



# CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

## Unaudited Financial Statements for the Financial Period ended 30 September 2019

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

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

<b><u>Consolidated Income Statement</u></b>	Note	Group (HK\$'000)		Change %	Group (HK\$'000)		Change %
		3 months ended 30-Sep-19 ("2Q2020")	3 months ended 30-Sep-18 ("2Q2019")		6 months ended 30-Sep-19 ("1H2020")	6 months ended 30-Sep-18 ("1H2019")	
<b><u>Continuing operations</u></b>							
Revenue		14,078	7,454	88.9	25,246	16,357	54.3
Cost of sales		(10,001)	(6,261)	59.7	(17,930)	(13,175)	36.1
<b>Gross profit</b>		<b>4,077</b>	<b>1,193</b>	241.7	<b>7,316</b>	<b>3,182</b>	129.9
<b>Other items of income</b>							
Interest income		149	105	41.9	344	307	12.1
Other income	1	334	1,806	(81.5)	468	3,278	(85.7)
<b>Other items of expense</b>							
Selling and distribution expenses		(701)	(457)	53.4	(1,212)	(839)	44.5
General and administrative expenses		(4,878)	(3,281)	48.7	(9,157)	(6,665)	37.4
Other credit/(charges)	2	110	(263)	n.m.	110	(263)	n.m.
<b>Loss before taxation</b>	3	<b>(909)</b>	<b>(897)</b>	1.3	<b>(2,131)</b>	<b>(1,000)</b>	113.1
<b>Loss from continuing operations, net of tax</b>		<b>(909)</b>	<b>(897)</b>	1.3	<b>(2,131)</b>	<b>(1,000)</b>	113.1
<b><u>Discontinued operation</u></b>							
<b>Profit from discontinued operation, net of tax</b>	4	-	1,426	n.m.	-	1,034	n.m.
<b>(Loss)/Profit for the period</b>		<b>(909)</b>	<b>529</b>	n.m.	<b>(2,131)</b>	<b>34</b>	n.m.

n.m. : not meaningful

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

	Group			Group		
	2Q2020	2Q2019	Change	1H2020	1H2019	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Attributable to:</b>						
<b>Owners of the Company</b>						
Loss from continuing operations, net of tax	(909)	(897)	1.3	(2,131)	(1,000)	113.1
Profit from discontinued operations, net of tax	-	813	n.m.	-	590	n.m.
<b>Loss for the period attributable to owners of the Company</b>	<b>(909)</b>	<b>(84)</b>	982.1	<b>(2,131)</b>	<b>(410)</b>	419.8
<b>Non-controlling interests</b>						
Profit from discontinued operations, net of tax	-	613	n.m.	-	444	n.m.
<b>Profit for the period attributable to non-controlling interests</b>	<b>-</b>	<b>613</b>	n.m.	<b>-</b>	<b>444</b>	n.m.
<b>(Loss)/Profit for the period</b>	<b>(909)</b>	<b>529</b>	n.m.	<b>(2,131)</b>	<b>34</b>	n.m.
<b>Other comprehensive income:</b>						
Items that may be subsequently reclassified to profit & loss:						
Foreign currency translation	(1,458)	(1,738)	(16.1)	(2,638)	(4,561)	(42.2)
Items that may not be subsequently reclassified to profit & loss:						
Foreign currency translation	(503)	(2,586)	(80.5)	(944)	(6,105)	(84.5)
<b>Other comprehensive income for the period, net of tax</b>	<b>(1,961)</b>	<b>(4,324)</b>	(54.6)	<b>(3,582)</b>	<b>(10,666)</b>	(66.4)
<b>Total comprehensive income for the period</b>	<b>(2,870)</b>	<b>(3,795)</b>	(24.4)	<b>(5,713)</b>	<b>(10,632)</b>	(46.3)
<b>Attributable to:</b>						
<b>Owners of the Company</b>						
Owners of the Company	(2,870)	(3,610)	(20.5)	(5,713)	(8,779)	(34.9)
Non-controlling interests	-	(185)	n.m.	-	(1,853)	n.m.
<b>Total comprehensive income for the period</b>	<b>(2,870)</b>	<b>(3,795)</b>	(24.4)	<b>(5,713)</b>	<b>(10,632)</b>	(46.3)
<b>Attributable to:</b>						
<b>Owners of the Company</b>						
Total comprehensive income from continuing operations, net of tax	(2,870)	(3,290)	(12.8)	(5,713)	(5,991)	(4.6)
Total comprehensive income from discontinued operations, net of tax	-	(320)	n.m.	-	(2,788)	n.m.
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>(2,870)</b>	<b>(3,610)</b>	(20.5)	<b>(5,713)</b>	<b>(8,779)</b>	(34.9)

n.m. : not meaningful

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

	Group			Group		
	2Q2020 HK\$'000	2Q2019 HK\$'000	Change %	1H2020 HK\$'000	1H2019 HK\$'000	Change %
<b>Note 1 – Other income</b>						
Sale of raw materials/ scrap materials	191	35	445.7	294	41	617.1
Government grants related to income	18	36	(50.0)	18	37	(51.4)
Net foreign exchange gain	125	1,036	(87.9)	156	2,501	(93.8)
Cumulative exchange gain in respect of the net assets of the subsidiary reclassified from equity on loss of control of the subsidiary	-	699	n.m.	-	699	n.m.
	<u>334</u>	<u>1,806</u>	<u>(81.5)</u>	<u>468</u>	<u>3,278</u>	<u>(85.7)</u>
<b>Note 2 – Other (credit)/charges</b>						
Impairment loss on doubtful trade and other receivables	-	74	n.m.	-	74	n.m.
(Reversal of)/Impairment loss on inventories	(110)	177	n.m.	(110)	177	n.m.
Others	-	12	n.m.	-	12	n.m.
	<u>(110)</u>	<u>263</u>	<u>n.m.</u>	<u>(110)</u>	<u>263</u>	<u>n.m.</u>
<b>Note 3 – Loss before taxation</b>						
This is determined after charging the following:						
Depreciation of property, plant and equipment	475	295	61.0	952	599	58.9
Research and product testing expenses	813	609	33.5	1,425	1,328	7.3

n.m. : not meaningful

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

Note	Group As at 30-Sep-19 HK\$'000	Group As at 31-Mar-19 HK\$'000	Company As at 30-Sep-19 HK\$'000	Company As at 31-Mar-19 HK\$'000
<b><u>Non-current assets</u></b>				
	-	-	42,856	45,696
	5,695	5,793	-	-
	96	-	-	-
	<b>5,791</b>	<b>5,793</b>	<b>42,856</b>	<b>45,696</b>
<b><u>Current assets</u></b>				
	2,817	2,879	-	-
	17,178	10,481	-	-
	1,515	1,088	68	70
	-	128	13,399	15,949
	38,592	51,194	286	1,398
	<b>60,102</b>	<b>65,770</b>	<b>13,753</b>	<b>17,417</b>
	<b>65,893</b>	<b>71,563</b>	<b>56,609</b>	<b>63,113</b>
<b><u>Current liabilities</u></b>				
	5,830	5,214	-	-
	6,577	7,128	977	1,928
	258	266	-	-
	176	187	-	-
	46	49	-	-
	<b>12,887</b>	<b>12,844</b>	<b>977</b>	<b>1,928</b>
	<b>47,215</b>	<b>52,926</b>	<b>12,776</b>	<b>15,489</b>
	<b>12,887</b>	<b>12,844</b>	<b>977</b>	<b>1,928</b>
	<b>53,006</b>	<b>58,719</b>	<b>55,632</b>	<b>61,185</b>
<b><u>Equity attributable to owners of the Company</u></b>				
	148,309	148,309	148,309	148,309
	(34,187)	(32,056)	(100,515)	(98,708)
	(74,397)	(74,397)	-	-
	13,281	16,863	7,838	11,584
	<b>53,006</b>	<b>58,719</b>	<b>55,632</b>	<b>61,185</b>
	<b>65,893</b>	<b>71,563</b>	<b>56,609</b>	<b>63,113</b>

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

	<b>Group</b>	
	<b>As at 30-Sep-19 HK\$'000</b>	<b>As at 31-Mar-19 HK\$'000</b>
<b>Note 1 – Inventories</b>		
Raw materials	965	1,202
Work in progress	1,142	1,034
Finished goods	710	643
	2,817	2,879
	2,817	2,879

**Note 2 – Trade and other receivables**

Trade receivables	14,895	9,512
Bill receivables	1,751	596
Other receivables	532	373
	17,178	10,481
	17,178	10,481

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

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

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

<b>As at 30 September 2019</b>		<b>As at 31 March 2019</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
-	-	-	-

**Amount repayable after one year**

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

<b>As at 30 September 2019</b>		<b>As at 31 March 2019</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
-	-	-	-

**Details of any collateral**

The Group did not have any bank borrowings or debt securities as at 30 September 2019 and 31 March 2019.

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

Notes	Group (HK\$'000)		Group (HK\$'000)	
	2Q2020	2Q2019	1H2020	1H2019
<b>Operating activities</b>				
Loss before tax from continuing operations	(909)	(897)	(2,131)	(1,000)
Loss before tax from discontinued operation	-	(60)	-	(394)
Loss before tax, total	(909)	(957)	(2,131)	(1,394)
Adjustments for:				
Depreciation of property, plant and equipment	475	295	952	599
(Reversal of)/ impairment loss on inventories	(110)	177	(110)	177
Impairment loss on doubtful trade and other receivables	-	74	-	74
Interest income	A (149)	(105)	(344)	(319)
Unrealised foreign exchange loss/(gain)	31	(1,735)	-	(3,201)
Operating cash flows before working capital changes	(662)	(2,251)	(1,633)	(4,064)
(Increase)/Decrease in:				
Trade and other receivables	(5,864)	(1,911)	(7,585)	12,797
Inventories	151	(159)	(11)	238
Prepayments	291	(554)	(511)	(504)
Increase/(Decrease) in:				
Trade and other payables	1,011	(2,271)	970	(2,773)
Other liabilities	(826)	(727)	(111)	(1,622)
Amount due to related parties, net	(196)	(28)	137	478
Cash flows (used in)/generated from operations	(6,095)	(7,901)	(8,744)	4,550
Interest received	149	105	344	319
Income tax paid	-	3	-	(276)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(5,946)</b>	<b>(7,793)</b>	<b>(8,400)</b>	<b>4,593</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	B (298)	(611)	(1,223)	(643)
Purchase of computer software	(99)	-	(99)	-
Net cash outflow on disposal of subsidiaries	-	(773)	-	(773)
<b>Net cash flows used in investing activities</b>	<b>(397)</b>	<b>(1,384)</b>	<b>(1,322)</b>	<b>(1,416)</b>
<b>Financing activities</b>				
Dividends paid to non-controlling interests	-	(6,348)	-	(6,348)
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>(6,348)</b>	<b>-</b>	<b>(6,348)</b>
Net decrease in cash and cash equivalents	(6,343)	(15,525)	(9,722)	(3,171)
Effect of exchange rate changes on cash and cash equivalents	(1,511)	(1,608)	(2,880)	(5,357)
Cash and cash equivalents at beginning of financial period	46,446	72,646	51,194	64,041
<b>Cash and cash equivalents at end of financial period</b>	<b>38,592</b>	<b>55,513</b>	<b>38,592</b>	<b>55,513</b>

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

	Group (HK\$'000)		Group (HK\$'000)	
	2Q2020	2Q2019	1H2020	1H2019
<b>Note A:</b>				
<b>Interest income:</b>				
Interest income from continuing operations	149	105	344	307
Interest income from discontinued operation	-	-	-	12
Total interest income	<b>149</b>	<b>105</b>	<b>344</b>	<b>319</b>
<b>Note B:</b>				
<b>Cash outflow on purchase of property, plant and equipment:</b>				
Aggregate cost of property, plant and equipment acquired	1,050	611	1,223	643
Less: Movement of prepayments made	(752)	-	-	-
Cash payments made to acquire property, plant and equipment	<b>298</b>	<b>611</b>	<b>1,223</b>	<b>643</b>

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

	Attributable to owners of the Company					Foreign currency translation reserve
	Equity attributable to owners of the Company, total	Share capital	Accumulated losses	Restructuring reserve		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Group</b>						
<b>2Q2020</b>						
Opening balance at 1 July 2019	55,876	55,876	148,309	(33,278)	(74,397)	15,242
Loss for the period	(909)	(909)	-	(909)	-	-
Other comprehensive income for the period, net of tax	(1,961)	(1,961)	-	-	-	(1,961)
Total comprehensive income for the period	(2,870)	(2,870)	-	(909)	-	(1,961)
Closing balance at 30 September 2019	53,006	53,006	148,309	(34,187)	(74,397)	13,281



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

	Attributable to owners of the Company						Non-controlling interests
	Equity, total	Equity attributable to owners of the Company, total	Share capital	Accumulated losses	Restructuring reserve	Foreign currency translation reserve	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Group</b>							
<b>2Q2019</b>							
Opening balance at 1 July 2018	91,203	64,495	148,309	(29,746)	(74,397)	18,792	26,708
Loss for the period	529	(84)	-	(84)	-	-	613
Other comprehensive income for the period, net of tax	(4,324)	(3,526)	-	-	-	(3,526)	(798)
Total comprehensive income for the period	(3,795)	(3,610)	-	(84)	-	(3,526)	(185)
<b>Others</b>							
Appropriation to reserve	-	-	-	(80)	-	-	-
Disposal of subsidiaries	(27,222)	(699)	-	1,617	-	(699)	(26,523)
Total others	(27,222)	(699)	-	1,537	-	(699)	(26,523)
Closing balance at 30 September 2018	60,186	60,186	148,309	(28,293)	(74,397)	14,567	-

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

	Equity, total	Attributable to owners of the Company					Foreign currency translation reserve
		Equity attributable to owners of the Company,	Share capital	Accumulated losses	Restructuring reserve		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Group</b>							
<b>1H2020</b>							
Opening balance at 1 April 2019	58,719	58,719	148,309	(32,056)	(74,397)	16,863	
Loss for the period	(2,131)	(2,131)	-	(2,131)	-	-	
Other comprehensive income for the period, net of tax	(3,582)	(3,582)	-	-	-	(3,582)	
Total comprehensive income for the period	(5,713)	(5,713)	-	(2,131)	-	(3,582)	
Closing balance at 30 September 2019	53,006	53,006	148,309	(34,187)	(74,397)	13,281	

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

	Attributable to owners of the Company						Non-controlling interests
	Equity	Share	Accumulated	Restructuring	Foreign		
	attributable to	capital	losses	reserve	currency		
Equity, total	Company, total			reserve	translation	interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Group</b>							
<b>1H2019</b>							
Opening balance at 1 April 2018	104,388	69,664	148,309	(29,442)	(74,397)	23,635	34,724
Loss for the period	34	(410)	-	(410)	-	-	444
Other comprehensive income for the period, net of tax	(10,666)	(8,369)	-	-	-	(8,369)	(2,297)
Total comprehensive income for the period	(10,632)	(8,779)	-	(410)	-	(8,369)	(1,853)
<u>Others</u>							
Dividends distributed to non-controlling interests	(6,348)	-	-	-	-	-	(6,348)
Appropriation to reserve	-	-	-	(58)	-	-	-
Disposal of subsidiaries	(27,222)	(699)	-	1,617	-	(699)	(26,523)
Total others	(33,570)	(699)	-	1,559	-	(699)	(32,871)
Closing balance at 30 September 2018	60,186	60,186	148,309	(28,293)	(74,397)	14,567	-

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

	<u>Attributable to owners of the Company</u>			
	Equity, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Foreign currency translation reserve HK\$'000
<b>Company</b>				
<b>2Q2020</b>				
Opening balance at 1 July 2019	58,803	148,309	(99,391)	9,885
Loss for the period	(1,124)	-	(1,124)	-
Other comprehensive income for the period, net of tax	(2,047)	-	-	(2,047)
Total comprehensive income for the period	(3,171)	-	(1,124)	(2,047)
Closing balance at 30 September 2019	55,632	148,309	(100,515)	7,838
<b>Company</b>				
<b>2Q2019</b>				
Opening balance at 1 July 2018	66,887	148,309	(93,877)	12,455
Loss for the period	(442)	-	(442)	-
Other comprehensive income for the period, net of tax	(2,586)	-	-	(2,586)
Total comprehensive income for the period	(3,028)	-	(442)	(2,586)
Closing balance at 30 September 2018	63,859	148,309	(94,319)	9,869

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

	<b>Attributable to owners of the Company</b>			
	<b>Equity, total</b> HK\$'000	<b>Share capital</b> HK\$'000	<b>Accumulated losses</b> HK\$'000	<b>Foreign currency translation reserve</b> HK\$'000
<b>Company</b>				
<b>1H2020</b>				
Opening balance at 1 April 2019	61,185	148,309	(98,708)	11,584
Loss for the period	(1,807)	-	(1,807)	-
Other comprehensive income for the period, net of tax	(3,746)	-	-	(3,746)
Total comprehensive income for the period	(5,553)	-	(1,807)	(3,746)
Closing balance at 30 September 2019	55,632	148,309	(100,515)	7,838
<b>Company</b>				
<b>1H2019</b>				
Opening balance at 1 April 2018	70,281	148,309	(94,002)	15,974
Loss for the period	(317)	-	(317)	-
Other comprehensive income for the period, net of tax	(6,105)	-	-	(6,105)
Total comprehensive income for the period	(6,422)	-	(317)	(6,105)
Closing balance at 30 September 2018	63,859	148,309	(94,319)	9,869

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

	<b>Number of shares</b>	<b>Resultant issued and paid-up share capital (HK\$'000)</b>
Share capital as at 30 September 2019 and 30 June 2019	409,800,000	148,309

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

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

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

The Company did not have any treasury shares as at 30 September 2019 and 31 March 2019.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

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

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

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

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

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

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

Not applicable.

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

The Group had consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current financial year as compared with the most recently audited annual financial statements for the financial year ended 31 March 2019, except for the adoption of certain new or revised Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) and Interpretations to SFRS(I) (“**SFRS(I) INT**”) which became mandatory from 1 April 2019. The adoption of these SFRS(I) and SFRS(I) INT has no significant impact to the financial position or performance of the Group and the Company.

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

Please see explanation in note 4 above.

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

		Group			
		2Q2020	2Q2019	1H2020	1H2019
Loss for the period attributable to owners of the Group, after deducting any provision for preference dividends and non-controlling interests	HK\$'000	(909)	(84)	(2,131)	(410)
Basic loss per share	HK cents	(0.22)	(0.02)	(0.52)	(0.10)

Basic loss per share for the 2Q2020 and 1H2020 are calculated based on weighted average number of shares issued of 409,800,000 (2Q2019 and 1H2019: 409,800,000).

The diluted loss per share is not presented as there were no potential dilutive securities as at 30 September 2019 and 30 September 2018.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group		Company	
	30 Sept 2019	31 Mar 2019	31 Sept 2019	31 Mar 2019
Net assets per ordinary share after deducting non-controlling interests, based on 409.8 million shares as at 30 September 2019 (31 March 2019: 409.8 million shares)	HK cents 12.93	HK cents 14.33	HK cents 13.58	HK cents 14.93

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

### Income Statement

#### Continuing operations

#### Revenue and Gross Profit

Second quarter of the financial year (HK\$'000)	IMD and Plastic Injection Parts Business	Furniture Business	Total
2Q2020 Revenue	13,243	835	14,078
2Q2019 Revenue	7,454	-	7,454
% change	77.7	n.m.	88.9
2Q2020 Sales mix	94.1%	5.9%	100.0%
2Q2019 Sales mix	100.0%	-	100.0%
2Q2020 Gross profit	4,000	77	4,077
2Q2019 Gross profit	1,193	-	1,193
% change	235.3	n.m.	241.7
2Q2020 Gross profit margin	30.2%	9.2%	29.0%
2Q2019 Gross profit margin	16.0%	-	16.0%
Percentage point difference	14.2	n.m.	13.0

First half of the financial year (HK\$'000)	IMD and Plastic Injection Parts Business	Furniture Business	Total
1H2020 Revenue	23,577	1,669	25,246
1H2019 Revenue	16,357	-	16,357
% change	44.1	n.m.	54.3
1H2020 Sales mix	93.4%	6.6%	100.0%
1H2019 Sales mix	100.0%	-	100.0%
1H2020 Gross profit	7,174	142	7,316
1H2019 Gross profit	3,182	-	3,182
% change	125.5	n.m.	129.9
1H2020 Gross profit margin	30.4%	8.5%	29.0%
1H2019 Gross profit margin	19.5%	-	19.5%
Percentage point difference	10.9	n.m.	9.5

*n.m.: not meaningful*

As tabulated above, our Group's revenue increased by 88.9% in 2Q2020 and 54.3% in 1H2020 as compared to 2Q2019 and 1H2019 respectively, mainly due to increase in sales from our In-Mould Decoration Business ("IMD") and the Plastic Injection Parts Business (collectively, the "IMD Business"). Following the increase in revenue, overall gross profit also increased by 241.7% in 2Q2020 and 129.9% in 1H2020 as compared to the corresponding previous financial periods, mainly arising from higher gross profit contributed from our IMD Business.



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

#### IMD Business

IMD revenue increased by 77.7% and 44.1% in 2Q2020 and 1H2020 as compared to the previous corresponding financial periods, mainly attributed to the Group's effort to secure new customers and additional contracts from the existing customers, which increased the sale of IMD and plastic injection parts to the customers in consumer electronics and medical devices industries with higher gross margins. In view of the abovementioned and coupled with improved capacity utilisation rate and tighter cost control, the gross margin improved from 16.0% in 2Q2019 and 19.5% in 1H2019 to 30.2% in 2Q2020 and 30.4% in 1H2020 respectively.

#### Furniture Business

The Group recorded a revenue of HK\$0.8 million in 2Q2020 and HK\$1.7 million in 1H2020 respectively from the sale of furniture and other related activities ("**Furniture Business**") which commenced operations in third quarter of the financial year ended 31 March 2019 ("**3Q2019**") and contributed a gross profit of HK\$77,000 in 2Q2020 and HK\$142,000 in 1H2020 respectively.

#### Other items of income

Despite the decline in cash and cash equivalent in 2Q2020 and 1H2020, interest income increased by 41.9% in 2Q2020 and 12.1% in 1H2020 respectively, mainly attributed to increase in fixed deposit interest rate and the average monthly fixed deposit balance with the banks in PRC as compared to the corresponding previous financial periods.

The decrease in other income in 2Q2020 and 1H2020 as compared to 2Q2019 and 1H2019 respectively was mainly due to:

- decrease in unrealised foreign exchange gain that arose from the translation of inter-company owings between the Group's subsidiaries ("**Inter-company Balances**"). Following the change of nature of business of a subsidiary and consequently which resulted in a change in its functional currency in the first quarter of the financial year ending 31 March 2020 ("**1Q2020**"), Inter-company Balances are denominated in the same functional currency and hence no foreign exchange differences was recorded in 2Q2020 and 1H2020 respectively; and
- absence of cumulative exchange translation gain realised from the disposal of automobile component business in Beijing in 2Q2019 ; offset by
- increase in sale of raw materials and scrap materials from our IMD Business.

#### Other items of expense

Selling and distribution expenses increased by 53.4% in 2Q2020 and 44.5% in 1H2020 as compared to 2Q2019 and 1H2019 respectively, in tandem with revenue growth.

General and administrative expenses increased by 48.7% in 2Q2020 and 37.4% in 1H2020 as compared to 2Q2019 and 1H2019 respectively, mainly due to:

- employee benefit expenses, rental expenses, amortisation of renovation costs and other administrative expenses incurred by the Furniture Business which commenced operations in 3Q2019 which was not incurred for 2Q2019 and 1H2019; and
- increase in employee benefit expense and other administrative expenses from our IMD business as a result of increased business volume.

Depreciation of plant and equipment increased mainly arose from the amortisation of renovation works completed for our Furniture Business at the end of 3Q2019.

In 2Q2020, the Group recorded a reversal of impairment loss on inventories of HK\$0.1 million from our IMD Business as compared to impairment loss of HK\$0.25 million on inventories and doubtful trade receivables in 2Q2019.

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

Arising from the above, the Group recorded a net loss from its continuing operations of HK\$0.9 million in 2Q2020 and HK\$2.1 million in 1H2020 as compared to HK\$0.9 million in 2Q2019 and HK\$1.0 million in 1H2019 respectively.

#### **Discontinued operation**

Following the completion of the disposal of automobile component business in Beijing in 2Q2019, no revenue and expense was recorded in 2Q2020 and 1H2020.

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

The foreign currency translation loss arose mainly from the translation of our net asset position in our financial statements denominated in Renminbi (“RMB”) to Hong Kong dollars (“HKD”) when consolidating the Group's financials. HKD appreciated against RMB by approximately 3.5% in 2Q2020 and 6.2% in 1H2020 respectively as compared to 3.9% in 2Q2019 and 8.7% in 1H2019.

#### **Balance sheet**

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

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

- Depreciation charges of HK\$1.0 million recorded in 1H2020; and
- Foreign currency translation loss of HK\$0.4 million; offset by
- Additions of HK\$1.2 million mainly relating to acquisition of plant and equipment from both business segments.

As at 30 September 2019, intangible assets comprised computer software from our Furniture Business.

##### **Current assets**

Trade and other receivables of our Group as at 30 September 2019 increased by 63.9% as compared to 31 March 2019, mainly due to:

- increase in combined trade and bill receivable by HK\$6.5 million from our IMD Business, in tandem with revenue growth; and
- increase in other receivable by HK\$0.2 million from the increase in interest income accrued for the fixed deposit placed with the banks in PRC, which had been collected in October 2019.

The increase in prepayments as at 30 September 2019 as compared to 31 March 2019 mainly arose from the prepayments made to the suppliers and sub-contractors from our IMD business for replenishment of raw materials.

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

##### **Current liabilities**

Trade and other payables as at 30 September 2019 increased by 11.8% as compared to 31 March 2019, mainly due to the increase in trade and other payables by HK\$0.5 million from our IMD business as a result of increased production volume.

Other liabilities as at 30 September 2019 decreased by 7.7% as compared to 31 March 2019, mainly due to:

- decrease in accrued operating expenses by HK\$1.0 million from our Singapore office following the payments during the financial period reported on; offset by
- increase in value added tax and other tax payables by HK\$0.5 million as a result of increased sales volume from our IMD Business.

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

**Cash flow**

In 2Q2020 and 1H2020, the Group's cash and cash equivalents decreased by HK\$6.3 million and HK\$9.7 million respectively.

In 2Q2020, net cash flow used in operating activities was mainly due to working capital outflow of HK\$5.4 million and operating cash outflows before working capital changes of HK\$0.7 million, partially offset by interest received of HK\$0.1 million. The working capital outflow in 2Q2020 mainly arose from increase in trade and other receivables of HK\$5.9 million and decrease in other liabilities of HK\$0.8 million, partially offset by increase in trade and other payables of HK\$1.0 million and decrease in prepayments of HK\$0.3 million. The increase in overall working capital was mainly attributed to increased sales and production volume from our IMD business.

In 1H2020, net cash flow used in operating activities was mainly due to working capital outflow of HK\$7.1 million and operating cash outflows before working capital changes of HK\$1.6 million, partially offset by interest received of HK\$0.3 million. The working capital outflow in 1H2020 mainly arose from increase in trade and other receivables of HK\$7.6 million and increase in prepayment of HK\$0.5 million, partially offset by increase in trade and other payables of HK\$1.0 million. The increase in overall working capital was mainly attributed to increased sales and production volume from our IMD business.

The Group also utilised HK\$0.4 million in 2Q2020 and HK\$1.3 million in 1H2020 respectively in investing activities mainly relating to acquisition of plant and equipment for both business segments.

There was no cash utilised or generated from financing activities during the financial period reported on.

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

The variance when compared to those previously disclosed in paragraph 10 of the Company's financial results announcement for the financial period ended 30 June 2019, dated 25 July 2019 ("**1Q2020 Announcement**") mainly relates to revenue growth in 2Q2020. This is mainly attributable the securing of a new customer in April 2019 for its IMD Business and subsequent higher than expected orders placed with the Group in 2Q2020 vis-à-vis its earlier commentary about the Group did not expect a significant improvement in its IMD Business.

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

The Group's current business is largely contributed by the electronics manufacturers who supply their products to the domestic and international markets. With the continuing uncertainties over the PRC economic condition and expected weakening demand in the international markets, the manufacturing industry in PRC faces the challenge of slowing demand and rising costs.

Notwithstanding the improvement in our IMD Business in 2Q2020, the Group expects the growth momentum of our IMD business to remain challenging and volatile in the current business environment. The Furniture Business which commenced operations in 3Q2019 requires time to gain traction and grow its market share. In view of the foregoing, the Group is likely to continue incurring losses in the short-run.

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

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

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

- 11. Dividend**

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

Any dividend declared for the current financial period reported on?

No

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

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

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

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

- 13. Interested person transactions**

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

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

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

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

- 15. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules.**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the financial period ended 30 September 2019 to be false or misleading in any material aspect.

**On Behalf of the Board of Directors**

**Cai Kaoqun**  
Executive Chairman and CEO

**Cai Kaobing**  
Executive Director

**BY ORDER OF THE BOARD**  
**CAI KAOQUN**  
**EXECUTIVE CHAIRMAN AND CEO**  
**6 November 2019**

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

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

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