



CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

Unaudited Financial Statements for the Financial Period ended 30 September 2018

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 (HK\$'000)		Change %	Group (HK\$'000)		Change %
		3 months ended 30-Sep-18 ("2Q2019")	30-Sep-17 ("2Q2018") (Restated)		6 months ended 30-Sep-18 ("1H2019")	30-Sep-17 ("1H2018") (Restated)	
<u>Consolidated Income Statement</u>							
<u>Continuing operations</u>							
Revenue		7,352	12,479	(41.1)	15,987	20,911	(23.5)
Cost of sales		(6,082)	(8,417)	(27.7)	(12,644)	(14,221)	(11.1)
Gross profit		1,270	4,062	(68.7)	3,343	6,690	(50.0)
Other items of income							
Interest income		105	140	(25.0)	307	145	111.7
Other income	1	1,806	70	n.m.	3,278	72	n.m.
Other items of expense							
Selling and distribution expenses		(457)	(437)	4.6	(839)	(804)	4.4
General and administrative expenses		(3,281)	(2,900)	13.1	(6,665)	(5,475)	21.7
Other charges	2	(333)	(578)	(42.4)	(411)	(1,123)	(63.4)
(Loss)/Profit before taxation	3	(890)	357	n.m.	(987)	(495)	99.4
(Loss)/Profit from continuing operations, net of tax		(890)	357	n.m.	(987)	(495)	99.4
<u>Discontinued operation</u>							
Profit/(Loss) from discontinued operation, net of tax	4	1,426	(1,141)	n.m.	1,034	(2,450)	n.m.
Profit/(Loss) for the period		536	(784)	n.m.	47	(2,945)	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			Group		
	2Q2019	2Q2018	Change	1H2019	1H2018	Change
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
		(Restated)			(Restated)	
Attributable to:						
Owners of the Company						
(Loss)/Profit from continuing operations, net of tax	(890)	357	n.m.	(987)	(495)	99.4
Profit/(Loss) from discontinued operations, net of tax	813	(646)	n.m.	590	(1,393)	n.m.
Loss for the period attributable to owners of the Company	(77)	(289)	(73.4)	(397)	(1,888)	(79.0)
Non-controlling interests						
Profit/(Loss) from discontinued operations, net of tax	613	(495)	n.m.	444	(1,057)	n.m.
Profit/(Loss) for the period attributable to non-controlling interests	613	(495)	n.m.	444	(1,057)	n.m.
Profit/(Loss) for the period	536	(784)	n.m.	47	(2,945)	n.m.
Other comprehensive income:						
Items that may be subsequently reclassified to profit & loss:						
Foreign currency translation	(1,717)	593	n.m.	(4,510)	1,177	n.m.
Items that may not be subsequently reclassified to profit & loss:						
Foreign currency translation	(2,586)	1,374	n.m.	(6,105)	2,778	n.m.
Other comprehensive income for the period, net of tax	(4,303)	1,967	n.m.	(10,615)	3,955	n.m.
Total comprehensive income for the period	(3,767)	1,183	n.m.	(10,568)	1,010	n.m.
Attributable to:						
Owners of the Company						
Owners of the Company	(3,582)	1,220	n.m.	(8,715)	928	n.m.
Non-controlling interests	(185)	(37)	400.0	(1,853)	82	n.m.
Total comprehensive income for the period	(3,767)	1,183	n.m.	(10,568)	1,010	n.m.
Attributable to:						
Owners of the Company						
Total comprehensive income from continuing operations, net of tax	(3,262)	1,260	n.m.	(5,927)	1,306	n.m.
Total comprehensive income from discontinued operations, net of tax	(320)	(40)	700.0	(2,788)	(378)	637.6
Total comprehensive income for the period attributable to owners of the Company	(3,582)	1,220	n.m.	(8,715)	928	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		Change %	Group		Change %
	2Q2019 HK\$'000	2Q2018 HK\$'000 (Restated)		1H2019 HK\$'000	1H2018 HK\$'000 (Restated)	
Note 1 – Other income						
Sale of raw materials/ scrap materials	35	35	n.m.	41	35	17.1
Gain on disposal of property, plant and equipment	-	35	(100.0)	-	35	(100.0)
Government grants related to income	36	-	n.m.	37	2	n.m.
Net foreign exchange gain	1,036	-	n.m.	2,501	-	n.m.
Cumulative exchange gain in respect of the net assets of the subsidiary reclassified from equity on loss of control of the subsidiary	699	-	n.m.	699	-	n.m.
	<u>1,806</u>	<u>70</u>	n.m.	<u>3,278</u>	<u>72</u>	n.m.
Note 2 – Other charges						
Net foreign exchange loss	-	557	(100.0)	-	1,102	(100.0)
Impairment loss on doubtful trade and other receivables	74	-	n.m.	74	-	n.m.
Impairment loss on inventories	247	21	n.m.	325	21	n.m.
Others	12	-	n.m.	12	-	n.m.
	<u>333</u>	<u>578</u>	(42.4)	<u>411</u>	<u>1,123</u>	(63.4)
Note 3 – (Loss)/Profit before taxation						
This is determined after charging the following:						
Depreciation of property, plant and equipment	295	245	20.4	599	460	30.2
Research and product testing expenses	609	266	128.9	1,328	529	151.0
Note 4 – Profit/(Loss) from discontinued operation, net of tax						
The financial results of discontinued operation are as follows:						
Revenue	-	24,157	(100.0)	-	40,932	(100.0)
Expenses	(72)	(25,348)	(99.7)	(406)	(43,518)	(99.1)
Loss from operation	(72)	(1,191)	(94.0)	(406)	(2,586)	(84.3)
Interest income	12	44	(72.7)	12	84	(85.7)
Reversal of impairment loss on inventories	-	2	(100.0)	-	48	(100.0)
Gain on disposal of property, plant and equipment	-	4	(100.0)	-	4	(100.0)
Loss before tax from discontinued operation	(60)	(1,141)	(94.7)	(394)	(2,450)	(83.9)
Taxation	1,486	-	n.m.	1,428	-	n.m.
Profit/(Loss) from discontinued operation, net of tax	<u>1,426</u>	<u>(1,141)</u>	n.m.	<u>1,034</u>	<u>(2,450)</u>	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.

	Group As at 30-Sep-18 HK\$'000	Group As at 31-Mar-18 (Restated) HK\$'000	Group As at 1-Apr-17 (Restated) HK\$'000	Company As at 30-Sep-18 HK\$'000	Company As at 31-Mar-18 HK\$'000
Note					
<u>Non-current assets</u>					
Investment in subsidiaries	-	-	-	44,496	48,739
Property, plant and equipment	3,136	3,336	14,673	-	-
Prepayments	-	-	890	-	-
Total non-current assets	3,136	3,336	15,563	44,496	48,739
<u>Current assets</u>					
Inventories	1	7,435	8,055	26,789	-
Trade and other receivables	2	10,072	54,082	41,308	-
Prepayments		548	72	3,479	67
Amount due from related parties		-	-	20,253	23,142
Cash and bank balances		55,513	64,041	43,092	65
Total current assets		73,568	126,250	114,668	20,385
Total Assets		76,704	129,586	130,231	64,881
<u>Current liabilities</u>					
Trade and other payables		5,145	8,577	39,303	-
Other liabilities		11,013	14,880	16,482	1,022
Amount due to related parties		647	208	323	-
Deferred government grants		182	200	181	-
Provision for taxation		48	1,914	326	-
Total current liabilities		17,035	25,779	56,615	1,022
Net current assets		56,533	100,471	58,053	19,363
Total liabilities		17,035	25,779	56,615	1,022
Net assets		59,669	103,807	73,616	63,859
<u>Equity attributable to owners of the Company</u>					
Share capital		148,309	148,309	148,309	148,309
Accumulated losses		(28,819)	(29,981)	(38,875)	(94,002)
Restructuring reserve		(74,397)	(74,397)	(74,397)	-
Statutory reserve		-	1,559	423	-
Foreign currency translation reserve		14,576	23,593	15,194	9,869
		59,669	69,083	50,654	63,859
Non-controlling interests		-	34,724	22,962	-
Total equity		59,669	103,807	73,616	70,281
Total equity and liabilities		76,704	129,586	130,231	64,881

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-Sep-18 HK\$'000	Group As at 31-Mar-18 (Restated) HK\$'000	Group As at 1-Apr-17 (Restated) HK\$'000
Note 1 – Inventories			
Raw materials	1,103	1,463	4,783
Work in progress	5,724	6,024	5,238
Finished goods	608	568	16,768
	7,435	8,055	26,789

Note 2 – Trade and other receivables

Trade receivables	8,413	14,539	36,140
Bill receivables	1,105	12,673	3,069
Other receivables	554	26,870	2,099
	10,072	54,082	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 September 2018		As at 31 March 2018 (Restated)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

(In HK\$'000)

As at 30 September 2018		As at 31 March 2018 (Restated)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The Group did not have any bank borrowings or debt securities as at 30 September 2018 and 31 March 2018.

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.

	Notes	Group (HK\$'000)		Group (HK\$'000)	
		2Q2019	2Q2018 (Restated)	1H2019	1H2018 (Restated)
Operating activities					
(Loss)/Profit before tax from continuing operations		(890)	357	(987)	(495)
Loss before tax from discontinued operation		(60)	(1,141)	(394)	(2,450)
Loss before tax, total		(950)	(784)	(1,381)	(2,945)
Adjustments for:					
Depreciation of property, plant and equipment	A	295	839	599	1,610
Impairment loss/(Reversal of impairment loss) on inventories	B	247	19	325	(27)
Impairment loss on doubtful trade and other receivables		74	-	74	-
Gain on disposal of property, plant and equipment	C	-	(39)	-	(39)
Interest income	D	(105)	(184)	(319)	(229)
Unrealised foreign exchange (gain)/loss		(1,735)	557	(3,200)	1,102
Operating cash flows before working capital changes		(2,174)	408	(3,902)	(528)
(Increase)/Decrease in:					
Trade and other receivables		(1,911)	(3,417)	12,797	4,819
Inventories		(335)	(3,086)	(410)	(1,453)
Prepayments		(554)	370	(504)	1,285
(Decrease)/Increase in:					
Trade and other payables		(2,271)	5,984	(2,773)	670
Other liabilities		(628)	40,282	(1,136)	38,858
Amount due to related parties, net		(28)	(261)	478	(57)
Cash flows (used in)/generated from operations		(7,901)	40,280	4,550	43,594
Interest received		105	184	319	229
Income tax paid		3	(4)	(276)	(318)
Net cash flows (used in)/generated from operating activities		(7,793)	40,460	4,593	43,505
Investing activities					
Purchase of property, plant and equipment	E	(611)	(114)	(643)	(1,144)
Proceeds from disposal of property, plant and equipment		-	39	-	39
Net cash outflow on disposal of subsidiaries	F	(773)	-	(773)	-
Net cash flows used in investing activities		(1,384)	(75)	(1,416)	(1,105)
Financing activities					
Dividends paid to non-controlling interests		(6,348)	-	(6,348)	-
Net cash flows used in financing activities		(6,348)	-	(6,348)	-
Net (decrease)/increase in cash and cash equivalents		(15,525)	40,385	(3,171)	42,400
Effect of exchange rate changes on cash and cash equivalents		(1,608)	1,141	(5,357)	2,292
Cash and cash equivalents at beginning of financial period		72,646	46,258	64,041	43,092
Cash and cash equivalents at end of financial period		55,513	87,784	55,513	87,784

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.

Group (HK\$'000)		Group (HK\$'000)	
2Q2019	2Q2018 (Restated)	1H2019	1H2018 (Restated)

Note A:

Depreciation of property, plant and equipment:

Depreciation of property, plant and equipment from continuing operations	295	245	599	460
Depreciation of property, plant and equipment from discontinued operation	-	594	-	1,150
Total depreciation of property, plant and equipment	295	839	599	1,610

Note B:

Impairment loss/(reversal of impairment loss) on inventories:

Impairment loss on inventories from continuing operations	247	21	325	21
Reversal of impairment loss on inventories from discontinued operation	-	(2)	-	(48)
Total impairment loss/(reversal of impairment loss) on inventories	247	19	325	(27)

Note C:

Gain on disposal of property, plant and equipment:

Gain on disposal of property, plant and equipment from continuing operations	-	35	-	35
Gain on disposal of property, plant and equipment from discontinued operation	-	4	-	4
Total gain on disposal of property, plant and equipment	-	39	-	39

Note D:

Interest income:

Interest income from continuing operations	105	140	307	145
Interest income from discontinued operation	-	44	12	84
Total interest income	105	184	319	229

Note E:

Cash outflow on purchase of property, plant and equipment:

Aggregate cost of property, plant and equipment acquired	611	330	643	1,983
Add: Payment for prior years acquisitions	-	-	-	49
Add/(Less): Movement of outstanding payments	-	54	-	(59)
Less: Movement of prepayments made	-	(270)	-	(829)
Cash payments made to acquire property, plant and equipment	611	114	643	1,144

- 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.

Group (HK\$'000)		Group (HK\$'000)	
2Q2019	2Q2018 (Restated)	1H2019	1H2018 (Restated)

Note F:

Net cash outflow on disposal of a subsidiary:

Cash consideration	2,346	-	2,346	-
Cash and cash equivalents of the subsidiary	(3,119)	-	(3,119)	-
Net cash outflow on disposal of a subsidiary	<u>(773)</u>	-	<u>(773)</u>	-

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 attributable to owners of the Company, total				Foreign currency translation reserve			Non-controlling interests
	Equity, total HK\$'000	Company, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	Statutory reserve HK\$'000	reserve HK\$'000	
Group								
2Q2019								
Opening balance at 1 July 2018	90,658	63,950	148,309	(30,279)	(74,397)	1,537	18,780	26,708
Profit/(Loss) for the period	536	(77)	-	(77)	-	-	-	613
Other comprehensive income for the period, net of tax	(4,303)	(3,505)	-	-	-	-	(3,505)	(798)
Total comprehensive income for the period	(3,767)	(3,582)	-	(77)	-	-	(3,505)	(185)
<u>Others</u>								
Appropriation to reserve	-	-	-	(80)	-	80	-	-
Disposal of subsidiary	(27,222)	(699)	-	1,617	-	(1,617)	(699)	(26,523)
Total others	(27,222)	(699)	-	1,537	-	(1,537)	(699)	(26,523)
Closing balance at 30 September 2018	59,669	59,669	148,309	(28,819)	(74,397)	-	14,576	-

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	
Group								
2Q2018								
Opening balance at 1 July 2017	73,443	50,362	148,309	(40,396)	(74,397)	345	16,501	23,081
Loss for the period	(785)	(290)	-	(290)	-	-	-	(495)
Other comprehensive income for the period, net of tax	1,967	1,509	-	-	-	-	1,509	458
Total comprehensive income for the period	1,182	1,219	-	(290)	-	-	1,509	(37)
<u>Others</u>								
Appropriation to reserve	-	-	-	66	-	(66)	-	-
Total others	-	-	-	66	-	(66)	-	-
Closing balance at 30 September 2017	74,625	51,581	148,309	(40,620)	(74,397)	279	18,010	23,044

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 attributable to owners of the Company, total	Share capital	Accumulated losses	Restructuring reserve	Statutory reserve	Foreign currency translation reserve		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Group								
1H2019								
Opening balance at 1 April 2018, as previously stated	104,388	69,664	148,309	(29,442)	(74,397)	1,559	23,635	34,724
Effects of adopting SFRS(I) 15	(581)	(581)	-	(539)	-	-	(42)	-
Opening balance at 1 April 2018, restated	103,807	69,083	148,309	(29,981)	(74,397)	1,559	23,593	34,724
Profit/(Loss) for the period	47	(397)	-	(397)	-	-	-	444
Other comprehensive income for the period, net of tax	(10,615)	(8,318)	-	-	-	-	(8,318)	(2,297)
Total comprehensive income for the period	(10,568)	(8,715)	-	(397)	-	-	(8,318)	(1,853)
Others								
Dividends paid to non-controlling interests	(6,348)	-	-	-	-	-	-	(6,348)
Appropriation to reserve	-	-	-	(58)	-	58	-	-
Appropriation to reserve	(27,222)	(699)	-	1,617	-	(1,617)	(699)	(26,523)
Total others	(33,570)	(699)	-	1,559	-	(1,559)	(699)	(32,871)
Closing balance at 30 September 2018	59,669	59,669	148,309	(28,819)	(74,397)	-	14,576	-

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	
Group								
1H2018								
Opening balance at 1 April 2017, as previously stated	74,064	51,102	148,309	(38,417)	(74,397)	423	15,184	22,962
Effects of adopting SFRS(I) 15	(448)	(448)	-	(458)	-	-	10	-
Opening balance at 1 April 2017, restated	73,616	50,654	148,309	(38,875)	(74,397)	423	15,194	22,962
Loss for the period	(2,946)	(1,889)	-	(1,889)	-	-	-	(1,057)
Other comprehensive income for the period, net of tax	3,955	2,816	-	-	-	-	2,816	1,139
Total comprehensive income for the period	1,009	927	-	(1,889)	-	-	2,816	82
<u>Others</u>								
Appropriation to reserve	-	-	-	144	-	(144)	-	-
Total others	-	-	-	144	-	(144)	-	-
Closing balance at 30 September 2017	74,625	51,581	148,309	(40,620)	(74,397)	279	18,010	23,044

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.

	<u>Attributable to owners of the Company</u>			
	Equity, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Foreign currency translation reserve HK\$'000
Company				
2Q2019				
Opening balance at 1 July 2018	66,887	148,309	(93,877)	12,455
Loss for the period	(442)	-	(442)	-
Other comprehensive income for the period, net of tax	(2,586)	-	-	(2,586)
Total comprehensive income for the period	(3,028)	-	(442)	(2,586)
Closing balance at 30 September 2018	63,859	148,309	(94,319)	9,869
Company				
2Q2018				
Opening balance at 1 July 2017	69,444	148,309	(89,266)	10,401
Loss for the period	(943)	-	(943)	-
Other comprehensive income for the period, net of tax	1,374	-	-	1,374
Total comprehensive income for the period	(1,232)	-	(960)	(272)
Closing balance at 30 September 2017	68,212	148,309	(90,226)	10,129

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				
1H2019				
Opening balance at 1 April 2018	70,281	148,309	(94,002)	15,974
Loss for the period	(317)	-	(317)	-
Other comprehensive income for the period, net of tax	(6,105)	-	-	(6,105)
Total comprehensive income for the period	(6,422)	-	(317)	(6,105)
Closing balance at 30 September 2018	63,859	148,309	(94,319)	9,869
Company				
1H2018				
Opening balance at 1 April 2017	68,936	148,309	(88,370)	8,997
Loss for the period	(1,839)	-	(1,839)	-
Other comprehensive income for the period, net of tax	2,778	-	-	2,778
Total comprehensive income for the period	939	-	(1,839)	2,778
Closing balance at 30 September 2017	69,875	148,309	(90,209)	11,775

- 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.**

	Number of shares	Resultant issued and paid-up share capital (HK\$,000)
Share capital as at 30 September 2018 and 30 June 2018	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 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.**

	As at 30 September 2018 and 31 March 2018
Total number of issued shares excluding treasury shares	409,800,000

The Company did not have any treasury shares as at 30 September 2018 and 31 March 2018.

- 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.

- 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 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 2018, except for those disclosed in paragraph 5 below.

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.

The Group has adopted Singapore Financial Reporting Standards (International) (“SFRS(I)”) and all the new and revised standards that are effective for current period beginning on or after 1 April 2018. The adoption of the new and revised standards does not have any significant impact on the financial statement except for SFRS(I) 15. The relevant impact of adopting SFRS(I) 15 is as follows:

SFRS(I) 15 – Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 using the full retrospective approach and applied all practical expedients available. With the application for SFRS(I) 15 on the financials as at 1 April 2018, the following accounts have been restated:

Balance sheet	Group	
	As at 31 March 2018 (as restated)	As at 31 March 2018 (as previously stated)
	HK\$'000	HK\$'000
<u>Current assets</u>		
Inventories	8,055	3,127
<u>Current liabilities</u>		
Other liabilities	14,880	9,371
<u>Equity</u>		
Accumulated losses	29,981	29,442
Foreign currency translation reserve	23,593	23,635

Consolidated income statement	Group		Group	
	2Q2018 (as restated)	2Q2018 (as previously stated)	1H2018 (as restated)	1H2018 (as previously stated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	12,479	12,822	20,911	21,274
Cost of sales	8,417	8,748	14,221	14,566
Other charges	578	557	1,123	1,102

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			
		2Q2019	2Q2018 (Restated)	1H2019	1H2018 (Restated)
Loss for the period attributable to owners of the Group, after deducting any provision for preference dividends and non-controlling interests	HK\$'000	(77)	(289)	(397)	(1,888)
Basic loss per share	HK cents	(0.02)	(0.07)	(0.10)	(0.46)

Basic loss per share for the 2Q2019 and 1H2019 are calculated based on weighted average number of shares issued of 409,800,000 (2Q2018 and 1H2018: 409,800,000).

The fully diluted loss per share is not presented as there were no potential dilutive securities as at 30 September 2018 and 30 September 2017.

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 Sept 2018	31 Mar 2018 (Restated)	31 Sept 2018	31 Mar 2018
Net assets per ordinary share after deducting non-controlling interests, based on 409.8 million shares as at 30 September 2018 (31 March 2018: 409.8 million shares)	HK cents	HK cents	HK cents	HK cents
	14.56	16.86	15.58	17.15

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.

Completion of disposal of a subsidiary

On 14 September 2018, the Group announced the entry into a sale and purchase agreement with an independent third party purchaser, Beijing Bo Hai Xing Ye Investment Company Limited (the "Purchaser") relating to the disposal of a subsidiary, namely Beijing Baiju Automobile Component Company Limited ("BBJ") at a consideration of approximately RMB 2.0 million which had been paid in full in September 2018. The disposal was completed on 24 October 2018. Under the terms of the sale and purchase agreement, the Company and the Purchaser had agreed that the benchmark date for the disposal is fixed at 31 July 2018. As such, the disposal is deemed to have been completed on 31 July 2018 and the balance sheet of BBJ was de-consolidated from the Group's financial statements with effect from the benchmark date. Following the completion of the disposal, there is no gain or loss on disposal of subsidiary whilst a HK\$0.7 million of net foreign exchange translation gain was reclassified from equity to the 2Q2019 income statement.

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.**

New Furniture Business

In July 2018, the shareholders' approval had been obtained to include the manufacturing and distribution of furniture and other related activities (the "Furniture Business") in the Group's core business. The Group had started preparatory works for its Furniture Business in August 2018 and the Furniture Business had not commenced operation as of the date of this announcement. Other than the capital expenditure of HK\$0.5 million of renovation recorded in 2Q2019, the Furniture Business recorded start-up expenses of HK\$0.2 million which mainly relate to rental expense and employee benefit expenses.

Financial period from 1 July 2018 to 30 September 2018 ("2Q2019") vs 1 July 2017 to 30 September 2017 ("2Q2018")

Income Statement

Continuing operations

Revenue and Gross Profit

The sale of In-Mould Decoration ("IMD") and plastic injection parts are mainly contributed by the electronics manufacturers in People Republic of China ("PRC") who supply consumer electronics and electrical appliance in the domestic and international markets. Revenue decreased by 41.1% in 2Q2019 as compared to 2Q2018, mainly due to lower revenue contributions from these electronic manufacturers who were adversely affected by the combined effects of poor market sentiment in PRC and decrease in the export sales to the United States ("US").

Following the decline in revenue and consequential lower capacity utilisation rate and coupled with the increase in rental expense arose from the increased floor area following relocation of production area and renovation completed in FY2018, gross margin decreased from 32.6% in 2Q2018 to 17.3% in 2Q2019.

Other items of income

The decrease in interest income was mainly due to decrease in interest income on fixed deposits placed with the banks in PRC, in tandem with the decrease in cash and cash equivalent in 2Q2019.

The increase in other income in 2Q2019 was mainly due to the foreign exchange gains arising mainly from the translation of Renminbi ("RMB") denominated payable balances to Hong Kong Dollars ("HKD"). This was largely attributable to the translation of inter-company balances between the Group's subsidiaries which utilises different functional currencies (i.e. RMB and HKD). In 2Q2019, HKD appreciated by approximately 3.9% against RMB as compared to a depreciation of 2.0% in 2Q2018. In addition, the increase in other income was also due to net foreign exchange translation gain reclassified from foreign currency translation reserve to income statement following the disposal of BBJ in accordance with SFRS(I) 21.

Other items of expense

Despite the decline in revenue, selling and distribution expenses increased by 4.6% in 2Q2019 as compared to 2Q2018, mainly due to increase in marketing and entertainment expenses for potential and existing clients for our IMD business.

General and administrative expenses increased by 13.1% in 2Q2019 as compared to 2Q2018, mainly due to:

- Increase in research and product testing expenses, mainly arising from the development of new products as well as research activities for potential investment opportunities; and
- Start-up expenses incurred by the Furniture Business which mainly relate to rental expense and employee benefit expenses; offset by
- Decrease in employee benefit expense and other administrative expenses from our IMD business as a result of decreased business volume.

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.**

The increase in depreciation of plant and equipment was mainly arising from the newly acquired plant and equipment and renovation works completed for our IMD business since 1 October 2017.

The decrease in other charges was mainly due to the absence of foreign exchange loss which was incurred in 2Q2018 from the Group's inter-company balances, offset by the increase in impairment losses on inventories and doubtful trade receivables that arose from an increasingly uncertain outlook.

Arising from the above, the Group recorded a net loss of HK\$0.9 million from its continuing operations in 2Q2019 as compared to a net profit of HK\$0.4 million in 2Q2018.

Discontinued operation

Following the completion of the closure of automobile component production facilities in Beijing, no revenue was generated and expenses in 2Q2019 decreased by 99.7% as compared to 2Q2018. The expenses incurred in 2Q2019 mainly pertain to employee benefits expenses and other administrative expenses. An over-provision of income tax in prior reporting year was written back following the finalisation of income tax assessment by the local tax authorities. The over-provision arose from BBJ successfully obtained a 15% preferential income tax rate as against a provision of normal standard 25% income tax rate in previous year. In view of the foregoing, the Group recorded a net profit of HK\$1.4 million from its discontinued operation in 2Q2019 as compared to a net loss of HK\$1.1 million in 2Q2018.

Financial period from 1 April 2018 to 30 September 2018 ("1H2019") vs 1 April 2017 to 30 September 2017 ("1H2018")

Income Statement

Continuing operations

Revenue and Gross Profit

The sale of IMD and plastic injection parts are mainly contributed by the electronics manufacturers in PRC who supply consumer electronics and electrical appliance in the domestic and international markets. Revenue decreased by 23.5% in 1H2019 as compared to 1H2018, mainly due to lower revenue contributions from these electronics manufacturers who were adversely affected by the combined effects of poor market sentiment in PRC and decrease in the export sales to US.

Following the decline in revenue and consequential lower capacity utilisation rate and coupled with the increase in rental expenses arose from the increased floor area following relocation of production area and renovation completed in FY2018, gross margin decreased from 32.0% in 1H2018 to 20.9% in 1H2019.

Other items of income

Despite the decline in cash and cash equivalent in 1H2019, interest income increased by HK\$0.2 million, mainly attributed to more efficient cash management with the banks in PRC.

The increase in other income in 1H2019 was mainly due to the foreign exchange gains arising mainly from the translation of Renminbi ("**RMB**") denominated payable balances to Hong Kong Dollars ("**HKD**"). This was largely attributable to the translation of inter-company balances between the Group's subsidiaries which utilises different functional currencies (i.e. RMB and HKD). In 1H2019, HKD appreciated by approximately 8.7% against RMB as compared to a depreciation of 4.1% in 1H2018. In addition, the increase in other income was also due to net foreign exchange translation gain reclassified from foreign currency translation reserve to income statement following the disposal of BBJ in accordance with SFRS(I) 21.

Other items of expense

Despite the decline in revenue, selling and distribution expenses increased by 4.4% in 1H2019 as compared to 1H2018, mainly due to increase in marketing and entertainment expenses for potential and existing clients for our IMD business.

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 increased by 21.7% in 1H2019 as compared to 1H2018, mainly due to:

- Increase in research and product testing expenses, mainly arising from the development of new products as well as research activities for potential investment opportunities;
- Increase in professional fees incurred by our Singapore office resulting from the business diversification exercise in 1Q2019; and
- Start-up expenses incurred by the Furniture Business which mainly relate to rental expense and employee benefit expenses; offset by
- Decrease in employee benefit expense and other administrative expenses from our IMD business as a result of decreased business volume.

The increase in depreciation of plant and equipment was mainly arising from the newly acquired plant and equipment and renovation works completed for our IMD business since 1 October 2017.

The decrease in other charges was mainly due to the absence of foreign exchange loss in 1H2018 from the Group's intercompany balances, offset by the increase in impairment losses on inventories and doubtful trade receivables that arose from an increasingly uncertain outlook.

Arising from the above, the Group recorded a net loss of HK\$1.0 million from its continuing operations in 1H2019 as compared to HK\$0.5 million in 1H2018.

Discontinued operation

Following the completion of the closure of automobile component production facilities in Beijing, no revenue was generated and expenses in 1H2019 decreased by 99.1% as compared to 1H2018. The expenses incurred in 1H2019 mainly pertain to employee benefits expenses and other administrative expenses for collection of outstanding debts and other necessary administrative works such as book-keeping, annual audit, tax filing etc.

An over-provision of income tax in prior reporting year was written back following the finalisation of income tax assessment with the local tax authorities. The over-provision arose from BBJ successfully obtained a 15% preferential income tax rate as against a provision of normal standard 25% income tax rate in previous year. In view of the foregoing, the Group recorded a net profit of HK\$1.0 million from its discontinued operation in 1H2019 as compared to a net loss of HK\$2.5 million in 1H2018.

Other comprehensive income - Foreign currency translation

The foreign currency translation 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 Group's financials. HKD appreciated by approximately 3.9% and 8.7% against RMB in 2Q2019 and 1H2019 respectively as compared to an depreciation of 2.0% and 4.1% in 2Q2018 and 1H2018 respectively.

Balance sheet

Non-current assets

The decrease in property, plant and equipment was mainly due to depreciation charges and foreign translation loss recorded during 1H2019.

Current assets

Inventories as at 30 September 2018 decreased by 7.7% as compared to 31 March 2018 mainly due to the decrease in raw materials purchased and IMD moulds under construction for the production of IMD products in line with decrease in sales.

Trade and other receivables as at 30 September 2018 decreased by 81.4% as compared to 31 March 2018 mainly due to:

- Disposal of BBJ which had HK\$27.3 million of trade and other receivables as at 31 July 2018; and
- Repayment by customers from both continuing and discontinued operations during the 1H2019.

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.**

The increase in prepayment as at 30 September 2018 as compared to 31 March 2018 was mainly due to the increase in prepayments made to raw materials suppliers and sub-contractors for our IMD operation.

Current liabilities

Trade and other payables decreased by 40.0% as at 30 September 2018 as compared to 31 March 2018, mainly due to decrease in trade and other payables of our IMD operation as a result of decline in sales and production and volume.

Other liabilities as at 30 September 2018 decreased by 26.0% as compared to 31 March 2018, mainly due to:

- Decrease in accrued operating expenses following payments made during 1H2019; and
- Disposal of BBJ which had HK\$1.5 million of other liabilities as at 31 July 2018.

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 and interest-free advances given by a director during 1H2019.

The decrease in provision for income taxation was mainly due to the write-back of over-provision of income tax in prior reporting year from discontinued operation following the finalisation of income tax assessment with the local tax authorities.

Cash flow

Financial period from 1 July 2018 to 30 September 2018 ("2Q2019") vs 1 July 2017 to 30 September 2017 ("2Q2018")

The Group's cash and cash equivalents decreased by HK\$15.5 million in 2Q2019. In 2Q2019, the Group recorded net cash flows used in operating activities of HK\$7.8 million. This was mainly due to working capital outflow of HK\$5.7 million and operating cash outflow before movement in working capital of HK\$2.2 million, partially offset by interest received of HK\$0.1 million. The working capital outflow in 2Q2019 was mainly arisen from decreases in trade and other payables and other liabilities of HK\$2.3 million and HK\$0.6 million respectively, and increases in trade and other receivables, prepayments and inventories of HK\$1.9 million, HK\$0.6 million and HK\$0.3 million respectively, mainly due to higher revenue of HK\$3.6 million recorded in September 2018 as compared to HK\$1.7 million in June 2018, and timing difference of payments made to the suppliers and placing orders for the goods received in October 2018.

The Group also utilised HK\$1.4 million in 2Q2019 in investing activities mainly relating to renovation costs of HK\$0.6 million and net cash outflow on disposal of a subsidiary of HK\$0.8 million.

In financing activities, the Group paid dividends of HK\$6.3 million to non-controlling interest from its discontinued operation in 2Q2019.

Financial period from 1 April 2018 to 30 September 2018 ("1H2019") vs 1 April 2017 to 30 September 2017 ("1H2018")

The Group's cash and cash equivalents decreased by HK\$3.1 million in 1H2019, mainly attributed to the net cash inflows used in investing activities and financing activities of HK\$1.4 million and HK\$6.3 million respectively, offset by net cash flow generated from the operating activities of HK\$4.6 million.

The net cash inflow generated from operating activities was mainly due to working capital inflow of HK\$8.5 million and interest received of HK\$0.3 million, partially offset by operating cash outflow before movements in working capital of HK\$3.9 million and income tax payment of HK\$0.3 million.

The Group also utilised HK\$1.4 million in 1H2019 in investing activities mainly relating to renovation costs of HK\$0.6 million and net cash outflow on disposal of a subsidiary of HK\$0.8 million.

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 financing activities, the Group paid dividends of HK\$6.3 million to non-controlling interest from its discontinued operation in 1H2019.

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 24 October 2018.

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 the electronics manufacturers who supply their products to the domestic and international markets. With the slower PRC factory growth hurt by slowing domestic and external demand¹, the manufacturing industry in PRC faces the challenge of slowing demand and rising cost. The Group expect overall business condition to remain challenging and volatile in this business environment. As such, the Group does not expect significant improvement in our IMD and Plastic Injection business whilst its Furniture Business requires time to gain traction and grow its market share while incurring start-up losses. In view of the foregoing, the Group is likely to continue incurring losses in the short-run.

We expect to commence the operation of Furniture Business by end of the second half of financial year ending 31 March 2019. We will continue to improve the existing operations through higher productivity in our core businesses and strengthen collaboration with our existing and potential business partners. In addition, we will seek out other new products range and sales channels that will provide scalability and sustainability.

The Company will continue to explore 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.

¹<https://www.reuters.com/article/us-china-economy-pmi-factory-official/china-factory-growth-weakest-in-over-two-years-slump-in-export-orders-deepens-idUSKCN1N503L>

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/recommended, 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.

Name of Interested Person	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 premises at Bao Long Yi Road, Shenzhen	746	-
Total	746	-

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 Director, 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 Catalist Rules.

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 30 September 2018 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Cai Kaoqun
Executive Chairman and CEO

Cai Kaobing
Executive Director

BY ORDER OF THE BOARD
CAI KAOQUN
EXECUTIVE CHAIRMAN AND CEO
7 November 2018