KUNDA®

China Kunda Technology Holdings Limited

10 & BEYOND

ANNUAL REPORT 2018

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This annual report 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 Catalist. The Sponsor has not verified the contents of this annual report.

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

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).

CORPORATE **PROFILE**

China Kunda Technology Holdings Limited is a specialist in the field of plastic injection moulding with the ability to provide plastic engineering solutions in the production of complex plastic products. We are a provider of In-Mould Decoration products and plastic components to the electronics and automobile industry.

HONG KONG

- Sales and logistics office

SHENZHEN

- Operations headquarter
- In-Mould Decoration and plastic injection component manufacturing facility

CHAIRMAN'S **STATEMENT**

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present China Kunda Technology Holdings Limited's annual report for the financial year ended 31 March 2018 ("**FY2018**").

FY2018 was a year when the Group needs to made a difficult decision. During the financial year, we had ceased the production of automobile components in Beijing (the "**Production Closure**"), mainly due to the stringent actions taken by the Beijing Municipal Government to control air pollution in Beijing and coupled by the relocation of our key customer, Beijing Hyundai, to set up plants in Cangzhou and Chongqing respectively.

This has put the Group in a less favourable position to secure continual orders from the existing or new customers in Beijing who have either relocated or plan to relocate away from Beijing. Nonetheless, the management had minimised the adverse impact with the Production Closure. This provides the Group with financial flexibility to redeploy its funds and allocate its resources more effectively with a view to improve the overall financial performance of the Group.

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

In FY2018, revenue from IMD and other plastic components increased by 27.1% as compared to the financial year ended 31 March 2017 ("**FY2017**"), mainly due to increase in sales of IMD and plastic injection parts used for consumer electrical products, which contributed higher margin and leading to an overall improvement in gross profit margin from 25.8% in FY2017 to 32.4% in FY2018. After accounting for the decrease in other income, increases in operating expenses and other charges from continuing operations, coupled with the increase in net profit from discontinued operation, the Group recorded a net profit of HK$18.7 million in FY2018 as compared to HK$6.6 million in FY2017.

We expect the revenue of our IMD and Plastic Injection Parts segment will slowly ramp up notwithstanding that the Group may continue to incur losses in the short-run due to challenging business conditions. As at 31 March 2018, our balance sheet remained healthy with cash and bank balance of HK$64.0 million and zero borrowings.

Our strategy is to seek new customers from different industries and at the same time secure additional contracts from existing customers. We believe that our strong technical expertise in plastic injection moulding with the ability to provide comprehensive plastic engineering solutions in the production of complex plastic products will continue to be a strong competitive advantage in the plastic products manufacturing industry.

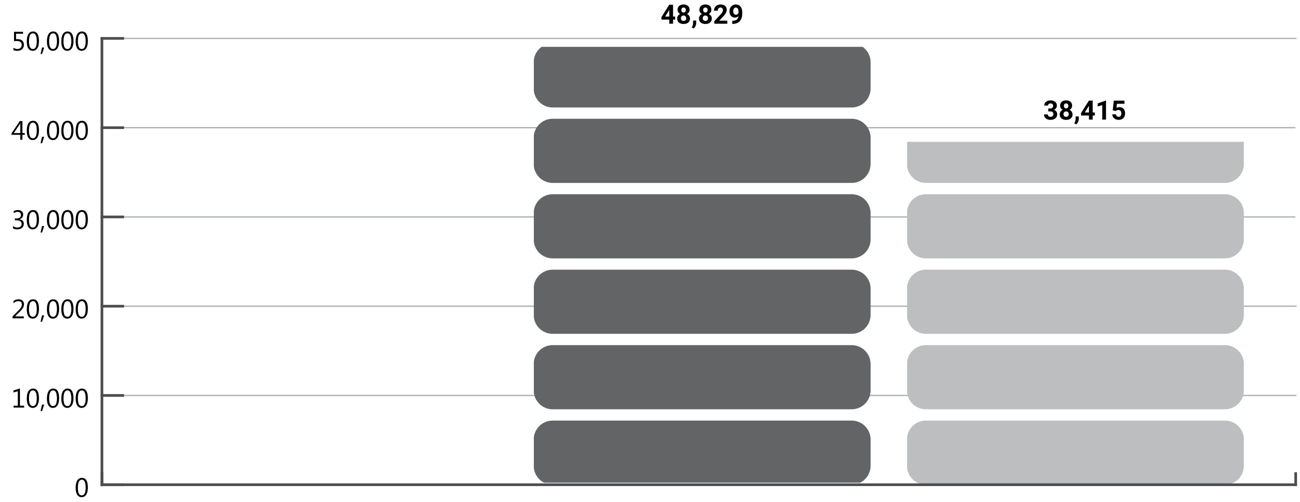
Despite the immediate challenges ahead, we aim to continue to leverage on our technology and expertise to explore other new product range and sales channels to generate higher returns for our shareholders.

We are constantly improving our current business model and asset deployment to achieve a more competitive and efficient business model for the Group. We will continue to assess new business opportunities and potential acquisition of new businesses with long term prospects that is expected to improve the overall financial position of the Group. On this note, we had announced our proposal to diversify into manufacturing and distribution of furniture and other related activities (the "**Furniture Business**"). An extraordinary general meeting will be held immediately after the annual general meeting to seek shareholders' approval for the proposed diversification.

Lastly, I would like to express my appreciation to our shareholders, customers and directors for their valuable contribution and support to the Group. I would also like to thank our employees for their hard work and commitment. I look forward to your continued support in the years ahead.

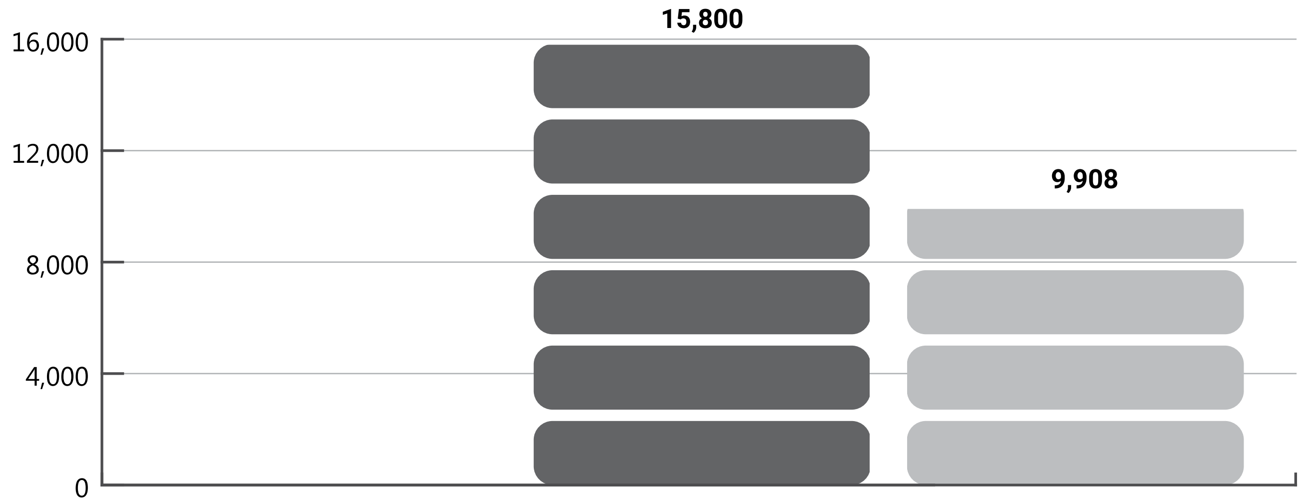
Cai Kaoqun
Executive Chairman and CEO

Revenue



	FY2018 HK$ 000	FY2017 HK$ 000
Revenue	**48,829**	38,415

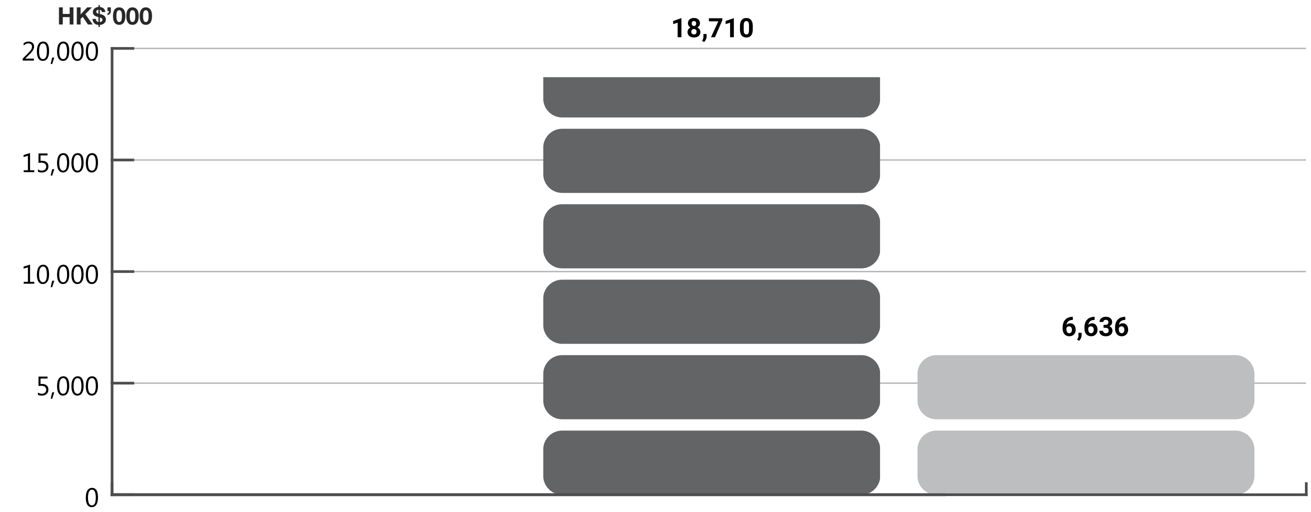
Gross profit



	FY2018 HK$ 000	FY2017 HK$ 000
Gross profit	**15,800**	9,908
Gross profit margin	**32%**	26%

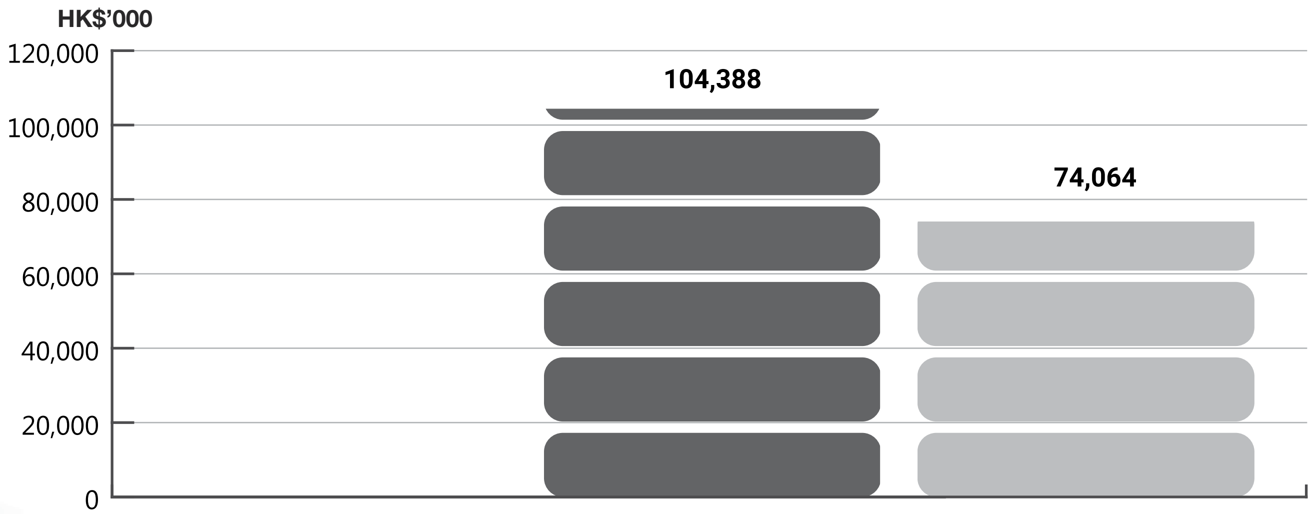
OPERATIONS **REVIEW**

Net Profit



	FY2018 HK$ 000	FY2017 HK$ 000
Net Profit	**18,710**	6,636

Net asset value



	FY2018 HK$ 000	FY2017 HK$ 000
Net asset value	**104,388**	74,064

Profit & Loss

The Group commenced to undertake the closure of the automobile component production facility in Beijing operated by Beijing Baiju Automobile Component Company Limited ("**BBJ**"), a 57% owned subsidiary of the Group (the "**Production Closure**") in August 2017. In November 2017, the Group ceased its production of automobile components in Beijing after the fulfilment of outstanding orders to our customers. As such, the financial results of BBJ, will be presented separately in the statement of comprehensive income within one line item, "Profit from discontinued operation, net of tax".

With the completion of the Production Closure, the Group will be principally engaged in the manufacture and sale of In-Mould-Decoration ("**IMD**") and other plastic components.

Continuing operations

Revenue increased by 27.1% in the financial year ended 31 March 2018 ("**FY2018**") as compared to the previous corresponding year ("**FY2017**"), mainly due to increase in sales of IMD and plastic injection parts used for consumer electrical products in FY2018, which contributed to higher margins. Gross margins also increased from 25.8% in FY2017 to 32.4% in FY2018 due to improved material utilisation rate and tighter cost control.

Decrease in other income by 73.0% in FY2018 was mainly due to the absence of net foreign exchange gains, partially offset by the increase in government grants related to income and gain on disposal of property, plant and equipment recorded in FY2018.

Selling and distribution expenses increased by 31.0% in FY2018 as compared to FY2017, in tandem with the revenue growth. Furthermore, general and administrative expenses increased by 12.9% in FY2018 as compared to FY2017, mainly due to increase in employee benefit expenses and other administrative expenses as a result of increased business volume, as well as increase in research expenses which mainly relate to expenses incurred for new product development and the exploration of potential new businesses.

The Group recorded other charges of HK$2.6 million in FY2018, mainly attributed to the net foreign exchange loss from the intercompany balances between the companies within the Group during FY2018, as compared to other credit of HK$0.6 million in FY2017, which was mainly pertaining to a reversal of impairment loss on inventories of HK$0.6 million.

In FY2018, the Group recorded an income tax expense of HK$0.1 million, mainly due to adjustment of under-provision in respect of prior year.

Arising from the above, the Group recorded a net loss of HK$1.4 million from its continuing operations in FY2018 as compared to HK$0.8 million in FY2017.

Discontinued operation

Following the Production Closure, the revenue and expenses of discontinued operation decreased by 33.1% and 48.3% respectively in FY2018 as compared to FY2017. The decrease was partially offset by non-recurring revenue from the sale of moulds and automobile component subsidies recovered from the key customer, Beijing Hyundai in FY2018.

Due to the management's efforts to minimize the adverse impact from the Production Closure as well as a significant increase in one-off profit from the non-recurring revenue in FY2018, the operating profit from discontinued operation increased from HK$7.9 million in FY2017 to HK$26.4 million in FY2018.

The impairment loss on inventories of HK$0.7 million provided by BBJ for the slow-moving inventories were reversed in FY2018 when such inventory costs had been realised in the income statement during the financial year reported on.

Arising from the Production Closure, BBJ recorded gains on disposal of property, plant and equipment amounting to HK$2.6 million, an impairment loss on trade receivable of HK$0.1 million and wrote off the renovation works of the BBJ's factory and office building amounting to HK$6.0 million after BBJ had terminated its existing operating lease agreement with the landlord.

Following the increase in chargeable income from discontinued operation and the expiry of tax incentive, the income tax expense of discontinued operation increased from HK$0.3 million in FY2017 to HK$3.6 million in FY2018.

As such, the Group recorded a net profit of HK$20.2 million in FY2018 from its discontinued operation as compared to HK$7.4 million in FY2017.

Balance sheet

Non-current assets

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

- Disposal of property, plant and equipment of HK$6.2 million as BBJ liquidated its property, plant and equipment arising from the Production Closure;
- Fixed assets written off amounting to HK$6.0 million for the renovation works of BBJ's factory and office building; and
- Depreciation charges to date of HK$2.7 million; offset by
- Additions of HK$2.8 million mainly relating to acquisition of plant and equipment and renovation works of factory in Shenzhen; and
- Foreign translation gain of HK$0.8 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 year reported on.

Current assets

Inventories as at 31 March 2018 decreased by 86.4% as compared to 31 March 2017 mainly due to the Production Closure as the automobile moulds were sold and realised during the financial year reported on.

Trade and other receivables of the Group as at 31 March 2018 increased by 30.9% as compared to 31 March 2017 mainly due to:

- Increase in other receivables of H.K$24.8 million. Following the Production Closure, BBJ liquidated most of its assets which is held as cash and bank balances. For better control and efficient use of such excess cash holdings in BBJ, the Company and minority shareholder of BBJ had agreed to distribute part of BBJ's excess cash to both parties in proportion to their equity interest in BBJ by way of advances granted to the shareholders of BBJ. As such, the increase in other receivables was mainly due to advances of RMB21.5 million (equivalent to HK$26.8 million) granted by BBJ to the minority shareholder of BBJ. The Company had also drawn down the proportionate advances of RMB28.5 million (equivalent to HK$35.6 million) granted to the Company from BBJ and had since remitted to the funds to another subsidiary within the Group; and
- Increase in bill receivables of HK$9.6 million, mainly due to a bill receivable received from the automobile customer of BBJ and matured in April 2018; offset by
- Decrease in trade receivables of HK$21.6 million, mainly due to decrease in BBJ's trade receivables following repayment by customers.

As at 31 March 2018, 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 prepayments made by BBJ, realised upon the receipt of goods and services from suppliers and subcontractors during the financial year reported on.

Current Liabilities

Trade and other payables decreased by 78.2% as at 31 March 2018 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$0.6 million as at 31 March 2018 as a result of the Production Closure; offset by
- Increase in trade and other payables of HK$1.7 million from our IMD and plastic injection part business as a result of the increased production volume.

Other liabilities as at 31 March 2018 decreased by 23.7% 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 year reported on.

The increase in provision for income taxation was mainly due to income tax expenses accrued during the financial year reported on.

Cash flow

The Group's cash and cash equivalents increased by HK$15.8 million in FY2018. In FY2018, the Group recorded net cash inflow generated from operating activities of HK$34.1 million, mainly due to operating cash inflows before movements in working capital of HK$33.0 million, working capital inflow of HK$2.8 million and interest received of HK$0.5 million, offset set by income tax paid of HK$2.2 million.

The Group also utilised HK$18.3 million in investing activities in FY2018, mainly relating to the advances given to non-controlling interests of BBJ of HK$25.4 million and capital expenditure of HK$1.9 million utilised for acquisition of property, plant and equipment. The cash outflows were partially offset by proceeds from disposal of property, plant and equipment of HK$9.0 million.

MR. CAI KAOQUN
Executive Chairman and CEO

Cai Kaoqun is our Executive Chairman and Chief Executive Officer and founder of our Group. Mr Cai was appointed as our Director on 26 December 2007. He is responsible for the overall strategic and business management of our Group. He has over 20 years of experience in the plastic and moulds industry. 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.

In 2006, Mr Cai graduated from Aotearoa Business School established by Phoenix International University and University of New Zealand, where he was awarded the Executive Master of Business Administration. In the same year, he was certified as the Certified International Organization Planning Manager by the American Certification Institution. In December 2006, he was appointed as the vice-president at 广东省模具工业协会(Guangdong Die & Mould Industry Association). In 2007, he was appointed 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).

MR. CAI KAOBING
Executive Director

Cai Kaobing is our Executive Director. He was appointed as our Director on 26 December 2007. He joined our Group in 1998 and assists our CEO in the overall management of out Group.

In 1986, Mr Cai started his career as a woodworker in the renovation industry. From 1994 to 1997, he assisted Cai Kaoqun in the provision of maintenance and repair services in respect of Plastic Injection Moulds. From 1998 to 2009, he is responsible for the production and quality control of Moulds in Yick Kwan Tat. From 2010 to 2013, Mr Cai was the General Manager of the IMD division.

In 2003, Mr Cai graduated from 北京工商管理专修学院 (Beijing Business School) with 工商企业管理文凭 (Diploma in Business Enterprise Management). In 2004, he obtained his Master of Business Administration from Newport University, USA. Mr Cai is the brother of Cai Kaoqun.

BOARD OF **DIRECTORS**

MR. HO CHEW THIM
Lead Independent Director

Ho Chew Thim was appointed as a Director of our Company on 18 June 2008. He is our Lead Independent Director.

He has over 35 years of experience in financial management and had held senior financial positions in mainly listed companies and banks. These include China Water Holdings Pte Ltd (an associate of SGX-listed CNA Group Ltd), CAN Group Ltd, Achieva Limited, China World Trade Centre Ltd (an associate of Shangri-La Asia Limited), Poh Tiong Choon Logistics Limited, China-Singapore Suzhou Industrial Park Development Co., Ltd, Deutsche Bank (Singapore Branch), L & M Group Investments Ltd, United Industrial Corporation Limited and United Overseas Bank Limited. He is also an independent director on the boards of several public listed companies in Singapore. Mr Ho is a Fellow Member of the Institute of Singapore Chartered Accountants and CPA Australia. He graduated with a Bachelor of Accountancy (First Class Honours) degree from University of Singapore in 1976.

MR. LIM YIT KEONG
Independent Director

Lim Yit Keong was appointed as an Independent Director of our Company on 18 June 2008.

Mr Lim is currently a management consultant with Capital Consulting Pte Ltd. He founded Capital Consulting Pte Ltd in 2000. He has over 35 years of experience in finance with Global Knowledge Network Pte Ltd, KPMG, Dornier Asia Medical Systems Pte Ltd, Bena Consultancy Services, Braun AG and Wearnes Technology Pte Ltd. holding various senior financial positions. He is a Fellow Member of the Institute of Singapore Chartered Accountants (United Kingdom) and a member of the Institute of Singapore Chartered Accountants.

MR. HAU KHEE WEE
Non-executive Director

Hau Khee Wee was appointed as a Non-executive Director of our Company on 1 December 2017.

Mr Hau is currently the Greater China Financial Controller of Fullerton Healthcare Corporation Limited since April 2016. He is also an independent director of Imperium Crown Limited since October 2017. From May 2007 to March 2016, he was an Executive Director (with effect from 26 December 2007) and Chief Financial Officer of our Company. From 2000 to 2007, he held a senior financial position in China Powerplus Limited (previously known as Zhongguo Powerplus Industries Limited) and the position of audit senior in Ernst & Young.

Mr Hau is a non-practising member of Institute of Singapore Chartered Accountants. He graduated with a Bachelor of Accountancy from Nanyang Technological University of Singapore in 2000.

MR. CAI SINAN
Operation Manager of IMD division

Cai Sinan is our Operation Manager of IMD division. He joined our Group in January 2013. He is currently in charge of the IMD operations of our Group. From 1980 to 1985, he worked as a statistician of 揭阳县白塔粮所 (Jieyang Baita Food Department). From 1986 to 1988, he was a supervisor of 深圳市平湖玩具厂 (Shenzhen City Ping Hu Toy Factory). From 1988 to 2012, he joined 东莞塘厦快达厂(Dongguan Tang Xia Kuai Da Factory) as a production manager. Mr Cai graduated from 广播电视大学 (University of Broadcast & Television) with a diploma in social and economic statistics in September 1982.

MR. HUANG YAO
Deputy General Manager of Kunda Plastic Electronic (Shenzhen) Company Limited

Huang Yao is our Deputy General Manager of Kunda Plastic Electronic (Shenzhen) Company Limited. He joined our Group as project manager in March 2017 and was promoted to Deputy General Manager in May 2018. He is currently responsible for the investment projects assigned by our CEO. He has over 20 years of managerial experience in several companies in PRC. These include Guizhou Jia Yin Sheng Tai Huan Bao Company Limited (贵州佳茵生态环保有限公司), Shenzhen City Qun Da Hang Jing Mi Mo Ju Company Limited (深圳市群达行精密模具有限公司), Shenzhen City Ge Lin Hai Te Ke Ji Company Limited (深圳市格林海特科技有限公司), Shenzhen City Kai Ai Bao Zhuang Ji Su Company Limited (深圳市铠爱包装技术有限公司) and Sang Shi Da Shi Pin (Shenzhen) Company Limited 桑仕达饰品 (深圳) 有限公司. He is also an executive director of Shenzhen City Qian Hai Qi Cheng Tou Zhi Company Limited (深圳市前海启程投资有限公司). In September 1986, he obtained a Bachelor's degree in Soil Agrochemistry from College of Agriculture, Guizhou University (贵州大学农学院).

MR. LIM KHENG ONN
Group Financial Controller

Lim Kheng Onn is our Group Financial Controller and he is responsible for overseeing and managing the accounting, finance, budgeting and taxation matters of our Group. He joined our group as Finance Manager in February 2010 and was promoted to Group Financial Controller in April 2016. From July 2004 to January 2010, he joined Ernst and Young as an audit assistant and subsequently held the position of audit supervisor. In July 2002, Mr Lim obtained a Bachelor's degree in Accounting and Finance from University of Plymouth. He is a fellow member of the Association of Chartered Certified Accountant (United Kingdom) and a member of Institute of Singapore Chartered Accountants.

CORPORATE
GOVERNANCE REPORT

The Board is committed to maintaining good corporate governance to enhance and safeguard the interest of its shareholders. This report below describes the corporate governance framework and practices of the Company with specific references made to the principles of the Code of Corporate Governance 2012 (the "**Code 2012**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited the (the "**SGX-ST**") in January 2015 for the financial year ended 31 March 2018 (the "**FY2018**"). Explanations are provided where there are deviations from the Code 2012. The Company has complied with the principles of the Code where applicable.

1. BOARD MATTERS

1.1. Board's Conduct of Affairs

Principle 1: Every Company should be headed by a long-term effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management (the "**Management**"). To fulfill this role, the Board sets the Group's strategic direction, establishes goals for management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group.

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

- Providing stewardship to the Company including charting its corporate strategies and business plans;
- Ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- Authorizing and monitoring major investment and strategic commitments;
- Reviewing and assessing the performance of the Management (comprising executive directors ("**Executive Directors**") and key management personnel of the Company ("**Executive Officers**");
- 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;
- Establishing a framework for effective control, including the safeguarding of shareholders' interests and the company's assets;
- Providing guidance and advice to Management;
- Being responsible for good corporate governance;
- Considering sustainability issues, including environmental and social factors, as part of the Company's strategic formulation;
- Identifying key stakeholder groups of the Company and recognising that their perceptions affect the Company's reputation; and
- 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.

All directors are expected to discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board has also adopted internal guidelines setting forth matters that require Board approval. The Board's decision or specific approval is required on matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals exceeding RMB10 million, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends, acceptance of bank facilities, release of the Group's quarterly and full year results announcements and all interested person transactions.

The Board conducts regularly scheduled meetings. 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. Ad-hoc Board meetings are also convened as and when they are deemed necessary. 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.

In FY2018, the number of Board and Board Committee meetings held and the attendance of each Board member are summarised in the table below:-

	Board	**Audit Committee**	**Remuneration Committee**	**Nominating Committee**
No. of meetings held in FY2018	**4**	**4**	**1**	**1**
Directors	**Number of meetings attended in FY2018**			
Cai Kaoqun	4	4[(1)]	1[(1)]	1
Yang Jinbiao[(2)]	3	N.A.	N.A.	N.A.
Cai Kaobing	4	N.A.	N.A.	N.A.
Ho Chew Thim	4	4	1	1
Lim Yit Keong	4	4	1	1
Li Zhiqiang[(3)]	3	3	1	N.A.
Hau Khee Wee[(4)]	1	1	N.A.	N.A.

Notes:

(1) Attendance by invitation.

(2) Yang Jinbiao resigned as Executive Director and Chief Operating Officer on 1 December 2017.

(3) Li Zhiqiang resigned as Independent Non-Executive Director on 12 September 2017.

(4) Hau Khee Wee joined the Company as a Non-Executive Director on 1 December 2017.

N.A. = Not Applicable

To assist the Board in the discharge of its responsibilities, the Board has established three (3) Board Committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). Upon its establishment, the Board Committees operate within clearly defined terms of reference and operating procedures, which would be reviewed on a regular basis. 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. As at the date of this report, the composition of the Board Committees are as follows:

Composition of the Board Committees			
	AC	**NC**	**RC**
Chairman	Ho Chew Thim	Lim Yit Keong	Lim Yit Keong
Member	Lim Yit Keong	Ho Chew Thim	Ho Chew Thim
Member	Hau Kee Wee	Cai Kaoqun	Hau Khee Wee

The Board ensures that incoming newly appointed Directors will be given an orientation of the Group's business activities, strategic direction, policies and governance practices to facilitate the effective discharge of their duties. Newly appointed Directors will also be provided with a formal letter setting out their duties and obligations. The Company will also provide training for first-time Directors in 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.

The Management will monitor new laws, regulations and commercial developments and will keep the Board updated accordingly. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts. Where necessary, the Company will also arrange for the Directors to attend any training programmes in connection with their duties as Directors.

Briefings and updates provided for the Directors in FY2018 include:

(a) the external auditors ("**EA**") briefed the AC on changes or amendments to the accounting standards during the AC meetings;

(b) the Company Secretary and the Sponsor had briefed the Board on the regulatory updates; and

(c) the Management updated the Directors on the business activities and its strategic directions regularly of the Group.

1.2. Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board has five (5) Directors and comprises the following:

Composition of the Board	
Name of Director	**Designation**
Cai Kaoqun	Executive Chairman and Chief Executive Officer
Cai Kaobing	Executive Director
Ho Chew Thim	Lead Independent Director
Lim Yit Keong	Independent Director
Hau Khee Wee	Non-executive Director

The Company endeavours to maintain a strong and independent element on the Board. Two (2) of the Company's Directors are independent, thereby fulfilling the Code's requirement that at least one-third of the Board should comprise Independent Directors. The Code also requires that Independent Directors should make up at least half the Board where the Chairman is not an Independent Director and is part of the Management. In view that the Company had scaled down the Group's operations, the Board is of the view that the number of independent directors on the Board is sufficient to contribute to effective decision making considering the Group's size of operations.

The Board considers an independent director as one who has no relationship with the Company, its related companies, its 10% shareholders[1] or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs with a view to the best interests of the Company. The Independent Directors have confirmed that they do not have any relationship with the Company, its related companies, its 10% shareholders or its officers that would interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment, with a view to the best interests of the Company. The independence of each Director will be reviewed annually by the NC in accordance with the definition of independence in the Code.

The Board has two (2) Independent Directors who have served on the Board beyond ten (10) years, namely Mr Lim Yit Keong and Mr Ho Chew Thim. The NC has reviewed and determined that Mr Lim and Mr Ho are independent. Notwithstanding that Mr Lim and Mr Ho had served on the Board for more than ten (10) years, the Board has assessed and is of the view that they had engaged the Board in constructive discussion; their contributions are relevant and reasoned; and they had exercised independent judgement during the Board discussions. The Board further recognises that they had over time developed significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution as Independent Directors. Mr Lim and Mr Ho abstained from the NC's and the Board's review of their independence in the NC meeting on 23 May 2018.

Taking into consideration the abovementioned, the NC, with the concurrence of the Board, has concluded that Mr Lim and Mr Ho are independent should continue to serve as Independent Directors, notwithstanding they have served on the Board beyond nine years from the date of their first appointment.

A review will be undertaken by the Board, together with the NC 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 and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. For FY2018, 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 Board's policy in identifying director nominees is primarily to 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.

1 The Code 2012 defines a "10% shareholder" as a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that shares is not less than 10% of the total votes attached to all the voting shares in the company.

Balance and Diversity of the Board		
	Number of Directors	**Proportion of Board**
Core Competencies		
– Accounting or finance	3	60%
– Business management	5	100%
– Legal or corporate governance	3	60%
– Relevant industry knowledge or experience	5	100%
– Strategic planning experience	5	100%
– Customer based experience or knowledge	2	40%

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 their skill set they possess.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the reappointment of incumbent directors.

The Independent Directors effectively check on Management by constructively challenging and helping to develop proposals on strategy. They monitor and review the reporting and performance of Management in meeting agreed goals and objectives. The Non-Executive Directors meet regularly as warranted without the presence of Management and for the FY2018, the Non-Executive Directors have met.

The profiles of the Directors are set out on pages 7 and 8 of this Annual Report.

1.3. Chairman and CEO

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

Mr Cai Kaoqun is the Executive Chairman of the Board and Chief Executive Officer ("**CEO**") of the Company. The Board is of the view, given the scope and nature of the operations of the Group, it is not necessary to separate the functions of Chairman and CEO. However, to ensure that there is no concentration of power and authority vested in one individual, the Company has appointed Mr Ho Chew Thim as the lead Independent Director (the "**Lead Independent Director**").

The Lead Independent Director will be available to the shareholders where they have concerns which cannot be resolved through the normal channels via the Executive Chairman, the CEO and/or the Group Financial Controller, or where such contact is not possible or inappropriate. Led by the Lead Independent Director, the Independent Directors will also meet periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

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 on 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, and promotes a culture of openness and debate at the Board. The Executive Chairman also ensures that the Directors receive complete, adequate and timely information and ensures effective communication with shareholders. In addition, the Executive Chairman takes a leading role in ensuring the Company's compliance with corporate governance guidelines.

1.4. Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The Nominating Committee

The Company has constituted the Nominating Committee to, among other things, make recommendations to the Board on all Board appointments and oversee the Company's succession and leadership development plans.

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 all Board appointments and re-nomination having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient factors);

(b) to ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three (3) years;

(c) to determine annually whether a Director is independent, in accordance with the guidelines contained in the Code;

(d) 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;

(e) to review and approve any new employment of persons related to the Directors and the proposed terms of their employment;

(f) put in place and review Board succession plans for the Directors, and in particular, for the Chairman of the Board and the Chief Executive Officer of the Company;

(g) assessing the effectiveness of the Board as a whole and its Board Committees, and the contribution by each individual Director to the effectiveness of the Board;

(h) 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

(i) to review the training and professional development programs for the Board.

The NC reviews and recommends all new Board appointments and also the re-appointment of Directors to the Board. The NC assesses to ensure 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.

There is a formal and transparent process for the appointment of new Directors to the Board. In the nomination and selection process of a new Director, the NC 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 of an incoming Director based on the requirements of the Board and interview the candidates to assess their suitability, and thereafter recommends to the Board the appointment of the new Director.

In the process for 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 assessment as a director whenever applicable.

At present, the Board does not intend to set a maximum number of listed company board representations a Director may hold as it is of the view that the effectiveness of a Director should be evaluated by a qualitative assessment of his contributions to the Company's affairs taking into account his other commitments including his directorships in other listed companies. 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; and decide on the maximum number of listed company board representations which Directors may hold should such need arises.

The NC has reviewed and is satisfied that Mr Ho Chew Thim and Mr Hau Khee Wee have been able to devote sufficient time and attention to adequately discharge their duties as Directors of the Company, notwithstanding their respective board representations on other listed companies.

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.

All Directors are subject to the provisions of Regulation 107 of the Company's Constitution whereby one-third of the Directors are required to retire and subject themselves to re-election by the shareholders at each Annual General Meeting ("**AGM**"), and each Director is required to subject himself for re-election at least once every three (3) years. In addition, pursuant to Regulation 117, any new Director appointed during the year either to fill a casual vacancy or as an addition to the Board will have to retire at the AGM following his appointment, and is eligible for re-election if he so desires.

The NC has reviewed and recommended to the Board that Mr Cai Kaoqun and Mr Hau Khee Wee be nominated for re-election at the forthcoming AGM of the Company. Mr Cai Kaoqun will, upon re-election as a Director, remain as an Executive Chairman and Chief Executive Officer of the Company. Mr Hau Khee Wee will, upon re-election as a Non-Executive Director, remain as member of the AC and RC. Mr Hau will be considered non-independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"). Each NC member had abstained from deliberation and voting on the assessment of his re-election as a Director.

Key information regarding the Directors, including the date of initial appointment and last re-election of each Director, together with their directorships in other companies, are set out on pages 7 and 8 of this Annual Report and below:

Name of Director	Date of initial appointment	Date of last re-election	Directorships in other listed companies and other major appointments	
			Current	Past 3 Years
Cai Kaoqun	26 December 2007	25 July 2014	Nil	Nil
Cai Kaobing	26 December 2007	24 July 2015	Nil	Nil
Ho Chew Thim	18 June 2008	27 July 2017	• Yongmao Holdings Limited • Mencast Holdings Ltd • Hengyang Petrochemical Logistics Limited • DeClout Limited • Manulife US Real Estate Management Pte Ltd • Procurri Corporation Limited	Nil
Lim Yit Keong	18 June 2008	24 July 2015	Nil	• Edition Limited • Transcorp Holdings Ltd
Hau Khee Wee	1 December 2017	N.A.	Imperium Crown Limited	• China Kunda Technology Holdings Limited[1]

Note:

1. *Mr Hau Khee Wee was the Executive Director of the Company from December 2007 to March 2016.*

There are no alternate directors appointed in the Company.

1.5. Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board.

The NC decides on how the Board's performance is to be evaluated. For FY2018, the following objective performance criteria were proposed: the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, the Board's supervision of the CEO and top management and the Board's standard of conduct. The performance criteria for the evaluation of the Board Committee's include committee composition, conduct of meetings and the specific responsibilities to be discharged by each committee.

A yearly evaluation form for the Board's and Board committees' performance is disseminated to all Directors. The evaluation is led by the Chairman of the NC who will make arrangement for the forms to be presented to the Board for review and discussion. The Board will review the feedback collectively and decide on any action plans.

The Board and the NC endeavors to ensure that Directors appointed to the Board possess the experience, knowledge and expertise critical to the Group's business and relevant to the Board Committees of which they are members. For FY2018, each Director has carried out a self-appraisal based on performance criteria determined by the NC which include overall attendance, adequacy in meeting preparation, generation of creative/constructive ideas, maintenance of independence (applicable for Independent Directors), leadership – visionary quality, review and timely disclosure of related party transactions, keeping abreast of industry developments, help gain access to new businesses (not applicable to Independent Directors) and other contribution in specific areas. The self-appraisal is submitted to the NC for review. In addition, the NC has also carried out the appraisal for the Board Committees based on the performance criteria determined by the NC which includes committee composition, meetings held and committee responsibilities. The NC will take into account the contribution by each individual Director to the effectiveness of the Board as a whole and to its Board Committees having regard to the Director's performance and contribution. All members of the NC have abstained from the review process of any matters in connection with the assessment of his performance.

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 committees and each individual Director have been satisfactory.

1.6 Access to Information

Principle 6: In order to fulfill their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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 reports to the Board with respect to the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company in a timely and accurate manner. Prior to each quarterly Board meeting, the Board members are each provided with the relevant documents and the necessary information to allow the Board to comprehensively understand the issues to be deliberated upon and to make informed decisions thereon, including periodic financial summary reports, budgets, forecasts and other disclosure documents. Directors are also entitled to request from Management additional information required to make informed decisions, which the Management will provide in a timely manner.

In exercising their duties, the Directors have unrestricted, separate and independent access to the Management, Company Secretary and independent auditors. The Company Secretary attends all Board meetings of the Company, ensures a good flow of information within the Board and between the Management and the Independent Directors, attends to corporate secretariat administration matters, and advises the Board on corporate governance matters, ensuring Board procedures are followed and that applicable rules and regulations are complied with. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

2. REMUMERATION MATTERS

2.1. Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

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

(a) to reviews and recommends to the Board a framework of remuneration for the Management, including the CEO, other personnel having the authority and responsibility for planning, directing and controlling the activities of the Group, and the employees related to the Directors and controlling shareholders of the Company, and reviews specific remuneration packages for the Management. The review will cover all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and other benefits-in-kind.

When conducting such reviews, the RC will take into account the performance of the Group and that of individual employees. It will also review and approve the framework for salary reviews, performance bonus and incentives for the Management of the Group. The recommendations of the RC on remuneration of Directors will be submitted for endorsement by the entire Board; and

(b) 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.

Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package. The overriding principle is that no Director should be involved in deciding his own remuneration. The RC has met 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.

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 such independent external consultants have been engaged by the Company for this purpose for FY2018.

2.2. Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key Management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

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 Non-Executive Director does not receive any remuneration from the Company. He is paid fixed Directors' fees, which are determined by the Board based on contribution, effort, time spent, and responsibilities of a Non-Executive Director of the Company. The Directors' fees are subject to approval by shareholders of the Company at each AGM.

The Executive Directors, namely Mr Cai Kaoqun and Mr Cai Kaobing are remunerated based on their service agreements with the Company. The remuneration comprises a fixed salary, a one month fixed bonus and performance bonuses linked to corporate and individual performances where appropriate, and is designed to align the interests of the Executive Directors with those of shareholders. The Executive Directors do not receive Directors' Fees.

The Group has also entered into letters of employment with all the Executive Officers. Such letters typically provide for the salaries payable to the Executive Officers, their working hours, medical benefits, grounds of termination and certain restrictive covenants.

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	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors 7. Securing new business 8. Identifying business expansion opportunities	1. Group's major project or development 2. Current market and industry practices
Quantitative	1. Profit before tax[1]	

Note:

(1) Please refer to page 137 and page 138 of the Company's prospectus dated 30 September 2008 for more detailed information.

The recommendations of the RC will be submitted to the Board for endorsement. 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 FY2018, no professional experts were engaged.

2.3. Disclosure on Remuneration

Principle 9: Every Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the Company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

The breakdown of remuneration of the Directors of the Company for FY2018 is as follows:

Directors/ Chief Executive Officer	Fees %	Salaries %	Bonus %	Total %
Below S$250,000 per annum				
Cai Kaoqun[1]	–	92	8	100
Cai Kaobing[1]	–	92	8	100
Yang Jinbiao[2]	–	–	–	–
Ho Chew Thim	100	–	–	100
Lim Yit Keong	100	–	–	100
Hau Khee Wee	100	–	–	100
Li Zhiqiang[3]	100	–	–	100

Note:

(1) Remuneration package of Executive Directors include fixed bonus of one (1)-month payable as long as the Executive Director is under the employment of the Company on the last day of March.

(2) Mr Yang Jinbiao resigned as Executive Director and Chief Operating Officer on 1 December 2017 and he had voluntarily ceased collecting his salary from April 2017 to the date of resignation.

(3) Mr Li Zhiqiang resigned as Independent Non-Executive Director on 12 September 2017.

The aggregate total remuneration of Directors, including the proposed director fees for FY2018 is approximately S$490,592.

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 had three Executive Officers (who are not Directors or the CEO) for FY2018, details of remuneration paid to these Executive Officers of the Group for FY2018 is as follows:

Executive Officers	**Salaries %**	**Bonus %**	**Total %**
Below S$250,000			
Cai Sinan	81	19	100
Huang Yao[1]	100	–	100
Lim Kheng Onn	93	7	100

Note:

(1) Mr Huang Yao was appointed as an Executive Officer on 15 May 2018.

The aggregate total remuneration of the above Executive Officers for FY2018 was approximately S$261,051.

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).

There were no employees who were immediate family members of a Director and/or the CEO whose remuneration exceeded S$50,000 during FY2018.

<u>China Kunda Employee Stock Option Scheme</u>

The Company had pursuant to an extraordinary general meeting of the Company held on 28 July 2011 established an employee share option scheme, known as the "China Kunda Employee Stock Option Scheme" (the "**Scheme**"). The RC administers the Scheme in accordance with the rules of the Scheme.

Under the rules of the Scheme, Executive Directors and Non-Executive Directors (including Independent Directors), confirmed full time employees and controlling shareholders or their associates of the Group are eligible to participate in the Scheme.

The total number of new shares over which options may be granted pursuant to the Scheme, when added to the number of shares issued and issuable under such other share-based incentive plans (where applicable) of the Company, shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of grant of the options.

The number of options to be offered to a participant shall be determined at the discretion of the RC which shall take into account criteria such as rank, responsibilities within the Group, past performance, years of service and potential for future development of that participant. However, in relation to controlling shareholders or associates of controlling shareholders, the aggregate number of shares which may be granted shall not exceed 25% of the total number of shares available under the Scheme and the aggregate number of shares which may be granted to any individual controlling shareholders or associate of a controlling shareholder shall not exceed 10% of the total number of shares available under the Scheme.

The options that are granted under the Scheme may have exercise prices that are, at the RC's discretion, set at a price (the "**Market Price**") equal to the average of the last dealt prices for the shares on the Catalist over the three consecutive market days immediately preceding the relevant date of grant of the relevant option; or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price may only be exercised after the second anniversary from the date of grant of the option.

The Scheme shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years, commencing on the date the Scheme is adopted and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Since the establishment of the Scheme to the end of FY2018, no options have been granted under the Scheme.

3. ACCOUNTABILITY AND AUDIT

3.1. Accountability

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board believes that it should conduct itself in ways that deliver maximum sustainable value to its shareholders. Timely releases of the Group's financial results and all significant information to shareholders as well as the prompt fulfillment of statutory requirements are ways to maintain shareholder's confidence and trust in the Board's capability and integrity.

Currently, the Company is required to release quarterly and full year results announcements pursuant to the Catalist Rules. In this respect, the Board, with the assistance of the Management, strives to provide a balanced and understandable assessment of the Group's performance, position and prospects. The Board also undertakes such effort with respect to other price sensitive reports and reports to regulators, where required. Price sensitive information will be publicly released either before the Company meets with any group of investors and analysts or simultaneously with such meetings.

The Management is responsible to the Board and the Board is accountable to the shareholders of the Company. Annual general meetings are held every year to obtain shareholders' approval for routine businesses.

The Board has also established written policies of the Company to ensure compliance of the Company with legislative and regulatory requirements, including requirements under the Catalist Rules. In addition to the statutory responsibilities, the Board also ensures that the principal risks of the Company's business are identified and appropriately managed.

3.2. Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's asset, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the overall internal control framework and is fully aware of 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. The Board also oversees the management in the design, implementation and monitoring of the risk management and internal control systems. The Board will review on an annual basis the adequacy and effectiveness of the Group's internal controls system, including financial, operational, compliance and information technology controls. The risk and corresponding controls are further elaborated as follows:-

(a) Operational risks

Management regularly reviews and improves the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Internal Auditors (as herein defined) will complement the role of the risk management by providing an independent perspective on the controls that help to mitigate any operational risks. All significant matters identified by the Management and the Internal Auditors will be highlighted to the Board and the AC.

(b) Compliance and legal risks

The Group recognises the risks associated with changes in laws and regulations in Singapore and the People's Republic of China and has reviewed its business plans in light of legal and regulatory changes in the year. The Group will continue to monitor legal and regulatory changes to keep abreast with developments that may have an impact on its business and operations.

(c) Financial risks

Management regularly identifies and reviews the financial risks applicable to the Group. The Group's financial risk management is discussed under financial risk management objectives and policies of the Notes to the Financial Statements, on pages 81 to 84 of the Annual Report.

(d) Information technology risks

The Group recognises the risk especially in the domain of disaster recovery of information technology systems. Information technology security risk assessments are carried out on a regular basis and mitigation actions are documented in a risk treatment plan.

With the assistance of the Internal Auditors and through the AC, the Board reviews the adequacy and effectiveness of the Company's risk management policies and systems, and key internal controls on an annual basis and as and when circumstances warrant, provides its perspective on management control and ensures that the necessary corrective actions are taken on a timely basis. There are formal procedures in place for both the internal and external auditors to report conclusions and recommendations to Management and to the AC independently.

The AC and the Board are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective for FY2018. The bases for the opinion are as follows:

a) assurance has been received from the CEO and Group Financial Controller of the Group;

b) an in-house review on internal controls has been done by the Group Financial Controller and no significant matters were highlighted to the AC; and

c) the Executive Officers regularly evaluate, monitor and report to the AC on material risks.

The Board has also received assurances from the CEO and Group Financial Controller of the Group that in respect of the past 12 months:

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 effective as they have evaluated the effectiveness of the Group's internal controls and have discussed with the Company's auditors of their reporting points and note that there have been no known material deficiencies in the design or operations of internal controls which could adversely affect the Company's and Group's ability to record, process, summarise or report financial data.

The Board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the Company's risk management framework and policies. However, as the Company currently does not have a separate board risk committee, the risk management process is managed by the AC.

3.3. Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

All members of the AC are non-executive Directors and a majority of the AC, including the Chairman of the AC, are independent.

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 twelve months and none of the AC members hold any financial interest in the external audit firm. 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.

It functions under a set of written terms of reference which sets out its responsibilities set out below. The AC also has explicit authority to investigate any matter within its terms of reference. The terms of reference are set of below, amongst others: -

(a) review the scope and results of the audit and its cost effectiveness;

(b) review the independence and objectivity of the external auditors annually;

(c) review the significant financial reporting issues and judgements 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 quarterly and full year financial results before submission to the Board for approval;

(e) review the adequacy of the Group's internal controls, as set out in the Code 2012;

(f) review the effectiveness of the Group's internal audit function;

(g) 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 Management;

(h) 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;

(i) review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

(j) review the external and internal auditors' reports;

(k) review the co-operation given by the Group's officers to the external auditors;

(l) review and approve interested persons transactions, if any, falling within the scope of Chapter 9 of the Catalist Rules;

(m) review the adequacy of the business risk management process;

(n) review potential conflicts of interest, if any, and ensuring procedures for resolving such conflicts are strictly adhered to;

(o) 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;

(p) 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

(q) 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.

The Internal Auditor's primary line of reporting is the Chairman of the AC on audit matters and administratively to the Management.

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 is interested.

The AC has full access to the Management and also full discretion to invite any Director or Management to attend its meetings, and has been given reasonable resources to enable it to discharge its function properly.

The AC has met with the external auditors, without the presence of Management once in FY2018.

The AC has recommended to the Board the nomination of Messrs Ernst & Young LLP for their re-appointment as external auditors of the Company at the forthcoming AGM. The AC is satisfied that Messrs Ernst & Young LLP and their audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations. In this connection, the Company confirms that it complies with Rules 712 and 715 of the Catalist Rules, and has recommended to the Board, the proposed re-appointment of Messrs Ernst & Young LLP as the external auditors of the Company.

The total fees paid to Messrs Ernst & Young LLP for FY2018 was S$131,000, including the audit fee of S$126,000 and the non-audit services fee of S$5,000, which is 4.0% of the audit fee. 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.

The Group has established a whistle-blowing policy, endorsed by the AC, that 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.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements by the External Auditors through the AC meetings held in FY2018.

3.4. Significant matter impacting the financial statements

Significant matter for FY2018	**How the Committee reviewed this matter and what decision was taken**
Discontinued operation and recoverability of receivables	The AC reviewed the information of discontinued operation and major customers and inquired management for any unusual transactions. The discontinued operation and recoverability of receivables 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 FY2018. The AC reviewed the external auditors' comments on the discontinued operation and recoverability of receivables. (See audit opinion on pages 35 to 36). The Audit Committee was satisfied that sufficient analysis and assessments had been performed in this area.

3.5. Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

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. The AC has the responsibility to review annually the adequacy and effectiveness of the internal audit function, review the internal audit program and ensure co-ordination between Internal Auditors, external auditor and Management, and ensure that the Internal Auditors meets or exceeds the standards set by nationally or internationally recognised professional bodies, in particular, the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. 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 internal audit function of the Group has been outsourced to BDO LLP ("**Internal Auditors**") since FY2010. In respect of the audit, 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 recognized professional standards, and the coverage of the internal audits are rotated to cover potential risk areas.

In view that the Company had scaled down the Group's operations, an in-house review on internal controls has been done by the Group Financial Controller in FY2018. The AC is satisfied that the in-house review is sufficient and has the appropriate standing within the Group considering the Group's size of operations.

4. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

4.1. Shareholder Rights and Communication with Shareholders

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

All shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Chapter 50 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 mandatory period;

(b) material information are disclosed in a comprehensive, accurate and timely manner via SGXNET and the media channels (where applicable) thereafter; and

(c) the Company's general meetings.

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. The quarterly and full-year financial results for are released to shareholders within 45 and 60 days of the end of each quarter and full year, respectively.

The Board establishes and maintains regular dialogue with its shareholders, to gather views or inputs and to address shareholders' concerns. The general meeting of the Company is a principal forum for dialogue and interaction with all shareholders. 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 at such meeting to put forth any questions they may have on the motions to be debated and decided upon.

Shareholders to attend and vote at general meetings of the Company or to appoint not more than two proxies, other than a relevant intermediary (as defined in section 181(6) of the Companies Act) to attend and vote on their behalf. A relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the general meetings.

The Company does not have a fixed policy on payment of dividends; instead the issue of the payment of dividend is deliberated seriously and at length by the Board annually having regard to various factors. Where dividends are not paid, the Company discloses the reasons. The Company did not pay any dividends in respect of FY2018 in view of the challenging operating environment expected and it is of the opinion it can better use the cash to invest in new business opportunities, which includes the proposed business diversification which the Company is seeking approval of shareholders during the extraordinary general meeting.

4.2. Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

At the AGM, the shareholders of the Company will be given the opportunity to voice their views and direct to the Directors or the Management questions regarding the Company. At the Company's general meetings, each distinct issue is proposed as a separate resolution, and all resolutions will be voted on by poll.

The Chairman of the Board and the Chairmen of each Board Committees are required to be present to address questions at the AGM. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.

After the AGM, the Company will make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentage. The Company Secretary prepares minutes of the AGM, which incorporate substantial comments or queries from shareholders and responses from the Board and the Management. Such minutes are available to shareholders upon their request.

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 arises.

ADDITIONAL INFORMATION

5. DEALING IN SECURITIES

The Company has adopted a policy on dealings in securities in accordance with Rule 1204(19) of the Catalist Rules. The Directors and officers are prohibited to deal in the Company's securities, during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three (3) quarters of its financial year, and one (1) month before the announcement of the Company's full year financial results, and ending on the date of the announcement of the relevant results.

In addition, the Company, its Directors and officers of the Company are reminded (i) not to deal with the Company's securities for a short term considerations or if they are in possession of unpublished material price-sensitive information; and (ii) that they are required to report on their dealings in shares of the Company.

Directors and officers are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

6. MATERIAL CONTRACTS

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 FY2018 or if not then subsisting, entered into since the end of the previous financial year.

7. 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. 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 is no other IPTs conducted during the financial year, which exceeds S$100,000 in value.

Name of Interested Person	**Aggregate value of all IPTs conducted during FY2018 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all IPTs conducted during FY2018 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**
	HK$'000	HK$'000
<u>Shenzhen Kunda Precision Mould Co., Ltd</u> Rental of factory premise at Bao Long Yi Road	966	–
Total	966	–

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

8. NON-SPONSOR FEES (RULE 1204(21))

There were no non-sponsor fees paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2018.

9. RISK MANAGEMENT

The Board had not delegated the oversight responsibility of risk management to a separate committee. The Board, AC and Management assume the responsibility of the risk management function. Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

10. SUSTAINABILITY REPORT

The Group recognises that embracing sustainable practices is a business priority that is important for the development and success of our business. We will issue our first sustainability report this year and it will be uploaded to the SGX website by end of March 2019.

FINANCIAL **CONTENTS**

DIRECTORS' STATEMENT

The directors are pleased to 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 2018.

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 2018 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.

2. Directors

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

Cai Kaoqun
Cai Kaobing
Ho Chew Thim
Lim Yit Keong
Hau Khee Wee (Appointed on 1 December 2017)

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, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	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
Ordinary shares of the Company				
Cai Kaoqun	–	–	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.

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, Chapter 50, 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 2018.

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 2018, 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, Chapter 50, 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.

6. Audit committee (continued)

The AC convened four 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 Report on Corporate Governance.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Cai Kaoqun
Director

Cai Kaobing
Director

20 June 2018

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 2018, 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 a summary of significant accounting policies.

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 Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the Company as at 31 March 2018 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 judgment, 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.

Closure of the production facility in Beijing

The Group has closed the automobile components production facility of its subsidiary, Beijing Baiju Automobile Component Company Limited ("BBJ") in Beijing, People's Republic of China during the year. As a result of the closure of the production facility, the Group disposed its plant and equipment, retrenched staff and early terminated the lease of the production facilities, upon the fulfilment of outstanding orders to customers. The Group also sold all remaining moulds and automobile components to suppliers of its major customer. As at 31 March 2018, the balance of BBJ's trade and bills receivables (net of allowances) amounted to HKD 3.3 million and HKD 11.2 million respectively.

Closure of the production facility in Beijing (continued)

The closure of the production facility in Beijing is a major event during the financial year and the profit from discontinued operation represents a significant portion of the Group consolidated income statement. In addition, BBJ's trade and bills receivables balances represent 12% of the total current assets in the Group consolidated balance sheet. The assessment of collectability of trade and bills receivables requires significant management judgement in assessing the trade debtors' ability to pay. As such, we have determined the closure of the production facility in Beijing and collectability of trade and bills receivables to be a key audit matter.

As part of our audit procedures, we reviewed the Group's accounting policies in relation to discontinued operation and reviewed the agreements to obtain an understanding of the transactions and key terms. We also checked the reasonableness of the expenses incurred and liabilities recorded by the Group in relation to the closure of BBJ's' production facility and also checked that employee retrenchment cost were accounted in compliance with local labour laws. We have also performed a search for any other unrecorded liabilities in relation to the closure of the facility. In addition, we reviewed the adequacy of the Group's presentation and disclosure of the discontinued operation and whether the disposal group is measured in accordance with the requirements of FRS 105 Non-current Assets Held for Sale and Discontinued Operations in the financial statements.

We assessed the Group's processes and key controls relating to the monitoring of trade receivables and considered ageing to identify collection risks. In addition, our audit procedures included, amongst others, on a sample basis, requesting trade receivables confirmations and reviewing for collectability by way of obtaining evidence of receipts from customers received subsequent to the year end. We also evaluated management's assumptions used to determine impairment amount, notably through analyses of ageing of receivables, assessment of material overdue individual trade receivables and where applicable, review of customers' payment history and correspondences between the Group and the customers. We also assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as credit risk and liquidity risk in notes 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.

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 FRSs, 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.

Responsibilities of management and directors for the financial statements (continued)

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

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.

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 Tan Po Hsiong Jonathan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

20 June 2018

CONSOLIDATED
INCOME STATEMENT

For the financial year ended 31 March 2018

(Amounts expressed in Hong Kong Dollars)

	Note	2018	2017 (Restated)
		HK$'000	HK$'000
Continuing operations			
Revenue	4	48,829	38,415
Cost of sales		(33,029)	(28,507)
Gross profit		15,800	9,908
Other items of income			
Interest income	5	373	321
Other income	6	475	1,757
Other items of expense			
Selling and distribution expenses		(2,244)	(1,713)
General and administrative expenses		(13,111)	(11,612)
Other (expenses)/credit	7	(2,612)	555
Loss before tax from continuing operations	8	(1,319)	(784)
Income tax expense	9	(149)	–
Loss from continuing operations, net of tax		(1,468)	(784)
Discontinued operation			
Profit from discontinued operation, net of tax	10	20,178	7,420
Profit for the year		18,710	6,636
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		(1,468)	(784)
Profit from discontinued operation, net of tax		11,579	4,587
Profit for the year attributable to owners of the Company		10,111	3,803
Non-controlling interests			
Profit from discontinued operation, net of tax		8,599	2,833
Profit for the year attributable to non-controlling interests		8,599	2,833
Loss per share from continuing operations attributable to owners of the Company (HK cents per share)			
Basic and diluted	11 (a)	(0.4)	(0.2)
Earnings per share (HK cents per share)			
Basic and diluted	11 (b)	2.5	0.9

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 2018

(Amounts expressed in Hong Kong Dollars)

	Note	2018	2017 (Restated)
		HK$'000	HK$'000
Profit for the year		18,710	6,636
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation, net of tax	24(c)	4,637	(1,598)
Items that may not be reclassified subsequently to profit or loss			
Foreign currency translation, net of tax	24(c)	6,977	(4,711)
Total comprehensive income for the year		30,324	327
Attributable to:			
Owners of the Company		18,562	(810)
Non-controlling interests		11,762	1,137
Total compreahensive income for the year		30,324	327
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax		3,284	(3,573)
Total comprehensive income from discontinued operation, net of tax		15,278	2,763
Total comprehensive income for the year		18,562	(810)

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

(Amounts expressed in Hong Kong Dollars)

	Note	Group 2018 HK$'000	Group 2017 HK$'000	Company 2018 HK$'000	Company 2017 HK$'000
ASSETS					
Non-current assets					
Investment in subsidiaries	12	–	–	48,739	44,071
Property, plant and equipment	13	3,336	14,673	–	–
Prepayments	17	–	890	–	–
		3,336	15,563	48,739	44,071
Current assets					
Inventories	15	3,127	23,035	–	–
Trade and other receivables	16	54,082	41,308	–	–
Prepayments	17	72	3,479	72	65
Amounts due from related parties	18	–	–	23,142	25,370
Cash and cash equivalents	19	64,041	43,092	308	1,309
		121,322	110,914	23,522	26,744
Total assets		124,658	126,477	72,261	70,815
LIABILITIES					
Current liabilities					
Trade and other payables	20	8,577	39,303	–	–
Other liabilities	21	9,371	12,280	1,980	1,879
Amounts due to related parties	18	208	323	–	–
Deferred government grants	22	200	181	–	–
Income tax payable		1,914	326	–	–
		20,270	52,413	1,980	1,879
Net current assets		101,052	58,501	21,542	24,865
Total liabilities		20,270	52,413	1,980	1,879
Net assets		104,388	74,064	70,281	68,936
EQUITY					
Equity attributable to owners of the Company					
Share capital	23	148,309	148,309	148,309	148,309
Accumulated losses		(29,442)	(38,417)	(94,002)	(88,370)
Restructuring reserve	24	(74,397)	(74,397)	–	–
Statutory reserve fund	24	1,559	423	–	–
Foreign currency translation reserve	24	23,635	15,184	15,974	8,997
		69,664	51,102	70,281	68,936
Non-controlling interests		34,724	22,962	–	–
Total equity		104,388	74,064	70,281	68,936
Total equity and liabilities		124,658	126,477	72,261	70,815

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 2018

(Amounts expressed in Hong Kong Dollars)

		Attributable to owners of the Company						
	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 23)	Accumulated losses	Restructuring reserve (Note 24 (a))	Statutory reserve fund (Note 24(b))	Foreign currency translation reserve (Note 24(c))	Non-controlling interests
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group								
2018								
Opening balance at 1 April 2017	74,064	51,102	148,309	(38,417)	(74,397)	423	15,184	22,962
Profit for the year	18,710	10,111	–	10,111	–	–	–	8,599
Other comprehensive income								
Foreign currency translation	11,614	8,451	–	–	–	–	8,451	3,163
Other comprehensive income for the year, net of tax	11,614	8,451	–	–	–	–	8,451	3,163
Total comprehensive income for the year	30,324	18,562	–	10,111	–	–	8,451	11,762
Others								
Transfer to statutory reserve fund	–	–	–	(1,136)	–	1,136	–	–
Total others	–	–	–	(1,136)	–	1,136	–	–
Closing balance at 31 March 2018	104,388	69,664	148,309	(29,442)	(74,397)	1,559	23,635	34,724
Group								
2017								
Opening balance at 1 April 2016	76,217	51,912	148,309	(41,842)	(74,397)	45	19,797	24,305
Profit for the year	6,636	3,803	–	3,803	–	–	–	2,833
Other comprehensive income								
Foreign currency translation	(6,309)	(4,613)	–	–	–	–	(4,613)	(1,696)
Other comprehensive income for the year, net of tax	(6,309)	(4,613)	–	–	–	–	(4,613)	(1,696)
Total comprehensive income for the year	327	(810)	–	3,803	–	–	(4,613)	1,137
Others								
Dividends paid to non-controlling interests	(2,480)	–	–	–	–	–	–	(2,480)
Transfer to statutory reserve fund	–	–	–	(378)	–	378	–	–
Total others	(2,480)	–	–	(378)	–	378	–	(2,480)
Closing balance at 31 March 2017	74,064	51,102	148,309	(38,417)	(74,397)	423	15,184	22,962

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

(Amounts expressed in Hong Kong Dollars)

	Equity, total	Share capital (Note 23)	Accumulated losses	Foreign currency translation reserve (Note 24(c))
	HK$'000	HK$'000	HK$'000	HK$'000
Company				
2018				
Opening balance at 1 April 2017	68,936	148,309	(88,370)	8,997
Loss for the year	(5,632)	–	(5,632)	–
Other comprehensive income				
Foreign currency translation	6,977	–	–	6,977
Other comprehensive income for the year, net of tax	6,977	–	–	6,977
Total comprehensive income for the year	1,345	–	(5,632)	6,977
Closing balance at 31 March 2018	70,281	148,309	(94,002)	15,974
Company				
2017				
Opening balance at 1 April 2016	77,551	148,309	(84,466)	13,708
Loss for the year	(3,904)	–	(3,904)	–
Other comprehensive income				
Foreign currency translation	(4,711)	–	–	(4,711)
Other comprehensive income for the year, net of tax	(4,711)	–	–	(4,711)
Total comprehensive income for the year	(8,615)	–	(3,904)	(4,711)
Closing balance at 31 March 2017	68,936	148,309	(88,370)	8,997

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 2018

(Amounts expressed in Hong Kong Dollars)

	Note	Group 2018 HK$'000	Group 2017 HK$'000
Operating activities			
Loss before tax from continuing operations		(1,319)	(784)
Profit before tax from discontinued operation	10	23,757	7,762
Profit before tax, total		22,438	6,978
Adjustments for:			
Depreciation of property, plant and equipment	13	2,676	2,466
Reversal of impairment loss on inventories	7,10	(793)	(232)
Impairment loss on doubtful trade and other receivables	7,10	163	–
Gain on disposal of property, plant and equipment	6,10	(2,693)	(28)
Fixed assets written off	10	5,959	–
Interest income	5,10	(559)	(499)
Unrealised exchange loss/(gain)		2,709	(1,617)
Total adjustments		7,462	90
Operating cash flows before changes in working capital		29,900	7,068
Changes in working capital			
Decrease in:			
Trade and other receivables		17,259	3,381
Inventories		21,922	2,337
Prepayments		3,570	10,398
(Decrease)/increase in:			
Trade and other payables		(32,937)	(6,803)
Other liabilities		(3,980)	1,890
Amount due to related parties, net		(89)	(96)
Total changes in working capital		5,745	11,107
Cash flows from operations		35,645	18,175
Interest received		559	499
Income taxes paid		(2,248)	(852)
Net cash flows generated from operating activities		33,956	17,822
Investing activities			
Purchase of property, plant and equipment	A	(1,869)	(4,667)
Proceeds from disposal of property, plant and equipment		8,965	28
Advances to non-controlling interests		(25,362)	–
Net cash flows used in investing activities		(18,266)	(4,639)
Financing activities			
Dividends paid to non-controlling interests		–	(2,480)
Net cash flows used in financing activities		–	(2,480)
Net increase in cash and cash equivalents		15,690	10,703
Effect of exchange rate changes on cash and cash equivalents		5,259	(2,224)
Cash and cash equivalents at 1 April		43,092	34,613
Cash and cash equivalents at 31 March	19	64,041	43,092

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

Notes to the consolidated cash flow statement

A. Purchase of property, plant and equipment

		Group	
		2018	**2017**
		HK$'000	HK$'000
Aggregate cost of property, plant and equipment acquired (Note 13)		2,751	3,737
Add: Payment for prior years acquisitions		49	213
Add: Movement of prepayments		(931)	740
Less: Outstanding payments	20	–	(49)
Cash payments made to acquire property, plant and equipment		1,869	4,641

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

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 12 to the financial statements.

2. Summary of significant accounting policies

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 (FRS).

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.

Convergence with International Financial Reporting Standards

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 April 2018

The Group has performed an assessment of the impact of adopting the new financial reporting framework. Other than the adoption of the new standards that are effective on 1 April 2018, the Group expects that the adoption of the new framework will have no material impact on the financial statements in the year of initial application. The Group expects that the impact of adopting the new standards that are effective on 1 April 2018 will be similar to that as disclosed in Note 2.3.

2.2 *Changes in accounting policies*

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 January 2017, including the Amendments to FRS 7 Disclosure Initiative. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (continued)

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
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

<u>FRS 109 *Financial Instruments*</u>

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings. The Group does not expect FRS 109 to have a significant impact based on existing accounting policies and practices.

<u>FRS 115 *Revenue from Contracts with Customers*</u>

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115 on 1 April 2018.

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach.

The Group is in a business of providing sale of moulds and plastic injection products. The Group expects the following impact upon adoption of FRS 115:

2. Summary of significant accounting policies (continued)

2.3 *Standards issued but not yet effective (continued)*

FRS 115 *Revenue from Contracts with Customers (continued)*

For customers that require both moulds and plastic injection products to be manufactured, the Group has concluded that there is only one performance obligation being the manufacture of the plastic injection products as the ultimate business interest of the customers.

To account for the variable component of the transaction price, the Group has allocated the transaction price as follows:

1) Estimate the future production of plastic injection products in relation to the moulds;

2) Amortise the mould revenue according to the estimated sales volume of plastic injection products;

3) Recognise the amortised mould revenue and revenue derived from the plastic injection product sales according to the Group's revenue recognition policy; and

4) Re-visit the estimated production volume on a time basis and adjust the mould revenue prospectively.

Based on the Group's preliminary assessment, the net increase to the Group's retained losses is less than 5% of the Group's net assets as at 31 March 2018. This amount will be taken up in the Group's accounts in the period beginning 1 April 2018 to 31 March 2019 ("FY2019").

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

2. Summary of significant accounting policies (continued)

2.4 *Basis of consolidation and business combinations*

(a) *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 FRS. Profits reflected in the financial statements prepared in accordance with FRS 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

2. Summary of significant accounting policies (continued)

2.4 *Basis of consolidation and business combinations (continued)*

(b) *Business combinations and goodwill (continued)*

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *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.

2. Summary of significant accounting policies (continued)

2.6 *Foreign currency (continued)*

(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.

2.7 *Property, plant and equipment*

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

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	–	1 to 5

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

The carrying values of property, 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 *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.

2. Summary of significant accounting policies (continued)

2.8 *Intangible assets (continued)*

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(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 which is acquired separately is amortised on a straight-line basis over its finite useful life, ranging from 3 to 5 years.

2.9 *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 of continuing operations 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, unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (continued)

2.10 *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 separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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.

2. Summary of significant accounting policies (continued)

2.11 *Financial instruments (continued)*

(b) *Financial liabilities*

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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.12 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.13 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand.

2.14 *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.

2.15 *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.

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.

2.16 *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. Summary of significant accounting policies (continued)

2.17 *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 Singapore Company in the Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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.

2.18 *Leases*

a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases, initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.19 *Discontinued operations*

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of separate major line of business or geographical area of operations.

2. Summary of significant accounting policies (continued)

2.20 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Interest income*

Interest income is recognised using the effective interest method.

2.21 *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.

2. Summary of significant accounting policies (continued)

2.21 *Taxes (continued)*

(b) *Deferred tax (continued)*

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.

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.

2.22 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (continued)

2.23 *Contingencies*

A contingent liability is:

(a) 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

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) 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 judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, 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.

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) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 16 to the financial statements.

4. Revenue

	Group	
	2018	**2017**
	HK$'000	HK$'000
Sale of goods	48,829	38,415

5. Interest income

	Group	
	2018	**2017**
	HK$'000	HK$'000
Interest income from bank balances	373	321

6. Other income

	Group	
	2018	**2017**
	HK$'000	HK$'000
Gain on disposal of property, plant and equipment	116	7
Sale of raw materials/scrap materials	36	53
Government grants related to income	323	8
Net foreign exchange gain	–	1,618
Rental income	–	71
	475	1,757

7. Other (expenses)/credit

	Group	
	2018	**2017**
	HK$'000	HK$'000
Net foreign exchange loss	(2,709)	–
Impairment loss on doubtful trade and other receivables	(17)	–
Collection of previously impaired trade receivables	–	39
Reversal of impairment loss on inventories	114	567
Others	–	(51)
	(2,612)	555

8. Loss before tax from continuing operations

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

	Note	Group	
		2018	2017
		HK$'000	HK$'000
Audit fees:			
- Auditors of the Company		375	485
- Other auditors		354	576
Non-audit fees paid to auditors of the Company		29	31
Depreciation of property, plant and equipment		1,006	476
Employee benefits expense	26	16,166	13,077
Operating lease expense	28(b)	966	855
Research expenses		1,498	800
Inventories recognised as an expense in cost of sales	15	33,029	28,507

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2018 and 2017 are:

	Group	
	2018	2017
	HK$'000	HK$'000
Consolidated income statement:		
Current income taxation:		
- Current income taxation	(36)	(855)
- (Under)/over provision in respect of previous years	(113)	513
Income tax attributable to continuing operations	(149)	–
Income tax attributable to discontinued operation (Note 10)	(3,579)	(342)
Income tax expense recognised in profit and loss	(3,728)	(342)

9. Income tax expense (continued)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 31 March 2018 and 2017 is as follows:

	Group	
	2018	**2017**
	HK$'000	HK$'000
(Loss)/profit before tax from continuing operations	(1,319)	(784)
Profit before tax from discontinued operation (Note 10)	23,757	7,762
Accounting profit/(loss) before tax	22,438	6,978
Tax at the domestic rates applicable to profits in the countries where the Group operates	(5,568)	(1,472)
Adjustments:		
Non-deductible expenses	(1,686)	(1,071)
Income not subject to taxation	2,511	679
Deferred tax assets not recognised	(96)	(135)
(Under)/over provision in respect of previous years	(131)	513
Benefits from previously unrecognised tax losses	1,242	1,132
Others	–	12
Income tax expense recognised in profit or loss	(3,728)	(342)

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

(i) China Kunda Technology Holdings Limited (the "Company")

The Company is incorporated in Singapore and the corporate income tax rate applicable to the Company for the financial years ended 31 March 2018 and 31 March 2017 is 17%. No provision for income tax has been made as the Company has no assessable profits for the financial years ended 31 March 2018 and 31 March 2017.

(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 financial year ended 31 March 2018, KPE qualified for the Technologically Advanced Domestic Enterprise status and obtained the approval from the relevant tax authorities. Accordingly, KPE is subjected to a reduced tax rate of 15% from 1 January 2017 to 31 December 2019.

9. Income tax expense (continued)

(iii) Beijing Baiju Automobile Component Co., Ltd. ("BBJ")

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%. Accordingly, BBJ is subjected to an applicable tax rate of 25% for the financial year ended 31 March 2018.

(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 the company has 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 year ended 31 March 2018.

(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 2018 and 31 March 2017.

Unrecognised tax losses

As at the end of the reporting period, the Group has deductible tax losses of HK$ Nil (2017: HK$2,895,000), that are available for offset against future taxable profits of the companies in which the losses arose.

10. Discontinued operations

On 14 August 2017, the Group had commenced to undertake the closure of the automobile component production facility in Beijing. In November 2017, the Group had ceased its production of automobile components in Beijing after the fulfilment of outstanding orders to the automobile component customers.

As at 31 March 2018, the results of Beijing Baiju Automobile Component Company Limited have been presented separately on profit or loss as "Profit from discontinued operation, net of tax".

10. Discontinued operations (continued)

Income statement disclosures

The results of discontinued operations for the financial years ended 31 March are as follows:

	Group	
	2018	**2017**
	HK$'000	HK$'000
Revenue	97,944	146,314
Expenses	(71,524)	(138,416)
Profit from operations	26,420	7,898
Interest income	186	178
Gain on disposal of property, plant and equipment	2,577	21
Fixed assets written off	(5,959)	–
Impairment loss on trade and other receivables	(146)	–
Reversal of/(impairment loss) on inventories	679	(335)
Profit before tax from discontinued operation	23,757	7,762
Income tax expense	(3,579)	(342)
Profit from discontinued operation, net of tax	20,178	7,420

Cash flow statement disclosures

The cash flows attributable to discontinued operations are as follows:

	Group	
	2018	**2017**
	HK$'000	HK$'000
Operating	35,448	18,075
Investing	(16,979)	(2,216)
Financing	–	(2,480)
Net cash inflows	18,469	13,379

Earnings per share disclosures

	Group	
	2018	**2017**
Earnings per share from discontinued operation attributable to owners of the Company (HK cents per share)		
Basic and diluted	2.8	1.1

10. Discontinued operations (continued)

The basic and diluted earnings per share from discontinued operation are calculated by dividing the profit from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic loss per share and diluted earnings per share computation. These profit and share data are presented in the tables in Note 11(a).

Restatement of comparatives

To conform to current year's presentation, the Group has reclassified the results of Beijing Baiju Automobile Component Company Limited previously disclosed under the following caption in profit or loss to "Profit from discontinued operations, net of tax":

- Revenue amounting to HK$146,314,000.
- Cost of sales amounting to HK$118,769,000.
- Interest income amounting to HK$178,000.
- Other income amounting to HK$1,913,000.
- Selling and distribution expenses amounting to HK$7,454,000.
- General and administrative expenses amounting to HK$14,085,000.
- Other expenses amounting to HK$335,000.
- Income tax expenses amounting to HK$342,000.

As a result of the reclassification, the following accounts have been restated:

	Group	
	2017	2017
	HK$'000	HK$'000
	(as restated)	(as previously stated)
Revenue	38,415	184,729
Cost of sales	(28,507)	(147,276)
Interest income	321	499
Other income	1,757	3,670
Selling and distribution expenses	(1,713)	(9,167)
General and administrative expenses	(11,612)	(25,697)
Other expenses	555	220
Income tax expenses	–	(342)
Loss from discontinued operations, net of tax	7,420	–

11. (Loss)/Earnings per share

(a) Continuing operations

Basic loss per share from continuing operations are calculated by dividing loss from continuing operations, net of tax, attributable to owners of the Company by the weighted average of the 409,800,000 (FY2017: 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 2018 and 2017.

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

	Group	
	2018	**2017**
	HK$'000	HK$'000
Profit for the year attributable to owners of the Company	10,111	3,803
Less: Profit from discontinued operation, net of tax, attributable to owners of the Company	(11,579)	(4,587)
Loss from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted loss per share from continuing operations	(1,468)	(784)

(b) Earnings per share computation

The basic and diluted earnings per share are calculated by dividing the profit 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. These profit and share data are presented in Note 11(a) above.

12. Investment in subsidiaries

	Company	
	2018	**2017**
	HK$'000	HK$'000
Shares, at cost	83,812	75,785
Impairment losses	(35,073)	(31,714)
	48,739	44,071

12. Investment in subsidiaries (continued)

(a) Composition of the Group

The Group has the following significant investments in subsidiaries.

Name	Country of incorporation	Principal activities	Proportion (%) of ownership	
			2018	2017
			%	%
Held by the Company:				
Kunda Industrial Limited (1)	British Virgin Islands	Provision of technical services	100%	100%
Yick Kwan Tat Enterprise Company Limited. (2)	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%
Held through Yick Kwan Tat Enterprise Company Limited:				
Kunda Plastic Electronics (Shenzhen) Company Limited. (3)	People's Republic of China	Manufacture and sale of moulds and IMD products	100%	100%
Held through Kunda Plastic Electronics (Shenzhen) Company Limited:				
Beijing Baiju Automobile Component Company Limited. (1)	People's Republic of China	Production and supply of plastic automobile components	57%	57%
Held through Beijing Baiju Automobile Component Company Limited:				
Beijing Baiju Automobile Component Sales Company Limited (1)	People's Republic of China	Sale of automobile components and automobile moulds (dormant)	57%	57%

(1) Not required to be audited under the laws of the country of incorporation.

(2) Audited by Kevin Law & Co. Certified Public Accountants (Practising).

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

12. Investment in subsidiaries (continued)

(b) Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiary that has NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
		%	HK$'000	HK$'000	HK$'000
31 March 2018:					
Beijing Baiju Automobile Component Company Limited.	People's Republic of China	43	8,599	34,724	–
31 March 2017:					
Beijing Baiju Automobile Component Company Limited.	People's Republic of China	43	2,833	22,962	2,480

Significant restrictions:

The nature and extent of significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests are:

Cash and cash equivalents of HK$8,171,000 (2017: HK$25,261,000) held in People's Republic of China are subject to local exchange control regulations. These regulations places restriction on the amount of currency being exported other than through dividends.

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Beijing Baiju Automobile Component Company Limited.	
	2018	**2017**
	HK$'000	HK$'000
Current		
Assets	85,067	80,099
Liabilities	(4,311)	(39,633)
Net current assets	80,756	40,466
Non-current		
Assets	–	12,935
Net assets	80,756	53,401

12. Investment in subsidiaries (continued)

(c) Summarised financial information about subsidiaries with material NCI (continued)

Summarised statement of comprehensive income

	Beijing Baiju Automobile Component Company Limited.	
	2018	**2017**
	HK$'000	HK$'000
Revenue	97,944	146,314
Profit before income tax	23,757	7,762
Income tax expense	(3,579)	(342)
Profit after tax	20,178	7,420
Other comprehensive income	6,810	(3,944)
Total comprehensive income	26,988	3,476

Other summarised information

	Beijing Baiju Automobile Component Company Limited.	
	2018	**2017**
	HK$'000	HK$'000
Net cash flows from operations	35,448	19,344
Acquisition of significant property, plant and equipment	1,305	1,333

13. Property, plant and equipment

Group	Office equipment	Plant and machinery	Motor vehicles	Renovations	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost						
At 1 April 2016	1,614	57,730	1,572	10,126	–	71,042
Additions	7	533	911	2,286	–	3,737
Disposals	–	(61)	–	–	–	(61)
Exchange differences	(99)	(2,889)	(116)	(676)	–	(3,780)
At 31 March 2017 and 1 April 2017	1,522	55,313	2,367	11,736	–	70,938
Additions	–	1,450	785	386	130	2,751
Disposals	(1,383)	(31,268)	(844)	(9,488)	–	(42,983)
Exchange differences	82	2,948	206	717	7	3,960
At 31 March 2018	221	28,443	2,514	3,351	137	34,666
Accumulated depreciation						
At 1 April 2016	998	50,990	1,038	3,700	–	56,726
Depreciation charge for the year	182	1,122	145	1,017	–	2,466
Disposals	–	(61)	–	–	–	(61)
Exchange differences	(64)	(2,487)	(66)	(249)	–	(2,866)
At 31 March 2017 and 1 April 2017	1,116	49,564	1,117	4,468	–	56,265
Depreciation charge for the year	227	1,190	433	826	–	2,676
Disposals	(1,186)	(25,608)	(430)	(3,528)	–	(30,752)
Exchange differences	64	2,648	112	317	–	3,141
At 31 March 2018	221	27,794	1,232	2,083	–	31,330
Net carrying amount						
At 31 March 2017	406	5,749	1,250	7,268	–	14,673
At 31 March 2018	–	649	1,282	1,268	137	3,336

14. Intangible assets

Group	Deferred development costs HK$'000	Computer software HK$'000	Total HK$'000
Cost			
At 1 April 2016	40,502	93	40,595
Exchange differences	(2,506)	(6)	(2,512)
At 31 March 2017 and 1 April 2017	37,996	87	38,083
Exchange differences	4,025	9	4,034
At 31 March 2018	42,021	96	42,117
Accumulated amortisation and impairment			
At 1 April 2016	40,502	93	40,595
Exchange differences	(2,506)	(6)	(2,512)
At 31 March 2017 and 1 April 2017	37,996	87	38,083
Exchange differences	4,025	9	4,034
At 31 March 2018	42,021	96	42,117
Net carrying amount			
At 31 March 2017	–	–	–
At 31 March 2018	–	–	–

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.

15. Inventories

	Group	
	2018	2017
	HK$'000	HK$'000
Balance sheet:		
Raw materials (at cost)	1,463	4,783
Work-in-progress (at cost)	1,096	1,484
Finished goods (at cost or net realizable value)	568	16,768
	3,127	23,035
Income statement:		
Inventories recognised as an expense in cost of sales	33,029	28,507
Reversal of impairment loss on inventories included in the "Other credit/(expenses)" line item in profit or loss	(114)	(567)

Reversal of impairment loss mainly relates to reversal of impairment loss on inventories from the Group's automobile component segment upon realization of costs in profit or loss.

16. Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables	14,539	36,140	–	–
Bills receivables	12,673	3,069	–	–
Deposits	1	1	–	–
Other receivables	26,869	2,098	–	–
Total trade and other receivables	54,082	41,308	–	–
Add: Amounts due from related parties (Note 18)	–	–	23,142	25,370
Add: Cash and cash equivalent (Note 19)	64,041	43,092	308	1,309
Total loans and receivables	118,123	84,400	23,450	26,679

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days to 90 days' terms. 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	
	2018	2017
	HK$'000	HK$'000
Hong Kong Dollars	–	628
US Dollars	87	–

16. Trade and other receivables (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to HK$1,488,000 (2017: HK$1,604,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2018	**2017**
	HK$'000	HK$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	203	962
30 to 60 days	25	521
61-90 days	–	95
More than 91 days	1,260	26
	1,488	1,604

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2018	**2017**
	HK$'000	HK$'000
Trade receivables – nominal amount	1,177	910
Less: Allowance for impairment	(1,177)	(910)
	–	–
Movement in allowance accounts:		
At 1 April	910	1,010
Charge for the year	162	–
Recovered during the year	–	(39)
Exchange differences	105	(61)
At 31 March	1,177	910

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are long outstanding with no clear indication of future payment dates. These receivables are not secured by any collateral or credit enhancements.

Bills receivables

Bills receivables bear interest at market rates and are generally on 30 to 180 days' terms (2017: 30 to 180 days).

Other receivables

Other receivables represent advances to NCI. The amount is non-interest bearing, repayable on demand and is expected to be settled in cash.

17. Prepayments

	Group		Company	
	2018	**2017**	**2018**	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000
Current:				
Advances to suppliers	–	3,192	–	–
Prepaid operating expenses	72	287	72	65
	72	3,479	72	65
Non-current:				
Prepayment for purchase of property, plant and equipment	–	890	–	–

18. Amounts due from/to related parties

	Group		Company	
	2018	**2017**	**2018**	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000
Amounts due from related parties				
Subsidiaries, non-trade (1)	–	–	23,142	25,370
	–	–	23,142	25,370
Amounts due to related parties				
Director-related company, trade (2)	156	192	–	–
Director, non-trade (3)	52	131	–	–
	208	323	–	–

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

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

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

19. Cash and cash equivalents

	Group		Company	
	2018	**2017**	**2018**	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000
Cash at banks and on hand	64,041	43,092	308	1,309

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rate as at 31 March 2018 for the Group was 1.1% (2016: 0.3%).

19. Cash and cash equivalents (continued)

Cash and cash equivalents denominated in foreign currencies at 31 March are as follows:

	Group		Company	
	2018	2017	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000
Singapore Dollar	308	1,309	308	1,309

20. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	8,170	36,615	–	–
Payable to suppliers of property, plant and equipment	–	49	–	–
Other payables	407	2,639	–	–
Total trade and other payables	8,577	39,303	–	–
Add: Amounts due to related parties (Note 18)	208	323	–	–
Add: Accrued operating expenses (Note 21)	7,512	9,660	1,980	1,879
Total financial liabilities carried at amortised cost	16,297	49,286	1,980	1,879

Trade payables

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

21. Other liabilities

	Group		Company	
	2018	2017	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000
Accrued operating expenses	7,512	9,660	1,980	1,879
Advances from customers	1,017	2,268	–	–
VAT and other tax payables	842	352	–	–
	9,371	12,280	1,980	1,879

22. Deferred capital grants

	Group 2018 HK$'000	Group 2017 HK$'000
Cost:		
At 1 April	2,437	2,598
Received during the financial year	–	–
Exchange differences	258	(161)
At 31 March	2,695	2,437
Accumulated amortisation:		
At 1 April	2,256	2,406
Amortisation	–	–
Exchange differences	239	(150)
At 31 March	2,495	2,256
Net carrying amount:		
Current	200	181

Deferred capital grants mainly relate to government grants received for the development of certain projects undertaken by the Group's subsidiary in People's Republic of China to promote technology advancement. The conditions attached to these grants had not been fulfilled.

23. Share capital

	Group and Company			
	2018		2017	
	No. of shares '000	HK$'000	No. of shares '000	HK$'000
Issued and fully paid ordinary shares				
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.

24. 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.

(c) *Foreign currency translation reserve*

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

25. 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:

(a) In-Mould Decoration (“IMD”) and Plastic injection parts

The IMD and plastic injection parts segment provides 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 firm. The formed film is inserted into the mould and then injected with the molten plastic resin to surround it, forming a finished integral part.

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.

25. Segment information (continued)

	IMD and Plastic injection parts		Adjustments/ Eliminations		Note	Per consolidated financial statements	
	2018	2017	2018	2017		2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000		HK$'000	HK$'000
Revenue							
Sales to external customers	48,829	38,415	–	–		48,829	38,415
Results:							
Segment gross profit	15,800	9,908	–	–		15,800	9,908
Depreciation of property, plant and equipment	(1,006)	(476)	–	–		(1,006)	(476)
Recovery of previously impaired trade receivables	–	39	–	–		–	39
Impairment loss on trade and other receivables	(17)	–	–	–		(17)	–
Reversal of impairment loss on inventories	114	567	–	–		114	567
Gain on disposal of property, plant and equipment	116	7	–	–		116	7
Research expenses	(1,498)	(800)	–	–		(1,498)	(800)
Unallocated expenses, net	(14,828)	(10,029)	–	–	A	(14,828)	(10,029)
Loss before tax	(1,319)	(784)	–	–		(1,319)	(784)
Assets:							
Additions to non-current assets	1,446	2,404	1,305	1,333	B	2,751	3,737
Segment assets:	71,150	33,614	49,508	92,863	C	120,658	126,477
Segment liabilities:	49,204	11,382	(28,934)	41,032	D	20,270	52,413

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

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

	2018	2017
	HK$'000	HK$'000
Unallocated employee benefits under General and administrative expenses	(7,127)	(6,679)
Unallocated employee benefits under Selling and distribution expenses	(715)	(840)
Unallocated operating lease expenses under General and administrative expenses	(68)	(60)
Unallocated net foreign exchange (loss)/gain under Other expenses	(2,709)	1,618
Unallocated government grant related to income under Other income	323	8
Unallocated rental income under Other income	–	71
Unallocated corporate expenses	(4,904)	(4,468)
Unallocated interest income	372	321
	(14,828)	(10,029)

25. Segment information (continued)

B Additions to non-current assets consist of additions to property, plant and equipment.

C The following items are added to/(deducted from) segment assets to arrive at total assets as reported in the consolidated balance sheet:

	2018 HK$'000	2017 HK$'000
Assets of discontinued operation	85,067	92,863
Inter-segment assets	(35,559)	–
	49,508	92,863

D The following items are added to/(deducted from) segment liabilities to arrive at total assets as reported in the consolidated balance sheet:

	2018 HK$'000	2017 HK$'000
Liabilities of discontinued operation	7,225	41,631
Inter-segment liabilities	(36,159)	(599)
	(28,934)	41,032

Geographical information

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

	Revenues		Non-Current Assets	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
PRC	47,825	37,310	3,336	15,563
Asia (except for PRC)	1,004	1,105	–	–
	48,829	38,415	3,336	15,563

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

Information about major customers

Revenue from two major customers from the continuing operation amounted to HK$30,796,000 (2017: one major customer amounted to HK$20,584,000) arising from sales by the IMD and plastic injection parts segment.

26. Employee benefits from continuing operation

	Group	
	2018	**2017**
	HK$'000	HK$'000
Employee benefits expense (including directors):		
Salaries and bonuses	13,229	10,167
Directors' fees (Note 27(b))	1,153	1,150
Contribution to defined contribution plans	541	697
Other personnel expenses	1,243	1,063
	16,166	13,077

27. 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	
	2018	**2017**
	HK$'000	HK$'000
Rental of factory premises charged by a director related company	966	855

(b) *Compensation of key management personnel*

	Group	
	2018	**2017**
	HK$'000	HK$'000
Salaries and bonuses	2,892	2,977
Directors' fees	1,153	1,150
Contribution to defined contribution plans	146	203
	4,191	4,330
Comprises amounts paid to:		
Directors of the Company	2,867	2,810
Other key management personnel	1,324	1,520
	4,191	4,330

28. Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	Group	
	2018	**2017**
	HK$'000	HK$'000
Capital commitments in respect of property, plant and equipment	–	1,920

(b) Operating lease commitments – as lessee

The Group's continuing operation has entered into commercial leases relating to the rental of factory and office premises. These leases have an average tenure of three months (2017: three months) with no contingent rent provision included in the contracts. In addition, one of the lease contracts for a factory premise includes a renewal option. Future minimum rental payable under non-cancellable operating leases (excluding land use rights) at the end of the reporting period are as follows:

	Group	
	2018	**2017**
	HK$'000	HK$'000
Not later than one year	269	257

The leases do not contain escalation clauses and restrictions on the Group's activities concerning dividends, additional debt or future leases.

Minimum lease payments recognised as an expense in the income statement for the financial year ended 31 March 2018 amounted to HK$966,000 (2017: HK$855,000).

29. 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.

29. Financial risk management objectives and policies (continued)

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 and the Company's exposure to credit risk arises primarily from trade and other receivables and amounts due from related parties. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Excessive risk concentration

Concentration arise 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.

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.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the product sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group	
	2018	**2017**
	HK$'000	HK$'000
By products:		
IMD	11,257	7,635
Automobile components	3,282	28,505
	14,539	36,140

As at 31 March 2018, approximately 40% (31 March 2017: 77%) of the Group's trade receivables relates to two major customers.

29. Financial risk management objectives and policies (continued)

Credit risk (continued)

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 cash equivalents 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 16 (Trade and other receivables).

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 and other short term deposits, 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 (2017: 50) basis points higher/lower with all other variables held constant, the Group's profit before tax would have been approximately HK$72,000 (2017: HK$169,000) higher/lower, 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.

29. Financial risk management objectives and policies (continued)

Foreign currency risk

The Group holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in Singapore Dollar.

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) and British Virgin Islands (BVI). The Group's net investments in PRC, SG and BVI are not hedged as the currency position in RMB is considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit 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	
		2018	**2017**
		HK$'000	HK$'000
		Profit after tax	Profit after tax
HKD/ RMB	- strengthened 3% (2017: 3%)	–	14
	- weakened 3% (2017: 3%)	–	(14)
SGD/ RMB	- strengthened 3% (2017: 3%)	8	33
	- weakened 3% (2017: 3%)	(8)	(33)
USD/ RMB	- strengthened 3% (2017: 3%)	3	–
	- weakened 3% (2017: 3%)	(3)	–

30. 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 2018 and 2017.

As disclosed in Note 24(b), the Company's PRC subsidiaries are required by the relevant laws and regulations of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiaries for the financial years ended 31 March 2018 and 2017.

30. Capital management (continued)

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, net of cash and cash equivalents attributable to discontinued operations, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company less the abovementioned restricted statutory reserve fund.

		Group	
	Note	**2018**	**2017**
		HK$'000	HK$'000
Trade payables and other payables	20	8,577	39,303
Other liabilities	21	9,371	12,280
Amounts due to related parties	18	208	323
Less: Cash and cash equivalents	19	(64,041)	(43,092)
Net (cash surplus)/debt		(45,885)	8,814
Equity attributable to the owners of the Company		69,664	51,102
Less: Statutory reserve		(1,559)	(423)
Total capital		68,105	50,679
Capital and net (cash surplus)/debt		22,220	59,493
Gearing ratio		–	15%

31. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 20 June 2018.

STATISTICS OF **SHAREHOLDINGS**

As at 20 June 2018

Issued and fully paid up share capital	:	HK$148,309,000
Number of shares	:	409,800,000
Class of shares	:	Oridinary 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	54	7.85	51,386	0.01
1,001 - 10,000	112	16.28	788,604	0.19
10,001 - 1,000,000	501	72.82	53,774,118	13.12
1,000,001 AND ABOVE	21	3.05	355,185,892	86.68
TOTAL	688	100.00	409,800,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CHINA HONGDA HOLDINGS LIMITED	123,084,000	30.04
2	PHILLIP SECURITIES PTE LTD	49,887,292	12.17
3	RHB SECURITIES SINGAPORE PTE. LTD.	46,961,000	11.46
4	OCBC SECURITIES PRIVATE LIMITED	39,494,400	9.64
5	GOOD MORAL TECHNOLOGY LIMITED	19,200,000	4.69
6	DBS NOMINEES (PRIVATE) LIMITED	14,853,000	3.62
7	CHERRY EQUITY PARTNERS LIMITED	13,023,000	3.18
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	12,277,000	3.00
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	8,122,900	1.98
10	TEO AH BAN	4,790,000	1.17
11	RAFFLES NOMINEES (PTE) LIMITED	3,751,200	0.92
12	TAN ENG CHUA EDWIN	3,745,200	0.91
13	TAN LYE SENG	2,721,500	0.66
14	UOB KAY HIAN PRIVATE LIMITED	2,400,000	0.59
15	LIM & TAN SECURITIES PTE LTD	2,047,200	0.50
16	KUAH HONG SIM	1,999,000	0.49
17	CHEN JING	1,650,000	0.40
18	YEAP AI MAY	1,480,000	0.36
19	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,323,000	0.32
20	EST OF LIM CHIN TEE, DEC'D	1,321,000	0.32
	TOTAL	**354,130,692**	**86.42**

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 20 June 2018

	No. of Ordinary Shares			
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
China Hongda Holdings Limited	123,084,000	30.04	–	–
Cai Kaoqun[(1)]	–	–	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 as Mr Cai owns the entire issued and paid-up share capital of China Hongda Holdings Limited.

PUBLIC FLOAT

As at 20 June 2018, approximately 65.22% of the issued ordinary shares of the Company was held in the hands of the public and accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("**AGM**") of **China Kunda Technology Holdings Limited** (the "**Company**") will be held at 4 Shenton Way, SGX Centre 2 #17-01, Singapore 068807 on the 26th day of July 2018 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 2018 together with the Directors' Report and Independent Auditors' Report thereon.
   Resolution 1

2. To approve the payment of Directors' Fees of S$191,151 for the financial year ended 31 March 2018 (2017: S$205,000).
   Resolution 2

3. To re-elect Mr Cai Kaoqun as Director of the Company retiring pursuant to Regulation 107 of the Company's Constitution.
   [See Explanatory Note (i)] **Resolution 3**

4. To re-elect Mr Hau Khee Wee as Director of the Company retiring pursuant to Regulation 117 of the Company's Constitution.
   [See Explanatory Note (ii)] **Resolution 4**

5. To re-appoint Messrs Ernst & Young LLP, as Auditors of the Company and to authorise the Directors to fix their remuneration.
   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**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), the Directors be and are hereby authorised 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) warrants, debentures or other instruments exchangeable 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 Instrument made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below); and

(ii) (subject to such manner of calculation and adjustments 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 (i) 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 at the time this Resolution is passed, after adjusting for:

(1) new Shares arising from the conversion or exercise of convertible securities;

(2) new Shares arising from exercising of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(3) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) 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 Act and the Constitution for the time being of the Company; and

(iv) (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 annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

Resolution 6

BY ORDER OF THE BOARD

ONG WEI JIN
COMPANY SECRETARY
11 JULY 2018
SINGAPORE

EXPLANATORY NOTES ON RESOLUTIONS TO BE PASSED:

(i) Mr Cai Kaoqun will, upon re-election as a Director of the Company, remain as the Executive Chairman and Chief Executive Officer of the Company. Mr Cai Kaoqun is the brother of Mr Cai Kaobing, the Executive Director of the Company. Save as disclosed, there are no relationships (including immediate family relationships) between Mr Cai and the other Directors, the Company and its 10% shareholders.

(ii) Mr Hau Khee Wee will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and Remuneration Committee of the Company. Mr Hau is considered to be non-independent for the purposes of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Hau and the other Directors, the Company and its 10% shareholders.

NOTES:

(i) A member of the Company 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 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. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

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

(ii) Where a member appoints multiple proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under its Common Seal or the hand of its attorney or its duly authorised officer.

(iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 4 Shenton way, SGX Centre 2 #17-01, Singapore 068807, not less than 48 hours before the time appointed for holding the above AGM in order for the proxy to be entitled to attend, speak and vote at the AGM.

(v) A Depositor's name must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the AGM in order to be entitled to attend and vote at the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak 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) for the purpose of the processing and administration by the Company (or its agents) 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) 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), 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) 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.

CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200712727W)

PROXY FORM
ANNUAL GENERAL MEETING

*I/We, ______________________________ (Name) ____________________ (*NRIC/Passport/Registration 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 failing him/her/them, the Chairman of the Annual General Meeting ("**AGM**") of the Company 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 held at 4 Shenton Way, SGX Centre 2 #17-01, Singapore 068807on 26 July 2018 at 9.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/their discretion. All Resolutions put to the vote at the AGM shall be decided by way of poll.

* Please delete accordingly

(Please indicate your vote 'For' or 'Against' with a "X" within the box provided. Otherwise please indicate the number of votes.)

No.	Resolutions relating to:	No. of Votes For	No. of Votes Against
Ordinary Business			
1.	Adoption of Audited Accounts, Directors' Statement and Independent Auditors' Report for the financial year ended 31 March 2018		
2.	Payment of Directors' Fees of $191,151 for the financial year ended 31 March 2018		
3.	Re-election of Mr Cai Kaoqun as a Director of the Company		
4.	Re-election of Mr Hau Khee Wee as a Director of the Company		
5.	Re-appointment of Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix the Auditors' remuneration		
Special Business			
6.	Authority to Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50		

Dated this __________ day of ________________ 2018

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

____
Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you 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 you.

2. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at the AGM of the Company. Where such member appoints more than one 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.

3. A member of the Company who is a relevant intermediary is entitled to appoint more than two 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 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 this proxy form to the Company.

   "relevant intermediary" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the Company's registered office at 4 Shenton Way, SGX Centre 2 #17-01, Singapore 068807 not less than 48 hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

8. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50.

9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

10. PERSONAL DATA PRIVACY: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak 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) for the purpose of the processing and administration by the Company (or its agents) 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) 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), 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) 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.

CORPORATE **INFORMATION**

Directors

Cai Kaoqun	(Executive Chairman and CEO)
Cai Kaobing	(Executive Director)
Ho Chew Thim	(Lead Independent Director)
Lim Yit Keong	(Independent Director)
Hau Khee Wee	(Non-Executive Director)

Company Secretaries

Ong Wei Jin
Chen Jianhao Kennedy

Registered Office

4 Shenton Way
SGX Centre 2, #17-01
Singapore 068807

Bankers

Overseas-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of China
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank
Bank of Ningbo
Ping An Bank
Bank of Beijing

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.(Member of Boardroom Limited)
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in charge: Jonathan Tan (since financial year ended 31 March 2017)

Continuing Sponsor

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

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