

**KUNDA**<sup>®</sup>

**SUSTAINING OUR STRENGTHS**



**2024**  
ANNUAL REPORT



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This annual report has been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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**China Kunda Technology Holdings Limited** 中国群达科技控股有限公司 (“**Kunda Technology**” or the “**Company**” and together with its subsidiaries, the “**Group**”) is an integrated plastics engineering solutions specialist focusing on (i) In-Mould Decoration (“**IMD**”) and (ii) Plastic Injection Parts (“**PIP**”). The Group works closely with its customers across diverse industries.

The Group, through its in-house capabilities, works closely with customers from the product design stage to the research and development on tooling design, construction of moulds, and manufacturing of PIP for specified components or modules of customers’ end products used in smart home products, electrical appliances, electronic devices, medical devices, new energy and energy storage, and consumer goods.

The IMD moulding technology enhances performance and quality while also increasing the design versatility of the end products, enabling unique design features and ornamental alternatives such as attractive backlighting and selectable textures on hard-scratch and solvent-resistant surfaces. This technique also improves the durability and aesthetics of consumers’ finished products.

The Group, which is headquartered and has manufacturing facilities in the People’s Republic of China, harnesses its expertise in plastics engineering solutions to meet its customers’ evolving requirements, which is essential for modern applications.

Kunda Technology is listed on the Singapore Exchange under stock code **GU5**.



# LETTER TO SHAREHOLDERS



## DEAR FELLOW SHAREHOLDERS,

The last financial year ended 31 March 2024 (“FY2024”) was difficult for the Group as it recovered from China’s abrupt reversal of its stringent “zero-COVID” policy in early 2023. China’s economic recovery has been gradual, and persistent trade tensions between the United States and China, together with inflationary pressures, continue to undermine our business performance.

For FY2024, the Group recorded a marginal decline in revenue of 1.2% year-on-year to HK\$28.5 million, down from HK\$28.8 million in FY2023. However, we saw a 5.7% half-on-half increase in revenue from HK\$13.8 million in 1H FY2024 to HK\$14.6 million in 2H FY2024, comprising of In-Mould Decoration (“IMD”) and plastic injection parts (collectively, the “IMD Products”), as well as IMD moulds. The improvement resulted from our three-pronged approach: (i) expanding our customer base to meet rising demand for complex and miniaturised plastic components across various industries such as smart home products, electronics, healthcare, and consumer goods; (ii) expanding sales channels to cultivate sustainable demand for our IMD business; and (iii) enhancing competitiveness by creating value for our customers through higher productivity and quality consistency.

These initiatives, combined with our rigorous cost control, lowered our Group’s net losses by 18.5% year-on-year, from HK\$10.8 million in FY2023 to HK\$8.8 million in FY2024. More encouragingly, we witnessed an increase in new projects, with IMD moulds produced and under construction rising from 96 units in FY2023 to 173 units in FY2024. After the moulds have been completed, the customers will place mass orders for the IMD Products at later stage. The order book increased by 44.0% year-

on-year, from HK\$5.0 million as at 31 March 2023 to HK\$7.2 million as at 31 March 2024. This increase in IMD mould units is expected to boost our future monthly sales revenue and order volume.

## SUSTAINING OUR STRENGTHS

The Group is looking at financing possibilities to offer greater flexibility in pursuing new business opportunities. We remain mindful and prudent in the face of a challenging business environment, inflationary pressures on our operations, and the possibility of order volatility from some customers whose products are sold in both domestic and international markets.

While we expect to report losses for the financial year ending 31 March 2025, we believe we can sustain our strengths in driving organic growth through our three-pronged strategy while also exploring business opportunities that will improve the Group’s long-term profitability.

We remain optimistic that we will emerge stronger from this transitional period of trade tensions, geopolitical uncertainty, and economic slowdown, all of which are having a detrimental influence on the business environment.

## ACKNOWLEDGEMENTS AND APPRECIATION

On behalf of the Board, I would like to convey our gratitude to our bankers, business associates, and customers for their continuous support and confidence in the Group. I also want to thank our management and staff for their dedication and contributions in the past year, as well as our fellow directors, including our former Board member, Mr. Lim Yit Keong, for their support and invaluable contributions to the Group. I also extend a warm welcome to Ms. Chen Liping and Ms. Foo Quek Cheng who joined the Board on 31 March 2024 and 1 July 2024, respectively.

We appreciate our shareholders’ ongoing support throughout this corporate journey. We remain committed to rising above challenges to deliver long-term growth and shareholder value. Hence, we look forward to your continued support as we strive to generate new growth for the Group.

## CAI KAOQUN

*Executive Chairman and Chief Executive Officer*



# OPERATIONS AND FINANCIAL REVIEW

While life returned to normal with the relaxation of strict COVID-19 preventive measures in early 2023, China's economic recovery has been gradual, and inflationary pressures persist. Despite progress in reducing the worldwide chip shortage, ongoing trade disputes between the United States and China continue to impede the electronics manufacturing industry's recovery.

In FY2024, the Group strengthened its In-Mould Decoration ("IMD") business, comprising of IMD and plastic injection parts (collectively, the "IMD Products"), by expanding its customer base in diverse industries such as electrical appliances, consumer electronics, medical devices, network communication, and security equipment, as well as broadening sales channels to cultivate sustainable demand for its IMD Products. The Group's investment in upgrading an automated IMD production line contributed to increased production efficiency through automation, which improves productivity and ensures product quality.

## REVENUE ANALYSIS

(HK\$'000)	1H FY2024	2H FY2024	Variance	FY2024	FY2023	Variance
IMD Products	12,389	13,102	+ 5.8%	25,491	26,189	(2.7)%
IMD Moulds	1,448	1,529	+ 5.6%	2,977	2,618	+ 13.7%
<b>Total Revenue</b>	<b>13,837</b>	<b>14,631</b>	<b>+ 5.7%</b>	<b>28,468</b>	<b>28,807</b>	<b>(1.2)%</b>

The Group is consistently driving business and financial performance and its efforts, combined with effective cost management, narrowed the Group's net losses from HK\$10.8 million in FY2023 to HK\$8.8 million in FY2024. Nevertheless, the Group is expecting to record losses for the financial year ending 31 March 2025 ("FY2025") on the back of a challenging business environment, and remains mindful and prudent amid the rising inflationary pressures and an economic slowdown, and it intends to maintain rigorous cost management as it continues to explore business opportunities that will be accretive for long-term profitability.

## FINANCIAL PERFORMANCE

The Group's revenue decreased by 1.2% year-on-year from HK\$28.8 million in FY2023 to HK\$28.5 million in FY2024. The decline was mainly due to the decrease in sales of IMD Products to customers in the external energy storage industry, which was partially bolstered by the increase in sales of IMD Products to new customers in the security equipment industry during FY2024.

In tandem with the decline in revenue and lower capacity utilisation rate, gross profit decreased by 5.5% year-on-year from HK\$3.8 million in FY2023 to HK\$3.6 million in FY2024. Correspondingly, gross margin declined from 13.2% in FY2023 to 12.7% in FY2024.

The interest income decreased by 68.7% year-on-year from HK\$83,000 in FY2023 to HK\$26,000 in FY2024 due to the decrease in fixed deposits placed with banks in China.

Other income increased from HK\$0.3 million in FY2023 to HK\$0.9 million in FY2024 as a result of the increase in government grants related to income.

Selling and distribution expenses decreased by 11.8% year-on-year from HK\$1.3 million in FY2023 to HK\$1.1 million in FY2024, mainly due to the decrease in entertainment expenses in tandem with the decline in the Group's revenue.

General and administrative expenses decreased by 15.7% year-on-year from HK\$12.9 million in FY2023 to HK\$10.9 million in FY2024. The decline was mainly attributed to the decrease in research and product testing expenses, and employee benefit expenses.

Other expenses increased by 55.0% year-on-year, from HK\$0.8 million in FY2023 to HK\$1.3 million in FY2024. The increase comprised an impairment loss on inventories of HK\$1.1 million stemmed from stagnant raw materials and certain IMD moulds under construction, as well as an impairment loss of HK\$0.2 million on doubtful trade and other receivables.

Taking into account the aforementioned, the Group narrowed its net loss attributable to the owners of the Company by 18.6% year-on-year to HK\$8.8 million in FY2024, down from HK\$10.8 million in FY2023.

# OPERATIONS AND FINANCIAL REVIEW

## FINANCIAL POSITION ANALYSIS

(HK\$'000)	As at 31 Mar 2024	As at 31 Mar 2023	Variance
Non-current assets	6,611	7,528	(12.2)%
Current assets	20,453	25,199	(18.8)%
Current liabilities	19,888	15,952	+ 24.7%
Working capital	565	9,247	(93.9)%
Equity attributable to owners of the Company	7,176	16,775	(57.2)%
Net asset value per share (HK Cents) <sup>1</sup>	1.75	4.09	(57.2)%

<sup>1</sup> Net asset value per share for FY2024 and FY2023 are computed based on the total number of issued ordinary shares of 409.8 million.

Non-current assets comprising mainly plant and equipment, decreased from HK\$7.5 million as at 31 March 2023 to HK\$6.2 million as at 31 March 2024. The decrease was mainly due to depreciation charges of HK\$1.0 million and foreign currency translation loss of HK\$0.3 million during FY2024.

Current assets decreased from HK\$25.2 million as at 31 March 2023 to HK\$20.5 million as at 31 March 2024. This was due to:

- the decrease in trade and other receivables from HK\$9.8 million as at 31 March 2023 to HK\$8.0 million as at 31 March 2024. This was due to an improvement in collection of receivables as credit terms of 90 days or less accounted for 91% of total trade receivables as at 31 March 2024, as compared to 70% of total trade receivables as at 31 March 2023; and
- the decrease in cash and short-term deposits from HK\$13.3 million as at 31 March 2023 to HK\$8.1 million as at 31 March 2024, which was utilised for the Group's operating expenses of HK\$4.1 million and investing activities of HK\$0.4 million, as well as an effect of unrealised foreign currency translation loss of HK\$0.6 million in FY2024.

The decrease was partially offset by:

- the increase in inventories from HK\$2.1 million as at 31 March 2023 to HK\$4.1 million as at 31 March 2024, as a result of the increases in IMD moulds under construction, finished goods, and raw materials of HK\$1.4 million, HK\$0.6 million, and HK\$0.1 million, respectively, with the view of fulfilling its order book. As at 31 March 2024, there are 71 units of IMD mould under construction, as compared to 22 units as at 31 March 2023.

Current liabilities increased from HK\$16.0 million as at 31 March 2023 to HK\$19.9 million as at 31 March 2024. This was mainly due to:

- the increase in trade and other payables from HK\$8.5 million as at 31 March 2023 to HK\$10.9 million as at 31 March 2024, as a result of longer credit terms granted by suppliers and service providers; and
- the increase in the amount due to related parties from HK\$1.4 million as at 31 March 2023 to HK\$3.3 million as at 31 March 2024, attributable to the accrual of rental expenses of the Group's production premise at Bao Long Yi Road in FY2024.

The increase was partially offset by:

- the decrease in other liabilities from HK\$6.1 million as at 31 March 2023 to HK\$5.6 million as at 31 March 2024, due to the decrease in accrued operating expenses as payments were made in FY2024.





# OPERATIONS AND FINANCIAL REVIEW

Arising from the above, the Group's net assets value decreased from HK\$16.8 million as at 31 March 2023 to HK\$7.2 million as at 31 March 2024.

## CASH FLOW ANALYSIS

(HK\$'000)	FY2024	FY2023	Variance
Net cash used in operating activities	(4,110)	(7,905)	(48.0)%
Net cash (used in)/generated from investing activities	(442)	4,563	N.M.
<b>Net cash and cash equivalents</b>	<b>8,081</b>	<b>13,257</b>	<b>(39.0)%</b>

N.M. denotes as not meaningful.

In FY2024, the Group's cash and cash equivalents decreased by approximately HK\$4.5 million, comprising net cash flow used in operating activities of HK\$4.1 million and net cash flow used in investing activities of HK\$0.4 million.

In FY2024, net cash flow used in operating activities was mainly due to operating cash outflows before working capital changes of HK\$6.6 million, partially offset by net working capital inflow of HK\$2.5 million. The working capital inflow in FY2024 mainly arose from an increase in trade and other payables of HK\$2.9 million, an increase in amount due to related parties of HK\$2.0 million, and a decrease in trade and other receivables of HK\$1.1 million, which were partially offset by an increase in inventories of HK\$3.4 million and a decrease in other liabilities of HK\$0.1 million.

In FY2024, net cash flow used in investing activities was due to the purchase of the manufacturing execution system software of HK\$0.5 million for the Group's IMD automated production line, which was partially offset by the proceeds of HK\$52,000 from the disposal of property, plant and equipment.

There was no cash utilised or generated from financing activities in FY2024.





# BOARD OF DIRECTORS

## MR. CAI KAOQUN

*Executive Chairman and CEO*

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Mr. Cai Kaoqun is the founder, the Executive Chairman and Chief Executive Officer of the Company. He is a member of the Nominating Committee. He was appointed to the Board on 26 December 2007 and was last re-elected on 28 July 2023.

Mr. Cai, with more than 30 years of experience in the plastics and moulds industry, has been instrumental in successfully leading the Group to become an established player in the plastics precision engineering industry. He is responsible for the overall strategic and business management of our Group.

Mr. Cai started his career at the age of 18 as an operator in 深圳龙丰塑胶电子厂 (Shenzhen Longfeng Plastic Electronics Factory) in 1988. From 1992 to 1993, he was the mould supervisor at 深圳飞达模具厂 (Shenzhen Feida Mould Factory). In 1994, Mr Cai worked as a freelance engineer providing maintenance and repair services in respect of plastic injection moulds prior to setting up Yick Kwan Tat in 1998.

Mr. Cai graduated from Aotearoa Business School, established by Phoenix International University and University of New Zealand, with an Executive Master of Business Administration in 2006. In the same year, he was certified as a Certified International Organization Planning Manager by the American Certification Institution. He was also appointed as the vice-president at 广东省模具工业协会 (Guangdong Die & Mould Industry Association) in December 2006, and as the Technical Advisor to 材料形成与模具技术国家重点实验室 (The National Key Laboratory of Material Forming and Mould Technology) in 2007.

## MR. CAI KAOBING

*Executive Director*

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Mr. Cai Kaobing is the Executive Director of the Company. He was appointed to the Board on 26 December 2007 and was last re-elected on 29 July 2022.

Mr. Cai joined the Group in 1998 and he works together with the Chief Executive Officer to oversee the overall management of the Group.

Starting his career with the Group in 1994, Mr. Cai was responsible for the provision of maintenance and repair services of plastic injection moulds from 1994 to 1997, and oversaw the production and quality control of moulds in Yick Kwan Tat from 1998 to 2009. He assumed the position of the General Manager of the IMD division from 2010 to 2013. Prior to joining the Group, Mr. Cai was a woodworker in the renovation industry since 1986.

Mr. Cai graduated from Beijing Business School 北京工商管理专修学院 with a Diploma in Business Enterprise Management 工商企业管理文凭 in 1986. He also obtained a Master of Business Administration from Newport University in the USA in 2004. Mr. Cai is the brother of Cai Kaoqun.

## MR. HAU KHEE WEE

*Lead Independent Director*

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Mr. Hau Khee Wee is the Lead Independent Director of the Company, Chairman of the Audit Committee and Member of the Remuneration and Nominating Committees. He was an Executive Director (with effect from 26 December 2007) and the Chief Financial Officer of the Company between May 2007 to March 2016. Mr. Hau was appointed to the Board as a Non-executive Director on 1 December 2017, re-designated as an Independent Director on 1 April 2019, and last re-elected on 28 July 2023.

Mr. Hau is currently the Chief Financial Officer of YSQ International since July 2022. He has over 20 years of experience in financial management and had held senior financial positions in companies in various companies including Scigen Pte Ltd, Go Game Pte Ltd, Fullerton Healthcare Corporation Limited, and China Powerplus Limited (previously known as Zhongguo Powerplus Industries Limited), as well as the position of an audit senior in Ernst & Young.

Mr. Hau is graduated with a Bachelor of Accountancy from Nanyang Technological University of Singapore in 2000. He is a non-practising member of Institute of Singapore Chartered Accountants, as well as an independent director of Imperium Crown Limited, which is listed on the SGX-ST.



## MR. THOMAS LAM KWONG FAI

*Independent Director*

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Mr. Thomas Lam Kwong Fai is the Independent Director of the Company, Chairman of the Remuneration Committee and Member of the Audit Committee. He was appointed to the Board on 1 October 2019 and was last re-elected on 29 July 2022.

Mr. Lam is engaged in the business of providing corporate finance advisory and compliance advisory in Singapore and the region. He started his career as a regulator before moving into investment banking handling a variety of initial public offerings ("IPOs") and other corporate actions. He then moved into Catalist regulation, working with a wide portfolio of listed companies, advising on the listing rules and corporate governance. In his various corporate capacities, he has amassed almost 20 years of experience in the Singapore corporate finance and regulatory scene.

Mr. Lam graduated from Nanyang Technological University with a Bachelor of Accountancy in 2002. He is also an independent director of several Singapore public listed companies including SDAI Limited, Soon Lian Holdings Limited, Capital World Limited, and Katrina Group Limited.

## MS. CHEN LIPING

*Independent Director*

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Ms. Chen Liping joined the Board on 31 March 2024 as the Independent Director of the Company, Chairman of the Nominating Committee and Member of the Audit and Remuneration Committees.

She has a Bachelor Degree in Economics from Nankai University and a Master Degree in Business from University of Hull. She has few years of experience in commercial bank after graduation. She was the Chief Editor of the magazine <<The Fund>>. She also founded the "International Brand Summit" and established the "Gold Brand Award".

She was an executive director in a Singapore Main board listed company, Pavillon Holdings Limited, from 2014 to 2016.

She founded the Innovative Corporation Pte Ltd as Chairman and CEO and has approximately over 15 years of experience in real estate development.

## MS. FOO QUEK CHENG

*Independent Director*

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Ms. Foo Quek Cheng joined the Board on 1 July 2024 as the Independent Director of the Company, Member of the Audit, Remuneration and Nominating Committees.

Ms. Foo is currently the Chief Financial Officer cum Acting Chief Executive Officer of Sen Yue Holdings Limited, a company listed on the SGX-ST. Ms. Foo began her career with Ernst & Young and Deloitte & Touche and she brings with her more than 20 years of experience in auditing and accounting in various sectors including manufacturing, trading, plantations, property development and investment holding companies. She held position as Chief Financial Officer in companies including Heatec Jietong Holdings Ltd and Eindec Corporation Limited ("**Eindec**"), which are also listed on the SGX-ST. During her tenure with Eindec, she also wore two hats as the Acting Chief Executive Officer from December 2019 to August 2022.

Ms. Foo graduated with a Master of Business Administration (Distinction) from the University of Manchester, United Kingdom and a degree of Bachelor of Commerce, majoring in Accounting from the University of Adelaide, Australia. Ms. Foo is a Fellow of CPA Australia.



# KEY MANAGEMENT

## MR. HE WUQING

*General Manager of Kunda Plastic Electronic (Shenzhen) Company Limited*

Mr. He Wuqing is the General Manager of Kunda Plastic Electronic (Shenzhen) Company Limited.

Mr. He joined the Group as Administrative and Sales Executive in July 2007 and rose through the ranks to become the Deputy Manager of Quality Control Department in January 2009, Head of Quality Control and Production departments in January 2013, Assistant General Manager in December 2015, Deputy General Manager in January 2018 and General Manager on 1 March 2021. He is currently in charge of the IMD operations of the Group.

Prior to joining the Group, Mr. He started his career as a quality system engineer and quality control supervisor with Shenzhen City Xiongtao Technology Limited 深圳市雄韬科技有限公司 from 2003 to 2007.

Mr. He obtained an advanced diploma in business administration from Hubei University 湖北大学 in June 1998.

## MR. ALEX LIM KHENG ONN

*Group Financial Controller*

Mr. Alex Lim Kheng Onn is the Group Financial Controller of the Company. He joined the Group as the Finance Manager in February 2010 and was promoted to the current position in April 2016.

Mr. Lim is responsible for the Group's overall accounting and finance functions including finance, budgeting, and taxation matters, risk management, and corporate reporting of the Group.

Prior to joining the Group, Mr. Lim rose through the ranks, between July 2004 and January 2010, from an audit assistant to become an audit supervisor in Ernst and Young.

Mr. Lim graduated from University of Plymouth with a Bachelor in Accounting and Finance in July 2002. He is a fellow member of the Association of Chartered Certified Accountant (United Kingdom) and a member of Institute of Singapore Chartered Accountants.





## BOARD STATEMENT

The board of directors (the “**Board**”) of China Kunda Technology Holdings Limited (“**China Kunda**” or the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to present the annual sustainability report for the financial year ended 31 March 2024 (“**FY2024**”).

As the People’s Republic of China (the “**PRC**”) reopened its borders in early 2023, the expected economic recovery remained gradual, despite progress towards alleviating the global chip shortage. The ongoing trade conflicts, geopolitical uncertainties, and rising inflationary cost pressures continue. Nevertheless, we shall maintain our conscientious efforts to conduct our business activities responsibly.

We are committed to making progress in our economic, environmental, social, and governance (“**EESG**”) material factors as we recalibrate our business in the face of a challenging business climate and safeguard the interests of our prioritised stakeholders: customers, suppliers, employees, and shareholders.

The Board and our management team continue to be mindful of the evolving business environment. We consistently oversee and monitor the EESG material factors of the Group and validate the sustainability practices that are material to our business. We have commenced work to comprehend climate-related risks and opportunities that could have potential impacts on our business, and we endeavour to deepen our understanding in order to propose contingency plans and/or solutions as a step to further strengthen our business fundamentals.

This sustainability report comprises our EESG performance in FY2024, focusing solely on the Group’s plastic engineering solutions businesses in the PRC, as our Singapore operation is primarily involved in the corporate reporting of the listed company. While the Group’s business operations are mainly located in the PRC, we remain committed to upholding our integrity and business ethics in accordance with the rules and regulations of the respective countries in which we operate and have business dealings.

This sustainability report has been prepared with reference to the Global Reporting Initiative (“**GRI**”) Standards and in compliance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). We have chosen the GRI framework as it is a well-known and globally-recognised sustainability reporting standard.

While external assurance has not been sought for this sustainability report, an internal review of our sustainability reporting processes was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors by our internal auditors, on a cycle basis, as part of the internal audit plan.

This sustainability report forms part of the annual report of the Company for FY2024, which is available on the Company’s corporate website at [www.chinakunda.com](http://www.chinakunda.com) and on SGXNet at [www.sgx.com/securities/company-announcements](http://www.sgx.com/securities/company-announcements).

We welcome stakeholders to provide us with feedback and suggestions on this report. You may contact us through our investor relations email at [ir@chinakunda.com](mailto:ir@chinakunda.com).

On behalf of the Board

**CAI KAOQUN**  
Executive Chairman and Chief Executive Officer

3 July 2024



# SUSTAINABILITY REPORT

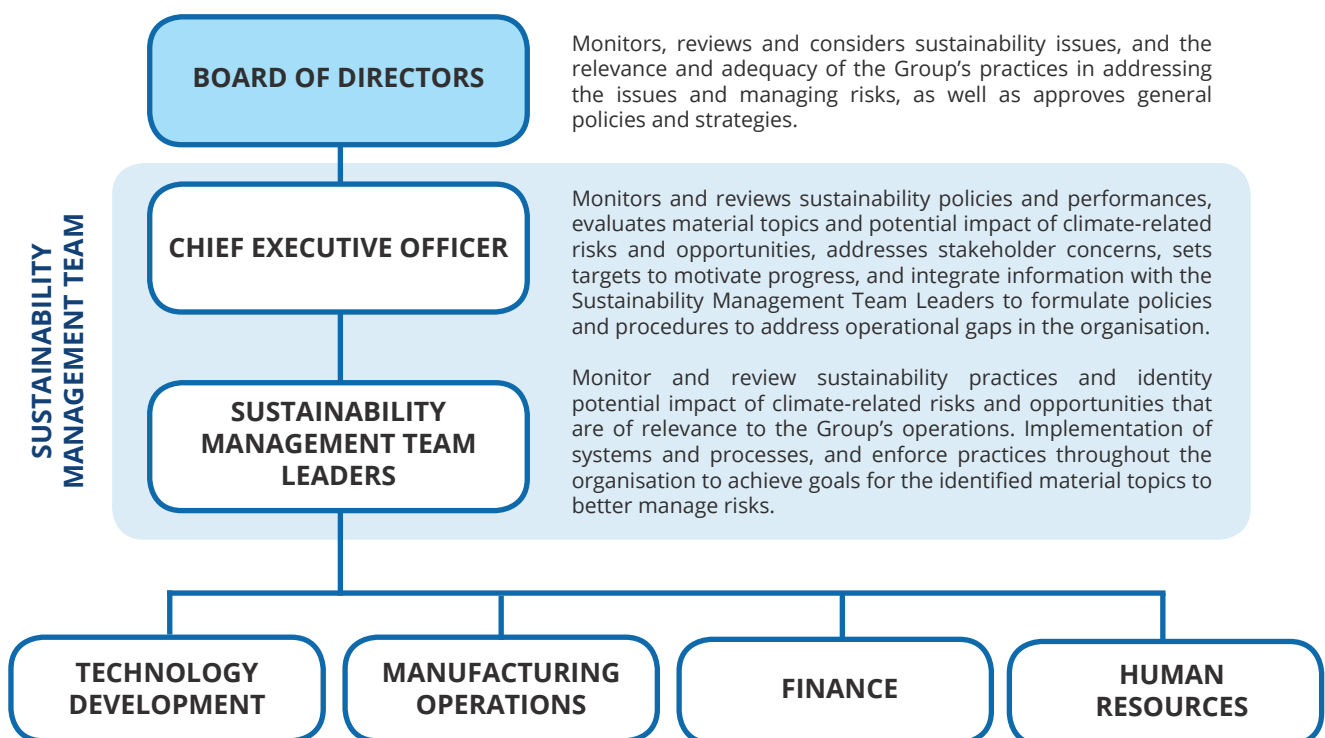
## SUSTAINABILITY GOVERNANCE

At China Kunda, our sustainability focus is to generate stable and sustainable value for our prioritised stakeholders, namely, customers, employees, business partners, and shareholders. We believe our sustainability approach in managing the impact of material EESG factors, as well as assessing the risks and opportunities in our business, ensures the ability of the Board and our management team to lead the Group to rise above the adversities and achieve stability for the long term.

The Group has in place a Sustainability Management Team (“SMT”) comprising the SMT leaders who oversee the various departments in the organisation and is overseen by the Chief Executive Officer of the Group, who in turn, reports to the Board for its advice and guidance. Sustainability concerns with respect to the risks and opportunities of the Group will be brought to attention of the SMT. The SMT will then conduct an enterprise risk management assessment on the raised concern before raising its findings to the Board. The Board maintains efficient oversight over the SMT by reviewing and considering the relevance and adequate practices in place to address potential sustainability issues. The Board will also incorporate these findings when formulating strategies and policies to better manage the potential sustainability risks and opportunities that could possibly be encountered by the Group. This process helps to ensure that all EESG and climate-related matters significant to the business are considered and adequately addressed.

The Board will review and deliberate on the sustainability issues, while the SMT has the responsibility to ensure that the EESG factors are monitored on an ongoing basis and properly managed. The SMT is responsible for reviewing the Group’s sustainability performance and material topics, analysing climate-related risks and opportunities, addressing stakeholder concerns, setting of targets and goals for material factors, and establishing systems to collect, verify, monitor, and report information required for this sustainability report. The SMT meets at least once a year to discuss, propose, coordinate, and promote the Group’s sustainability practices.

The Group’s sustainability governance structure is set out as follows:





We have started working with the Board to identify climate-related risks and opportunities, as well as assess their potential impact on our business operations during FY2024. The Group is committed to ensuring business continuity by managing the potential impact of EESG and climate-related risks and opportunities from within.

## Stakeholder Engagement

At China Kunda, we believe sustainable operations require regular communication of both internal and external stakeholders. We remain committed to understand the concerns of our stakeholders and seek to address them adequately, and align our stakeholders to participate with the Group's sustainable business journey.

As China entered the endemic phase in early 2023, the Group used the opportunity to strengthen its engagements with both internal and external stakeholders, particularly its customers, suppliers, and employees, during FY2024. We believe that face-to-face interactions improve the quality of communication and complement digital communication. We continue to interact and evaluate the relevance of the material topics that are of significance to our business and our stakeholders, fostering mutually beneficial relationships with our stakeholders and achieving aligned goals for the long term.

Our engagements with our key stakeholders are summarised as follows:

STAKEHOLDERS	AREAS OF CONCERN	OUR COMMUNICATION PLATFORMS	OUR ACTIONS
INTERNAL			
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Ensure that the internal policies and practices are current, effectively implemented and monitored throughout the organisation</li> <li>Compliance with relevant laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Board meetings</li> <li>Regular updates via electronic communications (emails, phone calls, virtual meetings)</li> </ul>	<ul style="list-style-type: none"> <li>Regular updates on corporate activities, developments, and financial performance</li> <li>Seek advice and approvals from the Board on all material proposed developments</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Career stability and prospect</li> <li>Training and education opportunities</li> <li>Competitive salaries and incentives</li> <li>Pleasant and safe working environment</li> </ul>	<ul style="list-style-type: none"> <li>Regular internal communications through staff meetings and electronic communications (emails, phone calls, internal notices, virtual meetings)</li> <li>Regular review of working environment</li> <li>Training and development programmes</li> <li>Performance appraisal</li> <li>Employee welfare discussion</li> </ul>	<ul style="list-style-type: none"> <li>Ensure effective implementation of human resources policies, internal systems and procedures</li> <li>Regular internal meetings to review safety and healthy work environment</li> <li>Grievance mechanism</li> <li>Sponsor employees to attend courses and conferences</li> <li>Annual review on performance</li> </ul>



# SUSTAINABILITY REPORT

STAKEHOLDERS	AREAS OF CONCERN	OUR COMMUNICATION PLATFORMS	OUR ACTIONS
EXTERNAL			
<b>Government &amp; Regulators</b>	<ul style="list-style-type: none"> <li>• Good governance practices</li> <li>• Regulatory compliance</li> <li>• Occupational health &amp; safety</li> <li>• Environmental issues</li> <li>• Tax issues</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Mails</li> <li>• Electronic communications (emails, phone calls, virtual meetings)</li> <li>• Announcements on SGXNet</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure compliance with applicable laws and regulations</li> <li>• Correspondence with relevant authorities as and when necessary</li> <li>• Consistent update on relevant laws and regulations through seminars and training</li> <li>• Ensure all public disclosures on corporate results and developments are disclosed accurately and timely via official announcements as and when required</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Quality assurance</li> <li>• On-time delivery</li> <li>• Pre- and post-project support and services</li> <li>• Reasonable payment terms</li> <li>• Competitive pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Customer feedback via materiality assessment form / in-person meetings</li> <li>• Regular follow-up via calls and in-person meetings</li> <li>• Electronic communications (emails, virtual meetings)</li> </ul>	<ul style="list-style-type: none"> <li>• Active follow-ups on customers' preferences</li> <li>• Regular internal meetings to review customer fulfilment and new requirements</li> <li>• Product and quality certifications to ensure consistent level of product quality</li> <li>• Provide timely updates to customers</li> </ul>
<b>Suppliers / Business Partners</b>	<ul style="list-style-type: none"> <li>• Updates of new product developments and trends</li> <li>• Timely payment and adherence to agreed terms</li> <li>• Long-term working relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Regular interactions and updates with suppliers</li> <li>• Electronic communications (emails, phone calls, virtual meetings)</li> </ul>	<ul style="list-style-type: none"> <li>• Regular review and feedback on the quality, pricing, delivery lead time, and evolving requirements</li> <li>• Ensure compliance with standards, relevant laws and regulations, as well as good corporate practices</li> <li>• Perform periodic evaluation</li> </ul>
<b>Shareholders &amp; Investment Community</b>	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Profitability</li> <li>• Sustainability</li> <li>• Good corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Announcements on SGXNet</li> <li>• Shareholders' general meetings</li> <li>• Electronic communications (emails, virtual meetings)</li> <li>• Annual report</li> <li>• Company website</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure all public disclosures on corporate results and developments are disclosed accurately and timely via official announcements as and when required</li> <li>• Conduct general meetings with shareholders at least once a year</li> <li>• Ensure sustainable business operations</li> </ul>

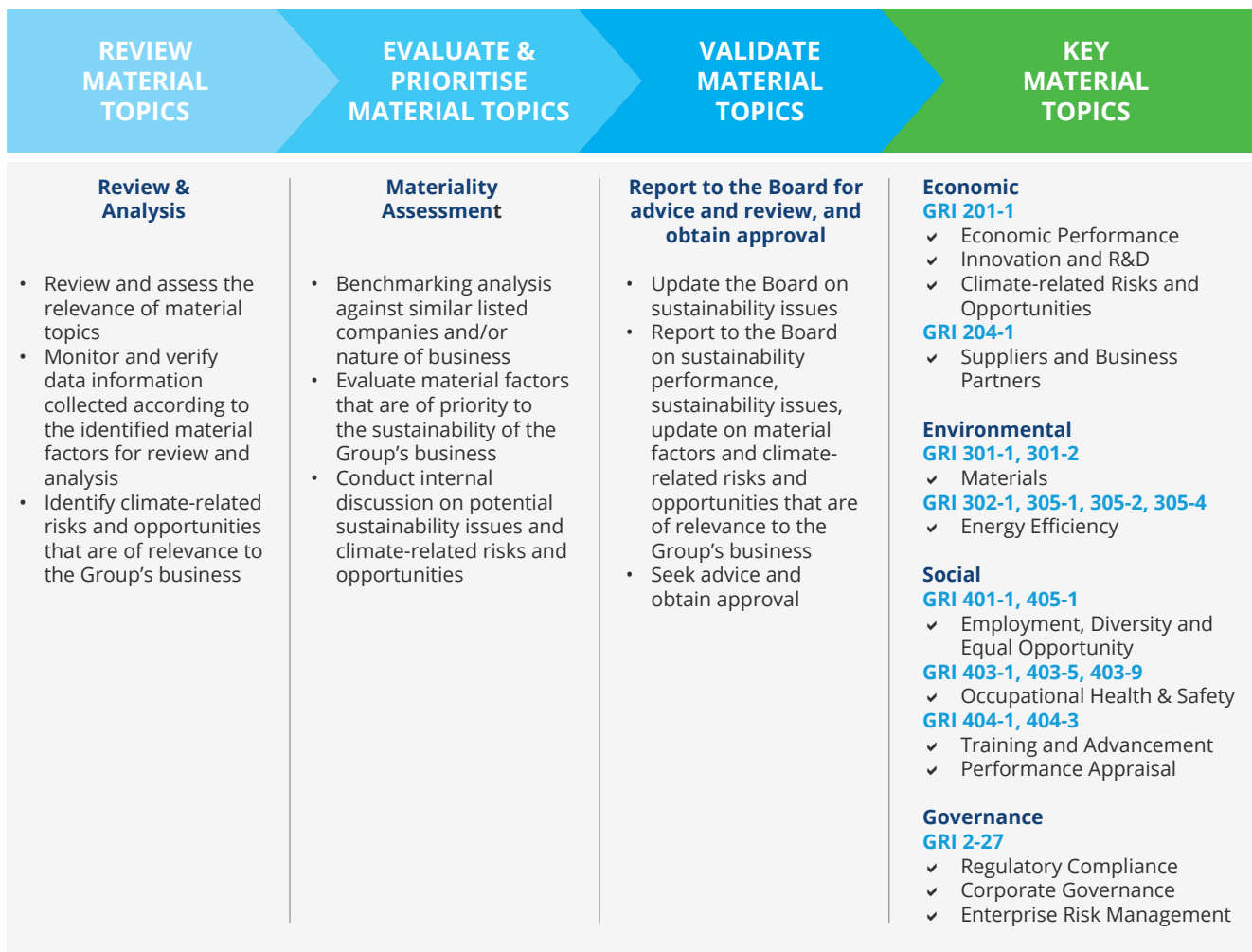


## Materiality Assessment

The Group conducted an internal evaluation to determine the relevance of the material topics for FY2024, as well as a review of the materiality analysis based on its industry and peer benchmarking with companies that have similar business operations. Further discussions were held with internal stakeholders to assess the relative impact of the identified material topics on the Group's business operations. These identified material topics were then ranked by representatives from both external and internal stakeholders to determine their priority. Subsequently, these selected material topics were presented to the Board for consideration and approval for their inclusion in this sustainability report.

As we gradually recalibrated our business operations post-pandemic, we ensured that data had been collected according to the relevant material topics to facilitate analysis of our performance and there is no any actual material impact of climate-related risks and opportunities come to our attention in FY2024. We have also considered and analysed the potential impact of climate-related risks and opportunities on our business as we endeavour to set targets for relevant material topics for the medium- and long-term, as well as for the financial year ending 31 March 2025 ("FY2025").

The chart below summarises our materiality assessment process on material topics and the relevant GRI Standards which we have referenced in this sustainability report.



# SUSTAINABILITY REPORT

## MATERIAL TOPIC: ECONOMIC

### Economic Performance

GRI 201-1

In FY2024, the Group's business operations gradually reverted to normal when the Chinese government relaxed its strict "zero-COVID" policy in early 2023. Despite progress in reducing the global chip shortage, persistent trade disputes between the United States and China continue to impede economic and industrial recovery.

The Group is persistent in driving business and financial performance through our three-pronged approach: (i) customer base expansion – to ride on the increasing demand for complex and miniaturised plastic components across various industries, including automotive, security, electronics, healthcare, and consumer goods; (ii) sales channel expansion – to cultivate sustainable demand for its IMD business; and (iii) enhance competitiveness – to create better value for customers with production efficiency and quality consistency.

Despite intense competition, we saw a 1.2% year-on-year reduction from HK\$28.8 million in FY2023 to HK\$28.5 million in FY2024. Together with efficient cost control, we were able to reduce the Group's net losses from HK\$10.8 million in FY2023 to HK\$8.8 million in FY2024.

Our efforts also resulted in an increase in new projects, with the total number of IMD moulds produced and under construction increasing from 96 units in FY2023 to 173 units in FY2024 and the order book increasing by 44.0% year-on-year from HK\$5.0 million as of 31 March 2023 to HK\$7.2 million as of 31 March 2024. After the moulds have been completed, the customers will place mass orders for the IMD Products. The increase in IMD mould units is expected to raise monthly sales revenue and order volume.

Given the adverse business environment, we expect to report losses for FY2025. This is due to the potential volatility of orders from certain of our customers, who market and sell their products in both domestic and overseas markets.

### Performance in FY2024

- Achieved targets set in FY2024.
- Registered slight decline in revenue to HK\$28.5 million in FY2024 from HK\$28.8 million in FY2023, but improved financial performance with a reduction in net losses from HK\$10.8 million in FY2023 to HK\$8.8 million in FY2024.
- Recorded an increase in new projects from 96 units in FY2023 to 173 units in FY2024, and order book increased from HK\$5.0 million at end FY2023 to HK\$7.2 million at end FY2024.

### Targets for FY2025

- The Group will continue to strive to improve its financial performance despite the adverse business environment of ongoing trade dispute, geopolitical uncertainties, and rising inflationary cost pressure.
- To continue to drive organic growth through our three-pronged approach: (i) customer base expansion, (ii) sales channel expansion, and (iii) enhance competitiveness.



Please refer to the following sections in this annual report for details on our operations and financial information:

- Operations and Financial Review on page 3
- Financial Statements on page 68

The table below provides an analysis of our economic value distributed to various stakeholders, and the economic value retained.

## Direct economic value generated and distributed

GRI 201-1

(IN HKD THOUSANDS)	FY2024	FY2023
<b>Economic value generated</b>	28,468	28,807
<b>Economic value distributed</b>	(37,264)	(39,612)
<b>Operating costs</b>	(25,821)	(26,142)
<b>Employee wages and benefits</b>	(11,443)	(13,470)
<b>Payments to providers of capital</b>	-	-
<b>Payments to government by country (taxes)</b>	-	-
<b>Economic value retained</b>	(8,796)	(10,805)

Notes:

- Operating costs include cost of sales, marketing and distribution expenses, other expenses and exclude employee wages and benefits.
- Employee wages and benefits include Directors' remuneration and employee salaries.
- Payments to providers of capital denotes interest paid to banks.
- Payments to government by country (taxes) denotes income tax.

# SUSTAINABILITY REPORT

## Innovation and R&D

China Kunda's success is driven by our innovation and research and development ("R&D") competencies at IMD, where we collaborate directly with customers during the product conceptualization stage.

We appreciate our customers' trust in our areas of expertise to help them bring their products to fruition. At China Kunda, we try to fulfil our clients' evolving needs by providing dedicated support in innovation, technical, and production processes, as well as ensuring the success of projects entrusted to us.

While involvement in our customers' projects is one of our primary revenue sources, the typical timeline for R&D projects to be completed and generate revenue is dependent on our customers' stringent evaluation process, which can take up to three months. This evaluation process is divided into stages that include project audit, project design, R&D of the IMD process, product manufacture with moulds and plastic injection machines, and testing of the IMD Products produced.

At China Kunda, our Technology Development Department has implemented an 'innovation policy' that outlines the practices and evaluation process to support our customers at their product conceptualisation stage. The policy is reviewed and audited once a year, and the Group maintained zero incidence of policy violations in FY2024, compared to FY2023. We are committed to maintaining a zero-incidence policy violation for the long term.

After much discussion, we scrapped the 'innovation incentive policy' that recognised individual successes in order to foster employee cohesion and teamwork in FY2024. Nevertheless, we incorporated the incentives to the employee wages and benefits to continue to encourage our employees to pursue their innovative initiatives with the organisation together.

In FY2024, the Group achieved the goal of 173 new projects and increased our order book by 44% to HK\$7.2 million as at 31 March 2024. Our R&D expenses in FY2024 amounted to approximately HK\$1.58 million, compared to HK\$2.73 million in FY2023.

Nevertheless, we remain committed to collaborating closely with our customers and giving them our best support in their projects, achieving success together.

## Performance in FY2024

- Achieved target number of new projects with 173 new projects in FY2024.
- Order book increased from HK\$5.0 million at end FY2023 to HK\$7.2 million at end FY2024.

## Targets for FY2025

- Maintain to strive to achieve 50 – 80 new projects annually.
- To tap on increasing demand for complex and miniaturised plastic components across industries that cover smart home products, electronics, healthcare devices, and consumer goods, and thereby increase our order book.



## Climate-related risks and opportunities

We recognise that the Task Force on Climate-related Financial Disclosures (“**TCFD**”) seeks to improve transparency of organisations’ climate-related risks and opportunities, allowing investors to make more informed decisions about their investments.

The Group is aware of the potential risks that climate change poses to our industry and businesses, as well as to society at large. We are committed to comprehending climate-related risks and opportunities and incorporating possible solutions and/or contingency plans into our Group’s strategy and operations as part of our commitment to operating ethically and sustainably.

We have gradually adopted the TCFD recommendations, as well as developed and reported our Scope 1 and Scope 2 greenhouse gas emissions. As the PRC entered the endemic phase much later, we are continuing the process of determining our baseline emissions in order to set feasible short-, medium-, and long-term targets.

In FY2024, we held a preliminary discussion with the SMT, which includes key management executives from several departments across the Group, to better understand climate-related risks that could be essential to the Group’s business sustainability.

## Performance in FY2024

- Achieved target in developing and reporting climate-related risks according to TCFD recommendations.
- Conducted a preliminary discussion on climate-related risks that could be essential to the Group’s business sustainability.

## Targets for FY2025

- To identify and assess climate-related risks and opportunities that are of relevance to the Group.
- To explore and consider evaluation process on the climate-related risks and opportunities, as well as the approach to manage potential risks and opportunities on a progressive manner.

# SUSTAINABILITY REPORT

## Suppliers and Business Partners

GRI 204-1

At China Kunda, we are committed to maintaining mutually beneficial partnerships with the local suppliers for our manufacturing operations in the PRC whenever possible.

We believe that sourcing raw materials from local suppliers not only benefits the local economy and business sustainability, but it also improves cost efficiency and assures a steady supply of raw materials for our manufacturing operations. Nonetheless, the quality and performance of raw materials remain the top priorities for our customers' products.

We have in place a supplier evaluation procedure and procurement control mechanisms, and we evaluate our suppliers on a yearly basis. Our suppliers must meet the basic criteria of (i) a good quality assurance system and raw material performance in accordance with the provisions of the Company's 'Incoming Material Inspection Control Procedures', (ii) reasonable prices, (iii) long-term supply capability and punctuality of delivery, and (iv) good after-sales service.

While travel restrictions were lifted, supply chain disruptions were reduced, but inflationary pressures and intense competition persisted. As part of our long-term sustainability strategy, we must maintain strong business relationships with our suppliers.

We have increased the number of our local suppliers in FY2024, and they accounted for HK\$14.7 million or approximately 64.4% of total purchases of HK\$22.8 million, compared to HK\$10.8 million or 68.4% of total purchases of HK\$15.8 million in FY2023. We are evaluated our suppliers and there were no changes to our appointed suppliers in FY2024.

## Performance in FY2024

- Purchased 64.4% of raw materials from local suppliers in FY2024, compared to 68.4% in FY2023.
- Total purchases increased from HK\$15.8 million in FY2023 to HK\$22.8 million in FY2024 to meet the needs of an increase in new projects in FY2024.
- Evaluated suppliers and satisfied with their quality and performance in FY2024. Hence, there were no changes to the suppliers including those newly appointed ones in FY2023.
- Achieved targets set for FY2024.

## Targets for FY2025

- To continue to prioritise purchase of raw materials from local suppliers as much as possible, depending on the requirements of our customers.
- Continue to maintain strong business relationships with our suppliers as our long-term strategy.



## MATERIAL TOPIC: ENVIRONMENTAL

### Materials

GRI 301-1, 301-2

At China Kunda, we are mindful of our resource management, as we believe prudent operational practices not only improve economic efficiency but also aid in waste reduction, which enhances the Group's business sustainability.

We continually monitor and review the use of both renewable and non-renewable materials in order to optimise our manufacturing processes, minimise product defect rate, and reduce material loss. Our management system is ISO 14001 and ISO 9001 certified, and we adhere to effective environmental and quality management system standards. We think that waste reduction and recycling result in cost savings for the Group, and that our efforts also help us to better manage our customers' environmental and regulatory needs.

### Performance in FY2024

- Recorded an increase of 46.7% in consumption of non-renewable materials from 196,323.5 kg in FY2023 to 287,944.3 kg in FY2024.
- Achieved target set for FY2024.

### Targets for FY2025

- To monitor and review the material usage as manufacturing activities continue to normalise.
- To maintain and enhance the quantity of renewable materials recycled.

### Total weight of non-renewable materials consumed (in kilogrammes)

Material type	FY2024	FY2023	FY2022
Plastic sheet	6.5	2,114.9	4,488.4
Plastic pellet	278,942.5	179,030.0	128,698.4
Paint	66.6	3,276.1	6,043.6
Protective film	8,928.7	11,902.5	17,280.5
<b>Total</b>	<b>287,944.3</b>	<b>196,323.5</b>	<b>156,510.9</b>

### Total amount of renewable materials consumed and recycled (in pieces)

Cardboard boxes	FY2024	FY2023	FY2022
Consumed	23,583.0	21,684	11,814
Recycled	7,648.0	6,843	3,271
<b>Recycled/used</b>	<b>32.4%</b>	<b>31.6%</b>	<b>27.7%</b>

The materials usage is intended for IMD Products, which include In-Mould Decoration and plastic injection parts for both existing and new projects.

In FY2024, the Group consumed 287,944.3 kilogrammes of non-renewable materials, an increase of 46.7% from 196,323.5 kilogrammes in FY2023. The increase was mostly due to an increase in in-house production of IMD Products in tandem with the new projects, with IMD moulds produced and under construction rising from 96 units in FY2023 to 173 units in FY2024. Total consumption of renewable materials, primarily cardboard boxes, increased 8.8% from 21,684 pieces in FY2023 to 23,583 pieces in FY2023 with the normalisation of business operations. Our conscientious efforts in resource recycling recorded 32.4% (7,648 pieces) in FY2024, compared to 31.6% (6,843 pieces) in FY2023.

The Group's business operations had only returned to normal when China entered the endemic phase in early 2023, we will continue to monitor our performance in FY2025 amid the slowdown in global economy, geopolitical uncertainties, and trade tensions. We believe that understanding the baseline of our production, as well as client demand and orders, will be critical before setting realistic short and medium-term targets for the Group.

# SUSTAINABILITY REPORT

## Energy Efficiency

GRI 302-1, 305-1, 305-2, 305-4

In FY2024, we continued to monitor and measure our environmental footprint based on our energy consumption. We collected energy data from our continuing operations of the plastics engineering solutions located in the PRC and computed total annual greenhouse gas emissions.

Electricity is primarily used to produce IMD Products at our manufacturing and office facilities, while fuel is required for transportation. In FY2024, the Group continued to reduce our energy consumption, particularly electricity, which was partially offset by an increase in fuel consumption. This was due to reduced production activity in our own facilities as we outsourced parts that could be produced more efficiently and focused on increasing business development for the Group.

The total energy consumed by the Group in FY2024 was 4,366.0 gigajoules (“GJ”), which included 677.9 GJ of fuel and 3,688.1 GJ of electricity. This was 11.4% less than the total energy consumption of 4,927.2 GJ in FY2023, which included 639.0 GJ of fuel and 4,288.2 GJ of electricity.

The Group’s overall greenhouse gas (“GHG”) emissions declined by 13.1% to 918.1 tonnes CO<sub>2</sub>e (“tCO<sub>2</sub>e”) in FY2024, compared to 1,057.1 tCO<sub>2</sub>e in FY2023, owing to lower electricity consumption. Similarly, the carbon emission intensity declined by 12.3% from 36.7 tCO<sub>2</sub>e per HKD million of revenue in FY2023 to 32.2 tCO<sub>2</sub>e per HKD million of revenue in FY2024.

Despite challenges such as intense competition among industry players and rising inflationary pressures on materials and operational costs, the Group continues to make conscientious efforts to reduce our carbon footprint, supplemented by outsourcing components that are relatively less cost-effective to produce in our manufacturing facilities.

As we continue to comprehend our production baseline in the face of unpredictability in our customers’ demand and orders, we remain cautious in setting realistic short-term targets for the Group.

## Performance in FY2024

- Achieved goal of lower energy usage in FY2024 by gradually increasing productivity, augmented by outsourcing component parts that are less cost-effective to produce in house.
- Recorded total energy consumption of 4,366.0 GJ comprising 677.9 GJ of fuel and 3,688.1 GJ of electricity.
- Overall GHG emissions decreased by 13.1% from 1,057.1 tCO<sub>2</sub>e in FY2023 to 918.1 tCO<sub>2</sub>e in FY2024 due to lower electricity usage.
- Achieved target on reducing carbon emission intensity by 12.3% from 36.7 tCO<sub>2</sub>e per HKD million of revenue in FY2023 to 32.2 tCO<sub>2</sub>e per HKD million of revenue in FY2024.

## Targets for FY2025

- To monitor and review the energy consumption as manufacturing activities continue to normalise.
- To reduce or at least maintain our carbon emission intensity level as we strive to raise production efficiency



## Energy consumed from non-renewable sources

GRI 302-1

Energy Source	Group Energy Consumption (in GJ)				
	FY2024	Variance (%)	FY2023	Variance (%)	FY2022
Fuel (petrol)	677.9	6.1	639.0	(21.7)	815.9
Electricity	3,688.1	(14.0)	4,288.2	(17.1)	5,170.5
<b>Total</b>	<b>4,366.0</b>	<b>(11.4)</b>	<b>4,927.2</b>	<b>(17.7)</b>	<b>5,986.4</b>

## Direct (Scope 1) and Energy Indirect (Scope 2) GHG Emissions

GRI 305-1, 305-2

(in tCO <sub>2</sub> e)	FY2024	Variance (%)	FY2023	Variance (%)	FY2022
Scope 1	47.3	6.1	44.6	(21.6)	56.9
Scope 2	870.8	(14.0)	1,012.5	(17.1)	1,220.8
<b>Total</b>	<b>918.1</b>	<b>(13.1)</b>	<b>1,057.1</b>	<b>(17.3)</b>	<b>1,277.7</b>

Note: Conversion factors are sourced from [https://www.ema.gov.sg/cmsmedia/Publications\\_and\\_Statistics/Statistics/18RSU.pdf](https://www.ema.gov.sg/cmsmedia/Publications_and_Statistics/Statistics/18RSU.pdf) and <https://pub.iges.or.jp/pub/iges-list-grid-emission-factors>.

## Carbon emission intensity (in tCO<sub>2</sub>e per HKD million of revenue)

GRI 305-4

	FY2024	Variance (%)	FY2023	Variance (%)	FY2022
Revenue (in HKD million)	28.5	(1.0)	28.8	(0.3)	28.9
GHG emissions (in tCO <sub>2</sub> e)	918.1	(13.1)	1,057.1	(17.3)	1,277.7
<b>Carbon emission intensity</b>	<b>32.2</b>	<b>(12.3)</b>	<b>36.7</b>	<b>(17.0)</b>	<b>44.2</b>

# SUSTAINABILITY REPORT

## MATERIAL TOPIC: SOCIAL

### Employment, Diversity and Equal Opportunity

GRI 401-1, 405-1

At China Kunda, we believe the health, well-being, and career growth of our employees are essential for the continual growth of our business and maintaining long-term success. Fair employment practices and a working environment that respects and empowers our employees to perform at their best are our commitments.

The Group strictly prohibits all forms of forced labour, human trafficking, and modern slavery. We do not discriminate against our employees or potential recruits because of their colour, age, gender, religion, ethnicity, facial attractiveness, physical disabilities, sexual preference, political beliefs, or nationality. Recruitment, salary, promotion, and benefits must be handled based on an objective evaluation of merit, equal opportunity, and non-discrimination.

We have in place a staff handbook and human resources manual that are in accordance with the legislation and rules in the country of operations. We also have regular engagement workshops with employees to foster better working relationships and team work. With the relaxation of stringent COVID-19 precautionary measures, we held eight (8) employee engagement sessions in FY2024, as compared to seven (7) sessions in FY2023.

In FY2024, we saw continued human capital movement, particularly as travel restrictions were eased. During FY2024, our employees left due to natural attrition, and we were able to attract new personnel, resulting in a 4.7% decline in headcount from 85 in FY2023 to 81 in FY2024. The Group is committed to zero reported incidence of non-compliance with the applicable laws and regulations relating to fair employment practices for the short, medium, and long-term.

Due to the nature of the profession, the industry's gender diversity remains male-dominated. Our male employee ratio increased from 55.3% in FY2023 to 61.7% in FY2024, while the proportion of female employees decreased from 44.7% in FY2023 to 38.3% in FY2024. As we continue to look into enhancing our productivity in response to the growth in new projects, we anticipate that the proportion of male employees to remain above 60% in the near and medium term.

## Performance in FY2024

- Recorded zero reported incidence of non-compliance with the relevant laws and regulations relating to fair employment practices.
- Maintained above 80% of our workforce below the age of 50.
- Held eight (8) engagement sessions with employees.
- Recorded a slight increase in the diversity by gender at approximately 61.7% males and 38.3% females in FY2024, compared 55.3% males and 44.7% females in FY2024.
- Achieved targets set for FY2024.

## Targets for FY2025

- Continue to maintain zero reported incidence of non-compliance with the relevant laws and regulations relating to fair employment practices.
- Continue to monitor and review the recruitment procedure and system to ensure fair and non-discrimination in hiring.
- To maintain at least eight engagement sessions in FY2025 to improve employee cohesion and talent retention.



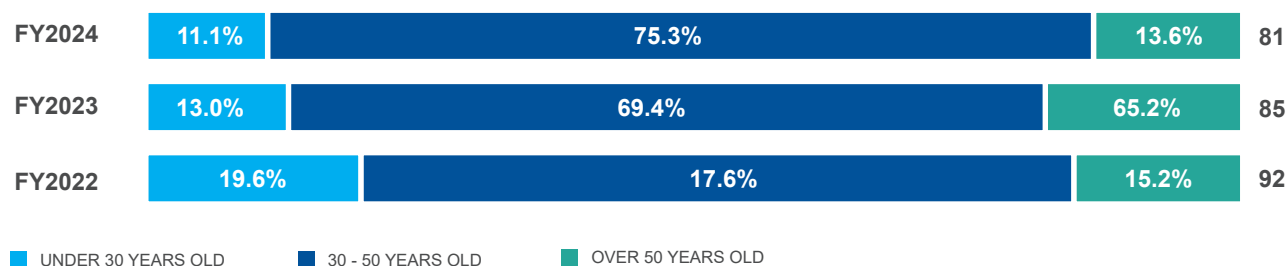
Our workforce remains relatively young, with approximately 86.4% of our total employees below the age of 50 in FY2024, compared to approximately 82.4% in FY2023.

The demographics of our employees for our operations in Group are as follows:

## Employees by Gender



## Employees by Age Group



## Diversity by Employee Category, Gender, and Age Group

FYE 31 March / Employee Category	FY2024			FY2023		
	Management	Executive	Non-Executive	Management	Executive	Non-Executive
<b>Group</b>	<b>6.2%</b>	<b>19.8%</b>	<b>74.1%</b>	<b>7.1%</b>	<b>17.6%</b>	<b>75.3%</b>
Diversity by gender						
Male	100.0%	87.5%	51.7%	100.0%	73.3%	46.9%
Female	0.0%	12.5%	48.3%	0.0%	26.7%	53.1%
Diversity by age group						
Under 30 years old	0.0%	0.0%	15.0%	0.0%	0.0%	17.2%
30 – 50 years old	60.0%	93.8%	71.7%	50.0%	86.7%	68.8%
Over 50 years old	40.0%	6.3%	13.3%	50.0%	13.3%	14.1%

Note: Management denotes senior management, and Executive includes middle management and supervisory positions.

# SUSTAINABILITY REPORT

## Occupational Health and Safety

GRI 403-4, 403-5, 403-9

At China Kunda, we are committed to providing a healthy and safe working environment for our employees. We manage and monitor our operations in accordance with the Chinese labour laws and standards, the ISO 9001:2015 quality management system, and the ISO 14001:2015 environmental management system.

As part of our efforts to maintain a healthy and safe working environment for employees, the Group takes a cautious approach to managing and monitoring health and safety risks by enforcing policies and procedures such as the Workplace Safety Policy and the employee behaviour and responsibility guidelines outlined in the Employees Handbook. We believe that promoting self-responsibility through regular reminders and education will help minimise workplace injuries and accidents.

The human resources personnel will brief all new employees on workplace health and safety issues. The team leaders will continue to supervise and monitor the implementation of health and safety measures to detect and manage occupational risks and minimise the occurrence of occupational illnesses.

Our employees also receive refresher training courses every quarter to ensure that they are aware of the various policies and standard procedures, as well as the ongoing emphasis on the importance of following workplace safety standards and rules to keep work-related injuries to a minimum.

We maintained the record of zero incidences resulting in fatality and permanent disability for FY2024.

The Group is committed to maintaining a record of zero incidents of non-compliance with applicable occupational health and safety rules and regulations, protecting our employees from occupational hazards in the short, medium and long term.

## Performance in FY2024

- Recorded zero incidences resulting in fatality and permanent disabilities.
- Recorded no incident of non-compliance with the applicable laws and regulations relating to occupational health and safety.
- Conducted refresher training courses for employees on quarterly basis.
- Achieved targets set for FY2024.

## Targets for FY2025

- Continue to carry out refresher training courses every quarter to ensure employees are aware of the health and safety policies and standard operating procedures, and comply with the safety standards and requirements at the workplace.
- To maintain zero incidences resulting in fatality and permanent disability.
- To maintain zero incidents of non-compliance with the relevant laws and regulations relating to occupational health and safety, and protecting our employees from occupational hazards.



## Training and Advancement

GRI 404-1

At China Kunda, we think that every employee in our organisation contributes to our success, thus we must raise their value by improving their knowledge, qualifications, and talents so that they can perform better in their duties and responsibilities.

As our business operations returned to normal, we achieved an average of 57.1 training hours per employee in FY2024, a 0.7% increase over the previous year's average of 56.7 training hours. This was despite a decrease in the Group's workforce.

### Average Training Hours Per Employee

Gender	FY2024	FY2023	Variance (%)
Male	2,750	2,726	0.9
Female	1,872	2,096	(10.7)
<b>Total hours</b>	<b>4,622</b>	<b>4,822</b>	<b>(4.2)</b>
No. of employees	81	85	(4.7)
<b>Average</b>	<b>57.1</b>	<b>56.7</b>	<b>0.7</b>

Our Group remains committed to providing relevant educational and skills training programmes for our employees and continues to seek to achieve at least a 1% increase in average training hours per employee on an annual basis for the short, medium and long term. We also maintain funds for training subsidies to support employees' enrichment opportunities, including pursuing higher studies and upgrading skill sets.

## Performance Appraisal

GRI 404-3

Our Group conducts annual performance evaluations for all of our employees, and this will continue indefinitely.

The employee performance review consists mostly of quantitative evaluation criteria based on positions and responsibilities. We also actively collect performance information from direct supervisors and conduct regular employee communication meetings. We believe regular communication with employees allows us to create stronger working connections and remain aware of our employees' growth and well-being, hence improving talent retention.

Discretionary incentives, such as bonuses, are awarded to eligible employees based on their performance, contributions to the Group and the Group's performance. Remuneration policies and packages are reviewed on a regular basis to ensure that they are competitive with the industry. This also aids the Group's talent acquisition and retention efforts.

### Performance in FY2024

- Did not achieve target of an increase of 1% in average training hour per employee in FY2024.
- Recorded an average of 57.1 hours of training per employee in FY2024, compared to 56.7 hours of training per employee in FY2023. This was due to a decrease in total number of employees from 85 in FY2023 to 81 in FY2024.
- Achieved target to explore new training programmes to upgrade the knowledge and skills of our employees.

### Targets for FY2025

- To achieve at least 1% increase in average training hour per employee on an annual basis.
- To explore new training programmes to upgrade the knowledge and skills of employees to keep abreast of technological advances.

### Performance in FY2024

- Achieved target of 100% performance evaluation.
- Achieved target of conducting regular meetings with employees.

### Targets for FY2025

- To conduct regular meetings with employees to encourage active participation in the business operations.
- Maintain annual performance evaluation for all employees.

# SUSTAINABILITY REPORT

## MATERIAL TOPIC: GOVERNANCE

### Regulatory Compliance

GRI 2-27

At China Kunda, we are committed to operating our business in compliance with the relevant social and economic factors as well as environmental regulations and standards.

We endeavour to proactively monitor, identify, assess and address socio-economic and environmental concerns, as well as potential impact arising from climate-related risks and opportunities that are of relevance to the sustainability of the Group's business. We remain committed to conducting our business with integrity and safeguarding the interest of all our stakeholders.

The Group is committed to maintain zero incidence of non-compliance with the relevant laws and regulations in the areas of socio-economic and environmental for the short, medium and long term.

### Corporate Governance

The Board and the management team of China Kunda are committed to high standards in corporate governance and transparency, ensuring the sustainability of the Group's business operations.

We continue to uphold best practices in corporate transparency and disclosures, and we have in place a set of procedures and policies governing our compliance with applicable legislation and adherence to our risk management guidelines. Our consistent motivation for corporate excellence reinforces a more transparent, accountable, and equitable system, and thereby delivering higher value to our stakeholders.

Please refer to the Corporate Governance Report found on page 33 of the annual report for details of the Group's corporate governance principles and practices.

### Performance in FY2024

- Recorded zero incidence of non-compliance with the relevant laws and regulations in the areas of socio-economic and environmental that could potentially result in internal disciplinary action or public allegation.
- Complied with the principles and guidelines set out in the Code of Governance 2018, where appropriate.
- Recorded no incident of non-compliance with management controls and procedures.
- Achieved targets set for FY2024.

### Targets for FY2025

- Maintain no incident of non-compliance with the relevant laws and regulations in the socio-economic and environmental aspect.
- Maintain no incident of non-compliance with management controls and procedures.
- Continue to monitor and update the adequacy and effectiveness of the risk management policies, management controls and procedures, as and when appropriate.

## Enterprise Risk Management

The Board maintains overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has in place an Enterprise Management Framework ("**ERM**"), supported by the Audit Committee of the Company. The members of the Audit Committee of the Company are non-executive directors who oversee how the management of the Company monitors compliance with the Group's risk management policies and procedures, and from time to time, reviews the adequacy of the risk management framework in relation to the risks faced by the Group. This ERM facilitates our management team to manage risks and seize opportunities.

The Audit Committee is assisted by the internal auditors of the Company in its oversight of the Group's risk management. In turn, the internal auditors of the Company undertake both regular and ad-hoc reviews of the Group's risk management controls and procedures, and reports their findings to the Audit Committee.

The Group remains vigilant and continues to perform risk assessment on our business operations at least once per year, either internally or with the assistance of a third-party professional as determined by the Audit Committee of the Company.

In FY2024, the Group held a preliminary discussion with the SMT, which includes key management executives from several departments across the Group, to better understand climate-related risks that could be essential to the Group's business sustainability.

The Group endeavours to improve its understanding and management of climate-related risks and opportunities, as well as their potential impact on the organisation's long-term sustainability.



# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

<b>Statement of use</b>	China Kunda Technology Limited has reported this information cited in this GRI Content Index for the period from 1 April 2023 to 31 March 2024 (“FY2024”) with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	REFERENCE
<b>GRI 2: General Disclosures 2021</b>	2-1: Organisational details	Annual Report (“AR”) – Company Profile, page 1
	2-2: Entities included in the organisation's sustainability reporting	Sustainability Report (“SR”) - Board Statement, page 9
	2-3: Reporting period, frequency and contact point	SR - Board Statement, page 9
	2-6: Activities, value chain, and other business relationships	AR – Letter to Shareholders, page 2 AR – Operations and Financial Review, page 3
	2-7: Employees	SR – Employment, Diversity and Equal Opportunity, page 22
	2-9: Governance structure and composition	SR – Sustainability Governance, page 26 AR – Board of Directors, page 6 AR – Corporate Governance Report, page 33
	2-10: Nomination and selection of the highest governance body	AR – Corporate Governance Report, page 33
	2-27: Compliance with laws and regulations	SR – Regulatory Compliance, Corporate Governance, page 26
	2-29: Approach to stakeholder engagement	SR – Stakeholder Engagement, page 11
<b>GRI 3: Material Topics 2021</b>	3-1: Process to determine material topics	SR – Materiality Assessment, page 13
	3-2: List of material topics	SR – Materiality Assessment, page 13
	3-3: Management of material topics	SR – Materiality Assessment, page 13

# SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE	REFERENCE
<b>GRI 201: Economic Performance</b>	201-1: Direct economic value generated and distributed	SR – Economic Performance, page 14
	Innovation and R&D	SR – Innovation and R&D, page 16
	Climate-related Risks and Opportunities	SR – Climate-related Risks and Opportunities, page 17
<b>GRI 204: Procurement Practices 2016</b>	204-1: Proportion of spending on local suppliers	SR – Suppliers and Business Partners, page 18
<b>GRI 301: Materials 2016</b>	301-1: Materials used by weight or volume	SR – Materials, page 19
	301-2: Recycled input materials used	SR – Materials, page 19
<b>GRI 302: Energy 2016</b>	302-1: Energy consumption	SR – Energy Efficiency, page 20
<b>GRI 305: Emissions 2016</b>	305-1: Direct (Scope 1) GHG emissions	SR – Energy Efficiency, page 20
	305-2: Energy Indirect (Scope 2) GHG emissions	SR – Energy Efficiency, page 20
	305-4: GHG emissions intensity	SR – Energy Efficiency, page 20
<b>GRI 401: Employment 2016</b>	401-1: New employee hires and employee turnover	SR – Employment, Diversity and Equal Opportunity, page 22
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1: Occupational health and safety management system	SR – Occupational Health and Safety, page 24
	403-5: Worker training on occupational health and safety	SR – Occupational Health and Safety, page 24
	403-9: Work related injuries	SR – Occupational Health and Safety, page 24
<b>GRI 404: Training &amp; Education 2016</b>	404-1: Average hours of training per year per employee	SR – Training and Advancement page 25
	404-3: Percentage of employees receiving regular performance and career development reviews	SR – Performance Appraisal, page 25
<b>GRI 405: Diversity and equal opportunity 2016</b>	405-1: Diversity of governance bodies and employees	SR – Employment, Diversity and Equal Opportunity, page 22

# SUSTAINABILITY REPORT

## TCFD CONTENT INDEX

Based on the requirements in the Rule 711B of the Catalist Rules and Practice Note 7F Sustainability Reporting Guide, we have mapped our climate-related disclosures based on TCFD Recommendations as shown in the table below.

TCFD RECOMMENDATIONS	DISCLOSURE	REFERENCE
<b>GOVERNANCE</b>		
Describe the board's oversight of climate-related risks and opportunities.	The Board oversees the Group's overall sustainability practices and climate-related risks and opportunities and considers EESG and climate-related issues in the formulation of and approving overall long-term strategic objectives and directions.	SR – Board Statement, page 9 SR – Sustainability Governance, page 26 SR – Climate Change, page 17
Describe management's role in assessing and managing climate-related risks and opportunities.	<p>The Group has in place a SMT comprising of the SMT leaders who oversee the various departments in the organisation, and chaired by the Chief Executive Officer, who in turn, reports to the Board for advice and guidance.</p> <p>The Board maintains efficient oversight over the SMT, reviews and considers sustainability issues, and the relevance and adequate practices as part the formulation of the Group's strategies and policies to better manage sustainability risks and opportunities while ensuring all EESG and climate-related matters significant to its business are addressed.</p>	SR – Sustainability Governance, page 26
<b>STRATEGY</b>		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	China Kunda is progressing towards understanding climate-related risks and opportunities that are critical to the Group's business sustainability. The SMT endeavours to set up the process in identifying and assessing climate-related risks and opportunities that are critical to the sustainability of the Group's business post-FY2024.	SR – Economic, Climate-related Risks and Opportunities, page 17
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	China Kunda is adopting a progressive strategy towards managing climate-related risks. Identifying the impact on climate-related risks and opportunities on the Group's business, strategy and financial planning will be carried out post-FY2024.	SR – Economic, Climate-related Risks and Opportunities, page 17



TCFD RECOMMENDATIONS	DISCLOSURE	REFERENCE
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	China Kunda is adopting a phased approach towards managing climate-related risks. Scenario analysis will be carried out post-FY2024.	-
<b>RISK MANAGEMENT</b>		
Describe the organisation's processes for identifying and assessing climate-related risks.	<p>During FY2024, we conducted internal discussion with the SMT, who are key management executives from various departments across the Group, to understand climate-related risks and opportunities.</p> <p>More discussions are expected to set up the process in identifying and assessing potential risks and/or opportunities that are critical to the Group's business sustainability.</p>	SR – Economic, Climate-related Risks and Opportunities, page 17
Describe the organisation's processes for managing climate-related risks.	China Kunda is adopting a progressive strategy towards managing climate-related risks. The SMT is in the process of determining the potential climate-related risks and/or opportunities, and will seek to address them post-FY2024.	SR – Economic, Climate-related Risks and Opportunities, page 17
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	<p>The Group, through the established policies and procedures, aims to develop a disciplined and constructive control environment to manage emerging and strategic risks that may impact our sustainability.</p> <p>The Audit Committee of the Company oversees how the management of the Company monitors compliance with the Group's risk management policies and procedures, and from time to time, reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted by the internal auditors of the Company in its oversight of the Group's risk management. In turn, the internal auditors of the Company undertake both regular and ad-hoc reviews of the Group's risk management controls and procedures and reports their findings to the Audit Committee of the Company.</p>	SR – Governance, Enterprise Risk Management, page 27

# SUSTAINABILITY REPORT

TCFD RECOMMENDATIONS	DISCLOSURE	REFERENCE
<b>METRICS AND TARGETS</b>		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	As part of China Kunda's annual sustainability reporting, we track metrics such as: <ul style="list-style-type: none"> <li>• Scope 1 and 2 GHG emissions</li> <li>• Electricity and fuel consumption</li> </ul>	SR – Environmental, Energy Efficiency, page 20
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	Scope 1 and Scope 2 GHG emissions are disclosed in our SR.  We have reported and compared our Scope 1 and Scope 2 GHG emissions for both FY2024 and FY2023 based on our fuel and electricity consumption in our continuing IMD business in the PRC.  We will review and develop and report our Scope 3 GHG emissions, as and when appropriate.	SR – Energy Efficiency, page 20
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	China Kunda is adopting a progressive strategy towards managing climate-related risks. Appropriate targets shall be analysed and set post-FY2024.	-

# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**” or “**Directors**”) of China Kunda Technology Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to continually uphold high standards of good corporate governance, as a fundamental part of its responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

The Rule 710 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”) requires all listed companies to describe, in their annual reports, their corporate governance practices with specific reference to the principles of the Code of Corporate Governance 2018 (the “**Code**”). As such, this report sets out the Company’s main corporate governance framework and practices with specific reference to the Code, for the financial year ended 31 March 2024 (“**FY2024**”).

The Board is pleased to report that for FY2024, the Group has adhered closely with the core principles of corporate governance laid down by the Code. Where there are any deviations from the provisions or guidelines of the Code, appropriate explanations on how the Company’s practices adopted are consistent with the intent of the relevant principle have been provided where appropriate.

## 1. **BOARD MATTERS**

### 1.1. **THE BOARD’S CONDUCT OF AFFAIRS**

**Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.**

#### **The Primary Functions of the Board**

The Board’s primary role is to objectively discharge its duties and responsibilities at all times in the interests of the Company and enhance the long-term shareholders’ value. The Board is collectively responsible for the setting of the overall strategy and the success of the Group. The Board exercises close oversight over key areas in corporate governance practices, finance performances reviews, strategy plans, risk management and internal controls, and is supported by three board committees, namely the Audit Committee (“**AC**”), Remuneration Committee (“**RC**”) and Nominating Committee (“**NC**”) (collectively, the “**Board Committees**”). Each Board Committee is governed by clear terms of reference setting out the duties and authorities which have been approved by the Board.

Apart from its statutory responsibilities, the principal functions of the Board encompass the following:

- (a) providing stewardship to the Company including charting its corporate strategies and business plans which should include appropriate focus on value creation, innovation and sustainability;
- (b) ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- (c) authorizing and monitoring major investments and strategic commitments;
- (d) reviewing and assessing the performance of the Management (comprising executive directors (“**Executive Directors**”) and key management personnel of the Company (“**Executive Officers**”));
- (e) overseeing the evaluation of the adequacy of internal controls, addressing risk management, financial reporting and compliance, and satisfying itself as to the sufficiency of such processes;
- (f) establishing a framework for effective control, including the safeguarding of shareholders’ interests and the company’s assets;
- (g) supervising the management of the businesses and affairs of the Group, and providing guidance and advice to Management;
- (h) being responsible for corporate governance practices;



# CORPORATE GOVERNANCE REPORT

- (i) considering sustainability issues, including environmental and social factors, as part of the Company's strategic formulation;
- (j) identifying key stakeholder groups of the Company and recognising that their perceptions affect the Company's reputation; and
- (k) setting the Company's values and standards, including ethical standards, and ensuring that the obligations to its shareholders and other stakeholders are understood and met.

Each member of the Board has a fiduciary duty and statutory duty pursuant to section 157 of the Companies Act 1967 to exercise due care in discharging his or her duties and responsibilities and is obliged to act in the best interests of the Company at all times.

## **Board Approval**

In ensuring proper accountability within the Company, the Board supervises executive management (the "**Management**") and holds the Management accountable for performance. The Company has internal guidelines and approval limits for operational, financial and capital requirements. Under these guidelines, the matters which specifically require the Board's decision or approval are those involving *inter alia*, the following:-

- (a) interested persons transactions of a material nature and matters involving a conflict of interest of a substantial shareholder or a Director;
- (b) material acquisitions and disposal of assets exceeding 5% of the Group's net asset value or mergers and acquisitions;
- (c) corporate or financial restructuring;
- (d) share issuances, interim dividends and other returns to shareholders;
- (e) release of the Group's quarterly and full year results announcements;
- (f) acceptance of bank facilities; and
- (g) any material investments or expenditures not in the ordinary course of the Group's businesses.

In recognition of the Directors' duties to act objectively in good faith and the best interests of the Company, while exercising due care, skills and diligence, and avoiding conflicts of interest in the discharge of the duties of their office, while Management is responsible for the day-to-day operations and administration of the Group, matters relating to the Group's strategies and policies remain subject to the Directors' decision and approval. Directors facing conflicts of interest recuse themselves from meetings discussions and decisions involving the issues of conflict.

## **Board Processes**

Board Committees have been established to further assist the Board in the discharge of its responsibilities. These Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The delegation of authority by the Board to the Board Committees enables the Board to achieve operational efficiency by empowering these Board Committees to decide on matters within their respective terms of reference and/or limits of delegated authority and yet maintain control over major policies and decisions. The effectiveness of each Board Committee is also constantly monitored. Minutes of all Board Committee meetings will be circulated to the Board so that the Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings.

## **Board and Board Committees Meetings**

The Board conducts regular scheduled meetings and convenes at other times as warranted by particular circumstances to discuss the Group's key activities. Dates of the Board meetings are normally set by the Directors well in advance. In between the scheduled meetings, the Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing.

# CORPORATE GOVERNANCE REPORT

To facilitate the attendance and participation of the Directors at Board meetings, the Company's Constitution permits the Directors of the Company to attend meetings through the use of audio-visual communication equipment.

Details of the Board and Board Committee meetings held during FY2024 and the attendance of each Board member are summarised in the table below:-

	Board Meetings	Board Committee Meetings		
		AC	RC	NC
<b>No. of Meetings Held</b>	3	3	1	1
<b>No. of Meetings Attended</b>				
Cai Kaoqun	3	3*	1*	1
Cai Kaobing	3	3*	1*	1*
Hau Khee Wee	3	3	1	1
Lim Yit Keong**	2	2	1	1
Lam Kwong Fai	3	3	1	1*
Chen Liping***	N/A	N/A	N/A	N/A
Foo Quek Cheng***	N/A	N/A	N/A	N/A

N/A – Not Applicable

\* *By invitation*

\*\* *Mr Lim Yit Keong ceased to be an Independent Director of the Company with effect from 31 December 2023. He attended all meetings during his tenure of service in FY2024.*

\*\*\* *Ms Chen Liping and Ms Foo Quek Cheng were appointed as Independent Director of the Company with effect from 31 March 2024 and 1 July 2024 respectively. Hence, they did not attend the meetings held during FY2024.*

## **Access to Complete, Adequate and Timely Information**

The Company recognises the importance of continual dissemination of relevant information which is explicit, accurate, timely and vital to the Board in carrying out its duties.

The Management endeavours to furnish the Board with complete, relevant and adequate information concerning the Group, including periodic financial summary reports, budgets, forecasts and other disclosure documents, prior to Board meetings and on an on-going basis, to enable the Board to make informed decisions and discharge its duties and responsibilities. Directors may request explanation, briefing or discussion on any aspect of the Group's operation or business from the Management. When circumstances require, Board members exchange views outside the formal environment of Board meetings.

The Board is also updated regularly on corporate governance, risk management, and key changes in the relevant regulatory requirements and financial reporting standards by the Management, Auditors, the Company's Sponsor and the Company Secretary. Relevant news releases issued by the SGX-ST, the Accounting and Corporate Regulatory Authority and the Monetary Authority of Singapore are also circulated to the Board.

The Directors have unrestricted access to records and information of the Group, and have separate and independent access to Management, Company Secretaries, and external advisers. The Company Secretary attends all meetings of the Board and Board Committees and ensures that Board procedures are followed, and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a decision of the Board as a whole. The Directors and the Chairman of the respective Board Committees, whether as a group or individually, are also given unrestricted access to professionals for consultations as and when they deem it necessary at the expense of the Company, in furtherance of their duties and responsibilities as Directors.

# CORPORATE GOVERNANCE REPORT

## **Board Orientation and Training**

Pursuant to Rule 406(3)(a) of the Catalist Rules, newly appointed Directors who do not have prior experience as a director of a publicly listed company in Singapore will undergo training covering the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST, which includes relevant areas such as accounting, legal and industry-specific knowledge or other relevant training courses to familiarise them with the duties and responsibilities as a Director of a listed company, or as may be appropriate, within one year from their respective date of appointment.

Newly appointed Directors will undergo a comprehensive and tailored orientation program and be provided with materials to facilitate better understanding of the Group's operations and projects. They are also provided with the Company's constitution (the "**Constitution**") and terms of reference of the Board Committees which help them familiarise themselves with their duties and obligations as a Director and how to discharge those duties, business and governance practices of the Company.

The Directors may, from time to time, attend appropriate courses, conferences and seminars to keep pace with the fast-changing laws, financial and other regulatory developments. The Directors are also updated on the requirements, as well as amendments thereto, of the SGX-ST and other statutory and regulatory bodies from time to time, to enable them to make well-informed decisions and carry out their roles and responsibilities competently. The Board encourages the Directors to continually develop and refresh their professional knowledge and skills, and to keep themselves abreast of relevant developments in the Group's business and the regulatory and industry-specific environments in which the Group operates. The Company also works closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards.

## **1.2. BOARD COMPOSITION AND GUIDANCE**

**Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.**

### **Board Independence**

The Board currently has six (6) members, comprising two (2) Executive Directors and four (4) Non-Executive Directors of which all are Independent Directors. Under the Code, non-executive Directors should make up a majority of the Board, and Independent Directors should make up a majority of the Board where the Chairman is not independent. As the Chairman is not independent and there is a majority of independent and non-executive Directors on the Board, the requirements of the Code are met.

As at the date of this report, the Board comprises the following members:

#### **Executive Directors**

Cai Kaoqun	Executive Chairman and Chief Executive Officer
Cai Kaobing	Executive Director

#### **Non-Executive Directors**

Mr. Hau Khee Wee	Lead Independent Director
Mr. Thomas Lam Kwong Fai	Independent Director
Ms. Chen Liping	Independent Director
Ms. Foo Quek Cheng	Independent Director

The NC and the Board consider an "Independent" Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Company.



# CORPORATE GOVERNANCE REPORT

The independence of each Director is reviewed annually by the NC in accordance with the definition of independence in the Code and Rule 406(3)(d) of the Catalist Rules. The NC and the Board review the independence of the Independent Directors annually. Each Independent Director is required to complete a checklist annually to confirm his/her independence. The checklist is drawn up based on the Code's provision and its Practice Guidance as well as the Catalist Rules. The NC and the Board have reviewed and ascertained that the Independent Directors, namely Mr Hau Khee Wee, Mr Thomas Lam, Ms Chen Liping and Ms Foo Quek Cheng are independent for FY2024.

The Company currently has one (1) Independent Non-Executive Director who has served on the Board for an aggregate period of more than nine (9) years, namely Mr Hau Khee Wee ("**Mr Hau**"), who was previously a Director on the Board from May 2007 to March 2016 before being appointed to the Board on 1 December 2017.

The NC noted Rule 406(3)(d)(iv) of the Catalist Rules, which came into effect from 11 January 2023, that if a director has been a director for an aggregate period of more than 9 years (whether before or after listing), such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer. As Mr Hau has exceeded the nine-year tenure limit, he will retire from the Board after the Company's AGM for FY2024. The Company has appointed Ms Foo Quek Cheng as an Independent Director of the Company with effect from 1 July 2024 as a suitable replacement for Mr Hau as Director of the Company.

The integrity and professionalism of the Directors have enabled and facilitated them to discharge their responsibilities with due care and diligence. The Independent Directors provide oversight on the Management's performance by constructively challenging and helping to develop proposals on strategy. The Non-Executive Directors and Independent Directors regularly meet without the Management's presence to review the effectiveness and performance of Management in meeting agreed goals and objectives, and feedback is thereafter provided to Management.

## **Board Composition and Size**

The Board constantly examines its size to determine if the current size of the Board is appropriate for the scope and nature of the Group's operations to facilitate effective decision-making. For FY2024, the NC is of the view that the present size of the Board allows it to be effective and not too large as to be unwieldy. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate balance and mix of skills, knowledge and experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.

The current Board members comprise persons whose diverse skills, experience and attributes provide for effective decision-making for the Group, taking into account the nature and scope of the Group's operations. The members of the Board have the core competencies, such as accounting or finance, business or management experience, industry knowledge, corporate actions and strategic planning experience required for the Board to be effective in all aspects of its roles. Nonetheless, the Board is committed to continuous improvement and therefore, in concurrence with the NC, the Board continues to explore and consider more measures to ensure appropriate balance and diversity of its members so as to supplement the collective skillsets of the existing Directors and bring different perspectives to the Board.

# CORPORATE GOVERNANCE REPORT

Name of Director	Date of initial appointment	Date of last re-election	Directorships in other listed companies and other principal commitments	
			Current	Past 3 Years
Cai Kaoqun	26 December 2007	28 July 2023	<ul style="list-style-type: none"> <li>Shenzhen Kunda Precision Mould Co., Ltd</li> <li>Shenzhen Kunda Qi Cheng Investment Co. Ltd</li> <li>Shenzhen Zhong Qi Kai Hua Shi Ye Co. Ltd</li> <li>Shanghai Xuan Xi Que Enterprise Service Limited Partnership</li> </ul>	Nil
Cai Kaobing	26 December 2007	29 July 2022	<ul style="list-style-type: none"> <li>Shenzhen Kunda Precision Mould Co., Ltd</li> </ul>	Nil
Hau Khee Wee	1 December 2017	28 July 2023	<ul style="list-style-type: none"> <li>Imperium Crown Limited</li> <li>YSQ International Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Go Game Pte Ltd</li> <li>AGV Group Limited</li> <li>Bioton S.A.</li> <li>Scigen Pte Ltd</li> <li>Scigen (Australia) Pty Ltd</li> <li>Evive Biotechnology Singapore Pte Ltd</li> </ul>
Thomas Lam Kwong Fai	1 October 2019	29 July 2022	<ul style="list-style-type: none"> <li>Soon Lian Holdings Limited</li> <li>Capital World Limited</li> <li>Katrina Group Limited</li> <li>SDAI Limited</li> </ul>	<ul style="list-style-type: none"> <li>Sevens Atelier Limited</li> <li>D'Nonce Technology Bhd</li> <li>Alder Corporate Services Pte Ltd</li> </ul>
Chen Liping	31 March 2024	-	<ul style="list-style-type: none"> <li>Innovative Corporation Pte Ltd</li> <li>Singapore Fullrich Technology Pte Ltd</li> <li>HPJG Foundation Pte Ltd</li> <li>Tianjin Association (Singapore)</li> </ul>	<ul style="list-style-type: none"> <li>Newmarket Trading Pte Ltd</li> <li>China Petroleum &amp; Gas Development Pte Ltd</li> <li>China Petroleum Development Pte Ltd</li> <li>China Aero Supply (Singapore) Pte Ltd</li> <li>Chinamate Singapore Pte Ltd</li> <li>Convoy General Trading Pte Ltd</li> </ul>
Foo Quek Cheng	1 July 2024	-	<ul style="list-style-type: none"> <li>V-Pure Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Eindec Holding Pte Ltd</li> <li>Eindec Singapore Pte Ltd</li> </ul>

# CORPORATE GOVERNANCE REPORT

The Company has achieved its targets set in its Annual Report FY2023 to replace the Independent Directors who have served for more than nine (9) years by the Company's annual general meeting in 2024 and appointed two (2) female Independent Directors to enhance diversity on the Board. There is no new target set for FY2025.

Moving forward, the Company targets to maintain an optimal balance of diversity, beyond gender diversity, on the Board. To that end, the Company may from time to time arrange appropriate training and upskilling courses for the Directors so that they may acquire or refine skillsets and knowledge beneficial to the Group's operation and will where in the Group's best interests change the composition of the Board by changes in Board appointments. Instead of setting a fixed timeline for achieving the Board diversity target, as diversity is dependent on a host of factors which vary in importances from time to time, the Company aims to maintain, on an overall basis, an optimal level of Board diversity taking into account the competencies and attributes described in this section. The NC is responsible for reviewing the level of Board diversity and whether this target is achieved.

The Board's policy in identifying director nominees is primarily for the Board to have the appropriate diversity of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The NC has reviewed and is of the view that the current Board comprises persons who as a group provide an appropriate balance and diversity of skills, experience and capabilities required for the Board to be effective.

<b><i>Balance and Diversity of the Board</i></b>		
<b>Core Competencies</b>	<b>Number of Directors</b>	<b>Proportion of Board</b>
Accounting or finance	3	50%
Business management	6	100%
Legal or corporate governance	4	67%
Relevant industry knowledge or experience	4	67%
Strategic planning experience	6	100%
Customer based experience or knowledge	4	67%
Female Directors on Board	2	33%

The composition of the Board will be reviewed on an annual basis. The Board has taken the following steps to maintain or enhance its balance and diversity:

- (a) annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- (b) annual appraisal carried out on each director on the skill set they possess.

The NC will evaluate and act on the results of these exercises and where appropriate, recommend to the Board for the appointment of new directors and/or seek the resignation of incumbent directors. In sourcing for new directors, the Company and NC first consider the current composition of the Board and whether the appointment of new directors will contribute positively to the Company. This ensures that changes made are in line with diversity requirements of the Board.

The Independent Directors will constructively challenge and assist in the development of proposals on strategy, assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance.

The profiles of the Directors are set out on pages 6 and 7 of this Annual Report.



# CORPORATE GOVERNANCE REPORT

## 1.3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

Mr Cai Kaoqun is the Executive Chairman of the Board and Chief Executive Officer (“CEO”) of the Company. The Board is aware of the guidelines in the Code, and is of the view, that given the scope and nature of the operations of the Group, it is not necessary to separate the functions of Chairman and CEO.

Provision 3.3 of the Code provides that a Lead Independent Director should be appointed to provide leadership in situations where the Chairman is conflicted, and especially where the Chairman is not independent. In the interests of good corporate governance, the NC and the Board had carefully reviewed its Directors’ performance and contributions, and appointed Mr Hau as the Group’s Lead Independent Non-Executive Director.

Mr Hau serves as a sounding board to the Chairman and also as an intermediary between the Non-Executive Directors and the Chairman, providing a channel to Non-Executive Directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary. He may also call for meetings of Non-Executive Directors from time to time without the presence of other directors and Management and provide feedback to the Chairman after such meetings. He will be available to the shareholders where they have concerns which cannot be resolved through the normal channels of communication via the Executive Chairman, the CEO and/or the Group Financial Controller, or where such communication is not possible or inappropriate. In FY2024, the Independent Non-Executive Directors had met separately without the presence of Management.

As Mr Hau will cease to be a director of the Company after the Company’s annual general meeting for FY2024, the Company has identified and re-designated Mr. Thomas Lam Kwong Fai as the Group’s Lead Independent Non-Executive Director after the conclusion of the Company’s annual general meeting for FY2024.

As the CEO, Mr Cai Kaoqun works with the Board to determine the strategy for the Group and is responsible for the Group’s business performance and bears overall daily operational responsibility for the Group’s business. He also works with the senior management of the Group to ensure that the senior management operates in accordance with the strategic and operational objectives of the Group.

As the Executive Chairman, Mr Cai Kaoqun leads the Board to ensure its effectiveness in all aspects of its role. He approves the agendas for the Board and ensures that adequate time is available for discussion of all agenda items during the meetings, in particular strategic issues. The agendas for Board Committees are approved by the Executive Chairman together with the respective chairpersons of the Board Committees.

The Executive Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board, the Management and the shareholders of the Company. He encourages interactions between the Board and the senior management, as well as between the Executive and Non-Executive Directors, promotes a culture of openness and debate at the Board and facilitates the effective contribution of all directors. Furthermore, the Executive Chairman takes a leading role in ensuring the Company’s compliance with corporate governance guidelines. The Executive Chairman also ensures that the Directors receive complete, adequate and timely information and ensures effective communication with shareholders.

## 1.4. BOARD MEMBERSHIP

**Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.**

### The Composition and Role of NC

The Board reviews the composition of the Board and Board Committees annually, taking into account the need for progressive renewal of the Board and each Director’s competencies, commitment, contribution and performance.

# CORPORATE GOVERNANCE REPORT

The NC is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments and overseeing the Company's succession and leadership development plans. The NC establishes and reviews the profile of Board members, and makes recommendations to the Board on the appointment, re-nomination and retirement of Directors. To make informed recommendations, the NC evaluates individual contributions, including factors such as attendance, preparedness, participation and constructive engagement. In its evaluation, the NC takes into account the need for progressive renewal of the Board and considers each Director's competencies, commitment, contribution and performance. This ensures that the Company remains well-equipped to address its evolving needs in terms of both governance and business strategy of the Group.

The NC comprises four Directors, the majority of whom (including the NC Chairman) are independent, namely:

Ms. Chen Liping	Chairman
Mr. Hau Khee Wee	Member
Ms. Foo Quek Cheng	Member
Mr. Cai Kaoqun	Member

The primary function of the NC is to determine the criteria for identifying candidates, review nominations for the appointment of Directors to the Board, to decide how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval. Its duties and functions are outlined as follows:-

- (a) to make recommendations to the Board on the appointment of new Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board;
- (b) to regularly review the Board structure, size and composition and make recommendations to the Board regarding any adjustments that are deemed necessary;
- (c) to determine the process for search, nomination, selection and appointment of new board members and be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;
- (d) to ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three (3) years, and to recommend Directors who are retiring by rotation to be put forward for re-election;
- (e) to determine annually whether a Director is independent, in accordance with the guidelines contained in the Code and the Catalist Rules;
- (f) to decide whether a Director is able to and has adequately carried out his duties as a director of the Company, in particular, where the Director has multiple board representations; If the NC considers it necessary, it shall make recommendations to the Board to address the competing time commitments.
- (g) to review and approve any new employment of persons related to the Directors or CEO or substantial shareholder of the Company to a managerial position in the Company and the proposed terms of their employment;
- (h) to put in place and review Board succession plans and candidates for appointment as Directors, and in particular, for the Chairman of the Board, the CEO or other executive officers and key management personnel of the Company;
- (i) to assess the effectiveness of the Board as a whole and its Board Committees, and the contribution made by each individual Director to the effectiveness of the Board;
- (j) to decide how the Board's performance may be evaluated and to propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long term shareholders' value; and
- (k) to review the training and professional development programs for the Board.

# CORPORATE GOVERNANCE REPORT

The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a director of the Company.

## Criteria and Process for Nomination and Selection of New Directors

There is a formal and transparent process for the appointment of new Directors to the Board. The NC reviews and recommends all new Board appointments to the Board. In doing so, the NC ensures that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Group's business and that each Director contributes and brings to the Board an objective perspective to enable balanced and well-considered decisions to be made.

Where a vacancy arises under any circumstances, or where it is considered that the Board could benefit from the services of a new Director with particular skills, in the nomination and selection process of a new Director, the NC, in consultation with the Board, will take into consideration the current Board size and its composition – including the mix of expertise, skills and attributes of the Directors – and determine if the candidate's background, experience and knowledge will bolster the core competencies of the Board. The NC will consider candidates proposed by the Management or may engage external search consultants where necessary. The NC will identify key attributes required of an incoming Director based on the requirements of the Board and interview the candidates to assess their suitability prior to recommending them to the Board for approval.

## Re-nomination of Directors

In the process of re-election of incumbent Directors, the NC will assess the performance of the Director in accordance with the performance criteria set by the Board and consider the current needs of the Board. Subject to the NC's satisfactory assessment, the NC will recommend the proposed re-appointment of the Director to the Board for its consideration and approval. Each NC member will abstain from his or her assessment as a Director or any matters in which he or she may have an interest in, whenever applicable.

Under the Company's Constitution, all Directors, including Executive Directors, must submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. Regulation 107 of the Company's Constitution provides that one-third of the Board, or the number nearest to one-third is to retire by rotation at every AGM. In addition, Regulation 117 of the Company's Constitution provides that new Directors appointed during the financial year either to fill a casual vacancy or as an addition to the Board are required to submit themselves for re-election at the next AGM of the Company. Each Director must abstain from voting on any resolutions in respect of his/her re-nomination and re-election.

The following Directors are retiring at the forthcoming AGM in accordance with Regulation 117 of the Company's Constitution:

- (a) Ms Chen Liping; and
- (b) Ms Foo Quek Cheng.

Information on Directors nominated for re-election – Appendix 7F of the Catalist Rules

NAME OF DIRECTOR	CHEN LIPING	FOO QUEK CHENG
Date of Appointment	31 March 2024	1 July 2024
Date of Last Re-Appointment	-	-
Age	59	43
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	On recommendation of the Nominating Committee, the Board approved the re-appointment of Ms. Chen Liping (" <b>Ms Chen</b> ") as Independent Director of the Company based on her qualifications, expertise and past experiences.	On recommendation of the Nominating Committee, the Board approved the re-appointment of Ms. Foo Quek Cheng (" <b>Ms Foo</b> ") as Independent Director of the Company based on her qualifications, expertise and past experiences.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive

# CORPORATE GOVERNANCE REPORT

NAME OF DIRECTOR	CHEN LIPING	FOO QUEK CHENG
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director Chairman of Nominating Committee, and member of Audit Committee and Remuneration Committee	Independent Director Member of Audit Committee, Nominating Committee and Remuneration Committee
Professional qualifications	Master of Business Administration, The University of Hull (2003) Bachelor of Tourism and Economic Management, Nankai University (1988)	Fellow of CPA Australia (FCPA) Global MBA program, The University of Manchester, Alliance Manchester Business School, United Kingdom Bachelor of Commerce (Accounting) from the University of Adelaide, Australia
Working experience and occupation(s) during the past 10 years	2004 to present: Director, Innovative Corporation Pte Ltd April 2017 to April 2024: Director, Newmarket Trading Pte Ltd May 2018 to present: Director, Singapore Fullrich Technology Pte Ltd March 2021 to present: Director, HPJG Foundation Pte Ltd	May 2024 to present: Chief Financial Officer (“CFO”) cum Acting CEO at Sen Yue Holdings Limited September 2022 to present: CFO at Sen Yue Holdings Limited December 2019 to August 2022: CFO cum Acting CEO at Eindec Corporation Limited August 2017 to August 2022: CFO at Eindec Corporation Limited July 2014 to August 2017: CFO at Heatec Jietong Holdings Ltd September 2011 to June 2014: Group Financial Controller at Heatec Jietong Holdings Ltd
Shareholding interest in the listed issuer and its subsidiaries	Yes. Ms Chen’s cousin, Ms Wang Bei, holds 30,000 shares of the Company representing 0.007% interest of the Company, who is not a substantial shareholder of the Company.	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes



# CORPORATE GOVERNANCE REPORT

NAME OF DIRECTOR	CHEN LIPING	FOO QUEK CHENG
<b>Other Principal Commitments Including Directorships</b>		
Past (for the last 5 years)	<ul style="list-style-type: none"> <li>China Petroleum &amp; Gas Development Pte Ltd</li> <li>China Petroleum Development Pte Ltd</li> <li>China Aero Supply (Singapore) Pte Ltd</li> <li>Chinamate Singapore Pte Ltd</li> <li>Convoy General Trading Pte Ltd</li> <li>Innovative 3133 Pte Ltd</li> <li>Newmarket Trading Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Eindec Holding Pte Ltd</li> <li>Eindec Singapore Pte Ltd</li> </ul>
Present	<ul style="list-style-type: none"> <li>Innovative Corporation Pte Ltd</li> <li>HPJG Foundation Pte Ltd</li> <li>Singapore Fullrich Technology Pte Ltd</li> <li>Tianjin Association (Singapore)</li> </ul>	<ul style="list-style-type: none"> <li>V-Pure Pte Ltd</li> </ul>
<b>Information required pursuant to Listing Rule 704(7) or Catalyst Rule 704(6)</b>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	Yes, on 20 June 2014 and 20 February 2023, there were two bankruptcy applications (Case Number HC/B1283/2014 and Case Number HC/B550/2023) against Ms Chen for the debts of S\$1,023,086 and S\$2,080,322 respectively. Following the debts had been satisfied on 30 June 2014 and 25 April 2023, the bankruptcy applications had been withdrawn and discontinued on 30 June 2014 and 2 May 2023 respectively.	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Yes, from 20 June 2017 to 16 March 2018, Ms Chen was a director of China Heping Construction Group (Far East) Pte Ltd (" <b>CHC</b> "), a company incorporated in Singapore which was in the process of liquidation pursuant to an application filed against CHC on 18 January 2019 for liquidation by several of CHC's creditors after Ms Chen's resignation. During her tenure as a nominal director with CHC, she had not been involved in the CHC's business operation.	No
(c) Whether there is any unsatisfied judgment against him?	No	No

# CORPORATE GOVERNANCE REPORT

NAME OF DIRECTOR	CHEN LIPING	FOO QUEK CHENG
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

# CORPORATE GOVERNANCE REPORT

NAME OF DIRECTOR	CHEN LIPING	FOO QUEK CHENG
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
<b>(j) Whether he has ever, to his knowledge, been concerned with the management of conduct, in Singapore or elsewhere, of the affairs of:-</b>		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	Sen Yue Holdings Limited (" <b>Sen Yue</b> "), where Ms Foo is currently appointed as the CFO cum Acting CEO, received an order under Section 20 of the Criminal Procedure Code 2010 from the Enforcement Department of the Money Authority of Singapore (" <b>MAS</b> "). Pursuant to the Order, Sen Yue is required to provide certain documents to assist with the MAS's investigation into offences under the Securities and Futures Act 2001. The information requested pertains to the period when Ms. Foo was not an employee of Sen Yue.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,  in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

# CORPORATE GOVERNANCE REPORT

NAME OF DIRECTOR	CHEN LIPING	FOO QUEK CHENG
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.	No	No
<b>Disclosure applicable to appointment of Director only</b>		
Any prior experience as a director of a listed company?  If yes, please provide details of prior experience.  If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable, this relates to a re-appointment of director.	Not Applicable, this relates to a re-appointment of director.

Ms Chen Liping and Ms Foo Quek Cheng, being eligible, have offered themselves re-election and the NC has recommended their re-election to the Board. Each of them has abstained from the NC's recommendation pertaining to her re-election respectively. In making the recommendation, the NC had considered the overall contribution and performance of the aforementioned Directors. The Board has accepted the recommendations of the NC.

Ms Chen Liping will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees of the Company. Ms Chen will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. Ms Chen does not have any relationship including immediate family relationship with the Directors, the Company or its substantial shareholders (as defined in the Code).

Ms Foo Quek Cheng will, upon re-election as a Director of the Company, remain as an Independent Director of the Company and a member of the Audit, Nominating and Remuneration Committees of the Company. Ms Foo will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. Ms Foo does not have any relationship including immediate family relationship with the Directors, the Company or its substantial shareholders (as defined in the Code).

## **Multiple Directorships and Directors' Time Commitment**

The NC has reviewed the contribution of each Director taking into account their listed company board representations and other principal commitments. At present, the Board does not intend to set a maximum number of listed company board representations a Director may hold because Directors have different capabilities. The Board is of the view that the effectiveness of a Director should be evaluated by a qualitative assessment of his or her contributions to the Company's affairs taking into account his or her other commitments including his or her directorships in other listed companies.



# CORPORATE GOVERNANCE REPORT

Accordingly, each Director would personally determine the demands of his or her competing directorships and obligations and assess the number of directorships he or she could hold and serve effectively. In any case, the NC notes that none of the Directors hold five or more listed company directorships. The NC shall review from time to time the listed company board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

The considerations in assessing the capacity of Directors include the following:

- a) expected and/ or competing time commitments of Directors;
- b) competencies of Directors;
- c) geographical location of Directors;
- d) size and composition of the Board; and
- e) nature and scope of the Group's operations and size.

Notwithstanding the number of listed company board representations and other principal commitments which some of the Directors are holding, the NC having reviewed each Director's attendance, participation and contribution is of the view that sufficient time and attention to the affairs of the Company has been given by these Directors and is satisfied that all Directors have discharged their duties adequately for FY2024.

None of the Directors have appointed an alternate director.

## 1.5. BOARD PERFORMANCE

**Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors.**

### **Board Evaluation Process and Individual Director Evaluation Criteria**

The NC is responsible for recommending and implementing a process to assess the performance and effectiveness of the Board as a whole and its Board Committees as well as evaluating the performance of each Director in his or her contribution to the effectiveness of the Board.

The objective of the performance evaluation exercises is to uncover strengths and challenges so that different Board Committees are in a better position to provide the required expertise and oversight. The NC assesses the Board's and Board Committee's effectiveness as a whole by completing a Board Evaluation Form, which takes into consideration factors such as the Board's structure, conduct of meeting, risk management and internal control, the Board's relationship with Management, as well as the Board Committee's performance in relation to discharging their responsibilities. The NC also assess the Board's performance based on a set of quantitative criteria and financial performance indicators. The NC assesses the individual director's performance by completing an Individual Director Self Appraisal Form which takes into consideration factors such as commitment of time for meetings, level of participation and contribution to such meetings and technical knowledge of the Directors.

The results of the performance review were deliberated during the NC meeting and tabled at the Board meeting for further discussion. The NC, having reviewed the overall performance of the Board and the respective committees in terms of its roles and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board, the respective Board Committees and each individual Director have been satisfactory for FY2024. Each member of the NC has abstained from voting on any resolution and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director. No external facilitator was engaged by the Board for this purpose.

# CORPORATE GOVERNANCE REPORT

## 2. REMUNERATION MATTERS

### 2.1. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

**Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No Director is involved in deciding his or her own remuneration.**

The RC comprises four Directors, all of whom are Independent Non-Executive Directors, namely:

Mr. Thomas Lam Kwong Fai	Chairman
Mr. Hau Khee Wee	Member
Ms. Chen Liping	Member
Ms. Foo Quek Cheng	Member

The RC is governed by a set of written terms of reference, which include:

- (a) to review and recommend to the Board a framework of remuneration for the Directors and key management personnel of the Company, and determine the specific remuneration package for each Executive Director;
- (b) to review the remuneration package and any adjustment proposal of senior management being the top five (5) Executive Officers of the Company;
- (c) to perform an annual review of the remuneration and any adjustment thereto of employees related to the Directors, CEO and controlling shareholders of the Company to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increase and/or promotions for these employees;
- (d) to review and approve the overall compensation policy of the Company; and
- (e) to administer any long-term incentive schemes including share schemes which may be implemented by the Company, and to consider whether any Director should be eligible for benefits under such long-term incentive schemes.

The RC reviews all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination payments, and submits its recommendations to the Board for endorsement. The RC also reviews any obligation on the part of the Company in the event of termination of executive directors' or key management personnel's contract of service, to ensure that such contracts contain fair and reasonable termination clauses. In undertaking such review and recommendation, the RC aims to be fair and avoids rewarding poor performance. Each member of the RC shall abstain from voting on any resolutions in respect of his or her remuneration package. The overriding principle is that no Director should be involved in deciding his or her own remuneration.

The RC holds at least one meeting in each financial year to consider and review the remuneration packages of the Executive Directors and Executive Officers, including those employees related to the Directors and controlling shareholders of the Company, if any.

#### **Expert advice on remuneration**

The RC may from time to time, and where necessary or required, engage independent external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management. Among other things, this helps the Company to stay competitive when developing its remuneration packages. No independent external consultants have been engaged by the Company for this purpose for FY2024.

# CORPORATE GOVERNANCE REPORT

## 2.2. LEVEL AND MIX OF REMUNERATION

**Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.**

In setting remuneration packages, the RC takes into account compensation and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.

The Independent Directors receive fixed Directors' fees, which takes into account factors such as effort, time spent, and responsibilities of each Director. The RC recognises the need to pay competitive fees to attract, motivate and retain such Independent Directors, yet not over-compensate them to the extent that their independence may be compromised. Directors' fees are recommended by the Board for approval and subjected to shareholders' approval at the Company's AGM.

The Executive Directors, namely Mr Cai Kaoqun and Mr Cai Kaobing, do not receive Directors' Fees and are remunerated based on their service agreements with the Company. Their service contracts cover the terms of employment, salaries and other benefits. The RC seeks to ensure that the level and mix of remuneration for Executive Directors are competitive and would promote the Group's long-term success. The Executive Directors have a remuneration package comprising a fixed salary, a one-month fixed bonus and performance bonuses linked to corporate and individual performances.

The Group's compensation framework comprises fixed pay and short-term and long-term incentives. The compensation framework articulates to staff that total compensation is linked to the achievement of organizational and individual performance objectives and benchmarked against relevant and comparative compensation in the market or the industry.

The following performance conditions were chosen for the Group to remain competitive and to motivate the Management to work in alignment with the goals of all stakeholders:

Performance Conditions	Short-term Incentives (such as performance bonus)	Long-term Incentives (such as the employee share option scheme)
Qualitative	<ol style="list-style-type: none"> <li>1. Leadership</li> <li>2. People development</li> <li>3. Commitment</li> <li>4. Teamwork</li> <li>5. Current market and industry practices</li> <li>6. Macro-economic factors</li> <li>7. Securing new business</li> <li>8. Identifying business expansion opportunities</li> </ol>	<ol style="list-style-type: none"> <li>1. Group's major project or development</li> <li>2. Current market and industry practices</li> </ol>
Quantitative	<ol style="list-style-type: none"> <li>1. Profit before tax<sup>1</sup></li> </ol>	

**Note:**

(1) Please refer to page 136 and page 137 of the Prospectus dated 30 September 2008 for more detailed information.

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company. For FY2024, no professional experts were engaged.

# CORPORATE GOVERNANCE REPORT

## 2.3. Disclosure on Remuneration

**Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

The compensation packages for employees including the CEO, Executive Directors and key management personnel comprised a fixed component (in the form of a base salary and/or fixed bonus), and a variable component (which would normally include variable performance bonuses), where applicable taking into account amongst other factors, the individual's performance and the performance of the Group.

After reviewing the industry practice and analysing the advantages and disadvantages of disclosing the Directors' remuneration in dollar terms, the Company believes that it is not in the best interests of the Company to fully disclose details of the remuneration of each individual Director given the highly competitive industry conditions.

### Details of remuneration of Directors

The breakdown of remuneration paid to or accrued to each Director for FY2024 is as follows:

Directors/ Chief Executive Officer	Director Fees <sup>(1)</sup> %	Salaries %	Bonus <sup>(2)</sup> %	Total %
<b>Below S\$250,000 per annum</b>				
Cai Kaoqun	-	100	-	100
Cai Kaobing	-	100	-	100
Hau Khee Wee	100	-	-	100
Lim Yit Keong <sup>(3)</sup>	100	-	-	100
Thomas Lam Kwong Fai	100	-	-	100
Chen Liping <sup>(4)</sup>	-	-	-	-
Foo Quek Cheng <sup>(4)</sup>	-	-	-	-

#### **Notes:**

- (1) The Directors' fees were approved at the Company's Annual General Meeting held on 28 July 2023.
- (2) Remuneration package of Executive Directors includes a fixed bonus of one (1)-month salary as long as the Executive Director is under the employment of the Company on the last day of March. Mr Cai Kaoqun and Mr Cai Kaobing had voluntarily agreed to waive their fixed bonus for FY2024.
- (3) Mr Lim Yit Keong ceased to be an Independent Director of the Company with effect from 31 December 2023.
- (4) As Ms Chen Liping and Ms Foo Quek Cheng were appointed as Independent Director with effect from 31 March 2024 and 1 July 2024 respectively, they are not eligible for any director remuneration in FY2024.

The aggregate total remuneration of Directors, including the proposed Directors' fees for FY2024 is approximately S\$410,000.

The Board is aware of the recommendation of the Code that the Company should fully disclose the remuneration of each individual Director on a named basis. However, the Company does not believe it is in its best interests to disclose such details having regard to the highly competitive human resource environment and the confidential nature of remuneration matters.



# CORPORATE GOVERNANCE REPORT

## Details of remuneration of top key management personnel

Given the highly competitive environment that the Company is operating in and the confidentiality attached to the remuneration matters, the Company believes that disclosing remuneration in bands of S\$250,000 and disclosing in aggregate the total remuneration paid to the Management and Board provides sufficient overview of the remuneration of the Management and Board.

The Group only had two Executive Officers (who are not Directors or the CEO) for FY2024, details of remuneration paid to these Executive Officers of the Group for FY2024 are as follows:

Executive Officers	Salary %	Bonus %	Total %
<b>Below S\$250,000 per annum</b>			
He Wuqing	100	-	100
Lim Kheng Onn	100	-	100

The aggregate total remuneration of the above Executive Officers for FY2024 was approximately S\$228,000.

There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the Executive Officers (who are not Directors or the CEO).

## Details of remuneration of employees who are immediate family members of a Director, the CEO, or a substantial shareholder.

There were no employees who were immediate family members of a Director, the CEO, and/or a substantial shareholder, whose remuneration exceeded S\$100,000 during FY2024.

### 3. ACCOUNTABILITY AND AUDIT

#### 3.1. RISK MANAGEMENT AND INTERNAL CONTROLS

**Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.**

#### Risk Management

The Board is responsible for the overall internal control framework and places high importance on the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, as well as to manage risks.

As part of its purview, the Company has in place an enterprise risk management ("ERM") framework which includes a set of processes to ensure that the Group is aware of, and attends to, current and emerging risks. The Management is expected to constantly review the business operations and environment to identify significant risks and ensure that mitigating measures, including preventive controls and detective and corrective measure, are promptly implemented to address these risks. These significant risks and mitigating measures, taken together with the risk owners and action plans to address any gaps, are documented in a risk register.

The AC, with the assistance of the internal auditors, annually reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The internal auditors, BDO Advisory Pte Ltd, have carried out internal audit according to standards set out by the Institute of Internal Auditors on the system of internal controls and reported the findings to the AC. The external auditors, Ernst & Young LLP, have also, in the course of their statutory audit, gained an understanding of the key internal accounting controls assessed to be relevant to the statutory audit. In this respect, the AC has reviewed the findings of both the internal and external auditors and will ensure that the Company follows up on the auditors' recommendations raised during the audit processes.

# CORPORATE GOVERNANCE REPORT

## Internal Controls

The Board recognised the importance of maintaining a sound system of internal controls to safeguard shareholders' interests and investments and the Group's assets. The Board oversees the Management in the design, implementation and monitoring of risk management and internal control systems (including financial, operational, compliance and information technology risk) and ensure that necessary corrective actions are taken on a timely basis. As such, the Company reviews annually the adequacy and effectiveness of the risk management policies and systems, and key internal controls.

The Board has also received assurances from the CEO and Group Financial Controller of the Group that in respect of FY2024:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) the Company's risk management and internal control systems are adequate and effective.

Based on the risk management and internal controls systems established and maintained by the Group, the work performed by the internal and external auditors with no significant matters highlighted to the AC and the written assurance from the CEO and the Group Financial Controller, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management systems and internal control (addressing key financial, operational, compliance and information technology controls) were effective and adequate for FY2024.

## 3.2. AUDIT COMMITTEE

### **Principle 10: The Board has an Audit Committee which discharges its duties objectively.**

All members of the AC are non-executive directors and all members of the AC, including the Chairman of the AC, are independent, namely: -

Mr. Hau Khee Wee	Chairman
Mr. Thomas Lam Kwong Fai	Member
Ms. Chen Liping	Member
Ms. Foo Quek Cheng	Member

The AC members possess many years of experience in accounting, legal, business and financial management. None of the AC members were previous partners or directors of the Company's external audit firm within the last two years or hold any financial interest in the external audit firm. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities as the members have extensive and practical knowledge and experience.

The AC is authorised to investigate any matter within its terms of reference, and has full access to, and cooperation of, the Management. The AC has full discretion to invite any Director or key management personnel to attend its meetings, as well as access to reasonable resources to enable it to discharge its functions properly. In performing its functions, the AC also reviews the assistance given by the Company's officers to the independent auditors.

The AC has written terms of reference that are approved by the Board and clearly set out its responsibilities. The AC carries out its functions in accordance with the Companies Act and the Code. The terms of reference are set of below, amongst others: -

- (a) review the adequacy, effectiveness, scope and results of the external and internal audit and its cost effectiveness;
- (b) review the independence and objectivity of the external and internal auditors annually;

# CORPORATE GOVERNANCE REPORT

- (c) review the significant financial reporting issues and judgements for any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's financial position so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- (d) review the assurance from the CEO and the Group Financial Controller on the financial records and financial statements;
- (e) review the quarterly and full year financial results, comprising the statement of comprehensive income required by the Catalist Rules before submission to the Board for approval;
- (f) review the adequacy and effectiveness of the Group's internal controls and risk management system, as set out in the Code;
- (g) review the effectiveness of the Group's internal audit function;
- (h) meet periodically with the Company's internal and external auditors to review their audit plan and discuss the results of their respective examinations and their evaluation of the Group's system of internal accounting controls without the presence of the Company's Management;
- (i) consider and recommend to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors;
- (j) review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- (k) review the external and internal auditors' reports;
- (l) review the co-operation given by the Group's officers to the external auditors;
- (m) review and approve interested persons transactions, if any, falling within the scope of Chapter 9 of the Catalist Rules;
- (n) review the adequacy of the business risk management process;
- (o) review potential conflicts of interest, if any, and ensuring procedures for resolving such conflicts are strictly adhered to;
- (p) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (q) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and
- (r) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments made thereto from time to time.

Apart from the above functions, the AC is empowered to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. Each member of the AC will abstain from any deliberations and/or voting in respect of matters in which he has an interest in.

# CORPORATE GOVERNANCE REPORT

The AC is kept abreast of changes to accounting standards and issues which may have an impact on the financial statements, through presentations by the auditors of changes in financial reporting standards and issues which have a direct impact on financial statements.

For the financial year reported on, the AC reviewed and approved the scope of the audit plans of the independent auditors. In its recommendation to the Board to approve the full year financial statements, the AC reviewed the results of the audit, significant findings or areas of emphasis and audit recommendations. The AC also discussed with the Management the various accounting principles that were applied and the bases of the assumptions and methodologies used by the Management in relation to matters of significant impact.

The AC met with the internal auditors and external auditors without the presence of the Management once during FY2024. These meetings enable the internal and external auditors to raise issues encountered in the course of their works directly to the AC. At such meetings, the AC obtains feedback on the competency and adequacy of the finance function, reviews the assistances given to the internal and external auditors and discusses the financial reporting process and the Group's financial condition,

The AC selects and approves the appointment of the internal auditors. The internal auditor's primary line of reporting is the Chairman of the AC on audit matters and administratively to the Management. The AC has the responsibility to review the adequacy, effectiveness and independence of the internal audit function annually and ensure co-ordination between the internal auditors and the Management. The AC ensures that the internal auditors meet or exceed the standards set by nationally or internationally recognised professional bodies, and also decides on the appointment, termination and remuneration of the internal auditors.

## **External Auditors**

The Company's incumbent auditors, Messrs Ernst & Young LLP ("EY"), have been the external auditors of the Company since FY2008 and were last re-appointed as auditors at the Company's AGM held on 28 July 2023 to hold office until the conclusion of the Company's AGM for FY2024. Taking into consideration quotations and proposals obtained from EY as well as several other reputable audit firms, the suitability of such audit firms and the needs of the Group and the benefit of fresh perspectives that a change of auditors would bring, the Board is of the opinion that a change of auditors would be in the interests of the Company. Accordingly, EY will not be seeking re-appointment in the Company's AGM for FY2024. The AC had recommended, and the Board had approved the nomination of Baker Tilly TFW LLP as the Company's external auditor for the financial year ending 31 March 2025 subject to the approval of the shareholders.

During FY2024, the AC is satisfied that EY and its audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations. The AC concluded that the auditors had demonstrated appropriate qualifications and expertise and that the audit process was effective. The Company confirms that EY complies with Rules 712 and 715 of the Catalist Rules.

The total fees paid to EY for FY2024 was S\$117,000, including the audit fee of S\$111,000 and the non-audit services fee of S\$6,000. The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

## **Internal Audit**

The Board recognises the importance of an internal audit function to maintain a sound system of internal control within the Group to safeguard shareholders' investments and the Company's assets, while the Management is responsible for establishing and implementing the internal control procedures. The role of the Internal Audit is to assist the AC in ensuring that the controls are adequate and effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high-risk areas. The AC will also approve the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to. The AC is satisfied that the internal audit function is independent, effective and adequately resourced, and has appropriate standing within the Company.



# CORPORATE GOVERNANCE REPORT

BDO Advisory Pte Ltd (“IA”), an established international auditing firm was appointed to conduct an internal audit and to follow up on past internal audit issues for FY2024. The IA conducts the internal audits based on the BDO Global Internal Audit Methodology which is consistent with the International Professional Practices Framework established by the Institute of Internal Auditors. For FY2024, the annual internal audit plan has been expanded to incorporate the internal review of the Company’s sustainability reporting processes, which was approved by the AC. The IA reports directly to the AC Chairman and the AC, and administratively to the Group Financial Controller, and the IA has full and unfettered access to the Group’s documents, records, properties and personnel, including access to the AC. The AC approves the hiring, removal, evaluation and compensation of the IA. The AC reviews annually the adequacy, effectiveness and independence of the internal audit function. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit.

The IA engagement partner has more than 20 years of audit and advisory experience and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. The IA performs outsourced internal audits of several other listed companies, government bodies and regulated entities. Members of the internal audit team also have relevant academic qualifications, professional certifications and internal audit experience.

The Audit Committee is satisfied that the outsourced internal audit function is adequately staffed by suitably qualified and experienced professionals and adheres to the International Professional Practices Framework established by The Institute of Internal Auditors.

In respect of the audit, the audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The Internal Auditors’ primary line of reporting is to the Chairman of the AC, which will include reviewing the risk control environment and business processes. The primary objective of the internal audit is to report to the AC and the Board the extent that sound risk management processes and controls are in place and operate effectively. The Internal Auditors has unfettered access to all the Company’s documents, records, properties and personnel, including access to the AC. The internal audits are carried out in accordance with the BDO Global Internal Audit Methodology which is consistent with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors, and the coverage of the internal audits are rotated to cover potential risk areas. The AC reviews the adequacy and effectiveness of the internal audit function at least on an annual basis. The AC is accordingly satisfied with the internal audit work that was carried out during FY2024.

The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified. Internal audit plans are also aligned with the Company’s risk management programme. The aim is to ensure that an effective and efficient control environment is in place to manage those risks exclusive to a particular business unit in addition to those that may be relevant on an enterprise-wide basis.

## **Whistle Blowing Policy**

The Group has established a whistle-blowing policy, endorsed overseen and monitored by the AC, which seeks to provide a channel for the Group’s employees and any other persons to raise concerns in good faith and in confidence about possible improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues. The Company’s staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to [wbcommittee@kunda.com](mailto:wbcommittee@kunda.com). According to the Company’s whistle-blowing policy, whistle-blowers shall be protected from detrimental or unfair treatment and the identity of the whistle-blower and the concern raised will be treated with the strictest confidentiality.

Following the implementation of the whistle-blowing policy, a set of policies which was reviewed by the AC and approved by the Board, was issued to assist the AC in managing allegations of fraud, corruption, dishonest practices or other misconduct which may be made, so that:

- (a) all cases reported are objectively investigated, treated fairly and be protected from reprisal;
- (b) appropriate remedial measures are taken where warranted; and
- (c) appropriate action is taken to correct the weaknesses in the existing system of internal processes and policies which allowed the perpetration of the fraud and/or misconduct, and to prevent a recurrence.

# CORPORATE GOVERNANCE REPORT

There were no reported incidents pertaining to whistle-blowing during FY2024 and up till the date of this Annual Report.

## Significant matter(s) impacting the financial statements

Significant matter for FY2024	How the Committee reviewed this matter and what decision was taken
Impairment for trade receivables, plant and equipment and cost of investment in subsidiaries	<p>The AC reviewed the information of the current business outlook for the Group's existing business segments and inquired Management for any unusual transactions.</p> <p>The impairment for trade receivables, plant and equipment and cost of investment in subsidiaries was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2024.</p> <p>The AC reviewed the external auditors' comments on the key audit matter. (See audit opinion on pages 64 and 65).</p> <p>The Audit Committee was satisfied that sufficient analysis and assessments had been performed in this area.</p>

## 4. SHAREHOLDERS RIGHTS AND ENGAGEMENT

### 4.1. SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

**Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position, and prospects.**

In line with continuous disclosure obligations of the Company, pursuant to the Catalist Rules and the Companies Act 1967 of Singapore, the Board's policy is that shareholders are informed of all major developments that impact the Group regularly and on a timely basis. The Board establishes and maintains regular dialogue with its shareholders, to gather views or input and to address shareholders' concerns. The Board is also accountable to the shareholders and is mindful of its obligations pursuant to the Catalist Rules. The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. The Board encourages shareholders to attend the Company's general meetings to ensure a greater level of shareholder participation and to meet with the Board and key management staff so as to stay informed on the Group's developments. The Directors regard AGMs as an opportunity to communicate directly with shareholders and encourage greater shareholder participation.

All shareholders of the Company will receive annual reports and are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited to such meetings to put forth any questions they may have on the motions to be debated and decided upon. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures. Shareholders are informed of the voting rules and procedures at the general meeting.

A shareholder who is unable to attend the general meetings is entitled to appoint up to two proxies unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the general meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

# CORPORATE GOVERNANCE REPORT

The Board notes that there should be separate resolutions at general meetings on each substantially separate issue. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions.

The Chairpersons of AC, RC and NC are present at the AGM to answer questions relating to the work of these Board Committees. To ensure that all shareholders can participate effectively in and vote at general meeting, voting at general meetings of the Company are conducted by poll. The Chairman of the meeting, with the assistance of service providers engaged by the Company, will brief shareholders on the procedure involved in voting by poll. An announcement of the detailed results of the poll showing the number of votes cast for and against each resolution and the respective percentage of votes cast will be announced after the general meeting via SGXNet.

The Company prepares minutes of general meetings which incorporate substantial and relevant comments or queries from shareholders, and responses from the Board and Management, and publishes these on SGXNet within one month of the general meeting, for the benefit of all shareholders.

The forthcoming AGM will be held by way of physical meeting at 4 Shenton Way, #17-01 SGX Centre 2, Singapore 068807 on the 30th day of July 2024 at 9.00 a.m..

Shareholders may appoint the Chairman of the AGM or persons other than the Chairman of the AGM as proxy to vote on their behalf at the AGM. Shareholders may submit questions relating to the business of the meeting in advance. Please refer to the notice of AGM accompanying this Annual Report and the announcement on SGXNet of the same date for further information.

## **Dividend policy**

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Where dividends are not paid, the Company expressly discloses the reasons together with the announcement of the financial statements. Notwithstanding the above, any declaration of dividends is clearly communicated to the shareholders via SGXNet.

Due to the Group's subdued financial performance, no dividend has been declared or recommended for the current reporting period on grounds of prudence.

## **4.2. ENGAGEMENT WITH SHAREHOLDERS**

**Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.**

All shareholders are treated fairly and equitably to facilitate their ownership rights. The Board is accountable to shareholders and aims to provide the shareholders with a balanced and understandable assessment of the Group's performance, position and prospects by furnishing timely information and ensuring full disclosure of material information to shareholders in compliance with statutory requirements and the Catalist Rules. The Management is responsible to the Board and the Board itself is accountable to the shareholders of the Company. The Board is provided with the management accounts of the Group's performance and position on a quarterly basis. The Board has also taken steps to ensure compliance with legislative and regulatory requirements.

In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act 1967 of Singapore, it is the Board's policy to ensure that all shareholders are informed regularly and on a timely basis of every significant development that has an impact on the Group.

Pertinent information is communicated to shareholders on a regular and timely basis through the following means:

- (a) financial results and annual reports are announced or issued within the legally prescribed period;

# CORPORATE GOVERNANCE REPORT

- (b) material information is disclosed in a comprehensive, accurate and timely manner via SGXNet and the media channels (where applicable) thereafter; and
- (c) the Company's general meetings.

## **Investor Relations Policy**

The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arise.

The Company welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. At shareholders' meetings, shareholders are given the opportunity to communicate their views and to ask the Directors and Management questions regarding the Group. The Company is open to meetings with shareholders, and in conducting such meetings, is mindful to ensure fair disclosure.

## **5. MANAGING STAKEHOLDER RELATIONSHIPS**

### **5.1 ENGAGEMENT WITH STAKEHOLDERS**

**Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.**

The Company undertakes an annual review in identifying its material stakeholders through various mediums and channels to understand their needs and expectations, address their concerns so as to improve services and products' standards, as well as to align the business interest with those of the stakeholders and ultimately generate sustainable value in the long run. It assesses the material environment, social and governance factors that affect the Group.

Currently, the Company updates its shareholders on its corporate developments through SGXNet as well as the URL link of the Company's announcements provided on the corporate website – <https://www.chinakunda.com>. The Board is of the view that such mediums are sufficient to keep shareholders updated.

The corporate website is maintained to communicate and engage with stakeholders. Stakeholders may also send their queries to the email address or mailing address provided on the corporate website - <https://www.chinakunda.com>.

## **6. DEALINGS IN SECURITIES**

Pursuant to Rule 1209(19) of the Catalist Rules, the Company has adopted a policy on dealings in the Company's securities by the Directors, officers and employees of the Company and its subsidiaries.

Directors and all key executives are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Directors and officers are prohibited to deal in the Company's securities, during the period commencing one month before the announcement of the Company's half yearly results or full year results and ending on the date of the announcement of the results.

Directors and officers are also expected to observe insider-trading laws at all times and to ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act, and the Companies Act.

# CORPORATE GOVERNANCE REPORT

## 7. MATERIAL CONTRACTS

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that there was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2024 or if not then subsisting, entered into since the end of the previous financial year.

## 8. INTERESTED PERSONS TRANSACTIONS (“IPTs”)

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm’s length basis that are not prejudicial to the interests of the shareholders in compliance with the requirements of Rule 1204(17) of the Catalist Rules. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board. Save for as disclosed below, there are no other IPTs conducted during the financial year, which exceeds S\$100,000 in value.

Name of Interested Person	Nature of Relationship	Aggregate value of all IPTs conducted during FY2024 (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted during FY2024 under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		HK\$’000	HK\$’000
Shenzhen Kunda Precision Mould Co., Ltd			
Rental of factory premise at Bao Long Yi Road	Refer to note <sup>(2)</sup>	1,834 <sup>(1)</sup>	-
<b>Total</b>		1,834	-

The Group does not have a general mandate obtained from shareholders for IPTs.

### Note:

- (1) The total annual rental of RMB 1,680,000 was translated at the average exchange rate of RMB1.00:HK\$1.0919 for FY2024. The difference between the value at risk announced on 30 June 2023 and the table above is due to the differences in exchange rate used during the respective time period.
- (2) 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.

## 9. NON-SPONSOR FEES

Pursuant to Rule 1204(21) of the Catalist Rules, no non-sponsor fees were paid to the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2024.



# Financial Content

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# DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of China Kunda Technology Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2024.

## 1. Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2024 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as the subsidiary in Hong Kong has undertaken to provide a continuing financial support to the Company within the next twelve months.

## 2. Directors

The directors of the Company in office at the date of this statement are:

Cai Kaoqun  
Cai Kaobing  
Hau Khee Wee  
Lam Kwong Fai  
Chen Liping

## 3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## 4. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act 1967, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
<b>Ordinary shares of the Company</b>				
Cai Kaoqun	–	8,010,000	123,084,000	123,084,000
Cai Kaobing	–	–	19,200,000	19,200,000
Hau Khee Wee	200,000	200,000	–	–

China Hongda Holdings Limited ("CHH") and Good Moral Technology Limited ("GMT") holds 123,084,000 and 19,200,000 shares in the Company respectively.

# DIRECTORS' STATEMENT

Mr. Cai Kaoqun holds 100% equity interests in CHH and Mr. Cai Kaobing hold 80% equity interests in GMT. By virtue of their controlling interest of not less than 20% in CHH and GMT respectively, Mr. Cai Kaoqun and Mr. Cai Kaobing are deemed under section 7 of the Singapore Companies Act 1967, to have an interest in the shares of the Company held by CHH and GMT respectively.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2024.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

## 5. Options

No options were issued by the Company during the financial year. As at 31 March 2024, there were no options on the unissued shares of the Company or any other body corporate which were outstanding.

## 6. Audit committee

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act 1967, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance. The functions performed and further details are set up in the Corporate Governance Report.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened three meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Corporate Governance Report.

## 7. Auditor

The current independent auditor of the Company, Ernst & Young LLP ("EY") will retire as the Independent Auditor upon expiration of its current term of office at the close of the 2024 annual general meeting of the Company (the "AGM") and will not offer itself for re-appointment as the Independent Auditor. Subject to the approval of Shareholders at the AGM, following the retirement of EY at the close of the AGM, Baker Tilly TFW LLP, will be appointed as the Independent Auditor to hold office until the conclusion of the next annual general meeting of the Company.

On behalf of the board of directors:

Cai Kaoqun  
Director

Cai Kaobing  
Director

24 June 2024

# INDEPENDENT AUDITOR'S REPORT

To the Members of China Kunda Technology Holdings Limited

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of China Kunda Technology Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2024, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### Impairment for trade receivables

The gross balance of the Group's trade receivables as of 31 March 2024 is HK\$8.1 million, against which allowance for expected credit losses (ECL) of HK\$192,000 was made. The Group determines ECL of trade receivables by making debtor-specific assessment of expected impairment loss for long overdue trade receivables, and using a provision matrix for the remaining trade receivables that is based on its historical credit loss experience, adjusted for forward-looking information specific to the debtors and the economic environment in which they operate. This assessment involved significant management judgement and heightened level of estimation uncertainty. Accordingly, we determine that this is a key audit matter.

# INDEPENDENT AUDITOR'S REPORT

To the Members of China Kunda Technology Holdings Limited

## Impairment for trade receivables (continued)

As part of our audit, we obtained an understanding of the Group's processes and controls relating to the determination of ECL of trade receivables and considered ageing of trade receivables as well as the trend of collections to identify collection risks. Our audit procedures included, amongst others, requesting confirmation of selected trade receivable balances, obtaining evidence of receipts from the selected debtors subsequent to the year-end, checking that trade receivables are categorised in the correct aging brackets, and discussing identified collection issues with the relevant business managers. We evaluated the reasonableness of management's assumptions and inputs used in determining the ECL through ageing analyses, review of historical credit loss experiences, and consideration of the rationale, data and information that management has used to make and update the forward-looking adjustments taking into consideration the current economic condition. We checked the arithmetic accuracy of the computation of ECL. We also assessed the adequacy of the Group's disclosures concerning trade receivables in Note 15 *Trade and other receivables*, and the related risks such as credit risk and liquidity risk in Note 26 *Financial risk management objectives and policies* to the financial statements.

## Impairment assessment for plant and equipment and investment in subsidiaries

As of 31 March 2024, the Group has plant and equipment of HK\$6.2 million that are used in a cash generating unit ("CGU") operating in the People's Republic of China, and the Company has investment in subsidiaries amounting to HK\$25.6 million. In consideration of the business impact from the net loss of HK\$8.8 million incurred by the Group for the year ended 31 March 2024, the Group has identified indicators of impairment on the plant and equipment used in this CGU as well as the Company's investment in the related subsidiaries that hold those plant and equipment. The management assessed that no impairment was required for plant and equipment and the Company's investment in subsidiaries. The impairment assessment of these assets was significant to our audit due to magnitude of the carrying amount of these assets, and the assessment process involved significant management judgement and heightened level of estimation uncertainty. Accordingly, we determine that this is a key audit matter.

Our audit procedures included, amongst others, obtaining an understanding of management's assessment for indicators of impairment and management's process and basis of determining recoverable amount of these assets. We evaluated the methodology used by management in estimating value in use and assessed the reasonableness of key assumptions used, such as revenue and growth projections, profits margins, capital expenditures, and the discount rate applied. We reviewed the robustness of management's budgeting process by comparing past years' results achieved against management budgets, corroborated the key assumptions used with our understanding of the outlook of the industry and the CGUs' performance subsequent to year end, and performed sensitivity analysis on key assumptions for alternative possible scenarios. We involved our internal specialist in evaluating the reasonableness of the discount rate used in the value in use calculations. We reviewed the adequacy of the disclosures set out in Note 3.1 (ii) *Significant accounting judgements and estimates*, Note 11 *Investment in subsidiaries* and Note 12 *Plant and equipment* to the financial statements.

## Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



# INDEPENDENT AUDITOR'S REPORT

To the Members of China Kunda Technology Holdings Limited

## **Responsibilities of management and directors for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

To the Members of China Kunda Technology Holdings Limited

## **Auditor's responsibilities for the audit of the financial statements (continued)**

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ang Chuen Beng.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

24 June 2024

# CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
<b>Continuing operations</b>			
<b>Revenue</b>	4	28,468	28,807
Cost of sales		(24,863)	(24,991)
<b>Gross profit</b>		<u>3,605</u>	<u>3,816</u>
<b>Other items of income</b>			
Interest income	5	26	83
Other income	6	902	308
<b>Other items of expense</b>			
Selling and distribution expenses		(1,131)	(1,283)
General and administrative expenses		(10,882)	(12,915)
Other expenses	7	<u>(1,316)</u>	<u>(849)</u>
<b>Loss before tax from continuing operations</b>	8	(8,796)	(10,840)
Income tax expense	9	-	35
<b>Loss for the year</b>		<u>(8,796)</u>	<u>(10,805)</u>
<b>Attributable to:</b>			
<b>Owners of the Company</b>			
<b>Loss for the year attributable to owners of the Company</b>		<u>(8,796)</u>	<u>(10,805)</u>
<b>Loss per share (HK cents per share)</b>			
Basic and diluted	10	<u>(2.1)</u>	<u>(2.6)</u>

*The accompanying accounting policies and explanatory information form an integral part of the financial statements.*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
<b>Loss for the year</b>		(8,796)	(10,805)
<b>Other comprehensive loss:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation, net of tax	22(c)	(232)	(1,587)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Foreign currency translation, net of tax	22(c)	<u>(571)</u>	<u>(481)</u>
<b>Other comprehensive loss for the year, net of tax</b>		<u>(803)</u>	<u>(2,068)</u>
<b>Total comprehensive loss for the year</b>		<u>(9,599)</u>	<u>(12,873)</u>
<b>Attributable to:</b>			
<b>Owners of the Company</b>			
<b>Total comprehensive loss for the year attributable to owners of the Company</b>		<u>(9,599)</u>	<u>(12,873)</u>

*The accompanying accounting policies and explanatory information form an integral part of the financial statements.*

# BALANCE SHEETS

As at 31 March 2024

	Note	Group		Company	
		2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment in subsidiaries	11	-	-	25,607	27,014
Plant and equipment	12	6,175	7,528	-	-
Intangible assets	13	436	-	-	-
		6,611	7,528	25,607	27,014
<b>Current assets</b>					
Inventories	14	4,137	1,991	-	-
Trade and other receivables	15	8,040	9,760	-	-
Prepayments	16	195	191	77	76
Amounts due from related parties	17	-	-	365	3,163
Cash and cash equivalents	18	8,081	13,257	188	705
		20,453	25,199	630	3,944
<b>Total assets</b>		27,064	32,727	26,237	30,958
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	19	10,944	8,467	267	596
Other liabilities	20	5,604	6,060	1,547	1,511
Amounts due to related parties	17	3,328	1,412	1,440	-
Income tax payable		12	13	-	-
		19,888	15,952	3,254	2,107
<b>Net current assets/(liabilities)</b>		565	9,247	(2,624)	1,837
<b>Total liabilities</b>		19,888	15,952	3,254	2,107
<b>Net assets</b>		7,176	16,775	22,983	28,851
<b>EQUITY</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	21	148,309	148,309	148,309	148,309
Accumulated losses		(82,509)	(73,713)	(134,915)	(130,512)
Restructuring reserve	22	(74,397)	(74,397)	-	-
Foreign currency translation reserve	22	15,773	16,576	9,589	11,054
<b>Total equity</b>		7,176	16,775	22,983	28,851
<b>Total equity and liabilities</b>		27,064	32,727	26,237	30,958

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2024

	Attributable to owners of the Company					
	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 21)	Accumulated losses	Restructuring reserve (Note 22 (a))	Foreign currency translation reserve (Note 22(c))
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Group 2024</b>						
<b>Opening balance at 1 April 2023</b>	16,775	16,775	148,309	(73,713)	(74,397)	16,576
<b>Loss for the year</b>	(8,796)	(8,796)	-	(8,796)	-	-
<u>Other comprehensive loss</u>						
Foreign currency translation	(803)	(803)	-	-	-	(803)
<b>Other comprehensive loss for the year, net of tax</b>	(803)	(803)	-	-	-	(803)
<b>Total comprehensive loss for the year</b>	(9,599)	(9,599)	-	(8,796)	-	(803)
<b>Closing balance at 31 March 2024</b>	7,176	7,176	148,309	(82,509)	(74,397)	15,773
<b>Group 2023</b>						
<b>Opening balance at 1 April 2022</b>	29,648	29,648	148,309	(62,908)	(74,397)	18,644
<b>Loss for the year</b>	(10,805)	(10,805)	-	(10,805)	-	-
<u>Other comprehensive loss</u>						
Foreign currency translation	(2,068)	(2,068)	-	-	-	(2,068)
<b>Other comprehensive loss for the year, net of tax</b>	(2,068)	(2,068)	-	-	-	(2,068)
<b>Total comprehensive loss for the year</b>	(12,873)	(12,873)	-	(10,805)	-	(2,068)
<b>Closing balance at 31 March 2023</b>	16,775	16,775	148,309	(73,713)	(74,397)	16,576

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2024

	Equity, total	Share capital	Accumulated losses	Foreign currency translation reserve
	HK\$'000	(Note 21) HK\$'000	HK\$'000	(Note 22(c)) HK\$'000
<b>Company</b>				
<b>2024</b>				
<b>Opening balance at 1 April 2023</b>	28,851	148,309	(130,512)	11,054
<b>Loss for the year</b>	(4,403)	-	(4,403)	-
<u>Other comprehensive loss</u>				
<u>Item that will not be reclassified subsequently to profit or loss</u>				
Foreign currency translation	(1,465)	-	-	(1,465)
<b>Other comprehensive loss for the year, net of tax</b>	(1,465)	-	-	(1,465)
<b>Total comprehensive loss for the year</b>	(5,868)	-	(4,403)	(1,465)
<b>Closing balance at 31 March 2024</b>	22,983	148,309	(134,915)	9,589
<b>Company</b>				
<b>2023</b>				
<b>Opening balance at 1 April 2022</b>	35,049	148,309	(126,947)	13,687
<b>Loss for the year</b>	(3,565)	-	(3,565)	-
<u>Other comprehensive loss</u>				
<u>Item that will not be reclassified subsequently to profit or loss</u>				
Foreign currency translation	(2,633)	-	-	(2,633)
<b>Other comprehensive loss for the year, net of tax</b>	(2,633)	-	-	(2,633)
<b>Total comprehensive loss for the year</b>	(6,198)	-	(3,565)	(2,633)
<b>Closing balance at 31 March 2023</b>	28,851	148,309	(130,512)	11,054

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2024

	Note	Group	
		2024 HK\$'000	2023 HK\$'000
<b>Operating activities</b>			
Loss before tax, total		(8,796)	(10,840)
Adjustments for:			
Depreciation of plant and equipment	12	966	743
Amortisation of intangible assets	13	55	-
Inventories written-down, net	7	1,134	824
Impairment loss on trade and other receivables	7	171	17
Gain on disposal of plant and equipment	6	(49)	(49)
Interest income	5	(26)	(83)
Unrealised exchange loss		(31)	(53)
Total adjustments		2,220	1,399
<b>Operating cash flows before changes in working capital</b>		(6,576)	(9,441)
Changes in working capital			
Trade and other receivables		1,051	(3,871)
Inventories		(3,402)	(1,662)
Prepayments		(14)	(68)
Trade and other payables		2,941	5,078
Other liabilities		(142)	756
Amount due to related parties, net		2,006	1,220
Total changes in working capital		2,440	1,453
<b>Cash flows used in operations</b>		(4,136)	(7,988)
Interest received		26	83
<b>Net cash flows used in operating activities</b>		(4,110)	(7,905)
<b>Investing activities</b>			
Purchase of plant and equipment	12	-	(7,033)
Proceeds from disposal of plant and equipment		52	54
Withdrawal of short-term deposits with bank		-	11,542
Purchase of computer software	13	(494)	-
<b>Net cash flows (used in)/generated from investing activities</b>		(442)	4,563
<b>Net decrease in cash and cash equivalents</b>		(4,552)	(3,342)
Effect of exchange rate changes on cash and cash equivalents		(624)	(1,132)
<b>Cash and cash equivalents at 1 April</b>		13,257	17,731
<b>Cash and cash equivalents at 31 March</b>	18	8,081	13,257

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 1. Corporate information

China Kunda Technology Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office of the Company is at 4 Shenton Way, SGX Centre 2, #17-01, Singapore 068807. The principal place of business of the Group is located at Bao Long Industrial Park, Bao Long Yi Road, Longgang District, Shenzhen City, Guangdong Province, People's Republic of China ("PRC").

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

## 2. Material accounting policy information

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Hong Kong Dollars (HKD or HK\$) and all values in the tables are rounded to the nearest thousand (HK\$'000), except when otherwise indicated.

The Company's financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of the Company amounting to HK\$2,624,000 (2023: net current assets of HK\$1,837,000). The subsidiary in Hong Kong has given an undertaking to provide a continuing financial support to the Company to meet its obligations as and when they fall due.

### 2.2 Changes in accounting policies and disclosure

#### *New and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to SFRS(I) 1-1 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to SFRS(I) 21 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the accounting standards above will have no material impact on the financial statements in the year of initial application.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 2. Material accounting policy information (continued)

### 2.4 Basis of consolidation

#### *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Consolidation of the subsidiaries in Hong Kong and PRC is based on the subsidiaries' financial statements prepared in accordance with SFRS(I). Profits reflected in the financial statements prepared in accordance with SFRS(I) may differ from those reflected in the Hong Kong and PRC statutory financial statements of the subsidiaries, prepared for Hong Kong and PRC statutory reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the Hong Kong and PRC subsidiaries are based on the amounts stated in their respective statutory financial statements.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

### 2.5 Foreign currency

The financial statements are presented in Hong Kong Dollars. The functional currency of the Company is Renminbi ("RMB"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

#### (b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into RMB and then into HKD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### 2.6 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.



# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 2. Material accounting policy information (continued)

### 2.6 Plant and equipment (continued)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

		Years
Office equipment	-	2 to 5
Plant and machinery	-	3 to 10
Motor vehicles	-	4 to 5
Renovations	-	3 to 5

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

### 2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

#### (i) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised on a straight-line basis over their estimated useful life of 5 years.

#### (ii) Computer software

Computer software is amortised on a straight-line basis over its finite useful life, ranging from 3 to 5 years.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 2. Material accounting policy information (continued)

### 2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

### 2.10 Financial instruments

#### (a) Financial assets

##### Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### Subsequent measurement

##### *Investments in debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 2. Material accounting policy information (continued)

### 2.10 Financial instruments (continued)

#### (a) Financial assets (continued)

##### Subsequent measurement (continued)

#### (i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, through amortisation process.

#### (ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gain and losses and interest calculated using the effective interest method are recognised in profit or loss.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

##### De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

#### (b) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

##### De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 2. Material accounting policy information (continued)

### 2.11 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For bill receivables at fair value through OCI, the Group assesses the credit risk of the financial institution, which issues the bills at every reporting date. The Group evaluates whether the bills are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.13 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted-average cost basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted-average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.14 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 2. Material accounting policy information (continued)

### 2.14 Provisions (continued)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.15 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred government grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants related to income are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss, under the general heading "Other income".

### 2.16 Employee benefits

#### *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the company in Singapore in the Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme.

Subsidiaries incorporated in the PRC are required to provide certain staff pension benefits to their employees under existing PRC legislation. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for paying pensions to the PRC's subsidiaries' retired employees.

Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

### 2.17 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 2.18 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.



# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 2. Material accounting policy information (continued)

### 2.18 Revenue (continued)

#### *Sale of IMD and plastic injection parts*

Revenue from the sale of IMD mould and sale of IMD products is recognised at a point in time when control of the goods is transferred to the customer, generally upon delivery.

### 2.19 Taxes

#### (a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 2. Material accounting policy information (continued)

### 2.19 Taxes (continued)

#### (b) *Deferred tax (cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### (c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

### 2.20 Contingencies

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- a present obligation that arises from past events but is not recognised because:
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

## 3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial period.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 3. Significant accounting judgements and estimates (continued)

### 3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) *Provision for expected credit losses of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 15.

The carrying amount of trade receivables as at 31 March 2024 amounted to HK\$7,914,000 (2023: HK\$9,750,000).

(ii) *Impairment assessment for plant and equipment and investment in subsidiaries*

As of 31 March 2024, the Group has plant and equipment of HK\$6.2 million that are used in a cash generating unit ("CGU") operating in the People's Republic of China, and the Company has investment in subsidiaries amounting to HK\$25.6 million. In consideration of the net loss of HK\$8.8 million incurred by the Group for the year ended 31 March 2024, the Group has identified indicators of impairment on the plant and equipment used in this CGU as well as the Company's investment in the related subsidiaries that hold those plant and equipment. Pursuant to the assessment of recoverable amounts based on value in use of these assets, the management assessed that no impairment was required for plant and equipment and the Company's investment in the related subsidiaries.

The impairment assessment of these assets was significant to our audit due to magnitude of the carrying amount of these assets, and the assessment process involved significant management judgement, assumption and heightened level of estimation uncertainty. The key assumptions applied in determination of the value in use are disclosed in Note 11 and 12 to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 4. Revenue

### (a) Disaggregation of revenue

Segments	IMD and Plastic Injection Parts Total revenue	
	2024 HK\$'000	2023 HK\$'000
<b>Primary geographical markets</b>		
People's Republic of China ("PRC")	27,614	26,758
Europe	741	1,813
Others	113	236
	<u>28,468</u>	<u>28,807</u>
<b>Major products</b>		
IMD products	25,491	26,189
IMD moulds	2,977	2,618
	<u>28,468</u>	<u>28,807</u>
<b>Timing of transfer of goods</b>		
At a point in time	<u>28,468</u>	<u>28,807</u>

### (b) Contract liabilities

Information about contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2024 HK\$'000	2023 HK\$'000
Contract liabilities	<u>953</u>	<u>620</u>

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of IMD products and IMD moulds.

Contract liabilities are recognised as revenue as the Group performs under the contract. Revenue recognised during the year that was included in the contract liabilities at the beginning of the year amounted to HK\$620,000 (2023: HK\$567,000).

## 5. Interest income

	Group	
	2024 HK\$'000	2023 HK\$'000
Interest income from bank balances	<u>26</u>	<u>83</u>

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 6. Other income

	Group	
	2024	2023
	HK\$'000	HK\$'000
Sale of raw materials/scrap materials	18	127
Government grants related to income	768	70
Gain on disposal of plant and equipment	49	49
Net foreign exchange gain	31	53
Others	36	9
	<u>902</u>	<u>308</u>

## 7. Other expenses

	Group	
	2024	2023
	HK\$'000	HK\$'000
Impairment loss on trade and other receivables	171	17
Inventories written-down, net	1,134	824
Others	11	8
	<u>1,316</u>	<u>849</u>

## 8. Loss before tax

The following items have been included in arriving at loss before tax:

	Note	Group	
		2024	2023
		HK\$'000	HK\$'000
Audit fees:			
- Auditors of the Company		409	432
- Other auditors		240	252
Non-audit fees paid to auditors of the Company		35	34
Amortisation of intangible assets		55	-
Depreciation of plant and equipment		966	743
Employee benefits expense	23	12,192	14,270
Expenses relating to short-term leases	25	1,696	1,868
Research expenses		1,576	2,728
Inventories recognised as an expense in cost of sales	14	24,863	24,991



# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 9. Income tax expense

### Relationship between tax expense and accounting loss

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rates for the financial years ended 31 March 2024 and 2023 is as follows:

	Group	
	2024	2023
	HK\$'000	HK\$'000
Accounting loss before tax	(8,796)	(10,840)
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,437	1,804
Adjustments:		
Non-deductible expenses	(972)	(671)
Income not subject to taxation	316	781
Overprovision of tax in respect of prior year	-	(35)
Tax effect on tax losses arising in the current year not recognised	(781)	(1,844)
Income tax credit recognised in profit or loss	-	35

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

#### (i) China Kunda Technology Holdings Limited

The Company is incorporated in Singapore and the corporate income tax rate applicable to the Company for the financial years ended 31 March 2024 and 31 March 2023 is 17%. No provision for income tax has been made as the Company has no assessable profits for the financial years ended 31 March 2024 and 31 March 2023.

#### (ii) Kunda Plastic Electronic (Shenzhen) Co., Ltd ("KPE")

Pursuant to the Enterprise Income Tax of the PRC (the "EIT Law") promulgated by the National People's Congress on 16 March 2007 (effective from 1 January 2008), resident and non-resident enterprises deriving income from the PRC are subject to Enterprise Income Tax ("EIT"). Under the EIT Law, EIT applies to all enterprises, including Foreign-invested enterprises and domestic enterprises. The general applicable EIT rate in the PRC is 25%.

During the year, the Ministry of Finance (MOF) and the State Taxation Administration (STA) have jointly issued the announcement on "Preferential income tax policies for micro and small enterprises with thin profit and individually-owned businesses", MOF and STA Announcement [2023] No. 6. According to the announcements, during the period from 1 January 2023 to 31 December 2024, for a micro and small enterprise with thin profit, the portion of its annual taxable income amount, which does not exceed CNY 1 million, shall be computed at a reduced rate of 25%, and be subject to corporate income tax at a tax rate of 20%

#### (iii) Kunda Industrial Limited ("BVI")

BVI was incorporated in the British Virgin Islands ("BVI") under the International Business Companies Act of the British Virgin Islands and, accordingly, is exempted from payment of British Virgin Islands income taxes. Under the prevailing PRC Income Tax Law, BVI is being treated as having a permanent establishment in the PRC as BVI rendered its services in the PRC through its employees stationed in Shenzhen. Accordingly, a portion of the technical service fee earned by BVI is regarded as onshore taxable income and is subjected to the PRC applicable tax rate of 25% for the financial year ended 31 March 2010. The rendering of technical services has ceased on 28 July 2009. Hence, BVI does not have any taxable profits for the financial years ended 31 March 2024 and 31 March 2023.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 9. Income tax expense (continued)

(iv) Yick Kwan Tat Enterprise Co., Ltd. ("YKT")

YKT is incorporated in Hong Kong and is subjected to a tax rate of 16.5% for the financial years ended 31 March 2024 and 31 March 2023.

### Unrecognised tax losses

As at the end of the reporting period, the Group has unrecognised tax losses of HK\$24,862,000 (2023: HK\$21,933,000), that are available for offset against future taxable profits of the companies in which the losses arose. The tax losses expire in 2026 – 2029 (2023: 2026 – 2028).

### Unappropriated profits

As at 31 March 2024 and 2023, the PRC subsidiary has no unappropriated profits for which no deferred tax liability has been recognised.

## 10. Loss per share

Basic loss per share is calculated by dividing loss net of tax, attributable to owners of the Company by the weighted average of the 409,800,000 (2023: 409,800,000) ordinary shares outstanding during the financial year.

The basic and diluted loss per share of the Group are the same as there were no potential dilutive ordinary shares outstanding as at 31 March 2024 and 2023.

The following tables reflect the loss and share data used in the computation of basic and diluted loss per share for the financial years ended 31 March:

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	HK\$'000	HK\$'000
Loss net of tax, attributable to owners of the Company used in the computation of basic and diluted loss per share	<u>(8,796)</u>	<u>(10,805)</u>

### *Loss per share computation*

The basic and diluted loss per share are calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted earnings per share computation.

## 11. Investment in subsidiaries

	<b>Company</b>	
	<b>2024</b>	<b>2023</b>
	HK\$'000	HK\$'000
Shares, at cost	72,762	76,759
Impairment losses	(47,155)	(49,745)
Carrying amounts <sup>(1)</sup>	<u>25,607</u>	<u>27,014</u>

<sup>(1)</sup> The difference in carrying amounts of investments in subsidiaries was due to translation at the closing rate at the respective year-end as a result of using a presentation currency different from the Company's functional currency.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 11. Investment in subsidiaries (continued)

### Impairment testing of investment in subsidiaries

During the financial year ended 31 March 2024, management performed an impairment review of its subsidiaries, which have been incurring operating losses. Based on results of the review, no additional impairment loss was recognised (2023: NIL).

The Company assessed the recoverable amount of its subsidiaries based on the value in use calculation of the CGU identified, IMD and plastic injection parts segment. The CGU was identified according to the ability of these assets to generate independent cash flows. The calculation of value in use of both CGUs is most sensitive to the following assumptions:

**Revenue growth rate:** Revenue growth rate is based on management's estimate with reference to historical performance and future business outlook.

**Discount rate:** The discount rates applied in determining the recoverable amounts was 15.5% (2023: 15.5%).

**Long-term growth rate:** Cash flows beyond the five-year period are forecasted after considering factors such as general market conditions, macroeconomic cycle, industry-specific and other relevant information. The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 2.32% (2023: 2.32%) and does not exceed the long-term average growth rate for the industry in which the business operates.

### Sensitivity to changes in assumptions

Management believes that no reasonably possible changes in any of the above key assumptions would cause the impairment loss recognised to differ materially.

### *Composition of the Group*

The Group has the following significant investments in subsidiaries.

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership	
			2024 %	2023 %
<b><i>Held by the Company</i></b>				
Kunda Industrial Limited <sup>(1)</sup>	British Virgin Islands	Provision of technical services	100	100
Yick Kwan Tat Enterprise Company Limited <sup>(2)</sup>	Hong Kong	Supply of raw materials, machinery and provision of management services for the purposes of manufacture and sale of plastic injection parts and sale of IMD products	100	100
<b><i>Held through Yick Kwan Tat Enterprise Company Limited:</i></b>				
Kunda Plastic Electronics (Shenzhen) Company Limited <sup>(3)</sup>	People's Republic of China	Manufacture and sale of moulds and IMD products	100	100

<sup>(1)</sup> Not required to be audited under the laws of the country of incorporation.

<sup>(2)</sup> Audited by Kevin Law & Co. Certified Public Accountants (Practising).

<sup>(3)</sup> Audited by Zhong Lian Certified Public Accountants (中联会计师事务所).

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 12. Plant and equipment

Group	Office equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Renovations HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1 April 2022	382	27,936	2,317	3,464	34,099
Additions	-	7,033	-	-	7,033
Disposals	(8)	(1,567)	-	-	(1,575)
Exchange differences	(29)	(1,630)	(175)	(261)	(2,095)
At 31 March 2023 and 1 April 2023	345	31,772	2,142	3,203	37,462
Disposals	-	(318)	-	-	(318)
Exchange differences	(18)	(1,319)	(111)	(167)	(1,615)
At 31 March 2024	327	30,135	2,031	3,036	35,529
<b>Accumulated depreciation</b>					
At 1 April 2022	361	26,848	2,070	3,464	32,743
Depreciation charge for the year	12	658	73	-	743
Disposals	(8)	(1,562)	-	-	(1,570)
Exchange differences	(27)	(1,538)	(156)	(261)	(1,982)
At 31 March 2023 and 1 April 2023	338	24,406	1,987	3,203	29,934
Depreciation charge for the year	-	927	39	-	966
Disposals	-	(315)	-	-	(315)
Exchange differences	(18)	(943)	(103)	(167)	(1,231)
At 31 March 2024	320	24,075	1,923	3,036	29,354
<b>Net carrying amount</b>					
At 31 March 2023	7	7,366	155	-	7,528
At 31 March 2024	7	6,060	108	-	6,175

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 12. Plant and equipment (continued)

### Impairment testing of plant and equipment

The carrying amounts of plant and equipment allocated to the IMD and plastic injection parts CGU which is also the reportable segments are HK\$6.2 million (2023: HK\$7.5 million). The recoverable amounts of the CGU have been determined based on value in use. No impairment has been identified. The calculation of value in use is most sensitive to the following assumptions:

Revenue growth rate: Revenue growth rate is based on management's estimate with reference to historical performance and future business outlook.

Discount rate: The discount rate applied in determining the recoverable amount was 15.5% (2023: 15.5%).

### Sensitivity to changes in assumptions

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the plant and equipment to materially exceed its recoverable amount.

## 13. Intangible assets

Group	Deferred development costs HK\$'000	Computer software HK\$'000	Total HK\$'000
<b>Cost</b>			
At 1 April 2022	41,617	-	41,617
Exchange differences	(3,132)	-	(3,132)
At 31 March 2023 and 1 April 2023	38,485	-	38,485
Additions	-	494	494
Exchange differences	(2,004)	(3)	(2,007)
At 31 March 2024	36,481	491	36,972
<b>Accumulated amortisation and impairment</b>			
At 1 April 2022	41,617	-	41,617
Exchange differences	(3,132)	-	(3,132)
At 31 March 2023 and 1 April 2023	38,485	-	38,485
Amortisation for the year	-	55	55
Exchange differences	(2,004)	-	(2,004)
At 31 March 2024	36,481	55	36,536
<b>Net carrying amount</b>			
At 31 March 2023	-	-	-
At 31 March 2024	-	436	436



# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 13. Intangible assets (continued)

### Deferred development costs

Deferred development costs relate to the development expenditure on moulds and IMD products.

All research costs and development costs not eligible for capitalisation have been expensed and are recognised in the "General and administrative expenses" line item in profit or loss.

## 14. Inventories

	Group	
	2024 HK\$'000	2023 HK\$'000
<b>Balance sheet:</b>		
Raw materials (at cost)	1,106	1,033
Work-in-progress (at cost or net realisable value)	2,084	636
Finished goods (at cost or net realisable value)	947	322
	4,137	1,991
	<b>2024</b>	<b>2023</b>
	HK\$'000	HK\$'000
<b>Income statement:</b>		
Inventories recognised as an expense in cost of sales (Note 8)	24,863	24,991
Inventories written-down, net is included in the "Other expenses" line item in profit or loss (Note 7)	1,134	824
	1,134	824

Inventories written-down was recognised to write down the related inventories to its net realisable value.

## 15. Trade and other receivables

	Group		Company	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Trade receivables	7,914	9,750	-	-
Bills receivables	108	-	-	-
Other receivables	18	10	-	-
Total trade and other receivables	8,040	9,760	-	-
Add: Amounts due from related parties (Note 17)	-	-	365	3,163
Add: Cash and cash equivalents (Note 18)	8,081	13,257	188	705
Less: Bills receivables at FVOCI	(108)	-	-	-
Total financial assets carried at amortised cost	16,013	23,017	553	3,868

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 15. Trade and other receivables (continued)

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days' terms (2023: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies at 31 March are as follows:

	Group	
	2024 HK\$'000	2023 HK\$'000
United States Dollar	221	385

### Bills receivables

Bills receivables are generally on 90 - 180 days' terms.

### Other receivables

Other receivables are unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

### Amounts due from related parties

Amount due from related parties are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

### Expected credit loss

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2024 HK\$'000	2023 HK\$'000
Movement in allowance accounts:		
At 1 April	24	184
Charge for the year	171	17
Written-off	-	(164)
Exchange differences	(3)	(13)
At 31 March	192	24

## 16. Prepayments

	Group		Company	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
<b>Current:</b>				
Advances to suppliers	118	115	-	-
Prepaid operating expenses	77	76	77	76
	195	191	77	76

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 17. Amounts due from/to related parties

	Group		Company	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
<u>Amounts due from related parties</u>				
Subsidiaries, non-trade <sup>(1)</sup>	-	-	365	3,163
	<u>-</u>	<u>-</u>	<u>365</u>	<u>3,163</u>
<u>Amounts due to related parties</u>				
Subsidiaries, non-trade <sup>(1)</sup>	-	-	1,440	-
Director-related company, non-trade <sup>(2)</sup>	2,855	1,120	-	-
Director, non-trade <sup>(3)</sup>	473	292	-	-
	<u>3,328</u>	<u>1,412</u>	<u>1,440</u>	<u>-</u>

<sup>(1)</sup> The amounts due from/to subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

<sup>(2)</sup> The amount due to a director-related company is unsecured, non-interest bearing and repayable on demand.

<sup>(3)</sup> The amount due to a director is unsecured, non-interest bearing and repayable on demand.

## 18. Cash and cash equivalents

	Group		Company	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Cash at banks and on hand	<u>8,081</u>	<u>13,257</u>	<u>188</u>	<u>705</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash at banks and on hand denominated in foreign currencies, other than the respective functional currencies of the Group entities at 31 March are as follows:

	Group		Company	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Singapore Dollar	188	705	188	705
United States Dollar	366	1,812	-	-
Hong Kong Dollar	<u>524</u>	<u>17</u>	<u>-</u>	<u>-</u>

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 19. Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	9,090	7,177	-	-
Other payables	1,854	1,290	267	596
Total trade and other payables	10,944	8,467	267	596
Add: Amounts due to related parties (Note 17)	3,328	1,412	1,440	-
Add: Accrued operating expenses (Note 20)	3,991	4,628	1,547	1,511
Total financial liabilities carried at amortised cost	18,263	14,507	3,254	2,107

Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 120 days' terms.

Trade and other payables denominated in foreign currencies at 31 March are as follows:

	Group		Company	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Singapore Dollar	267	596	267	596

## 20. Other liabilities

	Group		Company	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accrued operating expenses	3,991	4,628	1,547	1,511
Contract liabilities	953	620	-	-
VAT and other tax payables	660	812	-	-
	5,604	6,060	1,547	1,511

Other liabilities denominated in foreign currencies at 31 March are as follows:

	Group		Company	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Singapore Dollar	1,547	1,511	1,547	1,511

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 21. Share capital

	Group and Company			
	2024		2023	
	No. of shares '000	HK\$'000	No. of shares '000	HK\$'000
<b>Issued and fully paid ordinary shares</b>				
At 1 April and at 31 March	409,800	148,309	409,800	148,309

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

## 22. Other reserves

### (a) Restructuring reserve

This represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares and capital reserve of subsidiaries acquired which is accounted for under "merger accounting".

### (b) Statutory reserve fund

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the reserve fund reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders. The PRC subsidiary recorded accumulated losses, thus the statutory reserve fund was Nil.

### (c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company to Group's presentation currency and from operations whose functional currencies are different from that of the Group's presentation currency.

The foreign currency translation arising from the translation of the financial statements of the Company will not be reclassified subsequently to profit or loss. The foreign currency translation arising from the translation of the financial statements of the operations will be reclassified subsequently to profit or loss.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 23. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has one reportable operating segment as follows:

### *IMD and Plastic injection parts*

The IMD and Plastic injection parts segment provide specialised plastic injection parts and technical services used mainly in the production of electrical appliances and electronic devices.

IMD is the simultaneous injection moulding of a product with a formable plastic film. The formed film is inserted into the mould and then injected with the molten plastic resin to surround it, forming a finished integral part.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated by the Executive Chairman and Chief Executive Officer solely based on gross profit or loss. Certain expenses, other income, financial income/expense and income taxes are managed on a group basis and are not allocated to operating segments.

	IMD and Plastic injection parts HK\$'000	Note	Per consolidated financial statements HK\$'000
<b>2024</b>			
<b>Revenue</b>			
Sales to external customers	28,468		28,468
<b>Segment results:</b>			
Segment gross profit	3,605		3,605
Depreciation of plant and equipment	(966)		(966)
Amortisation of intangible assets	(55)		(55)
Gain on disposal of plant and equipment	49		49
Impairment loss on inventories	(1,134)		(1,134)
Impairment loss on trade and other receivables	(171)		(171)
Research expenses	(1,576)		(1,576)
Unallocated expenses, net		A	(8,548)
Loss before tax			(8,796)
<b>Assets:</b>			
Additions to non-current assets	494	B	494
<b>Segment assets:</b>	27,064		27,064
<b>Segment liabilities:</b>	19,888		19,888



# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 23. Segment information (continued)

	IMD and Plastic injection parts HK\$'000	Note	Per consolidated financial statements HK\$'000
<b>2023</b>			
<b>Revenue</b>			
Sales to external customers	28,807		28,807
<b>Segment results:</b>			
Segment gross profit	3,816		3,816
Depreciation of plant and equipment	(743)		(743)
Gain on disposal of plant and equipment	49		49
Impairment loss on inventories	(824)		(824)
Impairment loss on trade and other receivables	(17)		(17)
Research expenses	(2,728)		(2,728)
Unallocated expenses, net		A	(10,393)
Loss before tax			(10,840)
<b>Assets:</b>			
Additions to non-current assets	7,033	B	7,033
<b>Segment assets:</b>	32,727		32,727
<b>Segment liabilities:</b>	15,952		15,952

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A The net unallocated expenses mainly comprise of employee benefits and operating lease expenses under General and administrative expenses and employee benefits under Selling and distribution expenses.

	2024 HK\$'000	2023 HK\$'000
Unallocated employee benefits under General and administrative expenses	(5,594)	(6,687)
Unallocated employee benefits under Selling and distribution expenses	(352)	(410)
Unallocated operating lease expenses under General and administrative expenses	(301)	(192)
Unallocated net foreign exchange gain under Other income	36	53
Unallocated government grant related to income under Other income	768	70
Unallocated corporate expenses	(3,131)	(3,310)
Unallocated interest income	26	83
	(8,548)	(10,393)

B Additions to non-current assets consist of additions to intangible assets. (2023: Additions to non-current assets consist of additions to plant and equipment).

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 23. Segment information (continued)

### Geographical information

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC	27,614	26,758	6,611	7,528
Europe	741	1,813	-	-
Others	113	236	-	-
	<u>28,468</u>	<u>28,807</u>	<u>6,611</u>	<u>7,528</u>

Non-current assets information presented above consist of plant and equipment and intangible assets, as presented in the consolidated balance sheet.

### Information about major customers

Revenue from two major customers amounted to HK\$8,646,000 (2023 HK\$6,324,000) arising from sales by the IMD and plastic injection parts.

### *Employee benefits*

	Group	
	2024	2023
	HK\$'000	HK\$'000
Employee benefits expense (including directors):		
Salaries and bonuses	10,780	11,910
Directors' fees (Note 24(b))	749	800
Contribution to defined contribution plans	478	1,355
Other personnel expenses	185	205
	<u>12,192</u>	<u>14,270</u>

## 24. Related party transactions

### (a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2024	2023
	HK\$'000	HK\$'000
Rental of factory premises charged by a director related company	<u>1,696</u>	<u>1,868</u>

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 24. Related party transactions (continued)

(b) *Compensation of key management personnel*

	Group	
	2024 HK\$'000	2023 HK\$'000
Salaries and bonuses	2,849	2,862
Directors' fees	749	800
Contribution to defined contribution plans	118	143
	3,716	3,805
Comprises amounts paid to:		
Directors of the Company	2,388	2,410
Other key management personnel	1,328	1,395
	3,716	3,805

## 25. Leases

### *Group as a lessee*

The Group has leases of factory and office premises with lease terms of twelve months. The Group applies the 'short-term leases' recognition exemption for these leases.

The following are the amounts recognised in profit or loss:

	2024 HK\$'000	2023 HK\$'000
Expenses relating to short-term leases recognised in:		
- Cost of sales	1,395	1,676
- General and administrative expenses	301	192
Total amount recognised in profit or loss	1,696	1,868

## 26. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives for speculative purpose shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and amounts due from related parties. The Company's exposure to credit risk arises primarily from other receivables and amounts due from related parties. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 26. Financial risk management objectives and policies (continued)

### *Credit risk (continued)*

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

To assess whether there is a significant increase in credit risk, the Group and the Company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating, if publicly available
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk other financial instruments of the same borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and change in the operating results of the borrower.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group and the Company continue to engage enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for financial assets.

### Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables, using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision as at 31 March 2024 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 26. Financial risk management objectives and policies (continued)

### Credit risk (continued)

#### Trade receivables (continued)

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix, grouped by product line:

Group	Current HK\$'000	Trade receivables past due				Total HK\$'000
		Within 90 days HK\$'000	91 to 120 days HK\$'000	121 to 365 days HK\$'000	>365 days HK\$'000	
<b>31 March 2024</b>						
Gross carrying amount	6,983	747	78	298	-	8,106
Loss allowance provision	-	-	-	(192)	-	(192)
<b>31 March 2023</b>						
Gross carrying amount	8,537	733	34	470	-	9,774
Loss allowance provision	-	-	-	(24)	-	(24)

Information regarding loss allowance movement of trade receivables are disclosed in Note 15.

#### Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

#### Excessive risk concentration

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

#### Credit risk concentration profile

As at 31 March 2024, approximately 42% (2023: 21%) of the Group's trade receivables relates to two (2023: two) major customers from IMD and plastic injection parts segment.

#### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 (Trade and other receivables).

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 26. Financial risk management objectives and policies (continued)

### *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company actively manage its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of the overall liquidity management, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

### *Financial instruments whose cash flow amounts approximate carrying amounts*

The Group has determined that the cash flows of cash at bank and on hand, trade and other receivables, trade payables, other payables, accrued operating expenses and amount due to related parties, secured on their notional amounts, reasonably approximate their carrying amounts because these have contractual maturities for one year or less.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risks arises primarily from their cash at bank that earns interest income at floating interest rate.

Interest on financial instruments subject to floating interest rates is re-priced regularly. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument.

### Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 50 (2023: 50) basis points higher/lower with all other variables held constant, the Group's loss net of tax would have been approximately HK\$28,000 (2023: HK\$47,000) lower/higher, arising mainly as a result of higher/lower interest income from floating rate deposits placed with the banks at the end of the reporting period.

### *Foreign currency risk*

The Group holds cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in Singapore Dollar and United States Dollars.

The Group has not entered into any hedge transactions.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations in the People's Republic of China (PRC), Singapore (SG), Hong Kong (HK) and British Virgin Islands (BVI). The Group's net investments in PRC, SG, HK and BVI are not hedged as the currency position in RMB is considered to be long-term in nature.



# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 26. Financial risk management objectives and policies (continued)

### Foreign currency risk (continued)

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD, HKD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	2024	2023
	HK\$'000	HK\$'000
	Loss after tax	Loss after tax
USD/ RMB - strengthened 3% (2023: 3%)	(15)	(54)
- weakened 3% (2023: 3%)	15	54
HKD/ RMB - strengthened 3% (2023: 3%)	(13)	-
- weakened 3% (2023: 3%)	13	-
SGD/ RMB - strengthened 3% (2023: 3%)	40	35
- weakened 3% (2023: 3%)	(40)	(35)

## 27. Fair value

### (i) Fair value hierarchy

The table below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Group	
	2024	2023
	HK\$'000	HK\$'000
	Level 2	
<b>Assets measured at fair value</b>		
Bills receivables	108	-

The fair value of bill receivables is calculated using quoted prices offered by the financial institutions at the end of reporting period.

### (ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The carrying amounts of financial assets and financial liabilities at amortised cost are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

### (iii) The Group and the Company has no other financial instruments.

# NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2024

## 28. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2024 and 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, other liabilities, amount due to related parties, loans and borrowings and financial liabilities, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company less the abovementioned restricted statutory reserve fund.

	Note	Group	
		2024 HK\$'000	2023 HK\$'000
Trade payables and other payables	19	10,944	8,467
Other liabilities	20	5,604	6,060
Amounts due to related parties	17	3,328	1,412
Less: Cash and cash equivalents	18	(8,081)	(13,257)
Net debt/(cash surplus)		<u>11,795</u>	<u>2,682</u>
Equity attributable to the owners of the Company		<u>7,176</u>	<u>16,775</u>
Total capital		<u>7,176</u>	<u>16,775</u>
<b>Capital and net debt or net cash surplus</b>		<u><u>18,971</u></u>	<u><u>19,457</u></u>
<b>Gearing ratio</b>		<u><u>62%</u></u>	<u><u>14%</u></u>

## 29. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2024 were authorised for issue in accordance with a resolution of the directors on 24 June 2024.

# STATISTICS OF SHAREHOLDINGS

As at 24 June 2024

Issued and fully paid up share capital	:	HK\$148,309,000
Number of shares	:	409,800,000
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	61	8.39	52,671	0.01
1,001 - 10,000	106	14.58	746,204	0.18
10,001 - 1,000,000	540	74.28	68,165,387	16.64
1,000,001 AND ABOVE	20	2.75	340,835,738	83.17
<b>TOTAL</b>	<b>727</b>	<b>100.00</b>	<b>409,800,000</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CHINA HONGDA HOLDINGS LIMITED	123,084,000	30.04
2	PHILLIP SECURITIES PTE LTD	109,269,692	26.66
3	GOOD MORAL TECHNOLOGY LIMITED	19,200,000	4.69
4	DBS NOMINEES (PRIVATE) LIMITED	17,503,400	4.27
5	CHERRY EQUITY PARTNERS LIMITED	13,023,000	3.18
6	MAYBANK SECURITIES PTE. LTD.	11,050,000	2.70
7	ABN AMRO CLEARING BANK N.V.	8,011,200	1.95
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,932,500	1.69
9	KOK TAT ONN	5,350,946	1.31
10	CITIBANK NOMINEES SINGAPORE PTE LTD	5,006,300	1.22
11	CHING KA LUN	4,901,000	1.20
12	RAFFLES NOMINEES (PTE.) LIMITED	3,246,400	0.79
13	TEO AH BAN	2,569,900	0.63
14	UOB KAY HIAN PRIVATE LIMITED	2,470,500	0.60
15	SIM KEE HONG	2,050,000	0.50
16	CHEN JING	1,650,000	0.40
17	LIM & TAN SECURITIES PTE LTD	1,512,400	0.37
18	YEAP AI MAY	1,480,000	0.36
19	TAN LYE SENG	1,414,500	0.35
20	LAU XIAO LING	1,110,000	0.27
<b>TOTAL</b>		<b>340,835,738</b>	<b>83.18</b>

# STATISTICS OF SHAREHOLDINGS

As at 24 June 2024

## SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 24 June 2024.

Name	Direct Interest	Number of Ordinary Shares		%
		%	Indirect Interest	
China Hongda Holdings Limited	123,084,000	30.04	-	-
Cai Kaoqun <sup>(1)</sup>	8,010,000	1.95	123,084,000	30.04

### Notes:

- (1) Mr Cai Kaoqun is deemed to be interested in the 123,084,000 shares beneficially held by China Hongda Holdings Limited by virtue of his 100% shareholding in China Hongda Holdings Limited.

## FREE FLOAT

As at 24 June 2024, approximately 63.27% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting (the “AGM”) of **China Kunda Technology Holdings Limited** (the “Company”) will be convened and held at 4 Shenton Way, #17-01 SGX Centre 2, Singapore 068807 on Tuesday, 30 July 2024 at 9.00 a.m. for the following purposes:-

## AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Audited Accounts for the financial year ended 31 March 2024 (“FY2024”) together with the Directors’ Report and Independent Auditors’ Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ Fees of S\$128,750 for the financial year ended 31 March 2024 (2023: S\$140,000). **(Resolution 2)**
3. To re-elect Ms Chen Liping as Director of the Company retiring pursuant to Regulation 117 of the Company’s Constitution.  
*[See Explanatory Note (i)]* **(Resolution 3)**
4. To re-elect Ms Foo Quek Cheng as Director of the Company retiring pursuant to Regulation 117 of the Company’s Constitution.  
*[See Explanatory Note (ii)]* **(Resolution 4)**
5. To appoint Baker Tilly TFW LLP as Auditors of the Company in place of the retiring Auditors, Ernst & Young LLP, and to authorise the Directors to fix their remuneration.  
*[See Explanatory Note (iii)]* **(Resolution 5)**
6. To transact any other ordinary business which may be properly transacted at the AGM.

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolution:-

### 7. Authority to allot and issue new shares in the capital of the Company (“Shares”)

That pursuant to Section 161 of the Companies Act 1967 (the “Companies Act”) and Rule 806 of Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist Rules”), the Directors be authorised and empowered to:

- (a) (i) allot and issue shares in the capital of the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

# NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this resolution), to be issued pursuant to this resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;
  - (b) new Shares arising from exercising of share options or vesting of share awards, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with sub-paragraph (2)(a) or (2)(b) are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Company's Constitution for the time being; and
- (4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

**(Resolution 6)**

BY ORDER OF THE BOARD

ONG WEI JIN  
COMPANY SECRETARY  
15 JULY 2024  
SINGAPORE



# NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTES ON RESOLUTIONS TO BE PASSED:

- (i) Ms Chen Liping will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company. Ms Chen will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Ms Chen and the other Directors, the Company, its related corporations and its 5% shareholders. Pursuant to Rule 720(5) of the Catalist Rules, the information relating to Ms Chen as set out in the Appendix 7F of the Catalist Rules is disclosed in pages 42 to 47 of this Annual Report.
- (ii) Ms Foo Quek Cheng will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. Ms Foo will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Ms Foo and the other Directors, the Company, its related corporations and its 5% shareholders. Pursuant to Rule 720(5) of the Catalist Rules, the information relating to Ms Foo as set out in the Appendix 7F of the Catalist Rules is disclosed in pages 42 to 47 of this Annual Report.
- (iii) The information relating to the appointment of Baker Tilly TFW LLP as Auditors of the Company is set out in Addendum to this Annual Report, which constitutes part of and should be read together with this Notice of Annual General Meeting.

## IMPORTANT NOTICE ON AGM ARRANGEMENT:

- (1) The AGM will be held in a wholly physical format which can accommodate up to 20 members in attendance at 4 Shenton Way, #17-01 SGX Centre 2, Singapore 068807 on Tuesday, 30 July 2024 at 9.00 a.m. There will be no option for members of the Company ("**Members**") to participate at the AGM by way of electronic means. Printed copies of this Notice of AGM, the Proxy Form and the FY2024 Annual Report will be sent to Members. These documents will also be made available on the SGXNet at <https://www.sgx.com/securities/company-announcements> and the Company's website at <https://www.chinakunda.com>.

- (2) A Member who is entitled to attend and vote at the AGM and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where such Member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a Member of the Company. The Proxy Form must be executed in accordance with the instructions therein.

"**relevant intermediary**" has the meaning ascribed to it in Section 181 of the Act.

- (3) A Member (whether individual or corporate) can appoint the Chairman of the AGM or persons other than the Chairman of the AGM as his/her/its proxy and give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the proxy/proxies will vote or abstain from voting at his/her/its discretion in respect of a resolution in the Proxy Form and at any adjournment thereof, except that where the Chairman of the AGM is appointed as proxy and no specific directions as to voting is given in respect of a resolution, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
- (4) Investors who hold Shares through relevant intermediaries, including investors who hold shares pursuant to the Supplementary Retirement Scheme who wish to participate in the AGM by (a) personally attend and cast their vote at the AGM; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM or persons other than the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact their respective relevant intermediaries so that the necessary arrangements can be made for their participation in the AGM. Such investors who wish to appoint the Chairman of the AGM or persons other than the Chairman of the AGM as proxy should approach their respective relevant intermediaries by **5.00 p.m. on Friday 19 July 2024, or such earlier or other date as specified by the relevant intermediaries**, to submit their votes, being at least seven (7) working days, or such other period as specified by the relevant intermediaries, prior to the date of the AGM.
- (5) The instrument appointing the proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy (if applicable), must be submitted to the Company in the following manner:
  - (a) **by post** to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
  - (b) **by email** to: [srs.teamd@boardroomlimited.com](mailto:srs.teamd@boardroomlimited.com)

in either case by no later than **9.00 a.m. on Saturday 27 July 2024**, being at least 48 hours before the time appointed for holding the AGM.

- (6) The Company shall be entitled to reject the instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (such as the case where the appointor submits more than one instrument of proxy). In the event that a Member, having appointed a proxy, personally attends and votes at the AGM, Company shall have the discretion to allow the Member's and/or proxy's attendance and, at the Company's discretion, count as valid the votes of **either** the Member **or** the proxy (on behalf of the Member).

# NOTICE OF ANNUAL GENERAL MEETING

- (7) A Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited ("CDP"), at least seventy-two (72) hours before the time appointed for holding the AGM in order to be entitled to attend and vote at the AGM or appoint the proxy.

## SUBMISSION OF QUESTIONS PRIOR TO THE AGM

- (8) A Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited ("CDP"), at least seventy-two (72) hours before the time appointed for holding the AGM in order to be entitled to attend and vote at the AGM or appoint the proxy.

- (9) Members may raise questions at the AGM or submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM in the following manner:

- (a) **by post** to the registered office of the Company at 4 Shenton Way, #17-01 SGX Centre 2, Singapore 068807; or
- (b) **by email** to [alex@chinakunda.com](mailto:alex@chinakunda.com)

in either case to be received by **23 July 2024 at 9.00 a.m.** (seven (7) calendar days after the date of this notice). If any questions, comments or statements are made or submitted by any member(s) or proxy/proxies at or in advance of the AGM, or in relation to the resolutions to be tabled for approval at the AGM, the Company shall have the right to include the identity of such member(s) or proxy/proxies in any announcement(s) relating to the proceedings of the AGM and/or such questions.

- (10) The Company shall address the substantial and relevant queries received by the above deadline for the submission of questions by **25 July 2024 at 9.00 a.m.** (at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms) and publish the minutes of the AGM on SGXNet, and the Company's website within one (1) month after the date of the AGM. Where there are substantially similar questions, the Company will consolidate such questions, consequently, not all questions may be individually addressed.
- (11) Members submitting questions are requested to state: (a) their full name; and (b) the member's identification /registration number, failing which the Company shall be entitled to regard the submission as invalid.

## PERSONAL DATA PRIVACY:

"Personal data" in this Notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes, inter alia, the member's name and its proxy's and/or representative's name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or services providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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# CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Company Registration No. 200712727W)  
(Incorporated in the Republic of Singapore)

## PROXY FORM ANNUAL GENERAL MEETING

(Please see note overleaf before completing this Form)

### IMPORTANT:

1. A relevant intermediary may appoint more than two proxies and vote at the AGM (please see Note 2 for the definition of "relevant intermediary").
2. Investors who hold shares under the Supplementary Retirement Scheme ("SRS Investors") may attend and cast their votes at the AGM personally. If they are unable to attend personally but would like to vote, they should inform their Supplementary Retirement Scheme operators to appoint persons other than the Chairman of the AGM to act as their proxy(ies), in which case, the SRS Investor shall be precluded from attending the AGM.
3. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposed if used or purported to be used by then.
4. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy to attend, speak and vote on behalf of a Member at the AGM.

**PERSONAL DATA PRIVACY:** By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 July 2024.

\*I/We (Name) \_\_\_\_\_ (NRIC/Passport/UEN No.) \_\_\_\_\_ of

(Address) \_\_\_\_\_

being a \*member/members of CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

\*and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or, if no proxy is named, the Chairman of the annual general meeting ("AGM"), as \*my/our \*proxy/proxies to attend and to vote for \*me/us on \*my/our behalf at the AGM of the Company to be convened and held physically on **30 July 2024 at 9.00 a.m.** and at any adjournment thereof.

\*I/We direct \*my/our proxy/proxies to vote for or against, or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting on the resolutions is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof, except that where the Chairman of the AGM is appointed as proxy and no specific directions as to voting is given in respect of a resolution, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

No.	Resolutions relating to:	No. of Votes For **	No. of Votes Against **	No. of Votes Abstain **
<b>Ordinary Business</b>				
1.	Adoption of Audited Accounts, Directors' Statement and Independent Auditors' Report for the financial year ended 31 March 2024 ("FY2024").			
2.	Approval for payment of Directors' Fees of S\$128,750 for the financial year ended 31 March 2024.			
3.	Re-election of Ms Chen Liping as a Director of the Company.			
4.	Re-election of Ms Foo Quek Cheng as a Director of the Company.			
5.	Appointment of Baker Tilly TFW LLP as Auditors of the Company in place of the retiring Auditors, Ernst & Young LLP, and to authorise the Directors to fix their remuneration.			
<b>Special Business</b>				
6.	Authority to Directors to allot and issue new shares pursuant to Section 161 of the Companies Act.			

\* Delete where applicable

\*\* If you wish your proxy to cast your votes "For", "Against" or "Abstain" a resolution, please indicate "X" in the relevant box provided. Alternatively, please indicate the number of votes "For", "Against" in the relevant box provided. If you wish your proxy to abstain from voting on a resolution, please indicate "X" in the relevant box provided. Alternatively, please indicate the number of shares that your proxy to abstain from voting in respect of that resolution.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

### Please sign here:

For Members being natural persons:

Name: \_\_\_\_\_

For Members being corporates (please see Notes 8 and 9):

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

[If not a director, a Power of Attorney or letter of authorisation of the corporate Member should be attached to this Proxy Form for this Proxy Form to be accepted.]

IMPORTANT: PLEASE READ NOTES OVERLEAF



## Notes:

1. A member should insert the total number of shares held in the Proxy Form. If the member has shares entered against his/her name in the Depository Register maintained by the Central Depository (Pte) Limited (“CDP”), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members of the Company, he/she should insert that number of shares. If the member has shares entered against his/her name in the said Depository Register and shares registered in his/her name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by the member.
2. **The AGM will be convened and held by way of physical format.** A member of the Company (whether individual or corporate) (“Member”) may personally attend and vote at the AGM, or:
  - a. a Member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead at the AGM of the Company. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy; and
  - b. a Member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one (1) proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in the proxy form to the Company.

In this proxy form, “**relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

3. In appointing a proxy, if no specific instructions are given by a Member, the proxy/proxies will vote or abstain from voting at his/her/their discretion in respect of a resolution in the Proxy Form and at any adjournment thereof, except that where the Chairman of the AGM is appointed as proxy and no specific directions as to voting is given in respect of a resolution, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
4. In the event that a Member, having appointed a proxy, personally attends and votes at the AGM, Company shall have the discretion to allow the Member’s and/or proxy’s attendance and, at the Company’s discretion, count as valid the votes of **either** the Member **or** the proxy (on behalf of the Member).
5. SRS investors who wish to appoint the any person or persons as proxy should approach their respective SRS Operators to submit their votes by **5.00 p.m. on 19 July 2024**, being seven (7) working days prior to the date of the AGM.
6. The Chairman of the Meeting, as proxy, need not be a member of the Company.
7. The instrument appointing the proxy, together with the letter or power of attorney or other authority under which it is signed or a duly certified copy (if applicable), must be submitted to the Company in the following manner:
  - (a) If submitted by post to the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
  - (b) If submitted electronically by email to: srs.teamd@boardroomlimited.comin either case by no later than **9.00 a.m. on Saturday 27 July 2024**, being at least 48 hours before the time appointed for holding the AGM.
8. If the appointing Member is a corporate, this instrument of proxy must be executed by a director (in the case of a company), a partner (in the case of a partnership) or such other person of equivalent authority. The name and (in the case of corporates) designation of the signatory must be stated clearly in the signing block.
9. Where the instrument appointing a proxy or proxies is signed on behalf of the appointor or by an attorney or a duly appointed officer other than a director (in the case of a company) or a partner (in the case of a partnership), the letter or power of attorney or other authority (if any) or a notarially certified copy, or such other certification as may be accepted by the Company in its discretion, thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
10. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore. The Company shall be entitled to require the production of the corresponding instrument of authorisation prior to or at the AGM, and failure to produce a valid instrument of authorisation or an instrument that is incomplete, improperly completed or illegible may, at the Company’s discretion, result in the votes placed by such purported representative being invalid pending further proof of authorisation.
11. The Company shall be entitled to reject the instrument of proxy if it is, or there is any dispute as to whether the instrument of proxy is, incomplete, improperly completed, improperly executed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (such as the case where the appointor submits more than one instrument of proxy) or where the aggregate number of shares over which the proxy/proxies has/have been appointed exceed the number of shares in the Company held by the appointor as at the books closure date for the AGM or where the submission of the instrument of proxy is inconsistent with the appointor’s entitlement to vote at the AGM as at such books closure date.
12. The submission of this proxy form by a relevant intermediary constitutes a representation from such relevant intermediary that as at the books closure date for the AGM, the number of shares in the Company held, through the relevant intermediary, by each proxy appointed under this proxy form is equivalent to the number of shares in respect of which such proxy has been appointed, which number shall be notified to the Company together with the submission of this proxy form. If the number of shares held by the relevant intermediary in the Company’s register of members as at the foregoing books closure date is less than the aggregate number of shares in the Company over which the relevant intermediary has appointed one or more proxy/proxies across all proxy forms submitted by the relevant intermediary, the relevant intermediary shall forthwith, and in any event no later than forty-eight (48) hours before the AGM, send such number of replacement proxy forms as may be required. Where the relevant intermediary fails to send such replacement proxy form(s), the Company shall be entitled to ask appointed proxies who attend the meeting to provide evidence of their shareholding in the Company (as held through the relevant intermediary, as at the foregoing books closure date) and, if such proxies fail to provide satisfactory evidence of such shareholding, disallow the proxies from attending and voting at the AGM.
13. In the case of members whose Shares are entered in the Depository Register, a Depositor’s name must appear on the Depository Register maintained by the Central Depository (Pte) Limited (“CDP”), at least seventy-two (72) hours before the time appointed for holding the AGM in order to be entitled appoint the proxy. Otherwise, the Company shall be entitled to reject the instrument of proxy.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Cai Kaoqun**  
*Executive Chairman and CEO*

**Mr. Cai Kaobing**  
*Executive Director*

**Mr. Hau Khee Wee**  
*Lead Independent Director*

**Mr. Thomas Lam Kwong Fai**  
*Independent Director*

**Ms. Chen Liping**  
*Independent Director*

**Ms. Foo Quek Cheng**  
*Independent Director*

## AUDIT COMMITTEE

Mr. Hau Khee Wee (*Chairman*)  
Mr. Thomas Lam Kwong Fai  
Ms. Chen Liping  
Ms. Foo Quek Cheng

## REMUNERATION COMMITTEE

Mr. Thomas Lam Kwong Fai (*Chairman*)  
Mr. Hau Khee Wee  
Ms. Chen Liping  
Ms. Foo Quek Cheng

## NOMINATING COMMITTEE

Ms. Chen Liping (*Chairman*)  
Mr. Hau Khee Wee  
Mr. Cai Kaoqun  
Ms. Foo Quek Cheng

## COMPANY SECRETARIES

Ong Wei Jin  
Chen Jianhao Kennedy

## REGISTERED OFFICE

4 Shenton Way  
SGX Centre 2, #17-01  
Singapore 068807  
Website: [www.chinakunda.com](http://www.chinakunda.com)

## SHARE REGISTRAR

**Boardroom Corporate & Advisory Services Pte. Ltd.**  
(Member of Boardroom Limited)  
1 Harbourfront Avenue  
Keppel Bay Tower #14-07  
Singapore 098632

## AUDITORS

**Ernst & Young LLP**  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
Partner-in-charge: Ang Chuen Beng  
(since financial year ended 31 March 2022)

## PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Shenzhen Rural Commercial Bank  
Ping An Bank  
Shanghai Pudong Development Bank  
Industrial and Commercial Bank of China

## CONTINUING SPONSOR

**PrimePartners Corporate Finance Pte. Ltd.**  
16 Collyer Quay  
#10-00 Collyer Quay Centre  
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## INVESTOR RELATIONS

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