



**CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED**

(Company Registration Number: 200712727W)

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

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**QUARTERLY UPDATE PURSUANT TO RULE 1313 (2) OF THE SGX-ST LISTING MANUAL**

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**1. BACKGROUND**

China Kunda Technology Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on the Watch-List pursuant to Rule 1311 of the SGX-ST Listing Manual on 4 September 2013.

Pursuant to Rule 1313 (2) of the Listing Manual of the SGX-ST, the Board of Directors (“**Board**”) of the Company wishes to provide the following updates in respect to the unaudited consolidated management accounts of the Company and its subsidiary (collectively, the “**Group**”) for the financial period year ended 31 March 2014 as compared to the past comparative periods.

**2. UPDATE ON FINANCIAL POSITION**

In FY2014, the Group recorded a 0.5% decrease in revenue to HK\$302.2 million mainly due to decrease in revenue from our Moulds segment, offset by increases in revenue from our IMD and Plastic Injection Parts segment and Automobile Component Parts segment. Overall gross profit declined by 35.4% mainly due to declines in gross profits from our Moulds segment and Automobile Component Parts segment, offset by the improvement on gross profit from our IMD and Plastic Injection Parts segment.

Following the decrease in gross profit and increases in overall other items of expense and income tax expenses, offset by the increase in other items of income, the Group recorded a loss after tax from continuing operations before impairment charges of HK\$39.1 million in FY2014 as compared to HK\$19.4 million in FY2013. With the uncertainty in the global economy and continuing losses incurred by the Group, the Group made impairment charges of approximately HK\$44.0 million in FY2014 (FY2013: HK\$28.6 million), resulting in an overall net loss of HK\$85.1 million in FY2014 (FY2013: HK\$50.1 million).

For full details on the results and financial position of the Group, please refer to our result announcement for the financial year ended 31 March 2014 released on 29 May 2014.

**3. UPDATE ON FUTURE DIRECTION**

With continuing uncertainties over the strength and sustainability of the economic recovery of the major global economies and continuing weakness in the China economy, the Group expects overall business condition to remain challenging and volatile in this unstable global environment. In April 2014, our Beijing automobile components factory had completed its shift to a new production facility. While the Group expects long term cost savings from the new factory, the Group expects to incur additional expenses in relation to the shifting of the factory in FY2015. Please refer to our result announcement for the financial year ended 31 March 2014 released on 29 May 2014 for full details.

The Group is currently actively reviewing its current business mix and asset deployment and would consider disposing of certain more unprofitable parts of the current business to achieve a better overall financial performance for the Group. The Group is still in the process of internal review and negotiation with potential interested buyers and no firm offer had been received by the Group. Investors are advised to consult their financial advisers before transacting in the securities of the Company.

**3. UPDATE ON FUTURE DIRECTION (CONT'D)**

The Group is also actively reviewing our product mix and assessing new products with good long term prospects that will improve the overall financial position of the Group. The Group will also continue to streamline and improve our production efficiency and contain costs where possible.

The Group is aware of the deadline given by the SGX for its removal from the Watch-List. The Group will actively look for potential opportunities to improve the financial position of the Group. The Group will endeavour to meet the requirements of Rule 1314 of SGX-ST Listing to be removed from the Watch-List.

**BY ORDER OF THE BOARD**  
**CAI KAOQUN**  
**EXECUTIVE CHAIRMAN AND CEO**  
**29 May 2014**