

CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Company Registration Number: 200712727W)

(Incorporated in the Republic of Singapore on 13 July 2007)

INTERESTED PERSON TRANSACTION

- LEASE OF FACTORY BUILDING FROM SHENZHEN KUNDA PRECISION MOULD CO., LTD

1. INTRODUCTION

The Board of Directors (the “**Board**”) of China Kunda Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Kunda Plastic Electronic (Shenzhen) Company Limited (群达塑胶电子(深圳)有限公司) (“**KPE**”) has entered into a lease agreement with Shenzhen Kunda Precision Mould Co., Ltd (“**Shenzhen Precision**”) on 30 June 2023 to lease the premises located at No. 9, Bao Long Yi Road, Bao Long Industrial Park, Longgang District, Guangdong Province, Shenzhen City, Guangdong Province, People’s Republic of China (the “**Premises**”) (collectively the “**Lease Agreement**”).

2. LEASE AGREEMENT AS AN INTERESTED PERSON TRANSACTION

Mr Cai Kaoqun, who is the Executive Chairman and Chief Executive Officer as well as controlling shareholder of the Company, and Mr Cai Kaobing, the Executive Director of the Company (collectively the “**Executive Directors**”), holds 95% and 5% of Shenzhen Precision respectively. Accordingly, Shenzhen Precision is an “associate” of the Executive Directors as defined in the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”) and therefore the Lease Agreement constitute an interested person transaction (“**IPTs**”).

3. RATIONALE AND BENEFIT OF THE IPTs

The Premises is located in Shenzhen city which will be logistically convenient for the Group’s use as its main corporate office. In addition, as the rental rate is lower than the market rate as indicated in the Independent Valuation Report (as defined below), the entry into the Lease Agreement would result in savings in rental costs for the Group.

4. DETAILS OF THE LEASE AGREEMENT**4.1. Lease Term and Area**

Pursuant to the Lease Agreement, the rental term shall be for a period of twelve (12) months, for total area of 5,884 square meters. The Lease Agreement will commence from 1 July 2023 and expire on 30 June 2024. The floor area rented from Shenzhen Precision would be increased from approximately 5,618 square meters to approximately 5,884 square meters. The additional floor area rented from Shenzhen Precision would be used for material drying and crushing rooms.

4.2. Termination

KPE retains unilateral right to terminate the Lease Agreement prior to the expiry of the term without any compensation to Shenzhen Precision.

4.3. Rental rate

The total aggregate monthly rental of the Lease Agreement of RMB140,000 (equivalent to approximately HK\$156,500¹) or total annual rental of RMB1,680,000 (equivalent to approximately HK\$1,878,000²). The rental rates were arrived after negotiation between the respective parties, which represents a 11.88% discount to the market rental rate from an independent valuation report prepared by Shenzhen Guozi Land and Real Estate Valuation Co., Ltd dated 12 May 2023 (the “**Independent Valuation Report**”).

¹ Based on the average exchange rate of RMB1.00:HK\$1.1178 for the financial period ended from 1 April 2023 to 29 June 2023.

² Computed based on the monthly rental of RMB140,000 multiplied by 12 months. Based on the average exchange rate of RMB1.00:HK\$1.1178 for the financial period ended from 1 April 2023 to 29 June 2023.

5. APPLICATION OF RULES 905 AND 916(1) OF THE CATALIST RULES

The aggregate value of the Lease Agreement represents 6.33% of the Group's latest audited net tangible asset which amounts to approximately HK\$29,648,000 as at 31 March 2022 (the "**Audited NTA**"). As the aggregate value of the Lease Agreement have exceeded 3% of the Audited NTA, the Company is required to make an immediate disclosure as required under Catalist Rule 905.

In accordance with Catalist Rule 916(1), the entry into or renewal of a lease or tenancy of real property of not more than 3 years is not required to comply with Catalist Rule 906 if the terms are supported by an valuation carried out by a property valuer. Accordingly, the entry into the Lease Agreement falls under the exemption and therefore will not be required to make the disclosures as required under Catalist Rule 906.

Save as disclosed, the Group has not, during the current financial year, entered into any other interested person transactions.

6. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company has reviewed the Lease Agreement and is of the view that the interested person transaction is transacted on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, none of the Directors or substantial shareholders of the Company has any, direct or indirect interest (other than through their shareholdings in the Company), in the Lease Agreement.

8. DOCUMENTS FOR INSPECTION

Copies of the Lease Agreement and the Independent Valuation Report during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

By Order of the Board

Cai Kaoqun
Executive Chairman and CEO
Singapore, 30 June 2023

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

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