



# CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

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

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

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

<u>Consolidated Income Statement</u>	Note	Group (HK\$'000)		Change %
		30-Jun-19 ("1Q2020")	30-Jun-18 ("1Q2019")	
<b>Continuing operations</b>				
Revenue		11,168	8,903	25.4
Cost of sales		(7,929)	(6,914)	14.7
<b>Gross profit</b>		<b>3,239</b>	<b>1,989</b>	62.8
<b>Other items of income</b>				
Interest income		195	202	(3.5)
Other income	1	134	1,472	(90.9)
<b>Other items of expense</b>				
Selling and distribution expenses		(511)	(382)	33.8
General and administrative expenses		(4,279)	(3,384)	26.4
<b>Loss before taxation</b>	2	<b>(1,222)</b>	<b>(103)</b>	1,086.4
<b>Loss from continuing operations, net of tax</b>		<b>(1,222)</b>	<b>(103)</b>	1,086.4
<b>Discontinued operation</b>				
<b>Loss from discontinued operation, net of tax</b>		-	<b>(392)</b>	n.m.
<b>Loss for the period</b>		<b>(1,222)</b>	<b>(495)</b>	146.9
<b>Attributable to:</b>				
<b>Owners of the Company</b>				
Loss from continuing operations, net of tax		(1,222)	(103)	1,086.4
Loss from discontinued operations, net of tax		-	(223)	n.m.
<b>Loss for the period attributable to owners of the Company</b>		<b>(1,222)</b>	<b>(326)</b>	274.8
<b>Non-controlling interests</b>				
Loss from discontinued operations, net of tax		-	(169)	n.m.
<b>Loss for the period attributable to non-controlling interests</b>		-	<b>(169)</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.**

	<b>Group</b>		
	<b>1Q2020</b>	<b>1Q2019</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>Change</b>
			<b>%</b>
<b>Loss for the period</b>	<b>(1,222)</b>	<b>(495)</b>	146.9
<b>Other comprehensive income:</b>			
Items that may be subsequently reclassified to profit & loss:			
Foreign currency translation	(1,180)	(2,823)	(58.2)
Items that may not be subsequently reclassified to profit & loss:			
Foreign currency translation	(441)	(3,519)	(87.5)
<b>Other comprehensive income for the period, net of tax</b>	<b>(1,621)</b>	<b>(6,342)</b>	(74.4)
<b>Total comprehensive income for the period</b>	<b>(2,843)</b>	<b>(6,837)</b>	(58.4)
<b>Attributable to:</b>			
Owners of the Company	(2,843)	(5,169)	(45.0)
Non-controlling interests	-	(1,668)	n.m.
<b>Total comprehensive income for the period</b>	<b>(2,843)</b>	<b>(6,837)</b>	(58.4)
<b>Attributable to:</b>			
<b>Owners of the Company</b>			
Total comprehensive income from continuing operations, net of tax	(2,843)	(2,701)	5.3
Total comprehensive income from discontinued operations, net of tax	-	(2,468)	n.m.
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>(2,843)</b>	<b>(5,169)</b>	(45.0)
<b>Note 1 – Other income</b>			
Sale of raw materials/ scrap materials	103	6	1,616.7
Government grants related to income	-	1	n.m.
Net foreign exchange gain	31	1,465	(97.9)
	134	1,472	(90.9)
<b>Note 2 – Loss before taxation</b>			
This is determined after charging the following:			
Depreciation of property, plant and equipment	477	304	56.9
Research and product testing expenses	612	719	(14.9)

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-Jun-19 HK\$'000	Group As at 31-Mar-19 HK\$'000	Company As at 30-Jun-19 HK\$'000	Company As at 31-Mar-19 HK\$'000
<b><u>Non-current assets</u></b>				
	-	-	44,422	45,696
	5,331	5,793	-	-
	752	-	-	-
	<b>6,083</b>	<b>5,793</b>	<b>44,422</b>	<b>45,696</b>
<b><u>Current assets</u></b>				
	2,959	2,879	-	-
	11,892	10,481	-	-
	1,851	1,088	62	70
	-	128	13,888	15,949
	46,446	51,194	2,716	1,398
	<b>63,148</b>	<b>65,770</b>	<b>16,666</b>	<b>17,417</b>
	<b>69,231</b>	<b>71,563</b>	<b>61,088</b>	<b>63,113</b>
<b><u>Current liabilities</u></b>				
	5,028	5,214	-	-
	7,637	7,128	2,285	1,928
	461	266	-	-
	182	187	-	-
	47	49	-	-
	<b>13,355</b>	<b>12,844</b>	<b>2,285</b>	<b>1,928</b>
	<b>49,793</b>	<b>52,926</b>	<b>14,381</b>	<b>15,489</b>
	<b>13,355</b>	<b>12,844</b>	<b>2,285</b>	<b>1,928</b>
	<b>55,876</b>	<b>58,719</b>	<b>58,803</b>	<b>61,185</b>
<b><u>Equity attributable to owners of the Company</u></b>				
	148,309	148,309	148,309	148,309
	(33,278)	(32,056)	(99,391)	(98,708)
	(74,397)	(74,397)	-	-
	-	-	-	-
	15,242	16,863	9,885	11,584
	55,876	58,719	58,803	61,185
	-	-	-	-
	<b>55,876</b>	<b>58,719</b>	<b>58,803</b>	<b>61,185</b>
	<b>69,231</b>	<b>71,563</b>	<b>61,088</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.**

	Group As at 30-Jun-19 HK\$'000	Group As at 31-Mar-19 HK\$'000
	<b>Note 1 – Inventories</b>	
Raw materials	1,042	1,202
Work in progress	884	1,034
Finished goods	1,033	643
	2,959	2,879

**Note 2 – Trade and other receivables**

Trade receivables	10,025	9,512
Bill receivables	1,438	596
Other receivables	429	373
	11,892	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)**

As at 30 June 2019		As at 31 March 2019	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after one year**

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

As at 30 June 2019		As at 31 March 2019	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Details of any collateral**

The Group did not have any bank borrowings or debt securities as at 30 June 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.**

		<b>Group (HK\$'000)</b>	
Notes		<b>1Q2020</b>	<b>1Q2019</b>
<b>Operating activities</b>			
		(1,222)	(103)
		-	(334)
		<u>(1,222)</u>	<u>(437)</u>
		Adjustments for:	
		477	304
	A	(195)	(214)
		(31)	(1,466)
		<u>(971)</u>	<u>(1,813)</u>
		(Increase)/Decrease in:	
		(1,721)	14,708
		(162)	397
		(802)	50
		333	506
		(Decrease)/Increase in:	
		(41)	(502)
		715	(895)
		<u>(2,649)</u>	<u>12,451</u>
		195	214
		-	(279)
		<u><b>(2,454)</b></u>	<u><b>12,386</b></u>
<b>Investing activities</b>			
	B	(925)	(32)
		<u><b>(925)</b></u>	<u><b>(32)</b></u>
		(3,379)	12,354
		(1,369)	(3,749)
		51,194	64,041
		<u><b>46,446</b></u>	<u><b>72,646</b></u>
<b>Note A:</b>			
<b>Interest income:</b>			
		195	202
		-	12
		<u><b>195</b></u>	<u><b>214</b></u>
<b>Note B:</b>			
<b>Cash outflow on purchase of property, plant and equipment:</b>			
		173	32
		752	-
		<u><b>925</b></u>	<u><b>32</b></u>

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 HK\$'000
	Equity, total HK\$'000	Equity attributable to owners of the Company, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	
<b>Group</b>						
<b>1Q2020</b>						
Opening balance at 1 April 2019	58,719	58,719	148,309	(32,056)	(74,397)	16,863
Loss for the period	(1,222)	(1,222)	-	(1,222)	-	-
Other comprehensive income for the period, net of tax	(1,621)	(1,621)	-	-	-	(1,621)
Total comprehensive income for the period	(2,843)	(2,843)	-	(1,222)	-	(1,621)
Closing balance at 30 June 2019	55,876	55,876	148,309	(33,278)	(74,397)	15,242

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

	Attributable to owners of the Company							
	Equity attributable to owners of the Company, total				Foreign currency translation reserve			Non-controlling interests
	Equity, total HK\$'000	Company, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	
<b>Group</b>								
<b>1Q2019</b>								
Opening balance at 1 April 2018	104,388	69,664	148,309	(29,442)	(74,397)	1,559	23,635	34,724
Loss for the period	(495)	(326)	-	(326)	-	-	-	(169)
Other comprehensive income for the period, net of tax	(6,342)	(4,843)	-	-	-	-	(4,843)	(1,499)
Total comprehensive income for the period	(6,837)	(5,169)	-	(326)	-	-	(4,843)	(1,668)
<u>Others</u>								
Dividends paid to non-controlling interests	(6,348)	-	-	-	-	-	-	(6,348)
Appropriation to reserve	-	-	-	22	-	(22)	-	-
Total others	(6,348)	-	-	22	-	(22)	-	(6,348)
Closing balance at 30 June 2018	91,203	64,495	148,309	(29,746)	(74,397)	1,537	18,792	26,708

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>1Q2020</b>				
Opening balance at 1 April 2019	61,185	148,309	(98,708)	11,584
Loss for the period	(683)	-	(683)	-
Other comprehensive income for the period, net of tax	(1,699)	-	-	(1,699)
Total comprehensive income for the period	(2,382)	-	(683)	(1,699)
Closing balance at 30 June 2019	58,803	148,309	(99,391)	9,885
<b>Company</b>				
<b>1Q2019</b>				
Opening balance at 1 April 2018	70,281	148,309	(94,002)	15,974
Profit for the period	125	-	125	-
Other comprehensive income for the period, net of tax	(3,519)	-	-	(3,519)
Total comprehensive income for the period	(3,394)	-	125	(3,519)
Closing balance at 30 June 2018	66,887	148,309	(93,877)	12,455



- 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 June 2019 and 31 March 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 June 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 June 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	
		1Q2020	1Q2019
Loss for the period attributable to owners of the Group, after deducting any provision for preference dividends and non-controlling interests	HK\$'000	(1,222)	(326)
Basic loss per share	HK cents	(0.30)	(0.08)

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

The fully diluted loss per share is not presented as there were no potential dilutive securities as at 30 June 2019 and 30 June 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 Jun 2019	31 Mar 2019	31 Jun 2019	31 Mar 2019
Net assets per ordinary share after deducting non-controlling interests, based on 409.8 million shares as at 30 June 2019 (31 March 2019: 409.8 million shares)	HK cents	HK cents	HK cents	HK cents
	13.63	14.33	14.35	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

First quarter of the financial year (HK\$'000)	IMD and Plastic Injection Parts Business	Furniture Business	Total
<b>1Q2020 Revenue</b>	10,334	834	<b>11,168</b>
<b>1Q2019 Revenue</b>	8,903	-	<b>8,903</b>
<b>% change</b>	16.1	n.m.	<b>25.4</b>
<b>1Q2020 Sales mix</b>	92.5%	7.5%	<b>100.0%</b>
<b>1Q2019 Sales mix</b>	100.0%	-	<b>100.0%</b>
<b>1Q2020 Gross profit</b>	3,174	65	<b>3,239</b>
<b>1Q2019 Gross profit</b>	1,989	-	<b>1,989</b>
<b>% change</b>	59.6	n.m.	<b>62.8</b>
<b>1Q2020 Gross profit margin</b>	30.7%	7.8%	<b>29.0%</b>
<b>1Q2019 Gross profit margin</b>	22.3%	-	<b>22.3%</b>
<b>Percentage point difference</b>	8.4	n.m.	<b>6.7</b>

*n.m.: not meaningful*

As tabulated above, our Group's revenue in 1Q2020 increased by 25.4% as compared to 1Q2019, mainly due to increase in sales from our In-Mould Decoration ("IMD") and the Plastic Injection Parts Business ("IMD Business"). Following the increase in revenue, overall gross profit in 1Q2020 also increased by 62.8% as compared to 1Q2019, mainly arising from higher gross profit contributed from our IMD business.

#### IMD and Plastic Injection Parts Business

Revenue increased by 16.1% in 1Q2020 as compared to 1Q2019, mainly attributed to the Group's effort to develop new customers and secure 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 margin. In view of the abovementioned and coupled with improved capacity utilisation rate and tighter cost control, the gross margin improved from 22.3% to 30.7%

#### Furniture Business

In 1Q2020, the Group recorded HK\$0.8 million 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 approximately HK\$0.1 million gross profit in 1Q2020.

#### Other items of income

The decrease in interest income was mainly due to the decrease in interest income on fixed deposits placed with the banks in People Republic of China ("PRC"), in tandem with the decrease in cash and cash equivalent in 1Q2020.

The decrease in other income in 1Q2020 was mainly due to the decrease in net foreign exchange gains, partially offset by the increase in sale of raw materials and scrap materials. The decrease in net foreign exchange gains was mainly due to a decrease in unrealised foreign exchanges 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 change in its functional currency in 1Q2020, Inter-company Balances are denominated in the same functional currency and hence no foreign exchange differences arose from the translation of Inter-company Balances in 1Q2020.

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

Other items of expense

Selling and distribution expenses increased by 33.8% in 1Q2020 as compared to 1Q2019, in tandem with revenue growth.

General and administrative expenses increased by 26.4% in 1Q2020 as compared to 1Q2019, 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.

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

Arising from the above, the Group recorded a net loss of HK\$1.2 million from its continuing operations in 1Q2020 as compared to HK\$0.1 million in 1Q2019.

Discontinued operation

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

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 by approximately 2.8% against RMB in 1Q2020 as compared to 5.0% in 1Q2019.

Balance sheet

Non-current assets

The decrease in property, plant and equipment was mainly due to depreciation charges during the financial period reported on.

As at 30 June 2019, non-current prepayment comprised prepayments made for acquisition of plant and equipment from our Furniture Business.

Current assets

Inventories as at 30 June 2019 remained relatively stable as compared to 31 March 2019 while the inventory turnover days also remained fairly constant, with a slight decrease from 35 days as at 31 March 2019 to 34 days as at 30 June 2019.

Trade and other receivables of our Group as at 30 June 2019 increased by 13.5% as compared to 31 March 2019, mainly due to increase in revenue by HK\$1.2 million in 1Q2020 as compared to the fourth quarter of the financial year ended 31 March 2019 ("4Q2019"). The debts are still within the normal credit period. The turnover day of the combined trade and bill receivable also remained constant at 93 days as at 30 June 2019 and 31 March 2019.

The increase in prepayment as at 30 June 2019 as compared to 31 March 2019 was mainly due to the increase in prepayments made to the suppliers and sub-contractors for both business segments.

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 for 1Q2020, paid in advance in March 2019. The decrease in amount due from related parties as at 30 June 2019 was due to the prepaid rental expense realised in the income statement during the financial period reported on.

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.**

Current liabilities

Trade and other payables as at 30 June 2019 remained relatively stable as compared to 31 March 2019 while the payable turnover days also remained fairly constant, with a slight decrease from 66 days as at 31 March 2019 to 60 days as at 30 June 2019.

Other liabilities as at 30 June 2019 increased by 7.1% as compared to 31 March 2019, mainly due to increases in accrued operating expenses and value added tax and other tax payables as a result of increased sales and production volume from our IMD Business.

The increase in amount due to related parties was mainly due to accruals of rental expenses of our IMD Business in Shenzhen during the financial period reported on.

Cash flow

In 1Q2020, the Group's cash and cash equivalents decreased by HK\$3.4 million, which was used in operating activities of HK\$2.5 million and investing activities of HK\$0.9 million. Net cash flow used in operating activities was mainly due to working capital outflow of HK\$1.7 million and operating cash outflows before working capital changes of HK\$1.0 million, partially offset by interest received of HK\$0.2 million. The working capital outflow in 1Q2020 mainly arose from increase in trade and other receivables, prepayments and inventories of HK\$1.7 million, HK\$0.8 million and HK\$0.2 million respectively, partially offset by increase in other liabilities and amount due to related parties of HK\$0.7 million and HK\$0.3 million respectively. The increase in working capital was mainly due to higher revenue of HK\$11.2 million recorded in 1Q2020 as compared to HK\$10.0 million in 4Q2019.

The Group also utilised HK\$0.9 million in 1Q2020 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 financial results are in-line with the forecast statement disclosed in the Company's financial results announcement for the financial year ended 31 March 2019, dated 22 May 2019.

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

The Group's current business is largely contributed by the electronics manufacturers 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. The Group expects overall business condition to remain challenging and volatile in this business environment. As such, the Group does not expect significant improvement in our IMD and Plastic Injection business. The Furniture Business commenced operation in 3Q2019 and 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/recommended, a statement to that effect and the reason(s) for the decision.**

Due to the subdued financial performance of the Group and to invest in new business opportunities to 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.**

Name of Interested Person	Aggregate value of all interested person transactions during financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) HK\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) HK\$'000
Shenzhen Kunda Precision Mould Co., Ltd <sup>(1)</sup> ("Shenzhen Precision")		
Rental of factory premises at Bao Long Yi Road, Shenzhen	2,346 <sup>(2)</sup>	-
<b>Total</b>	<b>2,346</b>	-

**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. Save for as disclosed above, there were no IPTs exceeding S\$100,000 entered into during the financial period reported on.

**Notes:**

- (1) Shenzhen Kunda Precision Mould Co., Ltd – a company incorporated in PRC. The shareholders of Shenzhen Precision are our Executive Chairman and CEO, Cai Kaoqun and our Executive Director Cai Kaobing who hold 95% and 5% of the equity interests in Shenzhen Precision respectively. The directors of Shenzhen Precision are Cai Kaoqun, and our Executive Director, Cai Kaobing.
- (2) The amount of interested party transaction relates to total annual rental for the lease period from 1 July 2019 to 30 June 2020. Please refer to interested person transaction announcement dated 28 June 2019 for further details.

**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 June 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**  
**25 July 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).