



# CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

**Financial Statements for the quarter ended 31 December 2013**

## 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.

	Group (HK\$'000)			Group (HK\$'000)		
	Unaudited 3 Months Ended		Change %	Unaudited 9 Months Ended		Change %
	31.12.13 ("3Q2014")	31.12.12 ("3Q2013")		31.12.13 ("9M2014")	31.12.12 ("9M2013")	
<b>Continuing operations</b>						
Revenue	91,051	68,558	32.8	238,669	226,206	5.5
Cost of sales	(79,180)	(54,722)	44.7	(211,905)	(191,006)	10.9
<b>Gross profit</b>	<b>11,871</b>	<b>13,836</b>	(14.2)	<b>26,764</b>	<b>35,200</b>	(24.0)
<b>Other items of income</b>						
Interest income (Note 1)	1,146	817	40.3	3,245	2,648	22.5
Other income (Note 2)	382	394	(3.0)	1,718	745	130.6
<b>Other items of expense</b>						
Selling and distribution expenses	(4,322)	(5,063)	(14.6)	(12,472)	(14,630)	(14.8)
General and administrative expenses	(12,337)	(11,035)	11.8	(36,888)	(31,162)	18.4
Finance costs (Note 3)	(1,347)	(745)	80.8	(3,904)	(2,479)	57.5
Other expenses (Note 4)	(1,581)	(1,515)	4.4	(3,120)	(1,976)	57.9
<b>Loss before tax from continuing operations (Note 5)</b>	<b>(6,188)</b>	<b>(3,311)</b>	86.9	<b>(24,657)</b>	<b>(11,654)</b>	111.6
Income tax (expense)/credit (Note 6)	(281)	(193)	45.6	(1,295)	115	n.m.
<b>Loss from continuing operations, net of tax</b>	<b>(6,469)</b>	<b>(3,504)</b>	84.6	<b>(25,952)</b>	<b>(11,539)</b>	124.9
<b>Discontinued operation</b>						
<b>Loss from discontinued operation, net of tax</b>	<b>(485)</b>	<b>(440)</b>	10.2	<b>(1,335)</b>	<b>(1,461)</b>	(8.6)
<b>Loss for the period</b>	<b>(6,954)</b>	<b>(3,944)</b>	76.3	<b>(27,287)</b>	<b>(13,000)</b>	109.9
<b>Attributable to:</b>						
<b>Owners of the Company</b>						
- Loss from continuing operations, net of tax	(5,819)	(4,673)	24.5	(25,087)	(11,369)	120.7
- Loss from discontinued operation, net of tax	(291)	(264)	10.2	(801)	(877)	(8.6)
<b>Loss for the period attributable to owners of the Company</b>	<b>(6,110)</b>	<b>(4,937)</b>	23.8	<b>(25,888)</b>	<b>(12,246)</b>	111.4
<b>Non-controlling interests</b>						
- (Loss)/profit from continuing operations, net of tax	(650)	1,169	n.m.	(865)	(170)	408.8
- Loss from discontinued operation, net of tax	(194)	(176)	10.2	(534)	(584)	(8.6)
<b>(Loss)/profit for the period attributable to non-controlling interests</b>	<b>(844)</b>	<b>993</b>	n.m.	<b>(1,399)</b>	<b>(754)</b>	85.5

**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		
	3Q2014	3Q2013	Change	9M2014	9M2013	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Loss for the period</b>	<b>(6,954)</b>	<b>(3,944)</b>	76.3	<b>(27,287)</b>	<b>(13,000)</b>	109.9
<b>Other comprehensive income:</b>						
Items that may be reclassified subsequently to profit and loss:						
Foreign currency translation (Note 7)	2,233	2,189	2.0	5,325	2,370	124.7
<b>Other comprehensive income for the period, net of tax</b>	<b>2,233</b>	<b>2,189</b>	2.0	<b>5,325</b>	<b>2,370</b>	124.7
<b>Total comprehensive income for the period</b>	<b>(4,721)</b>	<b>(1,755)</b>	169.0	<b>(21,962)</b>	<b>(10,630)</b>	106.6
<b>Attributable to:</b>						
Owners of the Company	(4,370)	(3,176)	37.6	(21,698)	(10,332)	110.0
Non-controlling interests	(351)	1,421	n.m.	(264)	(298)	(11.4)
<b>Total comprehensive income for the period</b>	<b>(4,721)</b>	<b>(1,755)</b>	169.0	<b>(21,962)</b>	<b>(10,630)</b>	106.6
<b>Attributable to:</b>						
<b>Owners of the Company</b>						
Total comprehensive income from continuing operations, net of tax	(4,422)	(3,178)	39.1	(21,683)	(9,745)	122.5
Total comprehensive income from discontinued operations, net of tax	52	2	2,500.0	(15)	(587)	(97.4)
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>(4,370)</b>	<b>(3,176)</b>	37.6	<b>(21,698)</b>	<b>(10,332)</b>	110.0

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		
	3Q2014	3Q2013	Change	9M2014	9M2013	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Note 1 – Interest income</b>						
Late penalty charges and interest income from Shenzhen Precision	736	643	14.5	2,455	2,085	17.7
Interest income from bank and other receivables	410	174	135.6	790	563	40.3
Interest income from bank and receivables	<u>1,146</u>	<u>817</u>	40.3	<u>3,245</u>	<u>2,648</u>	22.5
<b>Note 2 – Other income</b>						
Sale of raw materials/ scrap materials	309	367	(15.8)	844	664	27.1
Gain on disposal of property, plant and equipment	1	-	n.m.	410	-	n.m.
Government grants related to income	72	27	166.7	306	80	282.5
Others	-	-	n.m.	158	1	15,700.0
	<u>382</u>	<u>394</u>	(3.0)	<u>1,718</u>	<u>745</u>	130.6
<b>Note 3 – Finance costs</b>						
Interest expense on borrowings	1,347	745	80.8	3,904	2,479	57.5
<b>Note 4 – Other expenses</b>						
Net foreign exchange loss	880	726	21.2	1,824	803	127.1
Loss on disposal of property, plant and equipment	-	48	n.m.	-	78	n.m.
Collection of previously impaired trade receivables	(2)	(10)	(80.0)	(739)	(269)	174.7
Impairment loss on doubtful trade and other receivables	729	855	(14.7)	869	1,386	(37.3)
Impairment loss on inventories	(26)	(104)	(75.0)	1,166	(22)	n.m.
	<u>1,581</u>	<u>1,515</u>	4.4	<u>3,120</u>	<u>1,976</u>	57.9
<b>Note 5 – Loss before tax</b>						
This is determined after charging the following:						
Depreciation of property, plant and equipment	3,507	4,957	(29.3)	10,997	14,820	(25.8)
Amortisation of intangible assets	17	485	(96.5)	52	1,479	(96.5)
Amortisation of land use rights	437	426	2.6	1,306	1,268	3.0
Research expenses	2,272	2,229	1.9	5,669	5,329	6.4
<b>Note 6 – Income tax expense/(credit)</b>						
Current income taxation	280	252	11.1	672	258	160.5
Under/(Over)provision in respect of prior years	1	(59)	n.m.	623	(373)	n.m.
Income tax expense/(credit)	<u>281</u>	<u>193</u>	45.6	<u>1,295</u>	<u>(115)</u>	n.m.
<b>Note 7 - Other comprehensive income - Foreign currency translation</b>						

The foreign currency translation gain arises mainly from the translation of our Renminbi-denominated assets to Hong Kong dollars when consolidating the financial statements of the Group. Renminbi had appreciated by about 1.1% and 2.6% against Hong Kong dollars in 3Q2014 and 9M2014 respectively, as compared to 0.9% in 3Q2013 and 0.9% in 9M2013.

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

	Group As at 31-Dec-13 HK\$'000	Group As at 31-Mar-13 HK\$'000	Company As at 31-Dec-13 HK\$'000	Company As at 31-Mar-13 HK\$'000
<b><u>Non-current assets</u></b>				
Investment in subsidiaries	-	-	106,404	103,745
Property, plant and equipment	66,208	68,558	-	-
Intangible assets	683	717	-	-
Land use rights	7,076	8,187	-	-
Prepayments	2,130	446	-	-
<b>Total non-current assets</b>	<b>76,097</b>	<b>77,908</b>	<b>106,404</b>	<b>103,745</b>
<b><u>Current assets</u></b>				
Inventories (Note 1)	65,120	59,865	-	-
Trade and other receivables (Note 2)	121,494	109,001	-	-
Prepayments	9,777	3,854	140	164
Amount due from related parties	30,085	43,157	49,354	53,255
Cash and bank balances	27,957	21,518	286	16
	254,433	237,395	49,780	53,435
Assets of disposal group classified as held for sale	43,241	42,070	-	-
<b>Total current assets</b>	<b>297,674</b>	<b>279,465</b>	<b>49,780</b>	<b>53,435</b>
<b>Total Assets</b>	<b>373,771</b>	<b>357,373</b>	<b>156,184</b>	<b>157,180</b>
<b><u>Current liabilities</u></b>				
Trade and other payables	114,438	91,583	527	191
Other liabilities	30,412	34,172	2,196	3,765
Amount due to related parties	452	471	1,100	-
Borrowings	50,403	47,849	-	-
Deferred government grants	4,035	312	-	-
Provision for taxation	5,262	7,264	-	-
	205,002	181,651	3,823	3,956
Liabilities directly associated with disposal group classified as held for sale	19,791	18,066	-	-
<b>Total current liabilities</b>	<b>224,793</b>	<b>199,717</b>	<b>3,823</b>	<b>3,956</b>
<b>Net current assets</b>	<b>72,881</b>	<b>79,748</b>	<b>45,957</b>	<b>49,479</b>
<b><u>Non-current liabilities</u></b>				
Borrowings	9,607	-	-	-
Deferred government grants	9,293	5,616	-	-
<b>Total non-current liabilities</b>	<b>18,900</b>	<b>5,616</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>243,693</b>	<b>205,333</b>	<b>3,823</b>	<b>3,956</b>
<b>Net assets</b>	<b>130,078</b>	<b>152,040</b>	<b>152,361</b>	<b>153,224</b>

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

Group As at 31-Dec-13 HK\$'000	Group As at 31-Mar-13 HK\$'000	Company As at 31-Dec-13 HK\$'000	Company As at 31-Mar-13 HK\$'000
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**Equity attributable to owners of the Company**

Share capital	145,057	145,057	145,057	145,057
Accumulated profits/(losses)	14,057	40,019	(12,532)	(7,795)
Restructuring reserve	(106,937)	(106,937)	-	-
Statutory reserve	3,465	3,391	-	-
Foreign currency translation reserve	29,778	25,588	19,836	15,962
	85,420	107,118	152,361	153,224
Non-controlling interests	44,658	44,922	-	-
<b>Total equity</b>	<b>130,078</b>	<b>152,040</b>	<b>152,361</b>	<b>153,224</b>
<b>Total equity and liabilities</b>	<b>373,771</b>	<b>357,373</b>	<b>156,184</b>	<b>157,180</b>

Group As at 31-Dec-13 HK\$'000	Group As at 31-Mar-13 HK\$'000
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**Note 1 – Inventories**

Raw materials	9,741	6,488
Work in progress	38,203	37,070
Finished goods	17,176	16,307
	65,120	59,865

**Note 2 – Trade and other receivables**

Trade receivables	86,679	90,151
Bill receivables	7,984	6,209
Other receivables	26,831	12,641
	121,494	109,001

**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 31 December 2013		As at 31 March 2013	
Secured	Unsecured	Secured	Unsecured
50,403	-	47,849	-

**Amount repayable after one year**

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

As at 31 December 2013		As at 31 March 2013	
Secured	Unsecured	Secured	Unsecured
9,607	-	-	-

**Details of any collateral**

As at 31 December 2013, the Group's secured borrowings comprise short-term bank loans of approximately HK\$50.4 million and a 2 year bank loan of approximately HK\$9.6 million.

The short-term bank loans are secured by the Group's plant and equipment of HK\$5.2 million (31 March 2013: HK\$6.6 million), trade receivables of HK\$14.5 million (31 March 2013: HK\$25.4 million) and guarantees from our Executive Chairman and CEO, Cai Kaoqun, his spouse and Shenzhen Precision <sup>(1)</sup>. No consideration is paid to Mr Cai and his spouse or Shenzhen Precision for the guarantees.

The 2 year bank loan is secured by properties of HK\$3.4 million (31 March 2013: Nil) and land use rights of HK\$7.1 million (31 March 2013: Nil).

(1) Shenzhen Kunda Precision Mould Co., Ltd – 深圳市群达行精密模具有限公司, a company incorporated in China. 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. As disclosed in our prospectus dated 30 September 2008, the Group had entered into the outsourcing arrangement, technical fee arrangement and purchase of raw materials arrangement with the company and all the above arrangements had ceased.

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

	Group (HK\$'000)		Group (HK\$'000)	
	3Q2014	3Q2013	9M2014	9M2013
<b>Operating activities</b>				
Loss before tax from continuing operations	(6,188)	(3,311)	(24,657)	(11,654)
Loss before tax from discontinued operation	(485)	(440)	(1,335)	(1,461)
Loss before tax, total	(6,673)	(3,751)	(25,992)	(13,115)
Adjustments for:				
Depreciation of property, plant and equipment (Note A)	3,507	5,029	10,997	15,036
Amortisation of intangible assets	17	485	52	1,479
Amortisation of land use rights (Note B)	437	521	1,306	1,550
Impairment loss on inventories (Note C)	(26)	(103)	1,166	54
Impairment loss on doubtful trade and other receivables	729	855	869	1,386
(Gain)/Loss on disposal of property, plant and equipment	(1)	48	(410)	78
Finance costs	1,347	745	3,904	2,479
Interest income	(1,146)	(817)	(3,245)	(2,648)
Translation differences	2,033	1,055	4,654	1,296
Operating cash flows before working capital changes	224	4,067	(6,699)	7,595
(Increase)/decrease in:				
Trade and other receivables	1,139	(1,814)	(13,558)	(16,587)
Inventories	(2,683)	(10,588)	(6,143)	1,645
Prepayments	(2,880)	(1,227)	(5,984)	(3,124)
Amount due from related parties, net	238	1,205	13,053	3,777
Increase/(decrease) in:				-
Trade and other payables	16,969	635	24,015	(3,299)
Other liabilities	(950)	8,860	(3,508)	7,702
Cash flows from operations	12,057	1,138	1,176	(2,291)
Interest received	1,146	817	3,245	2,648
Interest paid	(1,347)	(745)	(3,904)	(2,479)
Income tax paid	(3)	-	(3,563)	(768)
<b>Net cash flows from/(used in) operating activities</b>	<b>11,853</b>	<b>1,210</b>	<b>(3,046)</b>	<b>(2,890)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment (Note D)	(3,656)	(1,142)	(9,124)	(1,878)
Proceeds from disposal of property, plant and equipment	1	222	739	291
Government grants received	6,463	324	7,164	3,996
<b>Net cash flows from/(used in) investing activities</b>	<b>2,808</b>	<b>(596)</b>	<b>(1,221)</b>	<b>2,409</b>

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

	Group (HK\$'000)		Group (HK\$'000)	
	3Q2014	3Q2013	9M2014	9M2013
<b>Financing activities</b>				
Repayment of finance lease obligations	(54)	(266)	(405)	(701)
Proceeds from short term borrowings	4,279	81	18,573	18,444
Repayment of short term borrowings	(18)	(18,525)	(7,347)	(36,888)
Capital contribution from non-controlling interests	-	-	-	2,961
<b>Net cash flows from/(used in) financing activities</b>	<b>4,207</b>	<b>(18,710)</b>	<b>10,821</b>	<b>(16,184)</b>
Net increase/(decrease) in cash and cash equivalents	18,868	(18,096)	6,554	(16,665)
Cash and cash equivalents at beginning of financial period	9,221	32,366	21,535	30,935
<b>Cash and cash equivalents at end of financial period</b>	<b>28,089</b>	<b>14,270</b>	<b>28,089</b>	<b>14,270</b>

	Group (HK\$'000)		Group (HK\$'000)	
	3Q2014	3Q2013	9M2014	9M2013
<b>Note A:</b>				
<b>Depreciation of property, plant and equipment:</b>				
Depreciation of property, plant and equipment from continuing operations	3,507	4,957	10,997	14,820
Depreciation of property, plant and equipment from discontinued operation	-	72	-	216
<b>Total depreciation of property, plant and equipment</b>	<b>3,507</b>	<b>5,029</b>	<b>10,997</b>	<b>15,036</b>

	Group (HK\$'000)		Group (HK\$'000)	
	3Q2014	3Q2013	9M2014	9M2013
<b>Note B:</b>				
<b>Amortisation of land use rights:</b>				
Amortisation of land use rights from continuing operations	437	426	1,306	1,268
Amortisation of land use rights from discontinued operation	-	95	-	282
<b>Total amortisation of land use rights</b>	<b>437</b>	<b>521</b>	<b>1,306</b>	<b>1,550</b>

	Group (HK\$'000)		Group (HK\$'000)	
	3Q2014	3Q2013	9M2014	9M2013
<b>Note C:</b>				
<b>Impairment loss on inventories:</b>				
Impairment loss on inventories from continuing operations	(26)	(104)	1,166	(22)
Impairment loss on inventories from discontinued operation	-	1	-	76
<b>Total impairment loss on inventories</b>	<b>(26)</b>	<b>(103)</b>	<b>1,166</b>	<b>54</b>

	Group (HK\$'000)		Group (HK\$'000)	
	3Q2014	3Q2013	9M2014	9M2013
<b>Note D:</b>				
<b>Cash outflow on purchase of property, plant and equipment:</b>				
Aggregate cost of property, plant and equipment acquired	2,122	913	7,276	2,607
Add: Payment for prior years acquisitions	-	-	532	837
Less: Outstanding payments	(143)	(379)	(368)	(2,033)
Add: Movement of prepayments made	1,677	608	1,684	467
<b>Cash payments made to acquire property, plant and equipment</b>	<b>3,656</b>	<b>1,142</b>	<b>9,124</b>	<b>1,878</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							Non-controlling interests HK\$'000
	Equity, total HK\$'000	Equity attributable to owners of the Company, HK\$'000	Share capital HK\$'000	Accumulated profits HK\$'000	Restructuring reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	
<b>Group</b>								
<b>3Q2014</b>								
Opening balance at 1 October 2013	134,799	89,790	145,057	20,197	(106,937)	3,435	28,038	45,009
Loss net of tax	(6,954)	(6,110)	-	(6,110)	-	-	-	(844)
Other comprehensive income for the period	2,233	1,740	-	-	-	-	1,740	493
Total comprehensive income for the period	(4,721)	(4,370)	-	(6,110)	-	-	1,740	(351)
<u>Contributions by and distributions to owners</u>								
Appropriation to statutory reserve	-	-	-	(30)	-	30	-	-
Total transactions with the owners in their capacity as owners	-	-	-	(30)	-	30	-	-
Closing balance at 31 December 2013	130,078	85,420	145,057	14,057	(106,937)	3,465	29,778	44,658

- 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 profits HK\$'000	Restructuring reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	Non- controlling interests HK\$'000
<b>Group</b>								
<b>3Q2013</b>								
Opening balance at 1 October 2012	190,346	142,409	145,057	77,676	(106,937)	3,199	23,414	47,937
(Loss)/Profit net of tax	(3,944)	(4,937)	-	(4,937)	-	-	-	993
Other comprehensive income for the period	2,189	1,761	-	-	-	-	1,761	428
Total comprehensive income for the period	(1,755)	(3,176)	-	(4,937)	-	-	1,761	1,421
<u>Contributions by and distributions to owners</u>								
Appropriation to statutory reserve	-	-	-	(178)	-	178	-	-
Total transactions with the owners in their capacity as owners	-	-	-	(178)	-	178	-	-
Closing balance at 31 December 2012	188,591	139,233	145,057	72,561	(106,937)	3,377	25,175	49,358

- 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	Share capital HK\$'000	Accumulated (losses)/profits HK\$'000	Foreign currency translation reserve HK\$'000
<b>Company</b>				
<b>3Q2014</b>				
Opening balance at 1 October 2013	152,390	145,057	(10,818)	18,151
Loss net of tax	(1,714)	-	(1,714)	-
Other comprehensive income for the period	1,685	-	-	1,685
Total comprehensive income for the period	(29)	-	(1,714)	1,685
Closing balance at 31 December 2013	152,361	145,057	(12,532)	19,836

**3Q2013**

Opening balance at 1 October 2012	171,909	145,057	12,786	14,066
Loss net of tax	(1,678)	-	(1,678)	-
Other comprehensive income for the period	1,454	-	-	1,454
Total comprehensive income for the period	(224)	-	(1,678)	1,454
Closing balance at 31 December 2012	171,685	145,057	11,108	15,520

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

	Number of shares	Resultant issued and Paid-up share capital (HK\$,000)
Share capital as at 31 March 2013 and 31 December 2013	352,000,000	145,057

The Company has no outstanding convertibles or treasury shares 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.**

	31 December 2013	31 March 2013
Total number of issued shares excluding treasury shares	352,000,000	352,000,000

- 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.**

There is no sale, transfer, disposal, cancellation and/or use of treasury shares 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 2013, except for the adoption of certain new or revised FRS and Interpretations to FRS which became mandatory from 1 April 2013. The adoption of these FRS and INT FRS has no significant impact to the Group.

- 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			
		3Q2014	3Q2013	9M2014	9M2013
Loss of the Group, after deducting any provision for preference dividends and non-controlling interests	HK\$'000	(6,110)	(4,937)	(25,888)	(12,246)
Loss per share Basic	HK cents	(1.7)	(1.4)	(7.4)	(3.5)

Basic earnings per share are calculated based on weighted average number of shares issued of 352,000,000 (9M2013: 352,000,000) ordinary shares.

Diluted earnings per share are not presented as there are no potential dilutive shares in existence as at balance sheet date.

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.**

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec 2013</b>	<b>31 Mar 2013</b>	<b>31 Dec 2013</b>	<b>31 Mar 2013</b>
	HK cents	HK cents	HK cents	HK cents
Net asset value per ordinary share less non-controlling interest, based on 352 million shares as at 31 December 2013 and 31 March 2013	24.3	30.4	43.3	43.5

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.**

#### **Overall profit and loss**

In 3Q2014, Group revenue increased by 32.8% as compared to the past comparative period. The increase in 3Q2014 revenue was mainly due to increases in revenue from our Mould segment, IMD and Plastic Injection Part segment and Automobile Component segment. However overall gross profit declined by 14.2% mainly due to declines in gross profit from the Mould and Automobile Component segment. .

Following the decrease in gross profit and increases in operating expenses and income tax expenses, offset by the increase in other items of income, the Group recorded a net loss of HK\$7.0 million in 3Q2014 compared to the net loss of HK\$3.9 million in 3Q2013.

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

	<b>Mould</b>	<b>IMD and plastic injection part</b>	<b>Automobile component</b>	<b>Others</b>	<b>Total</b>
	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>
<b>3Q2014 Revenue</b>	19,255	10,287	57,956	3,553	<b>91,051</b>
<b>3Q2013 Revenue</b>	10,780	6,101	47,160	4,517	<b>68,558</b>
<b>% change</b>	78.6	68.6	22.9	(21.3)	<b>32.8</b>
<b>3Q2014 Sales mix</b>	21.1	11.3	63.7	3.9	<b>100.0</b>
<b>3Q2013 Sales mix</b>	15.7	8.9	68.8	6.6	<b>100.0</b>
<b>3Q2014 Gross profit</b>	3,342	704	7,475	350	<b>11,871</b>
<b>3Q2013 Gross profit</b>	4,499	(945)	8,793	1,489	<b>13,863</b>
<b>% change</b>	(25.7)	n.m.	(15.0)	(76.5)	<b>(14.2)</b>
<b>3Q2014 Gross profit margin</b>	17.4%	6.8%	12.9%	9.9%	<b>13.0%</b>
<b>3Q2013 Gross profit margin</b>	41.7%	(15.5)%	18.6%	33.0%	<b>20.2%</b>
<b>Percentage point difference</b>	(24.3)	22.3	(5.7)	(23.1)	<b>(7.2)</b>

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.

	<b>Mould</b>	<b>IMD and plastic injection part</b>	<b>Automobile component</b>	<b>Others</b>	<b>Total</b>
	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>
<b>9M2014 Revenue</b>	45,304	24,165	158,544	10,656	<b>238,669</b>
<b>9M2013 Revenue</b>	67,990	19,724	127,627	10,865	<b>226,206</b>
<b>% change</b>	(33.4)	22.5	24.2	(1.9)	<b>5.5</b>
<b>9M2014 Sales mix</b>	19.0	10.1	66.4	4.5	<b>100.0</b>
<b>9M2013 Sales mix</b>	30.1	8.7	56.4	4.8	<b>100.0</b>
<b>9M2014 Gross profit</b>	4,885	2,044	18,329	1,506	<b>26,764</b>
<b>9M2013 Gross profit</b>	17,470	(1,615)	16,913	2,432	<b>35,200</b>
<b>% change</b>	(72.0)	n.m.	8.4	(38.1)	<b>(24.0)</b>
<b>9M2014 Gross profit margin</b>	10.8%	8.5%	11.6%	14.1%	<b>11.2%</b>
<b>9M2013 Gross profit margin</b>	25.7%	(8.2%)	13.3%	22.4%	<b>15.6%</b>
<b>Percentage point difference</b>	(14.9)	16.7	(1.7)	(8.3)	<b>(4.4)</b>

In 3Q2014, Group revenue increased by 32.8% from HK\$68.6 million in 3Q2013 to HK\$91.1 million in 3Q2014. The increase in revenue was due to increase in revenue from our Mould segment, IMD and Plastic Injection Part segment and Automobile Component segment, offset by the decrease in revenue from our Others segment. Despite the increase in revenue, overall gross profit decreased by 14.2% from HK\$13.9 million in 3Q2013 to HK\$11.9 million in 3Q2014. Overall gross margin also decreased from 20.2% in 3Q2013 to 13.0% in 3Q2014. The decrease in overall gross profit and gross margin in 3Q2014 was due to decline in gross profits and gross margins from our Mould segment, Automobile Component segment and Others segment, offset by improvement in gross profit and gross margin from our IMD and plastic injection part segment.

In 3Q2014, our Mould revenue increased by 78.6% from HK\$10.8 million in 3Q2013 to HK\$19.3 million in 3Q2014. The increase in 3Q2014 sales from our Mould segment is mainly due to the delivery of completed mould orders following delays arising from the relocation of our mould production facility which was completed in July 2013. The lower margins are mainly due to a lower portion of small automobile moulds and mould modifications contract in 3Q2014 as compared to 3Q2013, as such orders has higher inherent margins. In addition, as our moulds generally has as a longer production cycle time of 3 to 6 months, the moulds delivered in 3Q2014 generally has weaker margins due to lower operational efficiency due to the disruptions to production that occurred during the shifting of our Mould factory premise in June/July 2013.

**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.

In 3Q2014, our IMD revenue increased by 68.6% from HK\$6.1 million in 3Q2013 to HK\$10.3 million in 3Q2014. The increase in IMD revenue was mainly due to increase in domestic sales to the customers in the electronics industry. Following the increase in our IMD revenue, gross profit of our IMD segment also improved from a gross loss of HK\$0.9 million in 3Q2013 to a gross profit of HK\$0.7 million in 3Q2014.. The improvement was mainly due to decrease in depreciation charges of plant and machinery, following the impairment losses on plant and equipment of our IMD segment which were recognised in FY2013 and improvement in production efficiency. We will continue to take measures to improve operational efficiency and increase the sales channel of the IMD segment.

In 3Q2014, our Automobile Component sales increased by 22.9% from HK\$47.2 million in 3Q2013 to HK\$58.0 million in 3Q2014. The higher sales from our automobile component segment was due to the increase in sale of automobile components used in Hyundai vehicles in our automobile component factory in Beijing, Beijing Baiju Automobile Component Co., Ltd ("Beijing Baiju"), from HK\$39.9 million in 3Q2013 to HK\$51.1 million in 3Q2014, in tandem with the continuing strong sale performance of Hyundai vehicles in China.

Despite the increase in sales and production volume of our Automobile Component segment in 3Q2014, gross margin for the segment declined from 18.6% in 3Q2013 to 12.9% in 3Q2014. The decline in gross margin of our Automobile Component segment was mainly due to a favourable price adjustment of HK\$1.9 million relating to sub-contracting charges which was recorded by our Beijing operation in 3Q2013. If the price revision was disregarded, the Group's gross margin for the automobile component segment would have been 14.6% in 3Q2013 (instead of the current 18.6%). In addition, the gross margin was further diluted by a more unfavourable sales mix in 3Q2014 as compared to 3Q2013 with products of a lower margin accounting for a higher portion of sales. On a sequential basis, gross margin in 3Q2014 of 12.9% had remained fairly constant compared to the normalised gross margin of 12.1% in 2Q2014.

Other revenue mainly comprised sales of stamped metal parts. The decrease in revenue in 3Q2014 was mainly due to decrease in sales to the customers in electronics and automobile industries. The lower margin is mainly due to lower economies of scale from lower revenue. In addition, in 3Q2013, our Others segment recorded a batch of once-off sales to a foreign customer with higher gross margin, which accounted for 15% of other revenue in 3Q2013, which is absent in 3Q2014.

**Other items of income**

The increase in interest income in 3Q2014 is mainly due to increases in late penalty charges on trade receivable owing from Shenzhen Precision and interest income charged on advances given to the minority shareholder of one of our subsidiaries. The higher late penalty charges were mainly due to higher rates charged as the rate is pegged to the borrowing rate of the Group which had been rising.. The advances to the minority shareholder of our subsidiaries were made out of the excess cash holdings of the same subsidiary, at an interest rate of 12% per annum. The advances were granted on a reciprocal basis as the Group itself had also drawn down advances from the same subsidiary to finance the operations of the rest of the Group.

**Other items of expense**

Despite the increase in revenue, our selling and distribution expenses decreased from HK\$5.1 million in 3Q2013 to HK\$4.3 million in 3Q2014. The decrease in selling and distribution expenses in 3Q2014 was mainly attributed to cost-cutting measures through reduction of our customer service and quality control team of our automobile component 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.**

In 3Q2014, general and administrative expenses had increased from HK\$11.0 million in 3Q2013 to HK\$12.3 million in 3Q2014. The increase is mainly due to higher general administrative and staff expenses from the increased business activity of Beijing Baiju of about HK\$1.1 million.

Finance costs comprised mainly interest expenses on the Group's bank loans and charges on the early redemption of bank bills receivable. The increase in finance costs in 3Q2014 is mainly due to increase in interest expenses on bank loans as a result of new bank loans totalling RMB 16.9 million secured in 4Q2013 and increase in interest charges levied on bill receivables issued by commercial banks during this financial period. These charges are levied when the bill receivables are redeemed before maturity. The early redemption arises from the need to finance the working capital of our automobile component operation in Changchun, following the growth in business volume.

Please refer to Note 4 on page 3 for the composition of other expenses. The foreign exchange loss was mainly attributed to exchange loss from non-trade, unrealised book translation of Hong Kong dollar denominated balances between companies within the Group. The loss arises from the depreciation of Hong Kong dollars against Renminbi during this financial period. Impairment loss on trade and other receivables of HK\$0.9 million was mainly arisen from the IMD segment.

#### **Taxation**

The Group recorded income tax expense of HK\$0.3 million in 3Q2014. Despite being in a loss position, the Group incurred income tax expense in 3Q2014 as certain entities within the group are profitable and subjected to income tax. The taxes are mainly paid by our profitable entity in Beijing.

#### **Discontinued operation**

The results of Changchun Kunda-Guoan Automobile Plastic Mould Company Limited ("Changchun Kunda") for the financial period ended 31 December, in accordance with the requirements of FRS 105 are as follows:

<b>Income statement disclosures</b>	<b>3Q2014</b>	<b>3Q2013</b>	<b>%</b>	<b>9M2014</b>	<b>9M2013</b>	<b>%</b>
Revenue	216	474	(54.4)	319	1,417	(77.5)
Expenses	(435)	(653)	(33.4)	(857)	(2,028)	(57.7)
Loss from operation	(219)	(179)	22.3	(538)	(611)	(11.9)
Finance costs	(266)	(260)	2.3	(797)	(774)	3.0
Impairment loss on inventories	-	(1)	n.m.	-	(76)	n.m.
Loss from discontinued operation, net of tax	(485)	(440)	10.2	(1,335)	(1,461)	(8.6)

The principal business activity of Changchun Kunda is the production and sale of plastic injection mould. As Changchun Kunda is to be disposed to Jilin Guo'an, the Group had been progressively scaling down the business activity of Changchun Kunda while our wholly-owned subsidiary, Kunda Mould (Shenzhen) Company Limited ("Kunda Mould") is gradually taking over certain of the sales and production orders for moulds in Changchun. As such, the revenue and expenses of Changchun Kunda had declined further in 3Q2014 as compared to 3Q2013. The Group is in the process of carrying out the legal transfer of ownership. After the completion of the disposal of Changchun Kunda, Kunda Mould will directly operate the Group's mould business in Changchun.



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.**

**Balance sheet**

**Non-current assets**

On the whole, the non-current assets of the Group as at 31 December 2013 had remained fairly constant as compared to the balance sheet as at 31 March 2013.

The decrease in property, plant and equipment is mainly due to depreciation charges of HK\$11.0 million during the financial period and disposal of plant and equipment with a net carrying value of HK\$0.3 million, offset by the additions of property, plant and equipment of approximately HK\$7.3 million, and translation difference of HK\$1.7 million. The additions of property, plant and equipment mainly relate to acquisitions of plant and equipment by our Automobile Component segment to support the rising production volume, and acquisition of plant and equipment and renovations in relation to the shift of our mould and IMD production facilities to Bao Long Industrial Park, Bao Long Yi Road, Longgang District, Shenzhen City Guangdong Province, PRC ("Bao Long industrial Park").

The decrease in land use rights was also due to amortisation charge of HK\$1.3 million, offset by translation difference of HK\$0.2 million.

Non-current prepayments as at 31 December 2013 relate mainly to prepayments for production equipment and renovations. The increase in non-current prepayment is mainly due to prepayments of HK\$1.6 million made for the renovation of the new factory of Beijing Baiju (Please see para 10 of this announcement for more details).

**Current assets and current liabilities**

Inventories increased from HK\$59.9 million as at 31 March 2013 to HK\$65.1 million as at 31 December 2013. This was mainly due to:

- Increase in raw materials for the production of automobile components from HK\$3.7 million to HK\$5.8 million; and
- Increase in the inventories for IMD and plastic injection parts from HK\$2.3 million to HK\$4.9 million.

The above increases are mainly due to increased production volume from these two segments as a result of higher sales volume. As such, the turnover days had also increased from approximately from 80 days in FY2013 to 85 days in 9M2014.

Bill receivables of our Group relates to bank bills received from customers for the sale of products, the amount of bank bills held at any point in time is mainly dependent on the maturity period of the bank bills. Combined trade receivables and bill receivables of our Group as at 31 December 2013 had remained fairly constant as compared to 31 March 2013 while the turnover day of the combined trade and bill receivable had also remained fairly constant, with a slight decrease from 110 days in FY2013 to 109 days in 9M2014.

Other receivables had increased from HK\$12.6 million as at 31 March 2013 to HK\$26.8 million as at 31 December 2013. This was mainly due to advances of RMB 8 million (equivalent to HK\$ 10.2 million) given to the minority shareholder of one of our subsidiaries, out of the excess cash holdings of the same subsidiary, at an interest rate of 12% per annum. This is a reciprocal arrangement and the Group itself had also drawn down similar loans from the same subsidiary from time to time.

**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.

In addition, the increase in other receivables was also due to increase in receivables from the provision of raw materials to sub-contractors for further processing of our automobile component products, from HK\$9.4 million as at 31 March 2013 to HK\$11.2 million as at 31 December 2013. After the delivery of the final products to our customers, these raw material receivables will generally be offset against the final subcontracting charges which will be inclusive of the cost of raw materials. The transaction is structured in such a manner for better control over raw material wastage incurred by the sub-contractors. The increase is mainly due to timing differences from the supply of raw materials to these sub-contractors and the settlement of sub-contracting costs and higher production volume in 9M2014. The corresponding accrued subcontracting charges payable to these sub-contractors had also increased from HK\$12.6 million as at 31 March 2013 to HK\$18.1 million as at 31 December 2013. The Group do not expect any significant credit risk arising from these receivables as the Group is generally in a net payable position to these sub-contractors after taking into consideration the sub-contracting costs payable to them. On the whole, the net payable position of the Group to these sub-contractors had increased from HK\$3.2 million as at 31 March 2013 to HK\$6.9 million as at 31 December 2013 which has the effect of improving the overall operational cash flow of the Group.

Current prepayments mainly comprised prepayments made to raw material suppliers and sub-contractors and down payment for the lease of a new factory for our Beijing operation (please see para 10 of this announcement for more details). The increase in prepayments was mainly due to the down payment of HK\$2.6 million for the lease of the new Beijing factory made in September 2013 and the increase in prepayments by HK\$3.4 million made to the raw material suppliers and sub-contractors of our automobile components segment.

The amount due from related party relates to trade receivables of HK\$30.1 million due from Shenzhen Precision. The decrease from HK\$43.2 million as at 31 March 2013 to HK\$30.1 million as at 31 December 2013 was mainly due to the full repayment of the loans disbursed in 4Q2013 and the interest charged on the loans on 14 June 2013.

Assets and liabilities of disposal group classified as held for sale relate to the assets and liabilities of Changchun Kunda to be disposed to Jilin Guo'an Group Co., Ltd ("Jilin Guo'an"). The major classes of assets and liabilities of Changchun Kunda classified as held for sale as at 30 September 2013 and its comparatives are as follows:

	<b>31 Dec 2013</b>	<b>31 Mar 2013</b>	<b>Change</b>
<b>Assets:</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Property, plant and equipment	17,123	16,695	2.6
Land use right	18,800	18,330	2.6
Inventories	1,455	1,693	(14.1)
Trade and other receivables	594	386	53.9
Prepayments in relation to construction of factories	4,494	4,382	2.6
Other prepayments	643	567	13.4
Cash and bank balances	132	17	676.5
<b>Assets of disposal group classified as held for sale</b>	<b>43,241</b>	<b>42,070</b>	<b>2.8</b>

	<b>31 Dec 2013</b>	<b>31 Mar 2013</b>	<b>Change</b>
<b>Liabilities:</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Trade and other payables	17,033	15,625	9.0
Other liabilities	2,758	2,441	13.0
<b>Liabilities directly associated with disposal group classified as held for sale</b>	<b>19,791</b>	<b>18,066</b>	<b>9.5</b>

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.**

On the whole, the movement of the assets and liabilities of Changchun Kunda were mainly arisen from the mould contracts secured before the entry into the conditional sale and purchase agreement with Jilin Guo'an. Decrease in inventories and increase in trade and other receivable were mainly due to sales of moulds recorded during the financial period. Increase in cash and bank balances and other liabilities were mainly due to collections from its trade receivables and advances from customers for mould under constructions. Increase in prepayment was due to payment made to a sub-contractor during the financial period. Increase in trade and other payables were mainly due to increase in the advances given by Jilin Guo'an. The increase in property, plant and equipment and land use right arises mainly from foreign currency translation gains arising from the appreciation of renminbi against Hong Kong dollars.

#### Non-current and Current Liabilities

Trade and other payables increased from HK\$ 91.6 million as at 31 March 2013 to HK\$ 114.4 million as at 31 December 2013. This was mainly due to the increases in trade payables of our automobile component business of HK\$14.4 million (including the accrued sub-contracting charges mentioned above) and trade payables of our IMD business of HK\$5.1 million, which are in line with the increase in sales and production volume.

Other liabilities comprise mainly advances from customers, accruals of operating expenses and VAT and other tax payables. The decrease in other liabilities was mainly due to a HK\$1.6 million decrease in VAT and other tax payables and a HK\$3.3 million decrease in advances collected from our mould customers, offset by a HK\$1.3 million increase in advances collected from our IMD customers.

As at 31 December 2013, the Group's secured borrowings comprise short-term bank loans of approximately HK\$50.4 million and a 2 year bank loan of approximately HK\$9.6 million. The increase was mainly due to a 2 year bank loan of RMB 7.5 million (equivalent to approximately HK\$9.6 million) secured in 9M2014.

Deferred government grants were mainly for three development projects and will be recognised in the profit and loss account once the conditions attached have been fulfilled. The classification between long term and current grant is based on their estimated completion date. The overall increase in total deferred government grants is mainly due to government grants of RMB 5.7 million (equivalent to approximately HK\$7.2 million) received during the financial period.

The decline in provision for taxation is mainly due to income tax payment made during the financial period.

#### Cash flow

In 3Q2014, overall cash and cash equivalent had increased by HK\$18.9 million. The increase in 3Q2014 was mainly due to operating cash inflow of HK\$11.9 million in 3Q2014, government grants of HK\$6.5 million received in 3Q2014 (from investing activities) and proceeds from borrowings of HK\$4.3 million in 3Q2014 (from financing activities). The cash inflows were offset by capital expenditure of HK\$3.7 million (from investing activities) in 3Q2014.

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

No forecast or prospect statement has been previously issued.

**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.**

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

On 27 September 2013, the Group had entered into a lease agreement for a new factory for the operations of Beijing Baiju. Beijing Baiju plans to vacate its existing factory and complete the shift to the new factory in March/April 2014. The new factory is significantly closer to our main customer, Beijing Hyundai, as compared to our current premise. Over the long term, the Group expects to achieve economies in transportation expenditure as well as more timely support services for our customer. Based on our current estimate, the Group expects to incur shifting related cost of RMB 2 million to 3 million (including staff retrenchment cost) and capital expenditure of RMB 6 million to 7 million mainly for the renovation and production infrastructure installation of the new factory mainly in 4Q2014 and 1Q2015. The above estimated cost represents current best estimate and may change as the Group revise its requirements to facilitate a smooth transition. The Group will continue to update on any material changes to its cost estimate.

**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

The Company discloses the aggregate value of interested person transactions as follows:

	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
<b>Shenzhen Kunda Precision Mould Co., Ltd ("Shenzhen Precision")</b>		
Rental of factory premise at Xinweizai Village (Note A)	1,008	-
Rental of factory premise at Bao Long Yi Road (Note A)	2,565	-
Late penalty charges (Note B)	2,259	-
Interest charges on loan (Note C)	196	-
<b>Total</b>	<b>6,028</b>	<b>-</b>

#### Note A

The rental of Shenzhen Precision's Xinweizai village factory premise is based on independent market valuation. The lease on the Xinweizai village had ceased with effect from 30 June 2013 and the Group had commenced leasing a new factory at Bao Long Industrial Park from Shenzhen Precision with effect from 1 July 2013. The lease of the Bao Long Industrial Park factory is based on independent market valuation. Please see the Company's announcement on 9 July 2013 for more details.

#### Note B

With the current economic slowdown, Shenzhen Precision is facing delays in the collection of its own trade receivables to settle the technical fees due to the Group. Late penalty charges were imposed on the outstanding balances due from Shenzhen Precision and the interest is to be paid on a monthly basis, within 7 working days from the end of each month. The penalty rate is the higher of i) the Group's current borrowing rate plus 1.5% or ii) 6.5%.

#### Note C

The loan to Shenzhen Precision bears interest at the rate of the higher of the Group's current borrowing rate plus 1.5% per annum and 6.5% per annum. The Loan and related interest had been fully repaid on 14 June 2013. The disbursement of the Loan had been ratified by shareholders during an Extraordinary General Meeting held on 22 October 2013.

No interested person transaction mandate had been obtained from shareholders.

**14. Confirmation by the Board pursuant to Rule 705(4) 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 financial period ended 31 December 2013 to be false or misleading in any material respect.

**On Behalf of the Board of Directors**

**Cai Kaoqun**  
**Executive Chairman and CEO**  
**13 February 2014, Singapore**

**Yang Jinbiao**  
**Executive Director and COO**

**BY ORDER OF THE BOARD**  
**CAI KAOQUN**  
**EXECUTIVE CHAIRMAN AND CEO**  
**13 February 2014**