



CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Company Registration Number: 200712727W)

(Incorporated in the Republic of Singapore on 13 July 2007)

QUARTERLY UPDATE PURSUANT TO RULE 1313 (2) OF THE SGX-ST LISTING MANUAL

1. BACKGROUND

China Kunda Technology Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on the Watch-List pursuant to Rule 1311 of the SGX-ST Listing Manual on 4 September 2013.

Pursuant to Rule 1313 (2) of the Listing Manual of the SGX-ST, the Board of Directors (“**Board**”) of the Company wishes to provide the following updates in respect to the unaudited consolidated management accounts of the Company and its subsidiary (collectively, the “Group”) for the financial year ended 31 March 2015 as compared to the past comparative year.

2. UPDATE ON FINANCIAL POSITION

In FY2015, the Group recorded a 5.6% decline in revenue to HK\$206.2 million due to decrease in revenue from our both IMD and plastic injection part segment and Automobile component segment. Despite the decline in revenue, overall gross profit increased by 103.6%. The improvement in overall gross profit was mainly from our Automobile component segment, mainly as a result of production cost savings after the shift of our automobile component operation to new factory in Beijing in April 2014 and favourable price revisions from our customers and suppliers in FY2015.

As compared to the past comparative year, other items of income (excluding gain on disposal of subsidiaries and foreign currency translation gain reclassified to profit or loss upon disposal of subsidiaries) increased by 0.2% in FY2015. Other items of expense (excluding impairment losses and reversal of impairment loss) decreased by 22.0% in FY2015. The Group recorded a profit before tax from continuing operations (excluding impairment losses and reversal of impairment loss and gains arisen from disposal of subsidiaries) of HK\$7.3 million as compared to a loss before tax (excluding impairment losses, reversal of impairment loss and gains arisen from disposal of subsidiaries) of HK\$16.9 million in FY2014.

Upon the completion of the disposal of Kunda Mould (International) Company Limited, Kunda Mould (Shenzhen) Co., Ltd and Changchun FAW-Sihuan Lida Pressed Component Co., Ltd (“Disposal of three subsidiaries”), as announced on 10 February 2015, the Group recorded a HK\$14.0 million gain on disposal of subsidiaries and a HK\$7.2 million net foreign exchange translation gain in FY2015.

Arising from the above and coupled with decreases in impairment losses, income tax expenses and loss from discontinued operations, the Group recorded a net profit of HK\$29.3 million in FY2015 compared to a net loss of HK\$85.1 million in FY2014.

For full details on the results and financial position of the Group, please refer to our result announcement for the financial year ended 31 March 2015 released on 28 May 2015.

3. UPDATE ON FUTURE DIRECTION

With continuing uncertainties over the strength and sustainability of the economic recovery of the major global economies and continuing weakness in the China economy, the Group expects overall business condition to remain challenging and volatile in this unstable global environment.

With the Disposal of the three subsidiaries, the Group had disposed of a significant portion of its loss making business and had seen a significant improvement in operating results in FY2015, as compared to FY2014.

We will continue to streamline and improve our production efficiency and contain costs where possible. We will continue to review our business model and asset deployment to achieve a more competitive and efficient business model.

On 11 May 2015, the Company announced the entry into a non-binding Memorandum of Understanding (“MOU”) with Mr. Yang Jincheng (“YJC”) for strategic business cooperation and investment opportunity in the internet applications and internet related businesses. The signing of the MOU will provide the Group with an opportunity to participate in a business with long term growth prospects. Please refer to the announcement on the same day for details. The non-binding MOU only sets out the cooperation intention of the Company and YJC and does not constitute substantive rights and obligations of the parties hereto. The Company will make further announcements on any material developments.

The Group is aware of the deadline given by the SGX-ST for its removal from the Watch-List. The Group will actively look for potential opportunities to improve the financial position of the Group. The Group will endeavour to meet the requirements of Rule 1314 of Listing Manual to be removed from the Watch-List.

BY ORDER OF THE BOARD
CAI KAOQUN
EXECUTIVE CHAIRMAN AND CEO
28 May 2015