



CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Company Registration Number: 200712727W)

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

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

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 ended 30 June 2015 as compared to the past comparative period.

2. UPDATE ON FINANCIAL POSITION

In 1Q2016, the Group recorded a 11.9% decline in revenue as compared to 1Q2015 due to decrease in revenue from our Automobile component segment. Despite the decline in revenue, overall gross profit increased by 60.3%. The improvement in overall gross profit was from both IMD and plastic injection parts segment and Automobile component segments, mainly as a result of implementation of cost cutting measures and favourable sales mix.

As compared to 1Q2015, other items of income increased by 7.1% while other items of expenses decreased by 8.9%.

Arising from the above and coupled with the absence of loss from discontinued operations and increase in income tax expenses, the Group recorded a net profit of HK\$1.2 million in 1Q2016 compared to a net loss of HK\$5.1 million in 1Q2015.

For full details on the results and financial position of the Group, please refer to our result announcement for the financial period ended 30 June 2015 released on 6 August 2015.

3. UPDATE ON FUTURE DIRECTION

The Group’s current businesses service mainly China’s automobile and consumer electronics market. With the Chinese economy remaining lacklustre in 2015, we expect business condition to remain challenging. In addition, there are continuing uncertainties over the strength of the global economy resulting in a more volatile and unstable business environment.

For our Automobile component segment and IMD and plastic injection parts segment, we will continue to focus on improving production and operational efficiency. We would also focus on increasing and diversifying our customer base, but this will require more time to materialise.

3. UPDATE ON FUTURE DIRECTION (CONT'D)

On 11 May 2015, the Company announced the entry into a non-binding Memorandum of Understanding (“MOU”) with Mr. Yang Jincheng (“YJC”) for strategic business cooperation and investment opportunity in the internet applications and internet related businesses. Please refer to the announcement on the same day for details. The non-binding MOU only sets out the cooperation intention of the Company and YJC and does not constitute substantive rights and obligations of the parties hereto. Negotiation is still ongoing and the Company will make further announcements on any material developments.

The Group is aware of the deadline given by the SGX-ST 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 Listing Manual to be removed from the Watch-List.

The Company has on 29 July 2015 submitted an application to The Singapore Exchange Securities Trading Limited (“SGX-ST”) for an extension of a further twelve months, to the time period for its removal from the SGX-ST watch-list. Please refer to the announcement on the same date for details.

The Company would like to remind all shareholders that there is no assurance that the SGX-ST will grant the abovementioned extension. As such, shareholders of the Company are advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action in relation to their shares which may be prejudicial to their interests. Persons who are in doubt, as to the action they should take, should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

BY ORDER OF THE BOARD
CAI KAOQUN
EXECUTIVE CHAIRMAN AND CEO
6 August 2015