD moulds	1,032	2,405	–	–	1,032	2,405
Furniture	–	–	2,356	–	2,356	–
	37,316	48,829	2,356	–	39,672	48,829
Timing of transfer of goods						
At a point in time	37,316	48,829	2,356	–	39,672	48,829

4. Revenue (continued)

(b) Contract liabilities

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

	Group		
	2019	**31.3.2018**	**1.4.2017**
	HK$'000	HK$'000	HK$'000
Contract liabilities	1,312	1,017	2,268

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

Contract liabilities are recognised as revenue as the Group performs under the contract.

5. Interest income

	Group	
	2019	**2018**
	HK$'000	HK$'000
Interest income from bank balances	578	373

6. Other income

	Group	
	2019	**2018**
	HK$'000	HK$'000
Gain on disposal of property, plant and equipment	44	116
Sale of raw materials/scrap materials	120	36
Government grants related to income	60	323
Net foreign exchange gain	1,639	–
Foreign currency translation reclassified from other comprehensive income on loss of control in subsidiaries	699	–
	2,562	475

7. Other expenses

	Group	
	2019	**2018**
	HK$'000	HK$'000
Net foreign exchange loss	–	2,709
Impairment loss on trade and other receivables	110	17
Impairment loss/(reversal) of impairment loss on inventories	286	(114)
Others	12	–
	408	2,612

8. Loss before tax from continuing operations

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

		Group	
	Note	**2019**	**2018**
		HK$'000	HK$'000
Audit fees:			
- Auditors of the Company		376	375
- Other auditors		351	354
Non-audit fees paid to auditors of the Company		35	29
Commission expense		910	499
Depreciation of property, plant and equipment		1,377	1,006
Employee benefits expense	24	16,166	16,166
Operating lease expense	26	1,785	966
Research expenses		2,412	1,498
Inventories recognised as an expense in cost of sales	14	28,931	32,042

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2019 and 2018 are:

	Group	
	2019	**2018**
	HK$'000	HK$'000
Consolidated income statement:		
Current income taxation:		
- Current income taxation	–	(36)
- Under provision in respect of previous years	–	(113)
Income tax attributable to continuing operations	–	(149)
Income tax attributable to discontinued operation (Note 11(d))	1,428	(3,579)
Income tax credit/(expense) recognised in profit and loss	1,428	(3,728)

9. Income tax expense (continued)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 31 March 2019 and 2018 is as follows:

	Group	
	2019	**2018**
	HK$'000	HK$'000
Loss before tax from continuing operations	(4,763)	(1,319)
(Loss)/profit before tax from discontinued operation (Note 11(d))	(394)	23,757
Accounting (loss)/profit before tax	(5,157)	22,438
Tax at the domestic rates applicable to profits in the countries where the Group operates	(90)	(5,568)
Adjustments:		
Non-deductible expenses	(899)	(1,686)
Income not subject to taxation	1,471	2,511
Deferred tax assets not recognised	(655)	(96)
Over/(under) provision in respect of previous years	1,428	(131)
Benefits from previously unrecognised tax losses	173	1,242
Income tax credit/(expense) recognised in profit or loss	1,428	(3,728)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

(i) China Kunda Technology Holdings Limited (the "Company")

The Company is incorporated in Singapore and the corporate income tax rate applicable to the Company for the financial years ended 31 March 2019 and 31 March 2018 is 17%. No provision for income tax has been made as the Company has no assessable profits for the financial years ended 31 March 2019 and 31 March 2018.

(ii) Kunda Plastic Electronic (Shenzhen) Co., Ltd ("KPE)

Pursuant to the Enterprise Income Tax of the PRC (the "EIT Law") promulgated by the National People's Congress on 16 March 2007 (effective from 1 January 2008), resident and non-resident enterprises deriving income from the PRC are subject to Enterprise Income Tax ("EIT"). Under the EIT Law, EIT applies to all enterprises, including Foreign-invested enterprises and domestic enterprises. The general applicable EIT rate in the PRC is 25%.

During the financial year ended 31 March 2018, KPE qualified for the Technologically Advanced Domestic Enterprise status and obtained the approval from the relevant tax authorities. Accordingly, KPE is subjected to a reduced tax rate of 15% from 1 January 2017 to 31 December 2019.

9. Income tax expense (continued)

(iii) Kunda Industrial Limited ("BVI")

BVI was incorporated in the British Virgin Islands ("BVI") under the International Business Companies Act of the British Virgin Islands and, accordingly, is exempted from payment of British Virgin Islands income taxes. Under the prevailing PRC Income Tax Law, BVI is being treated as having a permanent establishment in the PRC as BVI rendered its services in the PRC through its employees stationed in Shenzhen. Accordingly, a portion of the technical service fee earned by BVI is regarded as onshore taxable income and is subjected to the PRC applicable tax rate of 25% for the financial year ended 31 March 2010. The rendering of technical services has ceased on 28 July 2009. Hence, BVI does not have any taxable profits for the financial year ended 31 March 2019.

(iv) Yick Kwan Tat Enterprise Co., Ltd. ("YKT")

YKT is incorporated in Hong Kong and is subjected to a tax rate of 16.5% for the financial years ended 31 March 2019 and 31 March 2018.

(v) Shenzhen Shi Er Ju Quan Wu Ding Zhi Co.,Ltd. ("SEJ")

Pursuant to the Enterprise Income Tax of the PRC (the "EIT Law") promulgated by the National People's Congress on 16 March 2007 (effective from 1 January 2008), resident and non-resident enterprises deriving income from the PRC are subject to Enterprise Income Tax ("EIT"). Under the EIT Law, EIT applies to all enterprises, including Foreign-invested enterprises and domestic enterprises. The general applicable EIT rate in the PRC is 25%. No provision for income tax has been made as SEJ has no assessable profits for the financial year ended 31 March 2019.

Unrecognised tax losses

As at the end of the reporting period, the Group has deductible tax losses of HK$4,116,000 (2018:HK$8,281,000), that are available for offset against future taxable profits of the companies in which the losses arose.

10. (Loss)/earnings per share

(a) *Continuing operations*

Basic loss per share from continuing operations are calculated by dividing loss from continuing operations, net of tax, attributable to owners of the Company by the weighted average of the 409,800,000(2018: 409,800,000) ordinary shares outstanding during the financial year.

The basic and diluted loss per share of the Group are the same as there were no potential dilutive ordinary shares outstanding as at 31 March 2019 and 2018.

10. (Loss)/earnings per share (continued)

(a) *Continuing operations (continued)*

The following tables reflect the (loss)/profit and share data used in the computation of basic and diluted loss per share for the financial years ended 31 March:

	Group	
	2019	**2018**
	HK$'000	HK$'000
(Loss)/profit for the year attributable to owners of the Company	(4,173)	10,111
Less: Profit from discontinued operation, net of tax, attributable to owners of the Company	(590)	(11,579)
Loss from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted loss per share from continuing operations	(4,763)	(1,468)

(b) *Earnings per share computation*

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted earnings per share computation. These profit and share data are presented in Note 10(a) above.

11. Investment in subsidiaries

	Company	
	2019	**2018**
	HK$'000	HK$'000
Shares, at cost	78,579	83,812
Impairment losses	(32,883)	(35,073)
	45,696	48,739

(a) ***Composition of the Group***

The Group has the following significant investments in subsidiaries.

Name of company	**Country of incorporation**	**Principal activities**	**Proportion (%) of ownership**	
			2019	**2018**
			%	%
Held by the Company				
Kunda Industrial Limited [1]	British Virgin Islands	Provision of technical services	100	100
Yick Kwan Tat Enterprise Company Limited. [2]	Hong Kong	Supply of raw materials, machinery and provision of management services for the purposes of manufacture and sale of plastic injection parts and sale of IMD products	100	100

11. Investment in subsidiaries (continued)

(a) *Composition of the Group (continued)*

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership 2019 %	2018 %
Held through Yick Kwan Tat Enterprise Company Limited:				
Kunda Plastic Electronics (Shenzhen) Company Limited.[3]	People's Republic of China	Manufacture and sale of moulds and IMD products	100	100
Held through Kunda Plastic Electronics (Shenzhen) Company Limited:				
Beijing Baiju Automobile Component Company Limited.[1]	People's Republic of China	Production and supply of plastic automobile components	–	57
Shenzhen Shi Er Ju Quan Wu Ding Zhi Company Limited.[1]	People's Republic of China	Production and supply of furniture and fittings	100	–
Held through Beijing Baiju Automobile Component Company Limited:				
Beijing Baiju Automobile Component Sales Company Limited[1]	People's Republic of China	Sale of automobile components and automobile moulds (dormant)	–	57

(1) Not required to be audited under the laws of the country of incorporation.

(2) Audited by Kevin Law & Co. Certified Public Accountants (Practising).

(3) Audited by Zhong Lian Certified Public Accountants (中联会计师事务所).

(b) *Interest in subsidiaries with material non-controlling interest (NCI)*

The Group had the following subsidiary that has NCI that was material to the Group as at 31 March 2018. As at 31 March 2019, the following subsidiary has been disposed.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest %	Profit allocated to NCI during the reporting period HK$'000	Accumulated NCI at the end of reporting period HK$'000	Dividends paid to NCI HK$'000
31 March 2018:					
Beijing Baiju Automobile Component Company Limited.	People's Republic of China	43	8,599	34,724	–

11. Investment in subsidiaries (continued)

(b) *Interest in subsidiaries with material non-controlling interest (NCI) (continued)*

Significant restrictions:

As at 31 March 2018, the nature and extent of significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests are:

Cash and cash equivalents of HK$8,171,000 held in People's Republic of China are subject to local exchange control regulations. These regulations places restriction on the amount of currency being exported other than through dividends.

(c) *Summarised financial information about subsidiaries with material NCI*

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Beijing Baiju Automobile Component Company Limited.	
	31.3.2018	**1.4.2017**
	HK$'000	HK$'000
Current		
Assets	85,067	80,099
Liabilities	(4,311)	(39,633)
Net current assets	80,756	40,466
Non-current		
Assets	–	12,935
Net assets	80,756	53,401

Summarised statement of comprehensive income

	Beijing Baiju Automobile Component Company Limited.
	2018
	HK$'000
Revenue	97,944
Profit before income tax	23,757
Income tax expense	(3,579)
Profit after tax	20,178
Other comprehensive income	6,810
Total comprehensive income	26,988

11. Investment in subsidiaries (continued)

(c) *Summarised financial information about subsidiaries with material NCI (continued)*

Other summarised information

	Beijing Baiju Automobile Component Company Limited. 2018 HK$'000
Net cash flows from operations	35,448
Acquisition of significant property, plant and equipment	1,305

(d) *De-consolidation of subsidiaries and discontinued operations*

On 14 August 2017, the Group had commenced the closure of the automobile component production facility in Beijing. In November 2017, the Group had ceased its production of automobile components in Beijing after the fulfilment of outstanding orders to the automobile component customers.

On 14 September 2018, the Company announced the entry into a sale and purchase agreement with an independent third-party purchaser to dispose Beijing Baiju Automobile Component Company Limited ("BBJ") and Beijing Baiju Automobile Component Sales Company Limited ("BBJS") through the sale of its 57% equity interest in BBJ at a consideration of approximately RMB 2.0 million (equivalent to HK$ 2,346,000). The consideration was fully settled in cash. The disposal was completed on 24 October 2018.

The value of assets and liabilities of BBJ and BBJS, recorded in the consolidated financial statements as at 24 October 2018, and the effects of the disposal are as follows:

	2019 HK$'000
Bill receivables	2,533
Cash and cash equivalents	3,119
Tax receivables	64
	5,716
Other payables	(35)
Other liabilities	(1,566)
Carrying value of net assets	4,115
Cash consideration	2,346
Cash and cash equivalents of the subsidiary	(3,119)
Net cash outflow on disposal of the subsidiary	(773)

11. Investment in subsidiaries (continued)

(d) *De-consolidation of subsidiaries and discontinued operations (continued)*

The operating performance of BBJ and BBJS had been presented separately under "Profit from discontinued operation, net of tax" on the Income Statement. The results of discontinued operation for the period are presented below :

Income statement disclosures

The results of discontinued operations for the financial years ended 31 March are as follows:

	Group	
	2019	**2018**
	HK$'000	HK$'000
Revenue	–	97,944
Expenses	(406)	(71,524)
(Loss)/profit from operations	(406)	26,420
Interest income	12	186
Gain on disposal of property, plant and equipment	–	2,577
Fixed assets written off	–	(5,959)
Impairment loss on trade and other receivables	–	(146)
Reversal of impairment loss on inventories	–	679
(Loss)/profit before tax from discontinued operation	(394)	23,757
Income tax credit/(expense)	1,428	(3,579)
Profit from discontinued operation, net of tax	1,034	20,178

Cash flow statement disclosures

The cash flows attributable to discontinued operations are as follows:

	Group	
	2019	**2018**
	HK$'000	HK$'000
Operating	1,296	35,448
Investing	–	(16,979)
Financing	(6,348)	–
Net cash (outflows)/inflows	(5,052)	18,469

	Group	
	2019	**2018**
Earnings per share disclosures		
Earninlgs per share from discontinued operation attributable to owners of the Company (HK cents per share)		
Basic and diluted	0.1	2.8

The basic and diluted earnings per share from discontinued operation are calculated by dividing the profit from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic loss per share and diluted earnings per share computation.

12. Property, plant and equipment

Group	Office equipment HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Renovations HK$'000	Construction in progress HK$'000	Total HK$'000
Cost						
At 1 April 2017	1,522	55,313	2,367	11,736	–	70,938
Additions	–	1,450	785	386	130	2,751
Disposals	(1,383)	(31,268)	(844)	(9,488)	–	(42,983)
Exchange differences	82	2,948	206	717	7	3,960
At 31 March 2018 and 1 April 2018	221	28,443	2,514	3,351	137	34,666
Additions	114	820	–	154	2,917	4,005
Disposals	–	(255)	–	–	–	(255)
De-consolidation of subsidiaries	–	–	(475)	–	–	(475)
Transfer	–	–	–	3,046	(3,046)	–
Exchange differences	(14)	(1,073)	(80)	(209)	(8)	(1,384)
At 31 March 2019	321	27,935	1,959	6,342	–	36,557
Accumulated depreciation						
At 1 April 2017	1,116	49,564	1,117	4,468	–	56,265
Depreciation charge for the year	227	1,190	433	826	–	2,676
Disposals	(1,186)	(25,608)	(430)	(3,528)	–	(30,752)
Exchange differences	64	2,648	112	317	–	3,141
At 31 March 2018 and 1 April 2018	221	27,794	1,232	2,083	–	31,330
Depreciation charge for the year	3	240	361	773	–	1,377
Disposals	–	(255)	–	–	–	(255)
De-consolidation of subsidiaries	–	–	(475)	–	–	(475)
Exchange differences	(14)	(1,033)	(36)	(130)	–	(1,213)
At 31 March 2019	210	26,746	1,082	2,726	–	30,764
Net carrying amount						
At 1 April 2017	406	5,749	1,250	7,268	–	14,673
At 31 March 2018	–	649	1,282	1,268	137	3,336
At 31 March 2019	111	1,189	877	3,616	–	5,793

13. Intangible assets

Group	Deferred development costs HK$'000	Computer software HK$'000	Total HK$'000
Cost			
At 1 April 2017	37,996	87	38,083
Exchange differences	4,025	9	4,034
At 31 March 2018 and 1 April 2018	42,021	96	42,117
Exchange differences	(2,624)	1	(2,623)
De-consolidation of subsidiaries	–	(97)	(97)
At 31 March 2019	39,397	–	39,397
Accumulated amortisation and impairment			
At 1 April 2017	37,996	87	38,083
Exchange differences	4,025	9	4,034
At 31 March 2018 and 1 April 2018	42,021	96	42,117
Exchange differences	(2,624)	1	(2,623)
De-consolidation of subsidiaries	–	(97)	(97)
At 31 March 2019	39,397	–	39,397
Net carrying amount			
At 31 March 2018, 1 April 2018 and 31 March 2019	–	–	–

Deferred development costs

Deferred development costs relate to the development expenditure on moulds and IMD products.

All research costs and development costs not eligible for capitalisation have been expensed and are recognised in the "General and administrative expenses" line item in profit or loss.

14. Inventories

		Group	
	2019	**31.3.2018**	**1.4.2017**
	HK$'000	HK$'000	HK$'000
Balance sheet:			
Raw materials (at cost)	1,202	1,463	4,783
Work-in-progress (at cost)	1,035	1,096	1,484
Finished goods (at cost or net realizable value)	642	568	16,768
	2,879	3,127	23,035

	2019	**2018**
	HK$'000	HK$'000
Income statement:		
Inventories recognised as an expense in cost of sales (Note 8)	28,931	32,042
Impairment loss on inventories included in the "Other expenses/(credit)" line item in profit or loss	285	(114)

Reversal of impairment loss mainly relates to reversal of impairment loss on inventories from the Group's automobile segment upon realisation of costs in profit or loss.

15. Trade and other receivables

		Group			Company	
	2019	**31.3.2018**	**1.4.2017**	**2019**	**31.3.2018**	**1.4.2017**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables	9,512	14,539	36,140	–	–	–
Bills receivables	596	12,673	3,069	–	–	–
Deposits	1	1	1	–	–	–
Other receivables	372	26,869	2,098	–	–	–
Total trade and other receivables	10,481	54,082	41,308	–	–	–
Add: Amounts due from related parties (Note 17)	128	–	–	15,949	23,142	25,370
Add: Cash and cash equivalent (Note 18)	51,194	64,041	43,092	1,398	308	1,309
Less: Bills receivables at FVOCI	(596)	–	–	–	–	–
Total financial assets carried at amortised cost	61,207	118,123	84,400	17,347	23,450	26,679

15. Trade and other receivables (continued)

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies at 31 March are as follows:

	Group		
	2019	**31.3.2018**	**1.4.2017**
	HK$'000	HK$'000	HK$'000
Hong Kong Dollars	–	–	628
US Dollars	147	87	–

Bills receivables

Bills receivables are generally on 30 to 180 days' terms (2018: 30 to 180 days, 2017: 30 to 180 days). The information on effect on adoption of SFRS(I)9 had been disclosed in Note 2.2.

Other receivables

Other receivables are unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

Amount due from related parties

Amount due from related parties are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Receivables that are past due but not impaired

The Group has trade receivables amounting to HK$1,488,000 as at 31 March 2018 and HK$1,604,000 as at 1 April 2017 that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	31.3.2018	**1.4.2017**
	HK$'000	HK$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	203	962
30 to 60 days	25	521
61-90 days	–	95
More than 91 days	1,260	26
	1,488	1,604

15. Trade and other receivables (continued)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	31.3.2018	**1.4.2017**
	HK$'000	HK$'000
Trade receivables – nominal amount	1,177	910
Less: Allowance for impairment	(1,177)	(910)
	–	–

	Group	
	31.3.2018	**1.4.2017**
	HK$'000	HK$'000
Movement in allowance accounts:		
At 1 April	910	1,010
Charge for the year	162	–
Recovered during the year	–	(39)
Exchange differences	105	(61)
At 31 March	1,177	910

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are long outstanding with no clear indication of future payment dates. These receivables are not secured by any collateral or credit enhancements.

Expected credit loss

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group
	2019
	HK$'000
Movement in allowance accounts:	
At 1 April	1,177
Charge for the year	110
De-consolidation of subsidiaries	(514)
Exchange differences	(81)
At 31 March	692

16. Prepayments

	Group			Company		
	2019	**31.3.2018**	**1.4.2017**	**2019**	**31.32018**	**1.4.2017**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current:						
Advances to suppliers	1,018	–	3,192	–	–	–
Prepaid operating expenses	70	72	287	70	72	65
	1,088	72	3,479	70	72	65
Non-current:						
Prepayment for purchase of property, plant and equipment	–	–	890	–	–	–

17. Amounts due from/to related parties

	Group			Company		
	2019	**31.3.2018**	**1.4.2017**	**2019**	**31.32018**	**1.4.2017**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amounts due from related parties						
Subsidiaries, non-trade (1)	–	–	–	15,949	23,142	25,370
Director-related company, non-trade(2)	128	–	–	–	–	–
	128	–	–	15,949	23,142	25,370
Amounts due to related parties						
Director-related company, trade(3)	–	156	192	–	–	–
Director, non-trade (4)	266	52	131	–	–	–
	266	208	323	–	–	–

(1) The amounts due from subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

(2) The amount due from a director-related company is unsecured, non-interest bearing and repayable on demand.

(3) The amount due to a director-related company is unsecured, non-interest bearing and repayable on demand.

(4) The amount due to a director is unsecured, non-interest bearing and repayable on demand.

18. Cash and cash equivalents

	Group			Company		
	2019	31.3.2018	1.4.2017	2019	31.32018	1.4.2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cash at banks and on hand	33,647	18,500	43,092	1,398	308	1,309
Short -term deposits	17,547	45,541	–	–	–	–
	51,194	64,041	43,092	1,398	308	1,309

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rate as at 31 March 2019 for the Group was 0.7% (2018: 1.1%, 2017: 0.3%).

Cash and cash equivalents denominated in foreign currencies at 31 March are as follows:

	Group			Company		
	2019	31.3.2018	1.4.2017	2019	31.32018	1.4.2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Singapore Dollar	1,398	308	1,309	1,398	308	1,309
US Dollar	1,751	–	–	–	–	–

19. Trade and other payables

	Group			Company		
	2019	31.3.2018	1.4.2017	2019	31.32018	1.4.2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	4,979	8,170	36,615	–	–	–
Payable to suppliers of property, plant and equipment	–	–	49	–	–	–
Other payables	235	407	2,639	–	–	–
Total trade and other payables	5,214	8,577	39,303	–	–	–
Add: Amounts due to related parties (Note 17)	266	208	323	–	–	–
Add: Accrued operating expenses (Note 20)	5,247	7,512	9,660	1,928	1,980	1,879
Total financial liabilities carried at amortised cost	10,727	16,297	49,286	1,928	1,980	1,879

<u>Trade payables</u>

Trade payables are non-interest bearing and are normally settled on 30 to 120 days' terms.

20. Other liabilities

	Group			Company		
	2019	31.3.2018	1.4.2017	2019	31.3.2018	1.4.2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Accrued operating expenses	5,247	7,512	9,660	1,928	1,980	1,879
Contract liabilities	1,312	1,017	2,268	–	–	–
VAT and other tax payables	569	842	352	–	–	–
	7,128	9,371	12,280	1,928	1,980	1,879

21. Deferred government grants

	Group		
	2019	31.3.2018	1.4.2017
	HK$'000	HK$'000	HK$'000
Cost:			
At 1 April	2,695	2,437	2,598
Exchange differences	(168)	258	(161)
At 31 March	2,527	2,695	2,437
Accumulated amortisation:			
At 1 April	2,495	2,256	2,406
Exchange differences	(155)	239	(150)
At 31 March	2,340	2,495	2,256
Net carrying amount:			
Current	187	200	181

Deferred capital grants mainly relate to government grants received for the development of certain projects undertaken by the Group's subsidiary in People's Republic of China to promote technology advancement. The conditions attached to these grants had not been fulfilled.

22. Share capital

	Group and Company					
	2019		31.3.2018		1.4.2017	
	No. of shares		No. of shares		No. of shares	
	'000	HK$'000	'000	HK$'000	'000	HK$'000
Issued and fully paid ordinary shares						
At 1 April and at 31 March	409,800	148,309	409,800	148,309	409,800	148,309

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

23. Other reserves

(a) *Restructuring reserve*

This represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares and capital reserve of subsidiaries acquired which is accounted for under "merger accounting".

(b) *Statutory reserve fund*

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the reserve fund reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

(c) *Foreign currency translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of operations whose functional currencies are different from that of the Group's presentation.

24. Segment Information

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

(a) *In-Mould Decoration ("IMD") and 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.

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

(b) *Furniture*

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

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

24. Segment information (continued)

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.

2019	IMD and Plastic injection parts HK$'000	Furniture HK$'000	Note	Per consolidated financial statements HK$'000
Revenue				
Sales to external customers	37,316	2,356		39,672
Segment results:				
Segment gross profit	9,811	211		10,022
Depreciation of property, plant and equipment	(1,221)	(156)		(1,377)
Impairment loss on trade and other receivables	(110)	–		(110)
Impairment loss on inventories	(286)	–		(286)
Gain on disposal of property, plant and equipment	44	–		44
Research expenses	(2,412)	–		(2,412)
Unallocated expenses, net			A	(10,644)
Loss before tax				(4,763)
Assets:				
Additions to non-current assets	829	3,176	B	4,005
Segment assets:	63,001	8,562	C	71,563
Segment liabilities:	12,603	241	D	12,844

24. Segment information (continued)

2018	IMD and Plastic injection parts HK$'000	Adjustments/ Eliminations HK$'000	Note	Per consolidated financial statements HK$'000
Revenue				
Sales to external customers	48,829	–		48,829
Results:				
Segment gross profit	15,800	–		15,800
Depreciation of property, plant and equipment	(1,006)	–		(1,006)
Impairment loss on trade and other receivables	(17)	–		(17)
Reversal of impairment loss on inventories	114	–		114
Gain on disposal of property, plant and equipment	116	–		116
Research expenses	(1,498)	–		(1,498)
Unallocated expenses, net	(14,828)	–	A	(14,828)
Loss before tax	(1,319)	–		(1,319)
Assets:				
Additions to non-current assets	1,446	1,305	B	2,751
Segment assets:	71,150	49,508	C	120,658
Segment liabilities:	49,204	(28,934)	D	20,270

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

24. Segment information (continued)

A The net unallocated expenses mainly comprise of employee benefits and operating lease expenses under General and administrative expenses and employee benefits under Selling and distribution expenses.

	2019 HK$'000	2018 HK$'000
Unallocated employee benefits under General and administrative expenses	(6,951)	(7,127)
Unallocated employee benefits under Selling and distribution expenses	(1,126)	(715)
Unallocated operating lease expenses under General and administrative expenses	(463)	(68)
Unallocated net foreign exchange gain/(loss) under Other expenses	1,639	(2,709)
Unallocated government grant related to income under Other income	60	323
Unallocated cumulative exchange gain in respect of the net assets of the subsidiary reclassified from equity on loss of control of the subsidiary under Other income	699	–
Unallocated corporate expenses	(5,080)	(4,904)
Unallocated interest income	578	372
	(10,644)	(14,828)

B Additions to non-current assets consist of additions to property, plant and equipment.

C The following items are added to/(deducted from) segment assets to arrive at total assets as reported in the consolidated balance sheet:

	2019 HK$'000	2018 HK$'000
Assets of discontinued operation	–	85,067
Inter-segment assets	–	(35,559)
	–	49,508

D The following items are added to/(deducted from) segment liabilities to arrive at total assets as reported in the consolidated balance sheet:

	2019 HK$'000	2018 HK$'000
Liabilities of discontinued operation	–	7,225
Inter-segment liabilities	–	(36,159)
	–	(28,934)

24. Segment information (continued)

Geographical information

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

	Revenues		Non-Current Assets	
	2019	**2018**	**2019**	**2018**
	HK$'000	HK$'000	HK$'000	HK$'000
PRC	36,726	47,825	5,793	3,336
Europe	2,786	–	–	–
Others	160	1,004	–	–
	39,672	48,829	5,793	3,336

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

Information about major customers

Revenue from three major customers from the continuing operation amounted to HK$22,052,000 (2018: two major customers amounted to HK$30,796,000) arising from sales by the IMD and plastic injection parts and sales of furniture segment.

Employee benefits from continuing operation

	Group	
	2019	**2018**
	HK$'000	HK$'000
Employee benefits expense (including directors):		
Salaries and bonuses	13,768	13,229
Directors' fees (Note 25(b))	1,105	1,153
Contribution to defined contribution plans	662	541
Other personnel expenses	631	1,243
	16,166	16,166

25. Related party transactions

(a) *Sale and purchase of goods and services*

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

	Group	
	2019	**2018**
	HK$'000	HK$'000
Rental of factory premises charged by a director related company	1,785	966

(b) *Compensation of key management personnel*

	Group	
	2019	**2018**
	HK$'000	HK$'000
Salaries and bonuses	3,097	2,892
Directors' fees	1,105	1,153
Contribution to defined contribution plans	405	146
	4,607	4,191
Comprises amounts paid to:		
Directors of the Company	3,023	2,867
Other key management personnel	1,584	1,324
	4,607	4,191

26. Commitments

Operating lease commitments – as lessee

The Group's continuing operation has entered into commercial leases relating to the rental of factory and office premises. These leases have an average tenure of three months (2018: three months) with no contingent rent provision included in the contracts. Future minimum rental payable under non-cancellable operating leases (excluding land use rights) at the end of the reporting period are as follows:

	Group	
	2019	**2018**
	HK$'000	HK$'000
Not later than one year	526	269

The leases do not contain escalation clauses and restrictions on the Group's activities concerning dividends, additional debt or future leases.

Minimum lease payments recognised as an expense in the income statement for the financial year ended 31 March 2019 amounted to HK$1,785,000 (2018: HK$966,000).

27. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives for speculative purpose shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and amounts due from related parties. The Company's exposure to credit risk arises primarily from other receivables and amounts due from related parties. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. .

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

To assess whether there is a significant increase in credit risk, the Group and the Company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk other financial instruments of the same borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and change in the operating results of the borrower.

27. Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group and the Company continue to engage enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for financial assets.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables, using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision as at 31 March 2019 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix, grouped by product line:

IMD and Plastic injection parts	**Trade receivables past due**						
Group	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**121 to 365 days**	**>365 days**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2019							
Gross carrying amount	1,562	398	168	8	71	684	2,891
Loss allowance provision	–	–	–	–	(8)	(684)	(692)

As at end of reporting period, there has been no credit risk exposure on the Group's trade receivables within furniture segment.

Information regarding loss allowance movement of trade receivables are disclosed in Note 15.

27. Financial risk management objectives and policies (continued)

Credit risk (continued)

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the product sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group	
	2019	**2018**
	HK$'000	HK$'000
By products:		
IMD	8,336	11,257
Automobile components	–	3,282
Furniture	1,176	–
	9,512	14,539

As at 31 March 2019, approximately 52% (31 March 2018: 40%) of the Group's trade receivables relates to two major customers from IMD and plastic injection parts segment.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 (Trade and other receivables).

27. Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company actively manage its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of the overall liquidity management, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

Financial instruments whose cash flow amounts approximate carrying amounts

The Group has determined that the cash flows of cash and other short-term deposits, trade and other receivables, trade payables, other payables, accrued operating expenses and amount due to related parties, secured on their notional amounts, reasonably approximate their carrying amounts because these have contractual maturities for one year or less.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risks arises primarily from their cash at bank that earns interest income at floating interest rate.

Interest on financial instruments subject to floating interest rates is re-priced regularly. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 50 (2018: 50) basis points higher/lower with all other variables held constant, the Group's profit before tax would have been approximately HK$135,000 (2018: HK$72,000) higher/lower, arising mainly as a result of higher/lower interest income from floating rate deposits placed with the banks at the end of the reporting period.

Foreign currency risk

The Group holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in Singapore Dollar and United States Dollars.

The Group has not entered into any hedge transactions.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations in the People's Republic of China (PRC), Singapore (SG) and British Virgin Islands (BVI). The Group's net investments in PRC, SG and BVI are not hedged as the currency position in RMB is considered to be long-term in nature.

27. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, HKD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2019	**2018**
		HK$'000	HK$'000
		Loss after tax	Profit after tax
USD/ HKD	- strengthened 3% (2018: 3%)	(44)	–
	- weakened 3% (2018: 3%)	44	–
SGD/ RMB	- strengthened 3% (2018: 3%)	(35)	8
	- weakened 3% (2018: 3%)	35	(8)
USD/ RMB	- strengthened 3% (2018: 3%)	(4)	3
	- weakened 3% (2018: 3%)	4	(3)

28. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2019 and 2018.

As disclosed in Note 23(b), the Company's PRC subsidiaries are required by the relevant laws and regulations of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiaries for the financial years ended 31 March 2019 and 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, other liabilities, amount due to related parties, loans and borrowings and financial liabilities, net of cash and cash equivalents attributable to discontinued operations, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company less the abovementioned restricted statutory reserve fund.

28. Capital management (continued)

	Note	Group 2019 HK$'000	Group 2018 HK$'000
Trade payables and other payables	19	5,214	8,577
Other liabilities	20	7,128	9,371
Amounts due to related parties	17	266	208
Less: Cash and cash equivalents	18	(51,194)	(64,041)
Net cash surplus		(38,586)	(45,885)
Equity attributable to the owners of the Company		58,719	69,664
Less: Statutory reserve		–	(1,559)
Total capital		58,719	68,105
Capital and net cash surplus		20,133	22,220
Gearing ratio		–	–

29. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 25 June 2019.

Issued and fully paid up share capital	:	HK$148,309,000
Number of shares	:	409,800,000
Class of shares	:	Oridinary Shares
Voting rights	:	1 vote per ordinary share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	54	7.95	50,486	0.01
1,001 - 10,000	112	16.50	788,604	0.19
10,001 - 1,000,000	491	72.31	52,702,118	12.86
1,000,001 AND ABOVE	22	3.24	356,258,792	86.94
TOTAL	**679**	**100.00**	**409,800,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CHINA HONGDA HOLDINGS LIMITED	123,084,000	30.04
2	RHB SECURITIES SINGAPORE PTE. LTD.	46,961,000	11.46
3	PHILLIP SECURITIES PTE LTD	43,968,292	10.73
4	OCBC SECURITIES PRIVATE LIMITED	39,494,400	9.64
5	GOOD MORAL TECHNOLOGY LIMITED	19,200,000	4.69
6	DBS NOMINEES (PRIVATE) LIMITED	14,583,000	3.56
7	CHERRY EQUITY PARTNERS LIMITED	13,023,000	3.18
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	12,277,000	3.00
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	8,022,900	1.96
10	TEO AH BAN	4,790,000	1.17
11	TAN LYE SENG	4,318,300	1.05
12	TAN ENG CHUA EDWIN	3,745,200	0.91
13	RAFFLES NOMINEES (PTE.) LIMITED	3,701,300	0.90
14	KUAH HONG SIM	3,499,000	0.85
15	LIM & TAN SECURITIES PTE LTD	3,367,300	0.82
16	UOB KAY HIAN PRIVATE LIMITED	3,000,000	0.73
17	WA KOK LIANG	1,895,000	0.46
18	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,822,900	0.44
19	CHEN JING	1,650,000	0.40
20	YEAP AI MAY	1,480,000	0.36
	TOTAL	**353,882,592**	**86.35**

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 18 June 2019.

	No. of Ordinary Shares			
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
China Hongda Holdings Limited	123,084,000	30.04	–	–
Cai Kaoqun[1]	–	–	123,084,000	30.04

Note:

(1) Mr Cai Kaoqun is deemed to be interested in the 123,084,000 shares beneficially held by China Hongda Holdings Limited by virtue of his 100% shareholding in China Hongda Holdings Limited.

FREE FLOAT

As at 18 June 2019, approximately 65.22% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("**AGM**") of China Kunda Technology Holdings Limited (the "**Company**") will be held at 4 Shenton Way, SGX Centre 2 #17-01, Singapore 068807 on the 25th day of July 2019 at 9.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Audited Accounts for the financial year ended 31 March 2019 together with the Directors' Report and Independent Auditors' Report thereon.
Resolution 1

2. To approve the payment of Directors' Fees of S$200,000 for the financial year ended 31 March 2019 (2018: S$191,151).
Resolution 2

3. To re-elect Mr Cai Kaobing as Director of the Company retiring pursuant to Regulation 107 of the Company's Constitution.
[See Explanatory Note (i)] **Resolution 3**

4. To re-elect Mr Ho Chew Thim as Director of the Company retiring pursuant to Regulation 107 of the Company's Constitution.
[See Explanatory Note (ii)] **Resolution 4**

5. To re-elect Mr Lim Yit Keong as Director of the Company retiring pursuant to Regulation 107 of the Company's Constitution.
[See Explanatory Note (iii)] **Resolution 5**

6. To re-appoint Messrs Ernst & Young LLP, as Auditors of the Company and to authorise the Directors to fix their remuneration.
Resolution 6

7. To transact any other ordinary business which may be properly transacted at the AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolution:–

8. **Authority to allot and issue new shares in the capital of the Company**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), the Directors be and are hereby authorised to:

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments exchangeable into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below); and

(ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

(1) new Shares arising from the conversion or exercise of convertible securities;

(2) new Shares arising from exercising of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(3) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

(iv) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

Resolution 7

BY ORDER OF THE BOARD

ONG WEI JIN
COMPANY SECRETARY

10 July 2019
SINGAPORE

EXPLANATORY NOTES ON RESOLUTIONS TO BE PASSED:

(i) Mr Cai Kaobing will, upon re-election as a Director of the Company, remain as the Executive Director of the Company. Mr Cai Kaobing is the brother of Mr Cai Kaoqun, the Executive Chairman and Chief Executive Officer of the Company. Save as disclosed, there are no relationships (including immediate family relationships) between Mr Cai and the other Directors, the Company and its 10% shareholders.

(ii) Mr Ho Chew Thim will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee of the Company. Mr Ho will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Ho and the other Directors, the Company and its 10% shareholders.

(iii) Mr Lim Yit Keong will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company. Mr Lim will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Lim and the other Directors, the Company and its 10% shareholders.

NOTES:

(i) A member of the Company who is entitled to attend and vote at the AGM and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Act.

(ii) Where a member appoints multiple proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under its Common Seal or the hand of its attorney or its duly authorised officer.

(iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 4 Shenton way, SGX Centre 2 #17-01, Singapore 068807, not less than 48 hours before the time appointed for holding the AGM in order for the proxy to be entitled to attend, speak and vote at the AGM.

(v) A Depositor’s name must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the AGM in order to be entitled to attend and vote at the AGM.

PERSONAL DATA PRIVACY:

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

CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200712727W)

PROXY FORM
ANNUAL GENERAL MEETING

*I/We, ______________________ (Name) ______________ (*NRIC/Passport/Registration No.)

of ____ (Address)

being a *member/members of CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED (the "Company"), hereby appoint:

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

*and/or

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

or failing *him/her/them, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held at 4 Shenton Way, SGX Centre 2 #17-01, Singapore 068807 on 25 July 2019 at 9.00 a.m. and at any adjournment thereof.

*I/ We direct *my/our *proxy / proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter airising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. All Resolutions put to the vote at the AGM shall be decided by way of poll.

* Please delete accordingly.

(Please indicate your vote 'For' or 'Against' with a "X" within the box provided. Otherwise please indicate the number of votes)

No.	Resolutions relating to:	No. of Votes For	No. of Votes Against
Ordinary Business			
1.	Adoption of Audited Accounts, Directors' Statement and Independent Auditors' Report for the financial year ended 31 March 2019.		
2.	Payment of Directors' Fees of $200,000 for the financial year ended 31 March 2019.		
3.	Re-election of Mr Cai Kaobing as a Director of the Company.		
4.	Re-election of Mr Ho Chew Thim as a Director of the Company.		
5.	Re-election of Mr Lim Yit Keong as a Director of the Company.		
6.	Re-appointment of Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix the Auditors' remuneration.		
Special Business			
7.	Authority to Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50.		

Dated this ________ day of ______________ 2019

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 ("**SFA**")), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.

2. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at the AGM of the Company. Where such member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "relevant intermediary" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the Company's registered office at 4 Shenton Way, SGX Centre 2 #17-01, Singapore 068807 not less than 48 hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

8. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50.

9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited ("**CDP**") to the Company.

   In view of Section 81SJ(4) of the SFA, a depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the AGM. Any Shareholder who is holding his shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the AGM will not be entitled to attend and vote at the AGM. Accordingly, even if such shareholder deposits his proxy form forty-eight (48) hours before the AGM, his proxy will not be entitled to attend and vote at the AGM.

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

CORPORATE **INFORMATION**

Directors

Cai Kaoqun
Cai Kaobing
Ho Chew Thim
Lim Yit Keong
Hau Khee Wee

Company Secretaries

Ong Wei Jin
Chen Jianhao Kennedy

Registered Office

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

Bankers

Overseas-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited
Shenzhen Rural Commercial Bank
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank
Ping An Bank

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.(Member of Boardroom Limited)
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditor

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One Raffles Quay
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Partner in charge: Tan Po Hsiong Jonathan (since financial year ended 31 March 2017)

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