



CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

Unaudited Financial Statements for the Financial Period ended 30 June 2016

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.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

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 (HK\$'000)		Change %
		3 months ended 30-Jun-16 ("1Q2017")	3 months ended 30-Jun-15 ("1Q2016")	
Consolidated Income Statement				
Revenue		55,861	46,517	20.1
Cost of sales		(45,835)	(38,555)	18.9
Gross profit		10,026	7,962	25.9
Other items of income				
Interest income	1	58	19	205.3
Other income	2	1,237	360	243.6
Other items of expense				
Selling and distribution expenses		(2,654)	(2,750)	(3.5)
General and administrative expenses		(5,584)	(4,022)	38.8
Other credit/(expense)	3	4	(58)	n.m.
Profit before taxation	4	3,087	1,511	104.3
Income tax credit/(expense)	5	49	(299)	n.m.
Profit for the period		3,136	1,212	158.7
Attributable to:				
Owners of the Company		2,253	871	158.7
Non-controlling interests		883	341	158.9
		3,136	1,212	158.7

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

	Group		
	1Q2017 HK\$'000	1Q2016 HK\$'000	Change %
Profit for the period	3,136	1,212	158.7
Other comprehensive income:			
Items that may be subsequently reclassified to profit & loss:			
Foreign currency translation	(3,004)	(43)	n.m.
Other comprehensive income for the period, net of tax	(3,004)	(43)	n.m.
Total comprehensive income for the period	132	1,169	(88.7)
Attributable to:			
Owners of the Company	39	840	(95.4)
Non-controlling interests	93	329	(71.7)
Total comprehensive income for the period	132	1,169	(88.7)
Note 1 – Interest income			
Interest income from bank and other receivables	58	19	205.3
Note 2 – Other income			
Sale of raw materials/ scrap materials	64	135	(52.6)
Gain on disposal of property, plant and equipment	8	-	n.m.
Government grants related to income	25	-	n.m.
Net foreign exchange gain	789	-	n.m.
Rental income	351	-	n.m.
Others	-	225	n.m.
	1,237	360	297.7
Note 3 – Other (credit)/ expense			
Net foreign exchange loss	-	49	n.m.
(Reversal of)/ Impairment loss on inventories	(4)	9	n.m.
	(4)	58	n.m.
Note 4 – Profit before taxation			
This is determined after charging the following:			
Depreciation of property, plant and equipment	656	526	24.7
Research and product testing expenses	344	154	123.4
Note 5 – Income tax (credit)/expense			
Current income taxation	251	-	n.m.
(Over)/Underprovision in respect of prior years	(300)	299	n.m.
Income tax (credit)/expense	(49)	299	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-16 HK\$'000	Group As at 31-Mar-16 HK\$'000	Company As at 30-Jun-16 HK\$'000	Company As at 31-Mar-16 HK\$'000
<u>Non-current assets</u>				
	-	-	45,598	46,977
	13,263	14,316	-	-
	955	150	-	-
	14,218	14,466	45,598	46,977
<u>Current assets</u>				
	24,771	26,749	-	-
	51,209	47,557	-	-
	5,164	14,550	94	108
	-	-	29,812	32,117
	47,449	34,613	769	214
	128,593	123,469	30,675	32,439
	142,811	137,935	76,273	79,416
<u>Current liabilities</u>				
	54,026	49,159	-	-
	11,190	11,051	1,870	1,865
	698	444	-	-
	187	192	-	-
	361	872	-	-
	66,462	61,718	1,870	1,865
	62,131	61,751	28,805	30,574
	66,462	61,718	1,870	1,865
	76,349	76,217	74,403	77,551
<u>Equity attributable to owners of the Company</u>				
	148,309	148,309	148,309	148,309
	(39,706)	(41,842)	(85,353)	(84,466)
	(74,397)	(74,397)	-	-
	162	45	-	-
	17,583	19,797	11,447	13,708
	51,951	51,912	74,403	77,551
	24,398	24,305	-	-
	76,349	76,217	74,403	77,551
	142,811	137,935	76,273	79,416

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	Group
	As at 30-Jun-16 HK\$'000	As at 31-Mar-16 HK\$'000
Note 1 – Inventories		
Raw materials	3,820	3,075
Work in progress	2,342	1,119
Finished goods	18,609	22,555
	<u>24,771</u>	<u>26,749</u>

Note 2 – Trade and other receivables

Trade receivables	45,723	40,935
Bill receivables	1,777	2,815
Other receivables	3,709	3,807
	<u>51,209</u>	<u>47,557</u>

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 2016		As at 31 March 2016	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

(In HK\$'000)

As at 30 June 2016		As at 31 March 2016	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The Group does not have any bank borrowings or debt securities as at 30 June 2016 and 31 March 2016.

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.**

	Note	Group (HK\$'000)	
		1Q2017	1Q2016
Operating activities			
Profit before tax, total		3,087	1,511
Adjustments for:			
Depreciation of property, plant and equipment		656	526
(Reversal of)/Impairment loss on inventories		(4)	9
Gain on disposal of property, plant and equipment		(8)	-
Interest income		(58)	(19)
Translation differences		(1,326)	(24)
Operating cash flows before working capital changes		2,347	2,003
(Increase)/decrease in:			
Trade and other receivables		(3,652)	(10,552)
Inventories		1,982	2,887
Prepayments		9,386	3,653
Amount due from related parties, net		254	190
Increase/(decrease) in:			
Trade and other payables		4,901	(1,559)
Other liabilities		139	(562)
Cash flows from/(used in) operations		15,357	(3,940)
Interest received		58	19
Income tax paid		(449)	(299)
Net cash flows from/(used in) operating activities		14,966	(4,220)
Investing activities			
Purchase of property, plant and equipment	A	(852)	(592)
Proceeds from disposal of property, plant and equipment		8	-
Government grants received		-	825
Net cash flows (used in)/from investing activities		(844)	233
Financing activities			
Proceeds from issuance of new ordinary shares		-	3,555
Share issue expenses		-	(303)
Net cash flows from financing activities		-	3,252
Net increase/(decrease) in cash and cash equivalents		14,122	(735)
Effect of exchange rate changes on cash and cash equivalents		(1,286)	(13)
Cash and cash equivalents at beginning of financial period		34,613	27,494
Cash and cash equivalents at end of financial period		47,449	26,746

	Group (HK\$'000)	
	1Q2017	1Q2016
Note A:		
Cash outflow on purchase of property, plant and equipment:		
Aggregate cost of property, plant and equipment acquired	13	139
Add: Payment for prior years acquisitions	213	374
Less: Outstanding payments	(179)	(79)
Add: Movement of prepayments made	805	158
Cash payments made to acquire property, plant and equipment	852	592

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, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve	
							HK\$'000	
Group								
1Q2017								
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.

	Attributable to owners of the Company						Non-controlling interests HK\$'000
	Equity, total HK\$'000	Equity attributable to owners of the Company, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	Foreign currency	
						translation reserve HK\$'000	
Group							
1Q2016							
Opening balance at 1 April 2015	70,040	44,761	145,057	(48,559)	(74,397)	22,660	25,279
Profit for the period	1,212	871	-	871	-	-	341
Other comprehensive income for the period, net of tax	(43)	(31)	-	-	-	(31)	(12)
Total comprehensive income for the period	1,169	840	-	871	-	(31)	329
<u>Contributions by and distributions to owners</u>							
Issuance of new ordinary shares	3,555	3,555	3,555	-	-	-	-
Share issuance expenses	(303)	(303)	(303)	-	-	-	-
Total transactions with the owners in their capacity as owners	3,252	3,252	3,252	-	-	-	-
Closing balance at 30 June 2015	74,461	48,853	148,309	(47,688)	(74,397)	22,629	25,608

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 HK\$'000	Foreign currency translation reserve HK\$'000
Company				
1Q2017				
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
Company				
1Q2016				
Opening balance at 1 April 2015	81,979	145,057	(80,007)	16,929
Loss for the period	(1,110)	-	(1,110)	-
Other comprehensive income for the period, net of tax	(34)	-	-	(34)
Total comprehensive income for the period	(1,144)	-	(1,110)	(34)
<u>Contributions by and distributions to owners</u>				
Issuance of new ordinary shares	3,555	3,555	-	-
Share issuance expenses	(303)	(303)	-	-
Total transactions with the owners in their capacity as owners	3,252	3,252	-	-
Closing balance at 30 June 2015	84,087	148,309	(81,117)	16,895

- 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 30 June 2016 and 31 March 2016	409,800,000	148,309

The Company had 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 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.**

	As at 30 June 2016	As at 31 March 2016
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 2016 and 31 March 2016.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable, as the Company did not have any treasury shares as at the end of the current financial period reported on.

- 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 2016, 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 2016. 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	
		1Q2017	1Q2016
Profit for the period attributable to owners of the Group, after deducting any provision for preference dividends and non-controlling interests	HK\$'000	2,253	871
Earnings per share Basic	HK cents	0.55	0.21

Basic earnings per share for the 1Q2017 are calculated based on weighted average number of shares issued of 409,800,000 (1Q2016: 384,393,000) ordinary shares.

Diluted earnings per share are not presented as there were no potential dilutive securities in existence as at 30 June 2016 and 30 June 2015.

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 2016	31 Mar 2016	30 Jun 2016	31 Mar 2016
	HK cents	HK cents	HK cents	HK cents
Net assets per ordinary share after deducting non-controlling interests, based on 409.8 million shares as at 30 June 2016 (31 March 2016: 409.8 million shares)	12.7	12.7	18.2	18.9

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

Group revenue in 1Q2017 increased by 20.1% as compared to 1Q2016, mainly due to increase in sales from the Automobile Component Parts segment and In Mould Decoration and the Plastic Injection Parts ("IMD and Plastic Injection Parts") segment. Following the increase in revenue, overall gross profit in 1Q2017 increased by 25.9%.

As compared to 1Q2016, other items of income in 1Q2017 increased by 241.7%. The increase in other items of income in 1Q2017 was mainly due to foreign exchange gain and rental income which were absent in 1Q2016. Other items of expense increased by 20.6% in 1Q2017 as compared to 1Q2016, and this was mainly due to increase in employee benefit expenses in 1Q2017.

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 1Q2017, the Group recorded an income tax credit of HK\$49,000 due to the over-provision of income tax in respect of prior reporting periods following the finalisation with the local tax authorities.

Arising from the above, the Group recorded a net profit of HK\$3.1 million in 1Q2017 as compared to HK\$1.2 million in 1Q2016.

Revenue and Gross Profit

(HK\$'000)	IMD and Plastic Injection Parts	Automobile Component Parts	Total
1Q2017 Revenue	8,911	46,950	55,861
1Q2016 Revenue	8,162	38,355	46,517
% change	9.2	22.4	20.1
1Q2017 Sales mix	16.0%	84.0%	100.0%
1Q2016 Sales mix	17.5%	82.5%	100.0%
1Q2017 Gross profit	2,408	7,618	10,026
1Q2016 Gross profit	1,611	6,351	7,962
% change	49.5	19.9	25.9
1Q2017 Gross profit margin	27.0%	16.2%	17.9%
1Q2016 Gross profit margin	19.7%	16.6%	17.1%
Percentage point difference (%)	7.3	(0.4)	0.8

In 1Q2017, Group revenue increased by 20.1% from HK\$46.5 million in 1Q2016 to HK\$55.9 million in 1Q2017. The increase in revenue is mainly due to increase in sales from both business segments. As a result of the increase in revenue, gross profit increased by 25.9% from HK\$8.0 million in 1Q2016 to HK\$10.0 million in 1Q2017. Gross margin also improved from 17.1% in 1Q2016 to 17.9% in 1Q2017. The increase in gross profit margin in 1Q2017 is mainly attributed to the improvements from our IMD and Plastic Injection Parts segment.

IMD and Plastic Injection Parts segment

The revenue from the IMD and Plastic Injection Parts segment increased by 9.2% from HK\$8.2 million in 1Q2016 to HK\$8.9 million in 1Q2017. The increase in revenue was mainly due to increase in domestic sales to customers in the electronics industry. Higher production efficiency achieved through improvement in material utilisation rate and capacity utilisation rate, resulted in the improvement of gross margin of our IMD and Plastic Injection Parts segment from 19.7% in 1Q2016 to 27.0% in 1Q2017.

Automobile Component Parts Segment

The revenue from the Automobile Component Parts segment also increased by 22.4% from HK\$38.4 million in 1Q2016, to HK\$47.0 million in 1Q2017. The increase in revenue was mainly due to the increase in sales of automobile components used in newer models of Hyundai vehicles in our automobile component factory in Beijing, as a result of the strong sales performance of Hyundai vehicles in People's Republic of China ("PRC") in 1Q2017. Direct and indirect sales to our main customer Beijing-Hyundai accounted for approximately 83.7% of the Group's total revenue in 1Q2017 (1Q2016: 81.5%).

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.**

Other items of income

The increase in other income in 1Q2017 was mainly due to net foreign exchange gains and rental income, which were absent in 1Q2016. The exchange gain in 1Q2017 arose mainly from non-trade and unrealised book revaluation of Chinese Renminbi ("RMB") denominated intercompany balances within the Group. The depreciation of RMB during this period resulted in exchange gains on the RMB denominated payable balances of our subsidiary in Hong Kong owing to our subsidiaries in PRC and British Virgin Islands. The rental income arose from the subletting of excess floor space in our factories in Beijing and Shenzhen which was absent in 1Q2016.

Other items of expense

Despite the increase in revenue, selling and distribution expenses had remained fairly constant in 1Q2017 as compared to 1Q2016, which was a result of tight cost control implemented by the management.

General and administrative expenses of the Group increased from HK\$4.0 million in 1Q2016 to HK\$5.6 million in 1Q2017 mainly due to the:

- Increase in employee benefit expenses by HK\$0.7 million mainly arising from employee salary increments since the fourth quarter for the financial year ended 31 March 2016 ("4Q2016") due to the improvement in performance of both business segments;
- Increase in research and product testing expenses by HK\$0.2 million in 1Q2017 as compared to 1Q2016. The research and product testing expenses were incurred mainly for the development of new products for both business segments; and
- Increase in general and administrative expenses (excluding employee benefit expenses and research and product testing expenses) of HK\$0.6 million by both business segments as a result of the increased sales volume.

Depreciation of property, plant and equipment increased by 24.7% in 1Q2017, mainly due to increase in property, plant equipment from our Automobile Component Parts segment in Beijing acquired in 4Q2016.

Taxation

In 1Q2017, the Group recorded a tax credit of HK\$49,000 as the Group had reversed an overprovision of income tax of HK\$0.3 million following the finalisation of income tax assessment with the local tax authorities.

Other comprehensive income - Foreign currency translation

The foreign currency loss 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. The exchange rate of RMB against Hong Kong dollars in 1Q2017 had depreciated by about 2.9% (1Q2016: depreciated by 0.1%).

Balance sheet

Non-current assets

The decrease in property, plant and equipment is mainly due to:

- Current year depreciation charges of HK\$0.7 million; and
- Foreign translation loss of HK\$0.4 million.

As at 30 June 2016, non-current prepayment comprised prepayments made for property, plant and equipment. The increase of HK\$0.8 million was from our Automobile Component Parts segment for acquisition of plant and equipment in Beijing.

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 assets

Inventories decreased from HK\$26.7 million as at 31 March 2016 to HK\$24.8 million as at 30 June 2016. This was mainly due to decrease in automobile moulds used in the production of automobile components in Beijing. Consequently, inventory turnover days also decreased from 61 days as at 31 March 2016 to 49 days as at 30 June 2016.

Trade receivables and bill receivables of our Group as at 30 June 2016 had increased by 8.6% as compared to 31 March 2016. The increase was mainly due to the:

- Increase in trade receivables of HK\$5.7 million from our Automobile Component Parts segment which is in line with the increase in revenue in 1Q2017, which are still within the normal credit period; offset by
- Decrease in trade receivables of HK\$0.9 million from our IMD and Plastic Injection Parts segment as a result of prompt payment from our customers; and
- Decrease in bill receivables of HK\$1.0 million mainly from our IMD and Plastic Injection Parts segment as the bills were due for payment in 1Q2017.

As such, the combined trade and bill receivable turnover days had also decreased from 81 days as at 31 March 2016 to 77 days as at 30 June 2016.

Current prepayments mainly comprised prepayments made to suppliers and sub-contractors. The decrease was mainly due to decrease in prepayments of HK\$9.0 million made to the suppliers and sub-contractors following the receipt of goods and services and refund of prepayment upon cancellation of orders placed with suppliers previously.

Current Liabilities

Trade and other payables increased by 9.9% as compared to 31 March 2016, mainly due to increase in trade and other payables from our Automobile Component Parts Segment by HK\$4.8 million as a result of increase in production volume. Despite the increase in trade payable balance, the trade payable turnover days had declined from 106 days as at 31 March 2016 to 98 days as at 30 June 2016.

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\$12.8 million, from HK\$34.6 million as at 31 March 2016 to \$47.4 million as at 30 June 2016.

The Group recorded net cash generated from operating activities of \$15.0 million in 1Q2017. This was mainly due to working capital inflow of HK\$13.0 million and operating cash inflows before movements in working capital of HK\$2.3 million offset by income tax paid of HK\$0.4 million.

The Group utilised HK\$0.8 million in 1Q2017 in investing activities mainly due to purchase of 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.

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.

The Group's current business is largely contributed by automobile and consumer electronics market in PRC. Given the lack lustre Chinese economy's performance in FY2017, we expect business conditions 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.

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.

On 5 July 2016, the Company announced that the Group proposed to diversify its existing core business to include the business of water treatment to produce electrolysed water products and other related activities (the "Proposed Diversification"). The Proposed Diversification has been approved by the shareholders at the extraordinary general meeting of the Company held on 26 July 2016. As at the date of this announcement, the Group is still in the process of negotiations with the potential party. The Company would provide updates as and when appropriate.

The Company will also continue to assess other 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.

	Aggregate value of all interested person transactions during financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) HK\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) HK\$'000
Shenzhen Kunda Precision Mould Co., Ltd ⁽¹⁾ ("Shenzhen Precision")		
Rental of factory premise at Bao Long Yi Road, Shenzhen	271	-
Total	271	-

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 three months ended 30 June 2016 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Cai Kaoqun
Executive Chairman and CEO
4 August 2016
Singapore

Yang Jinbiao
Executive Director and COO

BY ORDER OF THE BOARD
CAI KAOQUN
EXECUTIVE CHAIRMAN AND CEO
4 August 2016