



CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

Unaudited Financial Statements for the Financial Period ended 31 December 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	Note	Group (HK\$'000)		Change %	Group (HK\$'000)		Change %
		31-Dec-17 ("3Q2018")	31-Dec-16 ("3Q2017")		31-Dec-17 ("9M2018")	31-Dec-16 ("9M2017")	
Consolidated Income Statement							
Continuing operations							
Revenue		15,661	9,847	59.0	36,935	29,833	23.8
Cost of sales		(10,347)	(7,096)	45.8	(24,913)	(22,162)	12.4
Gross profit		5,314	2,751	93.2	12,022	7,671	56.7
Other items of income							
Interest income		128	1	n.m.	273	148	84.5
Other income	1	396	1,048	(62.2)	468	2,031	(77.0)
Other items of expense							
Selling and distribution expenses		(929)	(566)	64.1	(1,733)	(1,397)	24.1
General and administrative expenses		(3,615)	(3,057)	18.3	(9,090)	(8,224)	10.5
Other (charges)/credit	2	(603)	440	n.m.	(1,705)	546	n.m.
Profit before taxation	3	691	617	12.0	235	775	(69.7)
Profit from continuing operations, net of tax		691	617	12.0	235	775	(69.7)
Discontinued operation							
Profit from discontinued operation, net of tax	4	22,926	585	n.m.	20,476	5,000	n.m.
Profit for the period		23,617	1,202	n.m.	20,711	5,775	n.m.

n.m. : not meaningful

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

	Note	Group		Change	Group		Change
		3Q2018	3Q2017	%	9M2018	9M2017	%
		HK\$'000	HK\$'000		HK\$'000	HK\$'000	
Attributable to:							
Owners of the Company							
Profit from continuing operations, net of tax		691	617	12.0	235	775	(69.7)
Profit from discontinued operations, net of tax		13,140	44	n.m.	11,747	2,746	n.m.
Profit for the period attributable to owners of the Company		13,831	661	n.m.	11,982	3,521	n.m.
Non-controlling interests							
Profit from discontinued operations, net of tax		9,786	541	n.m.	8,729	2,254	n.m.
Profit for the period attributable to non-controlling interests		9,786	541	n.m.	8,729	2,254	n.m.
Profit for the period		23,617	1,202	n.m.	20,711	5,775	n.m.
Other comprehensive income:							
Items that may be subsequently reclassified to profit & loss:							
Foreign currency translation		3,107	(4,205)	n.m.	7,081	(7,568)	n.m.
Other comprehensive income for the period, net of tax		3,107	(4,205)	n.m.	7,081	(7,568)	n.m.
Total comprehensive income for the period		26,724	(3,003)	n.m.	27,792	(1,793)	n.m.
Attributable to:							
Owners of the Company							
Profit from continuing operations, net of tax		16,079	(2,405)	n.m.	17,065	(2,020)	n.m.
Non-controlling interests		10,645	(598)	n.m.	10,727	227	n.m.
Total comprehensive income for the period		26,724	(3,003)	n.m.	27,792	(1,793)	n.m.
Attributable to:							
Owners of the Company							
Profit from continuing operations, net of tax		1,799	(1,134)	n.m.	3,163	(2,432)	n.m.
Profit from discontinued operations, net of tax		14,280	(1,271)	n.m.	13,902	412	n.m.
Profit for the year attributable to owners of the Company		16,079	(2,405)	n.m.	17,065	(2,020)	n.m.

n.m. : not meaningful

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

	Group			Group		
	3Q2018 HK\$'000	3Q2017 HK\$'000	Change %	9M2018 HK\$'000	9M2017 HK\$'000	Change %
Note 1 – Other income						
Sale of raw materials/ scrap materials	-	-	n.m.	35	54	(35.2)
Gain on disposal of property, plant and equipment	79	-	n.m.	114	7	n.m.
Government grants related to income	317	5	n.m.	319	8	n.m.
Net foreign exchange gain	-	1,043	n.m.	-	1,921	n.m.
Rental income	-	-	n.m.	-	41	(100.0)
	<u>396</u>	<u>1,048</u>	(62.2)	<u>468</u>	<u>2,031</u>	(77.0)
Note 2 – Other charges/(credit)						
Net foreign exchange loss	603	-	n.m.	1,705	-	n.m.
Reversal of impairment loss on inventories	-	(492)	(100.0)	-	(598)	(100.0)
Others	-	52	(100.0)	-	52	(100.0)
	<u>603</u>	<u>(440)</u>	n.m.	<u>1,705</u>	<u>(546)</u>	n.m.
Note 3 – Profit before taxation						
This is determined after charging the following:						
Depreciation of property, plant and equipment	250	36	n.m.	710	317	n.m.
Research and product testing expenses	242	266	(9.0)	771	719	7.2
Note 4 – Profit from discontinued operation, net of tax						
The financial results of discontinued operation, in accordance with the requirements of FRS 105 are as follows:						
Revenue	54,492	39,831	36.8	95,424	121,706	(21.6)
Expenses	(27,266)	(39,151)	(30.4)	(70,785)	(116,738)	(39.4)
Profit from operation	27,226	680	n.m.	24,639	4,968	n.m.
Interest income	42	118	(64.4)	126	137	(8.0)
Reversal of/(Impairment loss) on inventories	621	(5)	n.m.	669	-	n.m.
Gain on disposal of property, plant and equipment	2,806	-	n.m.	2,811	21	n.m.
Fixed assets written off	(5,872)	-	n.m.	(5,872)	-	n.m.
Profit before tax from discontinued operation	24,823	793	n.m.	22,373	5,126	n.m.
Taxation	(1,897)	(208)	n.m.	(1,897)	(126)	n.m.
Profit from discontinued operation, net of tax	<u>22,926</u>	<u>585</u>	n.m.	<u>20,476</u>	<u>5,000</u>	n.m.

n.m. : not meaningful

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

Note	Group As at 31-Dec-17 HK\$'000	Group As at 31-Mar-17 HK\$'000	Company As at 31-Dec-17 HK\$'000	Company As at 31-Mar-17 HK\$'000
<u>Non-current assets</u>				
	-	-	46,914	44,071
	3,779	14,673	-	-
	-	890	-	-
	3,779	15,563	46,914	44,071
<u>Current assets</u>				
	2,134	23,035	-	-
	34,689	41,308	-	-
	404	3,479	74	65
	59	-	23,737	25,370
	84,937	43,092	446	1,309
	122,223	110,914	24,257	26,744
	126,002	126,477	71,171	70,815
<u>Current liabilities</u>				
	11,082	39,303	-	-
	10,898	12,280	1,353	1,879
	-	323	-	-
	192	181	-	-
	1,974	326	-	-
	24,146	52,413	1,353	1,879
	98,077	58,501	22,904	24,865
	24,146	52,413	1,353	1,879
	101,856	74,064	69,818	68,936
<u>Equity attributable to owners of the Company</u>				
	148,309	148,309	148,309	148,309
	(27,588)	(38,417)	(91,820)	(88,370)
	(74,397)	(74,397)	-	-
	1,576	423	-	-
	20,267	15,184	13,329	8,997
	68,167	51,102	69,818	68,936
	33,689	22,962	-	-
	101,856	74,064	69,818	68,936
	126,002	126,477	71,171	70,815

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

	Group As at 31-Dec-17 HK\$'000	Group As at 31-Mar-17 HK\$'000
Note 1 – Inventories		
Raw materials	852	4,783
Work in progress	899	1,484
Finished goods	383	16,768
	2,134	23,035
	2,134	23,035

Note 2 – Trade and other receivables

Trade receivables	32,871	36,140
Bill receivables	1,655	3,069
Other receivables	163	2,099
	34,689	41,308
	34,689	41,308

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

(In HK\$'000)

As at 31 December 2017		As at 31 March 2017	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

(In HK\$'000)

As at 31 December 2017		As at 31 March 2017	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The Group does not have any bank borrowings or debt securities as at 31 December 2017 and 31 March 2017.

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

	Notes	Group (HK\$'000)		Group (HK\$'000)	
		3Q2018	3Q2017	9M2018	9M2017
Operating activities					
Profit before tax from continuing operations		691	617	235	775
Profit before tax from discontinued operation		24,823	793	22,373	5,126
Profit before tax, total		25,514	1,410	22,608	5,901
Adjustments for:					
Depreciation of property, plant and equipment	A	711	512	2,321	1,774
Reversal of impairment loss on inventories	B	(621)	(487)	(669)	(598)
Gain on disposal of property, plant and equipment	C	(2,886)	-	(2,925)	(28)
Fixed assets written off		5,872	-	5,872	-
Interest income	D	(170)	(119)	(399)	(285)
Translation differences		1,772	(1,800)	2,663	(3,387)
Operating cash flows before working capital changes		30,192	(484)	29,471	3,377
(Increase)/decrease in:					
Trade and other receivables		1,800	1,075	6,619	1,983
Inventories		22,678	2,032	21,570	4,576
Prepayments		1,790	(1,172)	3,075	7,758
Amount due from related parties, net		(325)	176	(382)	89
Increase/(decrease) in:					
Trade and other payables		(28,842)	(3,830)	(28,172)	(1,560)
Other liabilities		(39,877)	(248)	(1,382)	(418)
Cash flows (used in)/generated from operations		(12,584)	(2,451)	30,799	15,805
Interest received		170	119	399	285
Income tax paid		(1)	(167)	(319)	(652)
Net cash flows (used in)/generated from operating activities		(12,415)	(2,499)	30,879	15,438
Investing activities					
Purchase of property, plant and equipment	E	(487)	(2,280)	(1,631)	(3,677)
Proceeds from disposal of property, plant and equipment		8,606	-	8,645	28
Net cash flows generated from/(used in) investing activities		8,119	(2,280)	7,014	(3,649)
Net (decrease)/increase in cash and cash equivalents		(4,296)	(4,779)	37,893	11,789
Effect of exchange rate changes on cash and cash equivalents		1,449	(1,823)	3,952	(3,160)
Cash and cash equivalents at beginning of financial period		87,784	49,844	43,092	34,613
Cash and cash equivalents at end of financial period		84,937	43,242	84,937	43,242

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

Group (HK\$'000)		Group (HK\$'000)	
3Q2018	3Q2017	9M2018	9M2017

Note A:

Depreciation of property, plant and equipment:

Depreciation of property, plant and equipment from continuing operations	250	36	710	317
Depreciation of property, plant and equipment from discontinued operation	461	476	1,611	1,457
Total depreciation of property, plant and equipment	711	512	2,321	1,774

Note B:

Reversal of impairment loss on inventories:

Reversal of impairment loss on inventories from continuing operations	-	492	-	598
Reversal of/(Impairment loss) on inventories from discontinued operation	621	(5)	669	-
Total reversal of impairment loss on inventories	621	487	669	598

Note C:

Gain on disposal of property, plant and equipment:

Gain on disposal of property, plant and equipment from continuing operations	79	-	114	7
Gain on disposal of property, plant and equipment from discontinued operation	2,807	-	2,811	21
Total gain on disposal of property, plant and equipment	2,886	-	2,925	28

Note D:

Interest income:

Interest income from continuing operations	128	1	273	148
Interest income from discontinued operation	42	118	126	137
Total interest income	170	119	399	285

Note E:

Cash outflow on purchase of property, plant and equipment:

Aggregate cost of property, plant and equipment acquired	489	1,852	2,472	2,245
Add: Payment for prior years acquisitions	-	-	49	213
Add/(Less): Outstanding payments	59	(3)	-	(15)
(Less)/Add: Movement of prepayments made	(61)	431	(890)	1,234
Cash payments made to acquire property, plant and equipment	487	2,280	1,631	3,677

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company							
	Equity attributable to owners of the Company, total				Foreign currency translation reserve			Non-controlling interests
	Equity, total HK\$'000	Company, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	
Group								
3Q2018								
Opening balance at 1 October 2017	75,132	52,088	148,309	(40,122)	(74,397)	279	18,019	23,044
Profit for the period	23,617	13,831	-	13,831	-	-	-	9,786
Other comprehensive income for the period, net of tax	3,107	2,248	-	-	-	-	2,248	859
Total comprehensive income for the period	26,724	16,079	-	13,831	-	-	2,248	10,645
<u>Others</u>								
Appropriation to reserve	-	-	-	(1,297)	-	1,297	-	-
Total others	-	-	-	(1,297)	-	1,297	-	-
Closing balance at 31 December 2017	101,856	68,167	148,309	(27,588)	(74,397)	1,576	20,267	33,689

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company							
	Equity, total HK\$'000	Equity attributable to owners of the Company, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	Non- controlling interests HK\$'000
Group								
9M2018								
Opening balance at 1 April 2017	74,064	51,102	148,309	(38,417)	(74,397)	423	15,184	22,962
Profit for the period	20,711	11,982	-	11,982	-	-	-	8,729
Other comprehensive income for the period, net of tax	7,081	5,083	-	-	-	-	5,083	1,998
Total comprehensive income for the period	27,792	17,065	-	11,982	-	-	5,083	10,727
<u>Others</u>								
Appropriation to reserve	-	-	-	(1,153)	-	1,153	-	-
Total others	-	-	-	(1,153)	-	1,153	-	-
Closing balance at 31 December 2017	101,856	68,167	148,309	(27,588)	(74,397)	1,576	20,267	33,689

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company							Non-controlling interests
	Equity, total	Equity attributable to owners of the Company, total	Share capital	Accumulated losses	Restructuring reserve	Statutory reserve	Foreign currency translation reserve	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group								
3Q2017								
Opening balance at 1 October 2016	77,427	52,297	148,309	(39,209)	(74,397)	272	17,322	25,130
Profit for the period	1,202	661	-	661	-	-	-	541
Other comprehensive income for the period, net of tax	(4,205)	(3,066)	-	-	-	-	(3,066)	(1,139)
Total comprehensive income for the period	(3,003)	(2,405)	-	661	-	-	(3,066)	(598)
<u>Others</u>								
Appropriation to reserve	-	-	-	(72)	-	72	-	-
Total others	-	-	-	(72)	-	72	-	-
Closing balance at 31 December 2016	74,424	49,892	148,309	(38,620)	(74,397)	344	14,256	24,532

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company							Non-controlling interests HK\$'000
	Equity, total HK\$'000	Equity attributable to owners of the Company, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	
Group								
9M2017								
Opening balance at 1 April 2016	76,217	51,912	148,309	(41,842)	(74,397)	45	19,797	24,305
Profit for the period	5,775	3,521	-	3,521	-	-	-	2,254
Other comprehensive income for the period, net of tax	(7,568)	(5,541)	-	-	-	-	(5,541)	(2,027)
Total comprehensive income for the period	(1,793)	(2,020)	-	3,521	-	-	(5,541)	227
<u>Others</u>								
Appropriation to reserve	-	-	-	(299)	-	299	-	-
Total others	-	-	-	(299)	-	299	-	-
Closing balance at 31 December 2016	74,424	49,892	148,309	(38,620)	(74,397)	344	14,256	24,532

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company			
	Equity, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Foreign currency translation reserve HK\$'000
Company				
3Q2018				
Opening balance at 1 October 2017	69,875	148,309	(90,209)	11,775
Loss for the period	(1,611)	-	(1,611)	-
Other comprehensive income for the period, net of tax	1,554	-	-	1,554
Total comprehensive income for the period	(57)	-	(1,611)	1,554
Closing balance at 31 December 2017	69,818	148,309	(91,820)	13,329
Company				
3Q2017				
Opening balance at 1 October 2016	73,171	148,309	(86,313)	11,175
Loss for the period	(871)	-	(871)	-
Other comprehensive income for the period, net of tax	(3,034)	-	-	(3,034)
Total comprehensive income for the period	(3,905)	-	(871)	(3,034)
Closing balance at 31 December 2016	69,266	148,309	(87,184)	8,141

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company			
	Equity, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Foreign currency translation reserve HK\$'000
Company				
9M2018				
Opening balance at 1 April 2017	68,936	148,309	(88,370)	8,997
Loss for the period	(3,450)	-	(3,450)	-
Other comprehensive income for the period, net of tax	4,332	-	-	4,332
Total comprehensive income for the period	882	-	(3,450)	4,332
Closing balance at 31 December 2017	69,818	148,309	(91,820)	13,329
Company				
9M2017				
Opening balance at 1 April 2016	77,551	148,309	(84,466)	13,708
Loss for the period	(2,718)	-	(2,718)	-
Other comprehensive income for the period, net of tax	(5,567)	-	-	(5,567)
Total comprehensive income for the period	(8,285)	-	(2,718)	(5,567)
Closing balance at 31 December 2016	69,266	148,309	(87,184)	8,141

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of shares	Resultant issued and paid-up share capital (HK\$,000)
Share capital as at 31 December 2017 and 30 September 2017	409,800,000	148,309

The Company had no outstanding convertibles, treasury shares or subsidiary holdings as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31 December 2017	As at 31 March 2017
Total number of issued shares excluding treasury shares	409,800,000	409,800,000

The Company did not have any treasury shares as at 31 December 2017 and 31 March 2017.

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

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

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

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

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

The Group had consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period as compared with the most recently audited annual financial statements for the financial year ended 31 March 2017, except for the adoption of certain new or revised financial reporting standards (“FRS”) and Interpretations to FRS (“INT FRS”) which became mandatory from 1 April 2017. The adoption of these FRS and INT FRS has no significant impact to the financial position or performance of the Group and the Company.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please see explanation in note 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

		Group			
		3Q2018	3Q2017	9M2018	9M2017
Profit for the period attributable to owners of the Group, after deducting any provision for preference dividends and non-controlling interests	HK\$'000	13,831	661	11,982	3,521
Earnings per share Basic	HK cents	3.38	0.16	2.92	0.86

Basic earnings per share for the 3Q2018 and 9M2018 are calculated based on weighted average number of shares issued of 409,800,000 (3Q2017 and 9M2017: 409,800,000).

Diluted earnings per share are not presented as there were no potential dilutive securities as at 31 December 2017 and 31 December 2016.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31 Dec 2017	31 Mar 2017	31 Dec 2017	31 Mar 2017
Net assets per ordinary share after deducting non-controlling interests, based on 409.8 million shares as at 31 December 2017 (31 March 2017: 409.8 million shares)	HK cents 16.63	HK cents 12.47	HK cents 17.04	HK cents 16.82

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

On 14 August 2017, the Group had commenced to undertake the closure of the automobile component production facility in Beijing ("**Production Closure**"). In November 2017, the Group had ceased its production of automobile components in Beijing after the fulfilment of current outstanding orders to our automobile component customers. As such, the financial results of Beijing Baiju Automobile Component Company Limited ("**BBJ**") are presented separately in the statement of comprehensive income within one line item, "Profit from discontinued operation, net of tax"

After the Production Closure is completed, the Group's principal business is the manufacture and sale of In-Mould-Decoration ("**IMD**") and other plastic components.

Financial period from 1 October 2017 to 31 December 2017 ("3Q2018") vs 1 October 2016 to 31 December 2016 ("3Q2017")

Income Statement
Continuing operations

Revenue and Gross Profit

Revenue increased by 59.0% in 3Q2018 as compared to 3Q2017, mainly due to increase in sales of IMD and plastic injection parts used for consumer electrical products in 3Q2018, which contributed higher margins. Gross margins also increased due to improved material utilisation rate and tighter cost control. In view of the abovementioned, the gross margin improved from 27.9% in 3Q2017 to 33.9% in 3Q2018.

Other items of income

The increase in interest income was mainly due to the increase in our bank account balances and fixed deposits placed with a bank in PRC.

The decrease in other income in 3Q2018 was mainly due to the absence of net foreign exchange gains, partially offset by the increases in government grants related to income and gain on disposal of property, plant and equipment. The foreign exchange difference arose mainly from the translation of Renminbi ("**RMB**") denominated payable balances, whereby our subsidiary in Hong Kong which the functional currency is Hong Kong dollars, was owing to companies within the Group with a different functional currency i.e. RMB. In 3Q2018, Hong Kong dollars had depreciated by approximately 2.3% against RMB as compared to an appreciation of 4.2% in 3Q2017, the latter had resulted foreign exchange loss (recorded under "Other Charges" in the consolidated income statement).

Other items of expense

Selling and distribution expenses increased by 64.1% in 3Q2018 as compared to 3Q2017, in tandem with the revenue growth.

General and administrative expenses increased by 18.3% in 3Q2018 as compared to 3Q2017, mainly due to increase in employee benefit expenses and other administrative expenses as a result of increased business volume.

Depreciation of property, plant and equipment increased from HK\$36,000 in 3Q2017 to HK\$250,000 in 3Q2018, mainly arising from the newly acquired property, plant and equipment newly since the fourth quarter of the previous financial year.

The Group recorded other charges of HK\$0.6 million in 3Q2018, mainly attributed mainly attributed to the abovementioned foreign exchange loss from the intercompany balances between the companies within the Group during 3Q2018, as compared to other credit of HK\$0.4 million in 3Q2017, mainly pertains to a reversal of impairment loss on inventories of HK\$0.5 million which was absent during the financial period reported on.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Arising from the above, the Group recorded a net profit of HK\$0.7 million from its continuing operations in 3Q2018 as compared to HK\$0.6 million in 3Q2017.

Discontinued operation

The revenue of discontinued operation increased by 36.8% in 3Q2018 as compared to 3Q2017, mainly due to non-recurring revenue from sale of automobile moulds as well as automobile component subsidy from the key customer, Beijing Hyundai, in 3Q2018. Following the Production Closure of BBJ, the expenses of discontinued operation had declined by 30.4% in 3Q2018 as compared to 3Q2017.

As part of the management's efforts to minimize the adverse impact from the Production Closure as well as significant increase in one-off profit from the non-recurring revenue in 3Q2018, the gross profit and gross margin from discontinued operation improved from HK\$6.2 million and 15.6% in 3Q2017 to HK\$31.8 million and 58.4% in 3Q2018 respectively. Consequently, the operating profit from discontinued operation also increased from HK\$0.7 million in 3Q2017 to HK\$27.2 million in 3Q2018.

The interest income decreased by 64.4% in 3Q2018 as compared to 3Q2017, mainly due to decrease in interest income on fixed deposits placed with the bank.

The impairment loss on inventories of HK\$0.6 million previously provided for the slow-moving inventories were reversed in 3Q2018 when such inventory costs had been realised in the income statement during the financial period reported on.

In 3Q2018, BBJ recorded a gain on disposal of property, plant and equipment amounting to HK\$2.8 million and wrote off the renovation works of the BBJ's factory and office building amounting to HK\$5.9 million after BBJ had terminated its existing operating lease agreement with the landlord.

Following the increase in chargeable income from discontinued operation, the income tax expense of discontinued operation increased from HK\$0.2 million in 3Q2017 to HK\$1.9 million in 3Q2018.

Arising from the above, the Group recorded a net profit of HK\$22.9 million in 3Q2018 from its discontinued operation as compared to HK\$0.6 million in 3Q2017.

Financial period from 1 April 2017 to 31 December 2017 ("9M2018") vs 1 April 2016 to 31 December 2016 ("9M2017")

Income Statement **Continuing operations**

Revenue and Gross Profit

Revenue increased by 23.8% in 9M2018 as compared to 9M2017, mainly due to increase in sales of IMD and plastic injection parts used for consumer electrical products in 9M2018, which contributed higher margins. Gross margins also increased due to improved material utilisation rate and tighter cost control. In view of the abovementioned, the gross margin improved from 25.7% in 9M2017 to 32.5% in 9M2018.

Other items of income

The increase in interest income was mainly due to the increase in our bank account balances and fixed deposits placed with a bank in PRC.

Decrease in other income in 9M2018 was mainly due to the absence of net foreign exchange gains, partially offset by the increases in government grants related to income and gain on disposal of property, plant and equipment recorded in 9M2018. The foreign exchange difference arose mainly from the translation of Renminbi ("RMB") denominated payable balances, whereby our subsidiary in Hong Kong which the functional currency is Hong Kong dollars, was owing to the companies within the Group with a different

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

functional currency i.e. RMB. In 9M2018, Hong Kong dollars had depreciated by approximately 6.5% against RMB as compared to an appreciation of 7.3% in 9M2017, the latter had resulted foreign exchange loss (recorded under "Other Charges" in the consolidated income statement).

Other items of expense

Selling and distribution expenses increased by 24.1% in 9M2018 as compared to 9M2017, in tandem with the revenue growth.

General and administrative expenses increased by 10.5% in 9M2018 as compared to 9M2017, mainly due to increase in employee benefit expenses and other administrative expenses as a result of increased business volume.

Depreciation of property, plant and equipment increased from HK\$0.3 million in 9M2017 to HK\$0.7 million in 9M2018, mainly arising from the newly acquired property, plant and equipment since the fourth quarter of the previous financial year.

The Group recorded other charges of HK\$1.7 million in 9M2018, mainly attributed to the abovementioned foreign exchange loss from the intercompany balances between the companies within the Group during 9M2018, as compared to other credit of HK\$0.5 million in 9M2017, mainly pertains to a reversal of impairment loss on inventories of HK\$0.6 million which was absent during the financial period reported on.

Arising from the above, the Group recorded a net profit of HK\$0.2 million from its continuing operations in 9M2018 as compared to HK\$0.8 million in 9M2017.

Discontinued operation

The revenue of discontinued operation decreased by 21.6% in 9M2018 as compared to 9M2017, mainly due to decrease in sales of automobile components used for Hyundai vehicles recorded in the first half of the financial year 2018 as well as the Production Closure. The decrease was partially offset by non-recurring revenue from the sale of moulds and automobile component subsidy recovered from the key customer, Beijing Hyundai in 3Q2018. Consequently, the expenses of discontinued operation had also declined by 39.4% in 9M2018 as compared to 9M2017.

As part of the management's efforts to minimize the adverse impact from the Production Closure as well as significant increase in one-off profit from the non-recurring revenue in 3Q2018, the gross profit and gross margin from discontinued operation improved from HK\$21.3 million and 17.5% in 9M2017 to HK\$37.3 million and 39.1% in 9M2018 respectively. Consequently, the operating profit from discontinued operation also increased from HK\$5.0 million in 9M2017 to HK\$24.6 million in 9M2018.

The interest income decreased by 8.0% in 9M2018 as compared to 9M2017, mainly due to decrease in interest income on fixed deposits placed with the bank.

The impairment loss on inventories of HK\$0.7 million provided for the slow-moving inventories were reversed in 9M2018 when such inventory costs had been realised in the income statement during the financial period reported on.

In 9M2018, BBJ recorded a gain on disposal of property, plant and equipment amounting to HK\$2.8 million and wrote off the renovation works of the BBJ's factory and office building amounting to HK\$5.9 million after BBJ had terminated its existing operating lease agreement with the landlord.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Following the increase in chargeable income from discontinued operation, the income tax expense of discontinued operation increased from HK\$0.1 million in 9M2017 to HK\$1.9 million in 9M2018.

Arising from the above, the Group recorded a net profit of HK\$20.5 million in 9M2018 from its discontinued operation as compared to HK\$5.0 million in 9M2017.

Other comprehensive income - Foreign currency translation

The foreign currency translation gain arose mainly from the translation of our net asset position in our financial statements denominated in RMB to Hong Kong dollars when consolidating the financial statements of the Group.

Balance sheet

Non-current assets

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

- Disposal of property, plant and equipment of HK\$5.7 million as BBJ had ceased the automobile component production and therefore liquidated its property, plant and equipment;
- Fixed assets written off amounting to HK\$5.8 million for the renovation works of BBJ's factory and office building; and
- Depreciation charges to date of HK\$2.3 million; offset by
- Additions of HK\$2.5 million mainly relating to acquisition of plant and equipment and renovation works of factory in Shenzhen; and
- Foreign translation gain of HK\$0.5 million

The decrease in non-current prepayment was mainly due to decrease in prepayment made for the plant and equipment which purchases were completed during the financial period reported on.

Current assets

Inventories as at 31 December 2017 decreased by 90.7% as compared to 31 March 2017 mainly due to the Production Closure of BBJ which holds HK\$20.9 million of inventories as at 31 March 2017 included the automobile moulds, sold and realised during the financial period reported on.

Trade and other receivables of our Group as at 31 December 2017 decreased by 16.0% as compared to 31 March 2017 mainly due to:

- Decrease in BBJ's trade and other receivables from HK\$30.6 million as at 31 March 2017 to HK\$17.0 million as at 31 December 2017, mainly due to repayment by customers; offset by
- Increase in combined trade receivables and bill receivables of HK\$6.9 million from our IMD and plastic injection part business in line with the increase in revenue.

As at 31 December 2017, current prepayments mainly comprised prepayments made to the suppliers and sub-contractors of our IMD and plastic injection part business. The decrease was mainly due to the decrease in prepayment by BBJ, realised upon the receipt of goods and services from suppliers and subcontractors during the financial period reported on.

Amount due from related parties relates to the factory rental of our IMD and plastic injection operations in Shenzhen for the month of January 2018, paid in advance in December 2017.

Current Liabilities

Trade and other payables decreased by 71.8% as at 31 December 2017 as compared to 31 March 2017, mainly due to:

- Decrease in BBJ's trade and other payables from HK\$33.0 million as at 31 March 2017 to HK\$2.4 million as at 31 December 2017 as a result of the Production Closure; offset by

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

- Increase in trade and other payables of HK\$2.5 million from our IMD and plastic injection part business as a result of the increased production volume.

Other liabilities as at 31 December 2017 decreased by 11.3% as compared to 31 March 2017, mainly due to decrease in BBJ's customer advances, realised upon the delivery of goods to the customers during the financial period reported on.

The decrease in amount due to related parties was mainly due to repayment made to the related parties during the financial period reported on.

The increase in provision for income taxation was mainly due to income tax accrued for 3Q2018.

Cash flow

Financial period from 1 October 2017 to 31 December 2017 ("3Q2018") vs 1 October 2016 to 31 December 2016 ("3Q2017")

The Group's cash and cash equivalents decreased by HK\$4.3 million in 3Q2018. In 3Q2018, the Group recorded net cash flow used in operating activities of HK\$12.4 million, offset by net cash flow generated from investing activities of HK\$8.1 million.

The net cash flow used in operating activities was mainly due to working capital outflow of HK\$42.8 million, partially offset by operating cash inflow before movements in working capital of HK\$30.2 million and interest received of HK\$0.2 million. The working capital outflow in 3Q2018 was mainly arisen from decrease in other liabilities and trade and other payables of HK\$39.9 million and HK\$28.8 million respectively, partially offset by decreases in inventories, trade and other receivables and prepayments of HK\$22.7 million, HK\$1.8 million and HK\$1.8 million respectively.

The net cash flow generated from investing activities was mainly due to proceeds from disposal of property, plant and equipment of HK\$8.6 million, offset by capital expenditure of HK\$0.5 million utilised for acquisition of property, plant and equipment.

There was no cash utilised or generated from financing activities.

Financial period from 1 April 2017 to 31 December 2017 ("9M2018") vs 1 April 2016 to 31 December 2016 ("9M2017")

The Group's cash and cash equivalents increased by HK\$37.9 million in 9M2018. In 9M2018, the Group recorded net cash generated from operating activities of \$30.9 million. This was mainly due to operating cash inflows before movements in working capital of HK\$29.5 million, working capital inflow of HK\$1.3 million and interest received of HK\$0.4 million, offset set by income tax paid of HK\$0.3 million.

The net cash generated from investing activities was mainly due to proceeds from disposal of property, plant and equipment of HK\$8.6 million, offset by capital expenditure of HK\$1.6 million utilised for acquisition of property, plant and equipment.

There was no cash utilised or generated from financing activities.

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

The results are in line with the profit guidance announcement released on 23 January 2018.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

On 14 August 2017, the Group had commenced to undertake the closure of the automobile component production facility in Beijing (“**Production Closure**”). The Production Closure is expected to be completed in the fourth quarter of the financial year after the current outstanding debts are collected in full from the automobile component customers and full payments are made to the creditors. Barring unforeseen circumstances, the Group expects that the Production Closure will not have any major financial impact in the fourth quarter of the financial year.

The Group’s current business is largely contributed by consumer electronics market in PRC. For 9M2018, , the financial performance of our IMD and Plastic Injection segment was relatively healthy with the revenue growth of 23.8% and the improvement on gross margin from 25.7% in 9M2017 to 32.5%.

Barring unforeseen circumstances, the Group is cautiously optimistic that the financial performance of our IMD and Plastic Injection segment will remain relatively stable in the next twelve months. We will continue to improve the existing operations through better leverage of our core business strength and strengthen collaboration with our existing business partners as well as exploring other new products range and sales channels that has stronger scalability and sustainability.

The Company will continue to explore new business opportunities and potential acquisitions of new businesses with long term prospects that are expected to improve the overall financial position of the Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared or recommended.

13. Interested person transactions

If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Shenzhen Kunda Precision Mould Co., Ltd ⁽¹⁾ ("Shenzhen Precision")	Aggregate value of all interested person transactions during financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) HK\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) HK\$'000
Rental of factory premises at Bao Long Yi Road, Shenzhen	760	-
Total	760	-

No interested person transaction mandate was obtained from shareholders.

Note:

- (1) Shenzhen Kunda Precision Mould Co., Ltd – a company incorporated in PRC. The shareholders of Shenzhen Precision are our Executive Chairman and CEO, Cai Kaoqun and our Executive Director Cai Kaobing who hold 95% and 5% of the equity interests in Shenzhen Precision respectively. The directors of Shenzhen Precision are Cai Kaoqun, and our Executive Director, Cai Kaobing.

14. Confirmation that the Company has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Rules.

15. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules.

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the financial period ended 31 December 2017 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Cai Kaoqun
Executive Chairman and CEO

Cai Kaobing
Executive Director

BY ORDER OF THE BOARD
CAI KAOQUN
EXECUTIVE CHAIRMAN AND CEO
6 February 2018