



# CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

## Unaudited Financial Statements for the Financial Period ended 30 June 2017

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") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

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### 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.

	Note	Group (Unaudited)		Change %
		3 months ended 30-Jun-17 ("1Q2018") HK\$'000	3 months ended 30-Jun-16 ("1Q2017") HK\$'000	
<b>Consolidated Income Statement</b>				
Revenue		25,227	55,861	(54.8)
Cost of sales		(20,722)	(45,835)	(54.8)
<b>Gross profit</b>		<b>4,505</b>	<b>10,026</b>	(55.1)
<b>Other items of income</b>				
Interest income		45	58	(22.4)
Other income	1	104	1,237	(91.6)
<b>Other items of expense</b>				
Selling and distribution expenses		(1,376)	(2,654)	(48.2)
General and administrative expenses		(4,934)	(5,584)	(11.6)
Other (charges)/credit	2	(499)	4	n.m.
<b>(Loss)/Profit before taxation</b>	3	<b>(2,155)</b>	<b>3,087</b>	n.m.
Income tax credit	4	-	49	n.m.
<b>(Loss)/Profit for the period</b>		<b>(2,155)</b>	<b>3,136</b>	n.m.
<b>Attributable to:</b>				
Owners of the Company		(1,593)	2,253	n.m.
Non-controlling interests		(562)	883	n.m.
		<b>(2,155)</b>	<b>3,136</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 (Unaudited)		Change %
	1Q2018 HK\$'000	1Q2017 HK\$'000	
<b>(Loss)/Profit for the period</b>	<b>(2,155)</b>	<b>3,136</b>	n.m.
<b>Other comprehensive income:</b>			
Items that may be subsequently reclassified to profit & loss:			
Foreign currency translation	1,997	(3,004)	n.m.
<b>Other comprehensive income for the period, net of tax</b>	<b>1,997</b>	<b>(3,004)</b>	n.m.
<b>Total comprehensive income for the period</b>	<b>(158)</b>	<b>132</b>	n.m.
<b>Attributable to:</b>			
Owners of the Company	(277)	39	n.m.
Non-controlling interests	119	93	28.0
<b>Total comprehensive income for the period</b>	<b>(158)</b>	<b>132</b>	n.m.
<b>Note 1 – Other income</b>			
Sale of raw materials/ scrap materials	5	64	(92.2)
Gain on disposal of property, plant and equipment	-	8	n.m.
Government grants related to income	2	25	(92.0)
Net foreign exchange gain	-	789	n.m.
Rental income	97	351	(72.4)
	104	1,237	(91.6)
<b>Note 2 – Other charges/(credit)</b>			
Net foreign exchange loss	545	-	n.m.
Reversal of impairment loss on inventories	(46)	(4)	n.m.
	499	(4)	n.m.
<b>Note 3 – (Loss)/Profit before taxation</b>			
This is determined after charging the following:			
Depreciation of property, plant and equipment	771	656	17.5
Research and product testing expenses	352	344	2.3
<b>Note 4 – Income tax credit</b>			
Current income taxation	-	251	n.m.
Overprovision in respect of prior years	-	(300)	n.m.
Income tax credit	-	(49)	n.m.

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-17 Unaudited HK\$'000	Group As at 31-Mar-17 Audited HK\$'000	Company As at 30-Jun-17 Unaudited HK\$'000	Company As at 31-Mar-17 Audited HK\$'000
<b><u>Non-current assets</u></b>					
Investment in subsidiaries		-	-	44,977	44,071
Property, plant and equipment		15,860	14,673	-	-
Prepayments		331	890	-	-
<b>Total non-current assets</b>		<b>16,191</b>	<b>15,563</b>	<b>44,977</b>	<b>44,071</b>
<b><u>Current assets</u></b>					
Inventories	1	21,434	23,035	-	-
Trade and other receivables	2	33,072	41,308	-	-
Prepayments		2,564	3,479	18	65
Amount due from related parties		-	-	25,897	25,370
Cash and bank balances		46,258	43,092	516	1,309
<b>Total current assets</b>		<b>103,328</b>	<b>110,914</b>	<b>26,431</b>	<b>26,744</b>
<b>Total Assets</b>		<b>119,519</b>	<b>126,477</b>	<b>71,408</b>	<b>70,815</b>
<b><u>Current liabilities</u></b>					
Trade and other payables		34,053	39,303	-	-
Other liabilities		10,836	12,280	1,964	1,879
Amount due to related parties		527	323	-	-
Deferred government grants		184	181	-	-
Provision for taxation		13	326	-	-
<b>Total current liabilities</b>		<b>45,613</b>	<b>52,413</b>	<b>1,964</b>	<b>1,879</b>
<b>Net current assets</b>		<b>57,715</b>	<b>58,501</b>	<b>24,467</b>	<b>24,865</b>
<b>Total liabilities</b>		<b>45,613</b>	<b>52,413</b>	<b>1,964</b>	<b>1,879</b>
<b>Net assets</b>		<b>73,906</b>	<b>74,064</b>	<b>69,444</b>	<b>68,936</b>
<b><u>Equity attributable to owners of the Company</u></b>					
Share capital		148,309	148,309	148,309	148,309
Accumulated losses		(39,932)	(38,417)	(89,266)	(88,370)
Restructuring reserve		(74,397)	(74,397)	-	-
Statutory reserve		345	423	-	-
Foreign currency translation reserve		16,500	15,184	10,401	8,997
		50,825	51,102	69,444	68,936
Non-controlling interests		23,081	22,962	-	-
<b>Total equity</b>		<b>73,906</b>	<b>74,064</b>	<b>69,444</b>	<b>68,936</b>
<b>Total equity and liabilities</b>		<b>119,519</b>	<b>126,477</b>	<b>71,408</b>	<b>70,815</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-17 Unaudited HK\$'000	Group As at 31-Mar-17 Audited HK\$'000
	<b>Note 1 – Inventories</b>	
Raw materials	3,639	4,783
Work in progress	1,632	1,484
Finished goods	16,163	16,768
	21,434	23,035

**Note 2 – Trade and other receivables**

Trade receivables	29,014	36,140
Bill receivables	3,263	3,069
Other receivables	795	2,099
	33,072	41,308

**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 2017		As at 31 March 2017	
Secured	Unsecured	Secured	Unsecured
(Unaudited)		(Audited)	
-	-	-	-

**Amount repayable after one year**

(In HK\$'000)

As at 30 June 2017		As at 31 March 2017	
Secured	Unsecured	Secured	Unsecured
(Unaudited)		(Audited)	
-	-	-	-

**Details of any collateral**

The Group did not have any bank borrowings or debt securities as at 30 June 2017 and 31 March 2017.

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 (Unaudited)</b> <b>(HK\$'000)</b>	
Note		<b>1Q2018</b>	<b>1Q2017</b>
<b>Operating activities</b>			
	(Loss)/Profit before tax	(2,155)	3,087
	Adjustments for:		
	Depreciation of property, plant and equipment	771	656
	Reversal of impairment loss on inventories	(46)	(4)
	Gain on disposal of property, plant and equipment	-	(8)
	Interest income	(45)	(58)
	Translation differences	789	(1,326)
	Operating cash flows before working capital changes	(686)	2,347
	(Increase)/decrease in:		
	Trade and other receivables	8,236	(3,652)
	Inventories	1,647	1,982
	Prepayments	915	9,386
	Amount due to related parties	204	254
	Increase/(decrease) in:		
	Trade and other payables	(5,314)	4,901
	Other liabilities	(1,444)	139
	Cash flows generated from operations	3,558	15,357
	Interest received	45	58
	Income tax paid	(314)	(449)
	<b>Net cash flows generated from operating activities</b>	<b>3,289</b>	<b>14,966</b>
<b>Investing activities</b>			
	Purchase of property, plant and equipment	(1,030)	(852)
	Proceeds from disposal of property, plant and equipment	-	8
	<b>Net cash flows used in investing activities</b>	<b>(1,030)</b>	<b>(844)</b>
	Net increase in cash and cash equivalents	2,259	14,122
	Effect of exchange rate changes on cash and cash equivalents	907	(1,286)
	Cash and cash equivalents at beginning of financial period	43,092	34,613
	<b>Cash and cash equivalents at end of financial period</b>	<b>46,258</b>	<b>47,449</b>

		<b>Group</b> <b>(HK\$'000)</b>	
		<b>1Q2018</b>	<b>1Q2017</b>

**Note A:**

**Cash outflow on purchase of property, plant and equipment:**

	Aggregate cost of property, plant and equipment acquired	1,653	13
	Add: Payment for prior years acquisitions	49	213
	Less: Outstanding payments	(113)	(179)
	(Less)/Add: Movement of prepayments made	(559)	805
	<b>Cash payments made to acquire property, plant and equipment</b>	<b>1,030</b>	<b>852</b>

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

	Attributable to owners of the Company							
	Equity, total HK\$'000	Equity attributable to owners of the Company, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	Statutory reserve HK\$'000	Foreign	Non- controlling interests HK\$'000
							currency translation reserve HK\$'000	
<b>Group (Unaudited)</b>								
<b>1Q2018</b>								
Opening balance at 1 April 2017	74,064	51,102	148,309	(38,417)	(74,397)	423	15,184	22,962
Loss for the period	(2,155)	(1,593)	-	(1,593)	-	-	-	(562)
Other comprehensive income for the period, net of tax	1,997	1,316	-	-	-	-	1,316	681
Total comprehensive income for the period	(158)	(277)	-	(1,593)	-	-	1,316	119
<u>Others</u>								
Appropriation to reserve	-	-	-	78	-	(78)	-	-
Total others	-	-	-	78	-	(78)	-	-
Closing balance at 30 June 2017	73,906	50,825	148,309	(39,932)	(74,397)	345	16,500	23,081

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 HK\$'000
	Equity, total HK\$'000	Equity attributable to owners of the Company, 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 (Unaudited)</b>								
<b>1Q2017</b>								
Opening balance at 1 April 2016	76,217	51,912	148,309	(41,842)	(74,397)	45	19,797	24,305
Profit for the period	3,136	2,253	-	2,253	-	-	-	883
Other comprehensive income for the period, net of tax	(3,004)	(2,214)	-	-	-	-	(2,214)	(790)
Total comprehensive income for the period	132	39	-	2,253	-	-	(2,214)	93
<u>Others</u>								
Appropriation to reserve	-	-	-	(117)	-	117	-	-
Total others	-	-	-	(117)	-	117	-	-
Closing balance at 30 June 2016	76,349	51,951	148,309	(39,706)	(74,397)	162	17,583	24,398

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 (Unaudited)</b> <b>1Q2018</b>				
Opening balance at 1 April 2017	68,936	148,309	(88,370)	8,997
Loss for the period	(896)	-	(896)	-
Other comprehensive income for the period, net of tax	1,404	-	-	1,404
Total comprehensive income for the period	508	-	(896)	1,404
Closing balance at 30 June 2017	69,444	148,309	(89,266)	10,401

<b>Company (Unaudited)</b> <b>1Q2017</b>				
Opening balance at 1 April 2016	77,551	148,309	(84,466)	13,708
Loss for the period	(887)	-	(887)	-
Other comprehensive income for the period, net of tax	(2,261)	-	-	(2,261)
Total comprehensive income for the period	(3,148)	-	(887)	(2,261)
Closing balance at 30 June 2016	74,403	148,309	(85,353)	11,447



**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 2017 and 31 March 2017	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 period.

**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 2017</b>	<b>As at 31 March 2017</b>
Total number of issued shares excluding treasury shares	409,800,000	409,800,000

The Company did not have any treasury shares as at 30 June 2017 and 31 March 2017.

**1(d)(iv) A statement showing all sales, transfers, 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 period as compared with the most recently audited annual financial statements for the financial year ended 31 March 2017, except for the adoption of certain new or revised financial reporting standards (“FRS”) and Interpretations to FRS (“INT FRS”) which became mandatory from 1 April 2017. The adoption of these FRS and INT FRS 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	
		1Q2018	1Q2017
(Loss)/Profit for the period attributable to owners of the Group, after deducting any provision for preference dividends and non-controlling interests	HK\$'000	(1,593)	2,253
(Loss)/Earnings per share Basic	HK cents	(0.39)	0.55

Basic loss per share for the 1Q2018 are calculated based on weighted average number of shares in issue of 409,800,000 (1Q2017: 409,800,000).

Diluted earnings per share are not presented as there were no potential dilutive securities as at 30 June 2017 and 30 June 2016.

**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 2017	31 Mar 2017	30 Jun 2017	31 Mar 2017
	<b>(Unaudited)</b> HK cents	<b>(Audited)</b> HK cents	<b>(Unaudited)</b> HK cents	<b>(Audited)</b> HK cents
Net assets per ordinary share after deducting non-controlling interests, based on 409.8 million shares as at 30 June 2017 (31 March 2017: 409.8 million shares)	12.40	12.47	16.95	16.82

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.

#### **Revenue and Gross Profit**

<b>(HK\$'000)</b>	<b>IMD and Plastic Injection Parts</b>	<b>Automobile Component Parts</b>	<b>Total</b>
<b>1Q2018 Revenue</b>	8,452	16,775	<b>25,227</b>
<b>1Q2017 Revenue</b>	8,911	46,950	<b>55,861</b>
<b>% change</b>	(5.2)	(64.3)	<b>(54.8)</b>
<b>1Q2018 Sales mix</b>	33.5%	66.5%	<b>100.0%</b>
<b>1Q2017 Sales mix</b>	16.0%	84.0%	<b>100.0%</b>
<b>1Q2018 Gross profit</b>	2,634	1,871	<b>4,505</b>
<b>1Q2017 Gross profit</b>	2,408	7,618	<b>10,026</b>
<b>% change</b>	9.4	(75.4)	<b>(55.1)</b>
<b>1Q2018 Gross profit margin</b>	31.2%	11.2%	<b>17.9%</b>
<b>1Q2017 Gross profit margin</b>	27.0%	16.2%	<b>17.9%</b>
<b>Percentage point difference (%)</b>	4.2	(5.0)	<b>-</b>

Group revenue in 1Q2018 decreased by 54.8% as compared to 1Q2017, mainly due to decrease in sales from the Automobile Component Parts segment as tabulated above. Following the decrease in revenue, overall gross profit in 1Q2018 also decreased by 55.1%.

#### **In Mould Decoration and the Plastic Injection Parts (“IMD and Plastic Injection Parts segment”)**

Revenue decreased by 5.2% in 1Q2018 as compared to 1Q2017, mainly due to decrease in sales of IMD and plastic injection parts used for electrical household appliance in 1Q2018. Notwithstanding that, the gross margin improved from 27.0% in 1Q2017 to 31.2% in 1Q2018. This was mainly due to improvement on material utilisation rate and tighter cost control.

#### **Automobile Component Parts Segment**

Revenue decreased by 64.3% in 1Q2018 as compared to 1Q2017 mainly due to the decrease in sales of automobile components used for Hyundai vehicles in tandem with lower sales of Hyundai vehicles in People's Republic of China (“PRC”) in 1Q2018. Direct and indirect sales to our main customer Beijing-Hyundai accounted for approximately 66.1% of the Group's total revenue in 1Q2018 (1Q2017: 83.7%). Following the decline in revenue and lower capacity utilization rate, gross margin of our Automobile Component Parts segment also decreased from 16.2% in 1Q2017 to 11.2% in 1Q2018.

#### **Other items of income**

Decrease in other income in 1Q2018 was mainly due to the absence of net foreign exchange gains and decrease in rental income. The foreign exchange difference arose mainly from the RMB denominated payable balances of our subsidiary in Hong Kong owing to our subsidiaries in PRC and British Virgin Islands. In 1Q2018, the Hong Kong dollars against Reminbi (“RMB”) had depreciated by approximately 2.1% as compared to an appreciation of 2.9% in 1Q2017, which had resulted foreign exchange loss (recorded under “Other Charges” in the consolidated income statement). The decrease in rental income was mainly due to the termination of sublease arrangement by the tenants during 1Q2018.

#### **Other items of expense**

Selling and distribution expenses decreased by 48.2% in 1Q2018 as compared to 1Q2017, mainly due to the decrease in selling and distribution expenses arising from the lower revenue from Automobile Component Parts segment.

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.

General and administrative expenses decreased by 11.6% in 1Q2018 as compared to 1Q2017, mainly due to cost-saving measures.

Depreciation of property, plant and equipment increased by 17.5% in 1Q2018, mainly arising from property, plant and equipment newly acquired since 1 July 2016.

The Group recorded other charges of HK\$0.5 million, mainly attributed to the abovementioned foreign exchange loss on the intercompany balances between the subsidiaries within the Group.

Arising from the above, the Group recorded a net loss of HK\$2.2 million in 1Q2018 as compared to a net profit of HK\$3.1 million in 1Q2017.

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

The foreign currency translation gain arose mainly from the translation of our net asset position in our financial statements denominated in RMB to Hong Kong dollars when consolidating the financial statements of the Group.

#### **Balance sheet**

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

The increase in property, plant and equipment was mainly due to:

- Additions of HK\$1.7 million mainly relating to acquisition of the plastic injection servo upgrade system and motor vehicle; and
- Foreign translation gain of HK\$ 0.3 million; offset by
- Depreciation charges to date of HK\$0.8 million.

The decrease in non-current prepayment was mainly due to decrease in prepayment made for the plastic injection servo upgrade system which was completed in 1Q2018.

##### **Current assets**

Inventories as at 30 June 2017 decreased by 7.0% as compared to 31 March 2017, mainly due to the decrease in inventories of the Automobile Component Parts segment as a result of the decrease in production volume. The lower decline in inventories vis-à-vis revenue in Automobile Component Parts segment, was also attributable to slower amortisation of automobile moulds based on automobile production output. Automobile moulds are a major component of inventory balances. As at 30 June 2017, inventory turnover days increased to 94 days as at 30 June 2017 from 57 days as at 31 March 2017 .

Trade receivables and bill receivables of our Group as at 30 June 2017 decreased by 17.7% as compared to 31 March 2017 mainly due to declining revenue from the Automobile Component Parts segment offset by slower repayment from our automobile component customers. Combined trade and bill receivable turnover days increased from 77 days as at 31 March 2017 to 116 days as at 30 June 2017. In July 2017, the overdue debts of HK\$5.4 million had been collected from our automobile component customers.

Current prepayments mainly comprised prepayments made to suppliers and sub-contractors which decreased upon the receipt of goods and services from the suppliers and subcontractors from our Automobile Component Parts segment.

- 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 decreased by 13.4% as at 30 June 2017 as compared to 31 March 2017, mainly due to decrease in trade and other payables from Automobile Component Parts Segment as a result of decrease in production volume. However, trade payable turnover days increased from 91 days as at 31 March 2017 to 135 days as at 30 June 2017 mainly to better to match our payables to collection of sales..

Other liabilities as at 30 June 2017 decreased by 11.8% as compared to 31 March 2017, mainly due to decreases in accruals of operating expenses and advances made from our automobile component customers.

The increase in amount due to related parties was mainly due to accrual of rental expenses of our factory premise at Bao Long Yi Road during the financial period reported on.

The decrease in provision for income taxation was mainly due to income tax payment made during the financial period reported on.

**Cash flow**

The Group's cash and cash equivalents increased by HK\$2.3 million in 1Q2018. In 1Q2018, the Group recorded net cash generated from operating activities of \$3.3 million in 1Q2017. This was mainly due to working capital inflow of HK\$4.2 million, offset set by operating cash outflows before movements in working capital of HK\$0.7 million and income tax paid of HK\$0.3 million.

The Group utilised HK\$1.0 million in 1Q2018 in investing activities mainly relating to acquisition of property, plant and equipment.

There was no cash utilised or generated from financing activities.

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

The results are in line with the profit guidance announcement released on 17 July 2017.

- 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 automobile and consumer electronics market in PRC. We expect business conditions to remain challenging as continuing uncertainties over the strength of the PRC economy prevails leading to a volatile business environment.

For Automobile Component Parts segment, we expect the sales to Beijing-Hyundai to remain weak. As such, the Management may scale down our operation in Beijing which may include, amongst others, the disposal of plant and equipment, staff retrenchment and other remedial plans .

For our IMD and Plastic Injection segment, we will continue to improve the existing operation through better leverage of our core business strength and strengthen collaboration with our existing business partners as well as exploring other new products range and sales channel with stronger scalability and sustainability.

The Company will continue to assess 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/recommendeded, a statement to that effect.**

No dividend has been declared or recommended.

**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.**

	<b>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</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) HK\$'000</b>
<b>Shenzhen Kunda Precision Mould Co., Ltd <sup>(1)</sup> ("Shenzhen Precision")</b>		
Rental of factory premise at Bao Long Yi Road, Shenzhen	194	-
<b>Total</b>	<b>194</b>	<b>-</b>

No interested person transaction mandate was obtained from shareholders.

**Note:**

- (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 Directors, Yang Jinbiao and Cai Kaobing.

**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 Listing Manual**

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 period ended 30 June 2017 to be false or misleading in any material aspect.

**On Behalf of the Board of Directors**

**Cai Kaoqun**  
Executive Chairman and CEO

**Yang Jinbiao**  
Executive Director and COO

**BY ORDER OF THE BOARD**  
**CAI KAOQUN**  
**EXECUTIVE CHAIRMAN AND CEO**  
**1 August 2017**