



**CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED**

(Company Registration Number: 200712727W)

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

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

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**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. On 2 September 2015, the SGX-ST had approved the Company’s application for a twelve months extension, till 1 September 2016, to meet the requirements to exit from the Watch-List which are set out under Listing Rule 1314.

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 subsidiaries (collectively, the “**Group**”) for the financial period ended 30 September 2015 as compared to the past comparative period.

**2. UPDATE ON FINANCIAL POSITION**

In 2Q2016 and 1H2016, Group revenue declined by 4.2% and 8.3% respectively as compared to the past comparative periods, mainly due to decrease in revenue from our Automobile Component segment which was partially offset by increase in revenue from the IMD and Plastic Injection Parts segment.

As compared to the past comparative periods, overall gross profit in 2Q2016 and 1H2016 increased by 16.3% and 34.9% respectively. Other items of income in 2Q2016 and 1H2016 decreased by 84.1% and 82.8% respectively. The decline in other income is mainly due to the disposal gain and foreign exchange gain from the disposal of subsidiaries in 2Q2015. Other items of expense increased by 1.9% in 2Q2016 but decreased by 3.2% in 1H2016.

In 2Q2016 and 1H2016, the Group recorded an income tax credit of HK\$0.3 million and an income tax expense of HK\$0.1 million respectively.

Arising from the above and coupled with the absence of loss from discontinued operations, disposal gain and foreign exchange gain from the disposal of subsidiaries in the current financial period, the Group recorded a net profit of HK\$4.0 million in 2Q2016 and HK\$5.2 million in 1H2016 as compared to HK\$19.1 million in 2Q2015 and HK\$14.0 million in 1H2015.

## 2. UPDATE ON FINANCIAL POSITION (CONT'D)

|   | Group        |               |              |                |
|---|--------------|---------------|--------------|----------------|
|   | 2Q2016       | 2Q2015        | 1H2016       | 1H2015         |
|   | (HK\$'000)   | (HK\$'000)    | (HK\$'000)   | (HK\$'000)     |
| <b>Profit for the period</b>  | <b>4,018</b> | <b>19,108</b> | <b>5,230</b> | <b>14,008</b>  |
| <b>Adjustments:</b>   |              |               |              |                |
| Gain on disposal of subsidiaries  | -            | (14,041)      | -            | (14,041)       |
| Foreign currency translation gain reclassified to profit and loss upon disposal of subsidiaries | -            | (7,176)       | -            | (7,176)        |
| Loss from discontinued operations, net of tax   | -            | 1,775         | -            | 4,697          |
| <b>Profit/(Loss) for the period, after adjustments</b>  | <b>4,018</b> | <b>(334)</b>  | <b>5,230</b> | <b>(2,512)</b> |

Referring to the table above, the Group had showed improvements in its operational results after excluding the gains arising from the disposal of subsidiaries and the losses from discontinued operations in FY2015.

For full details on the results and financial position of the Group, please refer to our result announcement for the financial period ended 30 September 2015 released on 6 November 2015.

## 3. UPDATE ON FUTURE DIRECTION

The Group's current businesses service mainly China's automobile and consumer electronics market. With the Chinese economy remaining lacklustre in 2015, we expect business condition to remain challenging. In addition, there are continuing uncertainties over the strength of the global economy resulting in a more volatile and unstable business environment.

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 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. On 9 September 2015, the Company announced the cessation of negotiations on the MOU with YJC. Please refer to the announcements on the same dates for details.

For our Automobile component segment and IMD and plastic injection parts segment, we will continue to focus on improving production and operational efficiency. We would also focus on increasing and diversifying our customer base, but this will require more time to materialise.

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**  
**6 November 2015**