China Kunda Technology Holdings Limited

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DISCOVERING
NEW HEIGHTS

Annual Report
2016

KUNDA®
China Kunda Technology Holdings Limited

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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 Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

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.

BEIJING

- Plastic automobile component manufacturing facility (57%-owned Beijing Baiju Automobile Component Co., Ltd.)

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 2016 ("FY2016").

FY2016 is a landmark year for our Company. In February 2016, the Company was transferred from the Mainboard to the Catalist of the Singapore Exchange Securities Trading Limited ("SGX") and thereafter exited from the SGX Watch-List. We are of the view that the size of our current business, market capitalisation and growth prospects and strategies of the Company better resemble that of other companies listed on Catalist. Hence, we believe that exiting the SGX Watch-List and continuing to list on the Catalist will allow our Company to be able to create long term shareholders' value.

Despite a 4.1% decline in revenue in FY2016 as compared to the financial year ended 31 March 2015 ("FY2015"), gross profit increased by 16.6% from HK$32.5 million in FY2015 to HK$37.9 million in FY2016. After accounting for the increase in operating expenses, income tax expenses and coupled with the absence of loss from discontinued operations and gains arisen from the disposal of subsidiaries in FY2016, the Group recorded a profit before tax from continuing operations of HK$8.9 million in FY2016 as compared to HK$29.3 million in FY2015. After excluding gains arising from disposal of subsidiaries and the losses from discontinued operations, the Group recorded an increase of HK$2.5 million or 32.1% in its recurring profit before taxation from continuing operations from HK$7.5 million in FY2015 to HK$10.0 million in FY2016.

We expect business conditions 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. However, we are cautiously optimistic about the long term business prospects of our Group as we believe that our strong technical expertise in plastic injection moulding with the ability to provide full plastic engineering solutions in the production of complex plastic products will be a strong competitive advantage. We will continue to implement our strategy of leveraging on our technology and expertise to deliver high value-added products. We will also continue to focus on improving production and operational efficiency as well as increasing and diversifying our customer base for our Automobile Component Parts segment and In-Mould Decoration and Plastic Injection Parts segment to generate better returns for our shareholders.

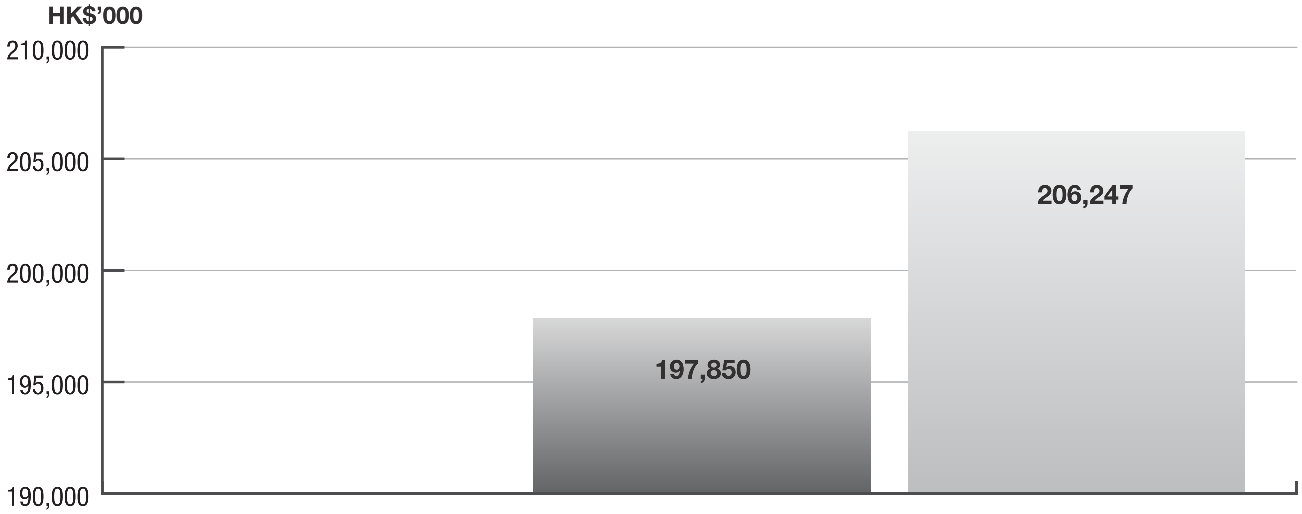
We are constantly improving our current business model and asset deployment to achieve a more competitive and efficient business model for the Group. We will continue to assess new business opportunities and potential acquisition of new businesses with long term prospects that is expected to improve the overall financial position of the Group. On this note, we have announced our proposal to diversity into business of treatment of water to produce electrolysed water products and other related activities (the "Water Business"). The Company would hold an extraordinary meeting to seek shareholders' approval and the circular containing further details of the Water Business would be despatched to shareholders in due course.

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

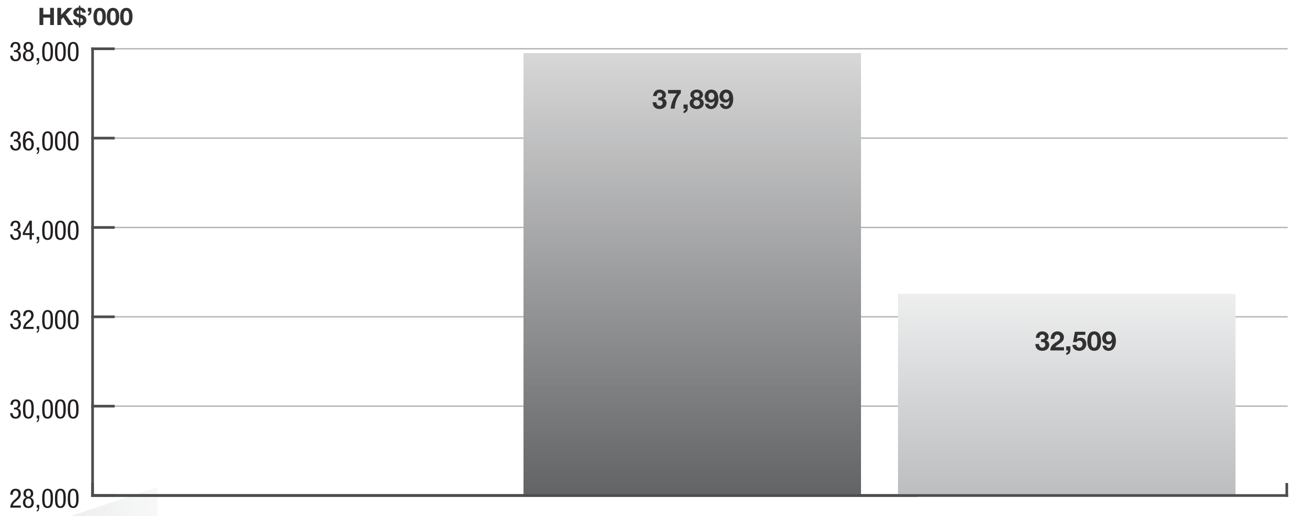
OPERATIONS REVIEW

Revenue



	FY2016 HK$ 000	FY2015 HK$ 000
Revenue	**197,850**	206,247

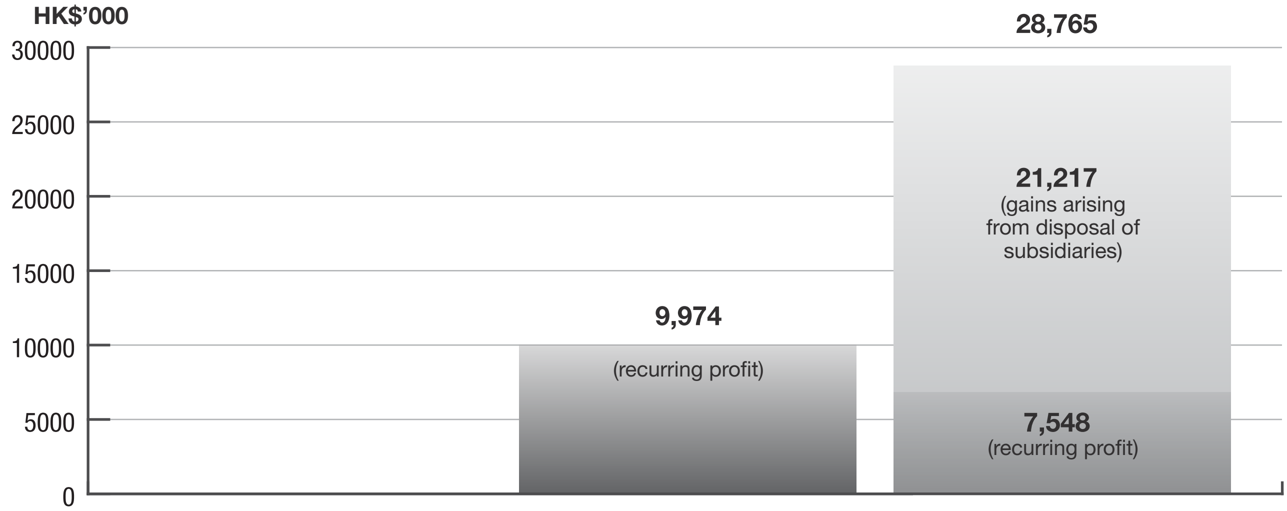
Gross profit



	FY2016 HK$ 000	FY2015 HK$ 000
Gross profit	**37,899**	32,509
Gross profit margin	**19%**	16%

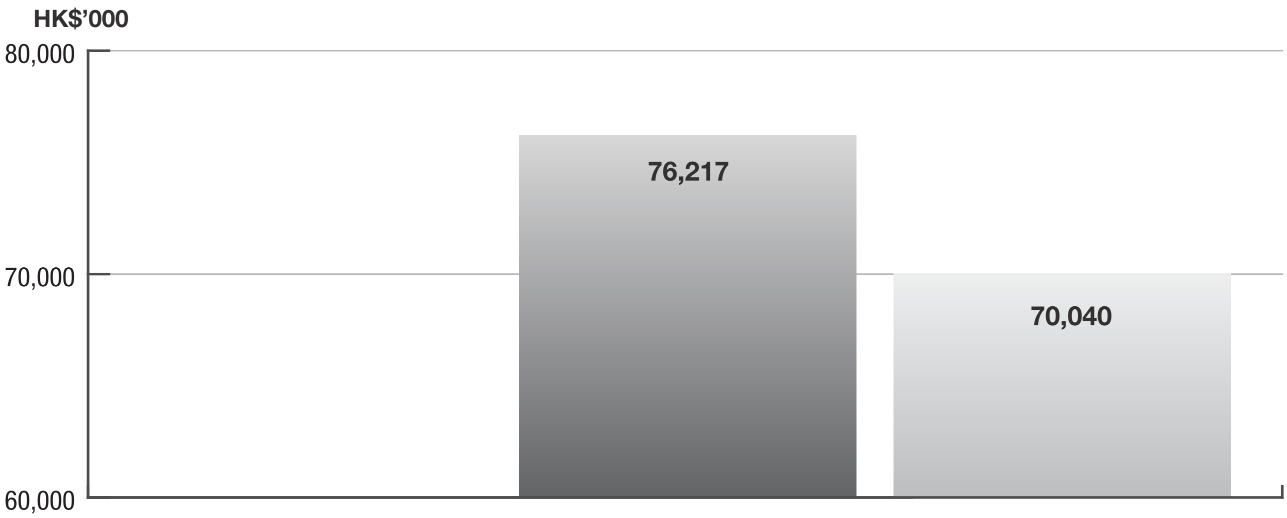
OPERATIONS REVIEW

Profit before tax from continuing operations



	FY2016 HK$ 000	FY2015 HK$ 000
Profit before tax excluding gains arising from disposal of subsidiaries	**9,974**	7,548
Gains arising from disposal of subsidiaries	**-**	21,217
Profit before tax from continuing operations	**9,974**	28,765

Net asset value



	FY2016 HK$ 000	FY2015 HK$ 000
Net asset value	**76,217**	70,040

OPERATIONS REVIEW

Profit & Loss

For the financial year ended 31 March 2016 ("FY2016"), revenue from continuing operations declined by 4.1% as compared to the financial year ended 31 March 2015 ("FY2015"), mainly due to decrease in sales from our Automobile Component Parts segment which was partially offset by increase in revenue from our In-Mould Decoration and Plastic Injection Parts ("IMD and Plastic Injection Parts") segment. As a result of the increase in revenue from the IMD and Plastic Injection Parts segment and higher production efficiency, overall gross profit in FY2016 increased by 16.6%.

As compared to the past comparative year, other items of income in FY2016 decreased by 75.9%. The decrease in other items of income was mainly due to the disposal gain and foreign exchange gain from the disposal of subsidiaries which was completed in FY2015. Other items of expense increased by 24.3% in FY2016. The increase in other items of expense was mainly due to increases in employee benefit expenses following improvement in performance of both business segments in FY2016.

In FY2016, the Group recorded an income tax expense of HK$1.1 million as compared to income tax credit of HK$5.2 million in FY2015. The movement in income tax was due to increase in current year income tax expenses by HK$1.4 million as prior year business loss carried forward had been fully utilised by one of our subsidiaries from our Automobile Component Parts segment in People's Republic of China ("PRC") in FY2015, and decrease in the reversal of overprovision in respect of prior years by HK$5.0 million following finalisation of certain income tax assessment with the local tax authorities.

Arising from the above and coupled with the absence of loss from discontinued operations in FY2016, the Group recorded a net profit of HK$8.9 million in FY2016 as compared to HK$29.3 million in FY2015.

Excluding gains arisen from disposal of subsidiaries and the losses from discontinued operations, the Group recorded a recurring profit before tax from continuing operations of HK$10.0 million in FY2016 as compared to HK$7.5 million in FY2015, an increase of HK$2.5 million or 32.1%.

Balance Sheet

Non-current assets

The increase in property, plant and equipment is mainly due to:

- Additions of HK$6.2 million mainly relating to acquisition of five units of plastic injection machines and fifteen units of manipulators (mechanical arms used to operate plastic injection machines) by our Automobile Component Parts segment in Beijing; offset by
- Current year depreciation charges of HK$2.4 million; and
- Foreign translation loss of HK$0.5 million.

As at 31 March 2016, non-current prepayment comprised prepayments made for the acquisition of plant and equipment. The decrease was mainly due to decrease in non-current prepayments by HK$1.1 million for our Automobile Component Parts segment in Beijing which acquisition was completed in FY2016.

OPERATIONS REVIEW

Current assets

The inventories of the Group as at 31 March 2016 had remained fairly constant as compared to the balance sheet as at 31 March 2015 while the inventories turnover days had slightly increased from 56 days in FY2015 to 61 days in FY2016.

Trade receivables and other receivables of our Group as at 31 March 2016 had increased by 7.7% as compared to 31 March 2015. The increase was mainly due to the following:

- Increase in trade receivables of HK$3.0 million from our IMD and Plastic Injection Parts segment was mainly due to increase in revenue inclusive of VAT by HK$3.3 million for the last quarter in FY2016 as compared to the corresponding period. The debts are within the normal credit period; and
- Increase in bill receivables of HK$2.0 million from our IMD and Plastic Injection Parts segment. Bill receivables relates to bank bills received from customers for the sale of IMD and Plastic Injection Parts. As at 31 March 2016, the weighted average maturity period of our bill receivables is approximately 44 days.

As such, the combined trade and bill receivable turnover days had also increased from 69 days in FY2015 to 81 days in FY2016.

Other receivables had decreased by 27.5% as compared to 31 March 2015. The decrease in other receivables was mainly due to the decrease in receivables of the provision of raw materials to sub-contractors for further processing of our automobile component products. These raw material receivables will generally be offset against the final subcontracting charges which included of the cost of raw materials. The transaction is structured for better control over raw material wastage incurred by the sub-contractors. The Group does not expect any significant credit risk arising from these receivables as the Group is in a net payable position to these sub-contractors after taking into consideration the sub-contracting costs payable to them.

Current prepayments mainly comprised prepayments made to suppliers and sub-contractors. Current prepayments decreased by 35.5% as compared to 31 March 2015. The decrease was mainly due to:

- A decrease in deposit of HK$16.3 million made for acquisition of electronic components and touch screen components for the trading activities from our IMD and Plastic Injection Parts segment in previous year. Due to delays in the delivery of the products, the contract had been cancelled and the Group had collected back the principal prepayments and a 3% compensation from the vendors which are recorded as other income; offset by
- Increase in prepayments of HK$8.0 million made to the suppliers and sub-contractors of our Automobile Component Parts segment which mainly relate to prepayments made for acquisition of automobile moulds to be used in the production of automobile components for three new car models to be launched in the financial year ended 31 March 2017.

Current liabilities

Current liabilities of the Group as at 31 March 2016 had remained fairly constant as compared to the balance sheet as at 31 March 2015. The slight decrease was mainly due to lower deferred government grants.

Cash flow

The increase in FY2016 overall cash and cash equivalent was mainly due to to operating cash inflow of HK$12.7 million (from operating activities), net proceeds of HK$3.3 million from issuance of new ordinary shares (from financing activities) and government grants of HK$0.8 million (from investing activities) received during the financial year. The cash inflows were partially offset by capital expenditure of HK$6.5 million (from investing activities) and dividends of HK$2.1 million paid to non-controlling interests (from financing activities).

BOARD OF DIRECTORS

MR. CAI KAOQUN
Executive Chairman and CEO

Cai Kaoqun is our Executive Chairman and CEO 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 is currently responsible for managing the overall operation of our automobile components division.

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.

MR. YANG JINBIAO
Executive Director and COO

Yang Jinbiao is our Executive Director and COO. Mr Yang was appointed as our Director on 26 December 2007. He joined us in January 2005, and since then, he has been responsible for managing the overall operations of our Group. He is also involved in the management of our human resources and R&D. Mr Yang has over 30 years of experience in the management of industrial enterprises.

Prior to joining our Group, from January 1970 to December 1974, Mr Yang was a clerk and statistician in the 福建生产建设兵团农业基地 (Agricultural Base of Fujian Production and Construction Army). He was a statistician of production and dispatch for 福建省尤溪县林委(Forestry Commission of Youxi County in Fujian) from January 1975 to August 1987 and subsequently held the position of 党委书记(Communist Party Secretary) and 林业改革办主任(Forestry Reform Supervisor) from September 1987 to December 1993 within the same Commission. From January 1994 to August 1997, Mr Yang was the general manager and chief economist of 深圳华园塑胶制品有限公司 (Shenzhen Huayuan Plastics and Electronics Co., Ltd.), where he was responsible for its development and finance. From September 1997 to March 2000, Mr Yang was the deputy general manager and 股改办主任(Capital Restructuring Supervisor) for 福建东方集团公司(Fujian Dongfang Group Companies) where he was responsible for the capital restructuring, strategic positioning and business development. From April 2000 to June 2002, Mr Yang was the general manager for 深圳诚鑫塑胶模具有限公司 (Shenzhen Cheng Xin Plastic Injection Mould Co., Ltd.). From 2002 to 2004, Mr Yang was the deputy general manager for 福建省晋江新协盛建材有限公司(Fujian Province Jinjiang Xinxiesheng Construction Material Co., Ltd.), where he was responsible for its corporate restructuring and operation management.

In 1983, Mr Yang obtained the qualification as industrial statistician from 全国技术职称统考(PRC Nationwide Technical Qualification Examination). In 1986, he graduated from 福建广播电视大学(Fujian Radio Broadcasting TV University) with a Diploma in Cadre Management. In 1987, he obtained the title 企业管理经济师（Economist in Enterprise Management) from 福建省人事厅(Manpower Bureau of Fujian Province).

In 1994, he graduated from 福建经济管理学院(Fujian Institute of Economics and Management) with a Diploma in Accounting. In 1998, he obtained the title 高级经济师 (Senior Economist) from 建省人事厅(Manpower Bureau of Fujian Province). In addition, he obtained the title 工商管理高级经济师(Senior Economist in Business Administration) from 广东省人事厅 (Manpower Bureau of Guangdong Province) in 2008.

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 has 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 Board 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 also the Independent Director of Edition Ltd. 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. LI ZHIQIANG
Independent Director

Li Zhiqiang was appointed as an Independent Director of our Company on 30 June 2011.

Mr Li is currently the General Manager of Hua Lian Automobile Development Co., Ltd (华联汽车发展有限公司), a position which he had held since 2001. He was the General Manager of China Automobile Import and Export Shenyang Company (中国汽车进出口总公司沈阳公司) from 1998 to 2001 and the Deputy General Manager of China Automobile Import and Export Zhejiang Company (中国汽车进出口总公司浙江公司) from 1997 to 1998. He was the Human Resource Manager for China Automobile Import and Export Company (中国汽车工业进出口总公司) from 1992 to 1997. Prior to this, Mr Li had more than 20 years of management experience, mainly in the field of human resources management, in the China civil service and China state-owned enterprises. In 1977, Mr Li graduated from Beijing Industrial University (北京工业大学) with a degree in optical design (光路设计).

KEY EXECUTIVES

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 operation 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. LV BO
Assistant General Manager of Automobile Component division

Lv Bo is our assistant general manager of automobile component division in Beijing. He joined our Group in June 2012 and is currently responsible for the production and quality control of automobile component division. From August 1993 to July 1997, he was a team leader of 重庆长安三厂 (Chong Qing Chang An Factory No.3). From September 1997 to July 2009, he joined our Group as a production supervisor. From October 2009 to April 2012, he was an assistant general manager of 北京嘉恒盛泰模具有限公司 (Beijing Jia Heng Sheng Tai Co. Ltd.). Mr Lv graduated from 广安职高 (Guang An Vocational High School) with a diploma in mechanical in July 1993.

MR. DUAN YUNTAO
Assistant General Manager of Automobile Component division

Duan Yuntao is our Assistant General Manager of automobile component operation in Beijing. He joined our Group in March 2010 and is currently responsible for managing the sales and marketing department of our automobile component division. From 1994 to 2007, he used to be a production manager of 北京凯迪实业有限公司 (Beijing Kai Di Enterprise Co., Ltd.), 北京雪花电器集团公司 (Beijing Xue Hua Electrical Appliance Co., Ltd.) and 北京东明化学科技有限公司 (Beijing Dong Ming Chemical Technology Co., Ltd). From August 2007 to February 2010, he was the marketing manager of 北京白菊电器有限公司 (Beijing Baiju Electrical Appliance Co., Ltd.). Mr Duan graduated from 天津轻工业学院 (Tianjin Light Industry College) with a Bachelor's degree in Mechanical Engineering in June 1994.

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 reference to 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 2016 (the "**FY2016**"). Explanations are provided where there are deviations from the Code 2012. The Company has complied with the principles of the Code 2012 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 success of the Company. The Board works with Management to achieve this 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 executive officers ("**Executive Officers**")) of the Company;
- 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's 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, 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 interested person transactions of a material nature.

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 in between the scheduled meetings. 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.

The number of meetings held by the Board and Board Committees and attendance of each Board member in FY2016 up to the date of this report are summarized in the table below:

	Board	Audit Committee	Remuneration Committee	Nominating Committee
No. of meetings held in FY2016	4	4	1	1
Directors	**Number of meetings attended in FY2016**			
Cai Kaoqun	4	4(1)	1(1)	1
Yang Jinbiao	4	N.A.	N.A.	N.A.
Cai Kaobing	4	N.A.	N.A.	N.A.
Hau Khee Wee(2)	4	4(1)	1(1)	1(1)
Ho Chew Thim	4	4	1	1
Lim Yit Keong	4	4	1	1
Li Zhiqiang	4	4	1	N.A.

Notes:

(1) Attendance by invitation.

(2) Resigned on 31 March 2016.

To assist the Board in the discharge of its responsibilities, the Board has established three (3) Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee. 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.

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 as appropriate. The Directors were given briefings by the Management on the Group's business activities and its strategic directions periodically to facilitate the effective discharge of their duties. 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 training programmes in connection with their duties as Directors. Briefings and updates provided for the Directors in FY2016 include:

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

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

c) the Directors are regularly briefed on the business activities 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 currently consists of six (6) Directors and comprises the following:

Cai Kaoqun	Executive Chairman and Chief Executive Officer
Yang Jinbiao	Executive Director and Chief Operating Officer
Cai Kaobing	Executive Director
Ho Chew Thim	Independent Non-Executive Director
Lim Yit Keong	Independent Non-Executive Director
Li Zhiqiang	Independent Non-Executive Director

The Company endeavours to maintain a strong and independent element on the Board. Three (3) out of six (6) of the Directors are independent, thereby fulfilling the Code 2012's requirement (a) that at least one-third of the Board should comprise Independent Directors and (b) 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.

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 Nominating Committee in accordance with the definition of independence in the Code 2012. The Nominating Committee had conducted an annual review for FY2016 and is of the view that the three (3) Independent Directors are independent. There were no Independent Directors who have served on the Board beyond nine (9) years.

Note:

(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.

A review will be undertaken by the Board, together with the Nominating Committee 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 FY2016, the Board and the Nominating Committee 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 composition of the Board will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate diversity of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The Nominating Committee 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.

	Number of Directors	Proportion of Board
Core Competencies		
- Accounting or finance	2	33%
- Business management	6	100%
- Legal or corporate governance	2	33%
- Relevant industry knowledge or experience	4	67%
- Strategic planning experience	6	100%
- Customer based experience or knowledge	4	67%

The Independent Directors effectively check on the Management by constructively challenging and helping to develop proposals on strategy. They monitor and review the reporting and performance of the Management in meeting agreed goals and objectives. The Independent Directors meet regularly on their own as warranted without the presence of Management.

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 and the independence presence of the Board, that 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, the Chief Financial Officer and/or the Group Financial Controller, or where such contact is not possible or inappropriate. 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 a 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 Nominating Committee comprises of Mr Lim Yit Keong (Chairman of the Nominating Committee), Mr Ho Chew Thim, and Mr Cai Kaoqun, of which the majority of whom, including the Chairman, are independent.

The primary function of the Nominating Committee 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 2012;

(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 related persons 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.

There is a formal and transparent process for the appointment of new Directors to the Board. The Nominating Committee reviews and recommends all new Board appointments and also the re-nomination and re-appointment of Directors to the Board. The Nominating Committee has used its best efforts 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 Company'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.

In the nomination and selection process of a new Director, the Nominating Committee 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 Nominating Committee will consider candidates proposed by the Management or search companies, and may engage external search consultants where necessary. The Nominating Committee will meet and interview the candidates to assess their suitability. The Nominating Committee will identify key attributes of an incoming Director based on the requirements of the Board and thereafter recommend to the Board the proposed appointment of the new Director.

In the process for the re-electing incumbent Directors, the Nominating Committee 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 Nominating Committee's satisfactory assessment, the Nominating Committee will recommend the proposed re-appointment of the director to the Board for its consideration and approval. Each Nominating Committee 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 of his other commitments including his directorships in other listed companies.

The Nominating Committee has reviewed and is satisfied that Mr Ho Chew Thim and Mr Lim Yit Keong have been able to devote sufficient time and attention to the affairs of the Company 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, and each Director is required to subject himself for re-nomination and 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 annual general meeting following his appointment, and is eligible for re-election if he so desires.

The Nominating Committee has recommended to the Board that Mr Cai Kaoqun and Mr Li Zhiqiang be nominated for re-appointment at the forthcoming annual general meeting of the Company. Mr Cai Kaoqun will, upon re-election as a Director, remain as the Executive Chairman of the Board and CEO. Mr Li Zhiqiang will, upon re-election as a Director, remain as a member of the Audit Committee and the Remuneration Committee. Each Nominating Committee member had abstained from voting on any of the assessment of his re-election as a Director. The details of Mr Cai Kaoqun and Mr Li Zhiqiang are found in the table on the following page.

CORPORATE GOVERNANCE REPORT

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
Yang Jinbiao	26 December 2007	25 July 2014	Nil	Nil
Cai Kaobing	26 December 2007	24 July 2015	Nil	Nil
Ho Chew Thim	18 June 2008	24 July 2015	• Yongmao Holdings Limited • Mencast Holdings Ltd • Hengyang Petrochemical Logistics Limited • DeClout Limited • Manulife US Real Estate Management Pte Ltd	• R H Energy Ltd
Lim Yit Keong	18 June 2008	24 July 2015	• Edition Limited	• R H Energy Ltd
Li Zhiqiang	30 June 2011	25 July 2014	Nil	Nil

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 Nominating Committee decides on how the Board's and Board Committee's performance are to be evaluated and to propose objective performance criteria which include 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 Board's performance evaluation form is disseminated to all Directors. The evaluation is led by the Chairman of the Nominating Committee 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 Nominating Committee endeavours 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. Every year, each Director will carry out a self-appraisal based on performance criteria determined by the Nominating Committee which include overall attendance, adequacy in meeting preparation, generation of creative/constructive ideas, maintenance of independence (only for Independent Directors), leadership – visionary quality, review and disclosure of related party transaction in good time, 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 Nominating Committee for review. The Nominating Committee 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.

The Nominating Committee is of the view that the Directors were able and have been adequately carrying out their duties as Directors of the Company. The Nominating Committee, 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. All members of the Nominating Committee have abstained from the review process of any matters in connection with the assessment of his performance.

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 the 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 ("**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, with regards to any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as directors.

2. REMUNERATION 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 Remuneration Committee comprises Mr Lim Yit Keong (Chairman of the Remuneration Committee), Mr Ho Chew Thim and Mr Li Zhiqiang, of which all members, including the Chairman, are independent. The Remuneration Committee is regulated by a set of written terms of reference and has access to independent professional advice, if necessary.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee 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 Executive 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 each Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and other benefits-in-kind.

When conducting such reviews, the Remuneration Committee 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. The recommendations of the Remuneration Committee on remuneration of Directors will be submitted for endorsement by the entire Board.

Each member of the Remuneration Committee 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 Remuneration Committee has met to consider and review the remuneration packages of the Executive Directors and Executive Officers, including those employees related to the Executive Directors and controlling shareholders of the Company.

The Remuneration Committee 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 the Management. Among other things, this helps the Company to stay competitive when developing its remuneration packages. No independent external consultants have been engaged by the Company for this purpose for FY2016.

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 Remuneration Committee 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 Remuneration Committee 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 annual general meeting.

The Executive Directors, namely Mr Cai Kaoqun, Mr Yang Jinbiao 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	1. Group's major project or development 2. Current market and industry practices
Quantitative	1. Profit before tax[1]	

Notes:

(1) Please refer to page 136 and page 137 of the Prospectus dated 30 September 2008 for more detailed information.

The recommendations of the Remuneration Committee will be submitted to the Board for endorsement. The Remuneration Committee 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 FY2016, 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[(1)] of the Directors of the Company for FY2016 is as follows:

Directors/ Chief Executive Officer	Fees %	Salaries %	Bonus %	Total %
Below S$250,000 per annum				
Cai Kaoqun	–	93	7	100
Yang Jinbiao[(2)]	–	–	–	–
Cai Kaobing	–	78	22	100
Hau Khee Wee[(3)]	–	93	7	100
Ho Chew Thim	100	–	–	100
Lim Yit Keong	100	–	–	100
Li Zhiqiang	100	–	–	100

Notes:

(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 has voluntarily ceased collecting his salary and bonus from April 2015 to March 2016.

(3) Mr Hau Khee Wee had resigned on 31 March 2016.

CORPORATE GOVERNANCE REPORT

The aggregate total remuneration of Directors, including the proposed directors' fees for FY2016 is approximately S$647,560.

Given the highly competitive environment that the Company is operating in and the confidentiality attached to 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 provides sufficient overview of the remuneration of the Management.

The Group only has four top Executive Officers, details of remuneration paid to the Executive Officers of the Group for FY2016 are as follows:

Key Executive Officers	**Salaries %**	**Bonus %**	**Total %**
Below S$250,000			
Cai Sinan	79	21	100
Duan Yuntao	83	17	100
Lv Bo	82	18	100
Lim Kheng Onn	93	7	100

The aggregate total remuneration of the above key Executive Officers for FY2016 is approximately S$245,187.

The aggregate amount of any 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) is nil.

There were no employees who were immediate family members of a Director and/or the CEO whose remuneration exceeded $50,000 during FY2016.

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 Remuneration Committee 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 Remuneration Committee 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 Remuneration Committee's discretion, set at a price (the "**Market Price**") equal to the average of the last dealt prices for the shares on the Official List of 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 Remuneration Committee, 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 the way of a ordinary resolution in a general meeting and of any relevant authorities which may then be required.

Since the establishment of the Scheme to the end of FY2016, 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 Listing Manual Section B: Rules of Catalist of the SGX-ST ("**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.

CORPORATE GOVERNANCE REPORT

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 risks 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 Audit Committee.

(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

The 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 77 to 80 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 Audit Committee, the Board reviews the adequacy and effectiveness of the Company's risk management policies and systems, and key internal controls at least on an annual basis, 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 the Management and to the Audit Committee independently.

The Audit Committee 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 FY2016. The basis for the opinion are as follows:

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

b) an internal audit has been done by the Internal Auditors and no significant matters were highlighted to the Audit Committee;

c) the Executive Officers regularly evaluate, monitor and report to the Audit Committee on the material risks; and

d) Discussions were held between the Audit Committee and the Internal Auditors in the absence of the Management to review and address any potential concerns.

The Board has also received assurances from the CEO and Group Financial Controller that for FY2016:

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, the Company currently does not have a separate board risk committee, and the risk management process is reviewed by the Audit Committee.

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.

The Audit Committee comprises Mr Ho Chew Thim (Chairman of Audit Committee), Mr Li Zhiqiang, and Mr Lim Yit Keong. All members including the Chairman of the Audit Committee are Independent Directors of the Company.

The Audit Committee members possess many years of experience in accounting, legal, business and financial management. The Board considers that the members of the Audit Committee are appropriately qualified to discharge the responsibilities of the Audit Committee.

It functions under a set of written terms of reference which sets out its responsibilities set out below. The Audit Committee also has explicit authority to investigate any matter within its terms of reference.

(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 Audit Committee;

(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.

In addition to reviewing the effectiveness of the Group's internal audit function, the Internal Auditor's primary line of reporting is the Chairman of the Audit Committee.

Apart from the above functions, the Audit Committee will also 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 Audit Committee 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 Audit Committee will abstain from any deliberations and/or voting in respect of matters in which he is interested.

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

The Audit Committee has met with the external auditors and the Internal Auditors, without the presence of the Management once in FY2016.

The Audit Committee 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 annual general meeting. The Audit Committee 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. The Audit Committee, 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 total fees paid to Messrs Ernst & Young LLP for FY2016 was S$157,000, including the audit fee of S$152,000 and the non-audit services fee of S$5,000, which is 3.3% of the audit fee.

The Group has established a whistle-blowing policy, endorsed by the Audit Committee, that seeks to provide a channel for the Group's employees 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 Audit Committee takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements with training conducted by professional or external consultants. For FY2016, the Audit Committee was briefed by the External Auditors through the Audit Committee meetings held.

3.4 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 maintaining 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 Audit Committee 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 the 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 Audit Committee 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. The Internal Auditors' primary line of reporting is to the Chairman of the Audit Committee, in respect of their work, which will include reviewing the risk control environment and business processes. The primary objective of the internal audit is to report to the Audit Committee 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 Audit Committee. 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. The Audit Committee is satisfied that the internal audit function has been adequately resourced and has the appropriate standing within the Group.

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 (the "**Companies Act**"), 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.

The Company does not practise selective disclosure and 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 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 FY2016 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 as and when available.

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 general meetings, 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 by the way of poll.

The Chairman of the Board and the Chairman of each Board Committees is required to be present to address questions at the annual general meeting. 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 each general meeting, the Company will make an announcement of the details results showing the number of votes cast for and against each resolution and the respective percentage. The Company Secretary prepares minutes of the general meetings, 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.

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 Company, 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 FY2016 or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

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 Audit Committee 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. Besides the information 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 FY2016 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted during FY2016 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	HK$'000	**HK$'000**
Shenzhen Kunda Precision Mould Co., Ltd Rental of factory premise at Bao Long Yi Road	1,020	–
Total	1,020	–

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

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

Non-sponsor fees paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2016 was S$20,000.

9. RISK MANAGEMENT

The Board had not delegated the oversight responsibility of risk management to a separate committee. The Board, Audit Committee 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 Audit Committee.

The Board would like to highlight to shareholders that, following the disposal of the Group's three subsidiaries, namely Kunda Mould (International) Company Limited, Kunda Mould (Shenzhen) Co., Ltd and Changchun FAW-Sihuan Lida Pressed Component Co., Ltd in FY2015, the Group relies significantly on direct and indirect sales to Beijing Hyundai Motor Co., Ltd for its revenue of the Group which accounted for approximately 80.8% of the Group's total revenue in FY2016. The Group is actively seeking to diversifying its revenue base through diversifying the customer base of our existing businesses and seeking new business ventures.

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 2016.

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 2016 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
Yang Jinbiao
Cai Kaobing
Ho Chew Thim
Lim Yit Keong
Li Zhiqiang

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	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company				
Cai Kaoqun	–	–	123,084,000	123,084,000
Yang Jinbiao	–	–	19,200,000	19,200,000
Cai Kaobing	–	–	19,200,000	19,200,000
Li Zhiqiang	950,000	950,000	–	–

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. Yang Jinbiao and Mr. Cai Kaobing hold 20% and 80% equity interests in GMT respectively. By virtue of their controlling interest of not less than 20% in CHH and GMT respectively, Mr. Cai Kaoqun, Mr. Yang Jinbiao and Mr. Cai Kaobing are deemed 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 2016.

Except as disclosed in this report, 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 at the end of the financial year.

5. Options

No options were issued by the Company during the financial year. As at 31 March 2016, there were no options on the unissued shares of the Company or any other body corporate which were outstanding. Further information on the China Kunda Employee Stock option Scheme can be found on pages 20 and 21 of the Annual Report.

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.

DIRECTORS' STATEMENT

7. Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors:

Cai Kaoqun
Director

Yang Jinbiao
Director

13 June 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of China Kunda Technology Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of China Kunda Technology Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 34 to 81, which comprise the balance sheets of the Group and the Company as at 31 March 2016, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
13 June 2016

CONSOLIDATED
INCOME STATEMENT

For the financial year ended 31 March 2016

(Amounts expressed in Hong Kong Dollars)

	Note	2016 HK$'000	2015 HK$'000
Continuing operations			
Revenue	4	197,850	206,247
Cost of sales		(159,951)	(173,738)
Gross profit		37,899	32,509
Other items of income			
Interest income	5	297	702
Other income	6	5,289	22,510
Other items of expense			
Selling and distribution expenses		(10,119)	(9,596)
General and administrative expenses		(23,343)	(17,597)
Other (expenses)/credit	7	(49)	237
Profit before tax from continuing operations	8	9,974	28,765
Income tax (expense)/credit	9	(1,082)	5,249
Profit from continuing operations, net of tax		8,892	34,014
Discontinued operations			
Loss from discontinued operations, net of tax	10	–	(4,697)
Profit for the year		8,892	29,317
Attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax		6,762	29,311
Loss from discontinued operations, net of tax		–	(4,888)
Profit for the year attributable to owners of the Company		6,762	24,423
Non-controlling interests			
Profit from continuing operations, net of tax		2,130	4,703
Profit from discontinued operations, net of tax		–	191
Profit for the year attributable to non-controlling interests		2,130	4,894
Earnings per share from continuing operations attributable to owners of the Company (HK cents per share)			
Basic and diluted	11 (a)	1.7	8.3
Earnings per share (HK cents per share)			
Basic and diluted	11 (b)	1.7	6.9

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 2016

(Amounts expressed in Hong Kong Dollars)

	Note	2016 HK$'000	2015 HK$'000
Profit for the year		8,892	29,317
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation, net of tax	25(c)	(3,869)	3,466
Total comprehensive income for the year		5,023	32,783
Attributable to:			
Owners of the Company		3,899	27,699
Non-controlling interests		1,124	5,084
Total comprehensive income for the year		5,023	32,783
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax		3,899	32,403
Total comprehensive income from discontinued operations, net of tax		–	(4,704)
Total comprehensive income for the year attributable to owners of the Company		3,899	27,699

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

BALANCE SHEETS

As at 31 March 2016

(Amounts expressed in Hong Kong Dollars)

	Note	Group 2016 HK$'000	Group 2015 HK$'000	Company 2016 HK$'000	Company 2015 HK$'000
ASSETS					
Non-current assets					
Investment in subsidiaries	12	–	–	46,977	48,864
Property, plant and equipment	13	14,316	10,984	–	–
Prepayments	18	150	1,214	–	–
		14,466	12,198	46,977	48,864
Current assets					
Inventories	16	26,749	26,682	–	–
Trade and other receivables	17	47,557	44,148	–	–
Prepayments	18	14,550	22,561	108	222
Amounts due from related parties	19	–	–	32,117	34,388
Cash and cash equivalents	20	34,613	27,494	214	279
		123,469	120,885	32,439	34,889
Total assets		137,935	133,083	79,416	83,753
LIABILITIES					
Current liabilities					
Trade and other payables	21	49,159	49,264	–	–
Other liabilities	22	11,051	10,659	1,865	1,774
Amounts due to related parties	19	444	889	–	–
Deferred government grants	23	192	1,876	–	–
Income tax payable		872	355	–	–
		61,718	63,043	1,865	1,774
Net current assets		61,751	57,842	30,574	33,115
Total liabilities		61,718	63,043	1,865	1,774
Net assets		76,217	70,040	77,551	81,979
EQUITY					
Equity attributable to owners of the Company					
Share capital	24	148,309	145,057	148,309	145,057
Accumulated losses		(41,842)	(48,559)	(84,466)	(80,007)
Restructuring reserve	25	(74,397)	(74,397)	–	–
Statutory reserve fund	25	45	–	–	–
Foreign currency translation reserve	25	19,797	22,660	13,708	16,929
		51,912	44,761	77,551	81,979
Non-controlling interests		24,305	25,279	–	–
Total equity		76,217	70,040	77,551	81,979
Total equity and liabilities		137,935	133,083	79,416	83,753

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 2016

(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 24)	Accumulated losses	Restructuring reserve (Note 25 (a))	Statutory reserve fund (Note 25(b))	Foreign currency translation reserve (Note 25(c))	Non-controlling interests
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group								
2016								
Opening balance at 1 April 2015	70,040	44,761	145,057	(48,559)	(74,397)	–	22,660	25,279
Profit for the year	8,892	6,762	–	6,762	–	–	–	2,130
Other comprehensive income								
Foreign currency translation	(3,869)	(2,863)	–	–	–	–	(2,863)	(1,006)
Other comprehensive income for the year, net of tax	(3,869)	(2,863)	–	–	–	–	(2,863)	(1,006)
Total comprehensive income for the year	5,023	3,899	–	6,762	–	–	(2,863)	1,124
Contribution by and distribution to owners								
Issuance of new ordinary shares	3,555	3,555	3,555	–	–	–	–	–
Share issuance expense	(303)	(303)	(303)	–	–	–	–	–
Total transactions with owners in their capacity as owners	3,252	3,252	3,252	–	–	–	–	–
Others								
Dividends paid to non-controlling interests	(2,098)	–	–	–	–	–	–	(2,098)
Transfer to statutory reserve fund	–	–	–	(45)	–	45	–	–
Total others	(2,098)	–	–	(45)	–	45	–	(2,098)
Closing balance at 31 March 2016	76,217	51,912	148,309	(41,842)	(74,397)	45	19,797	24,305
2015								
Opening balance at 1 April 2014	65,141	34,843	145,057	(32,765)	(106,937)	2,928	26,560	30,298
Profit for the year	29,317	24,423	–	24,423	–	–	–	4,894
Other comprehensive income								
Foreign currency translation	3,466	3,276	–	–	–	–	3,276	190
Other comprehensive income for the year, net of tax	3,466	3,276	–	–	–	–	3,276	190
Total comprehensive income for the year	32,783	27,699	–	24,423	–	–	3,276	5,084
Others								
Acquisition of non-controlling interests	(7,606)	248	–	248	–	–	–	(7,854)
Disposal of subsidiaries	(20,278)	(18,029)	–	(40,465)	32,540	(2,928)	(7,176)	(2,249)
Total others	(27,884)	(17,781)	–	(40,217)	32,540	(2,928)	(7,176)	(10,103)
Closing balance at 31 March 2015	70,040	44,761	145,057	(48,559)	(74,397)	–	22,660	25,279

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 2016

(Amounts expressed in Hong Kong Dollars)

	Equity, total	Share capital (Note 24)	Accumulated losses	Foreign currency translation reserve (Note 25(c))
	HK$'000	HK$'000	HK$'000	HK$'000
Company				
2016				
Opening balance at 1 April 2015	81,979	145,057	(80,007)	16,929
Loss for the year	(4,459)	–	(4,459)	–
Other comprehensive income				
Foreign currency translation	(3,221)	–	–	(3,221)
Other comprehensive income for the year, net of tax	(3,221)	–	–	(3,221)
Total comprehensive income for the year	(7,680)	–	(4,459)	(3,221)
Contribution by and distribution to owners				
Issuance of new ordinary shares	3,555	3,555	–	–
Share issuance expenses	(303)	(303)	–	–
Total transactions with owners in their capacity as owners	3,252	3,252	–	–
Closing balance at 31 March 2016	77,551	148,309	(84,466)	13,708
2015				
Opening balance at 1 April 2014	105,946	145,057	(55,702)	16,591
Loss for the year	(24,305)	–	(24,305)	–
Other comprehensive income				
Foreign currency translation	338	–	–	338
Other comprehensive income for the year, net of tax	338	–	–	338
Total comprehensive income for the year	(23,967)	–	(24,305)	338
Closing balance at 31 March 2015	81,979	145,057	(80,007)	16,929

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 2016

(Amounts expressed in Hong Kong Dollars)

		Group	
	Note	2016	2015
		HK$'000	HK$'000
Operating activities			
Profit before tax from continuing operations		9,974	28,765
Loss before tax from discontinued operations	10	–	(4,697)
Profit before tax, total		9,974	24,068
Adjustments for:			
Depreciation of property, plant and equipment	13	2,368	2,977
Amortisation of land use rights	15	–	571
Reversal of impairment loss on inventories	7	(92)	(30)
Impairment loss on doubtful trade and other receivables	7	141	520
Gain on disposal of property, plant and equipment	6	(133)	(562)
Gain on disposal of subsidiaries	6	–	(14,041)
Amortisation of deferred government grants	23	(2,440)	–
Interest income	5	(297)	(702)
Translation differences		(2,338)	(6,451)
Total adjustments		(2,791)	(17,718)
Operating cash flows before changes in working capital		7,183	6,350
Changes in working capital			
(Increase)/decrease in:			
Trade and other receivables		(3,550)	27,798
Inventories		1,207	1,755
Prepayments		8,011	(12,072)
Amount due to related parties, net		(445)	(35)
Increase/(decrease) in:			
Trade and other payables		56	(18,496)
Other liabilities		392	(11,587)
Total changes in working capital		5,671	(12,637)
Cash flows from/(used in) operations		12,854	(6,287)
Interest received		297	702
Income taxes paid		(453)	(1,308)
Net cash flows from/(used in) operating activities		12,698	(6,893)
Investing activities			
Purchase of property, plant and equipment	A	(6,457)	(8,898)
Proceeds from disposal of property, plant and equipment		133	562
Government grants received	23	805	595
Net cash inflow on disposal of subsidiaries	12	–	22,118
Net cash flows (used in)/from investing activities		(5,519)	14,377

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 2016

(Amounts expressed in Hong Kong Dollars)

	Note	Group 2016 HK$'000	Group 2015 HK$'000
Financing activities			
Proceeds from short-term borrowings		–	1,690
Repayment of short-term borrowings		–	(20,466)
Proceeds from issuance of new ordinary shares		3,555	–
Share issuance expense		(303)	–
Dividends paid to non-controlling interests		(2,098)	–
Net cash flows from/(used in) financing activities		1,154	(18,776)
Net increase/(decrease) in cash and cash equivalents		8,333	(11,292)
Effect of exchange rate changes on cash and cash equivalents		(1,214)	99
Cash and cash equivalents at 1 April		27,494	38,687
Cash and cash equivalents at 31 March	20	34,613	27,494

Notes to the consolidated cash flow statement

A. Purchase of property, plant and equipment

	Group 2016 HK$'000	Group 2015 HK$'000
Aggregate cost of property, plant and equipment acquired (Note 13)	6,178	12,735
Add: Payment for prior years acquisitions	374	115
Add/(Less): Movement of prepayments	118	(3,578)
Less: Outstanding payments (Note 21)	(213)	(374)
Cash payments made to acquire property, plant and equipment	6,457	8,898

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, 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.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 April 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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**
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendment to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 7: *Disclosure Initiative*	1 January 2017
Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115 and FRS 109, 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 115 is described below.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

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

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. 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 principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. 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. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

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 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.

2. Summary of significant accounting policies (continued)

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

(a) *Basis of consolidation (continued)*

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.

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.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

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 owners' 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.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated 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.

2. Summary of significant accounting policies (continued)

2.7 *Property, plant and equipment (continued)*

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

		Years
Buildings	–	20
Office equipment	–	2 to 5
Plant and machinery	–	3 to 10
Tooling	–	1
Motor vehicles	–	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.

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.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.8 *Intangible assets (continued)*

(i) *Research and development costs (continued)*

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 *Land use rights*

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over the lease term of 6 years.

2.10 *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.

2.11 *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. Summary of significant accounting policies (continued)

2.12 *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.

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.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.13 *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.

2.14 *Cash and cash equivalents*

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

2.15 *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. Summary of significant accounting policies (continued)

2.16 *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.

2.17 *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”.

2.18 *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 People’s Republic of China (“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.

2.19 *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.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.19 *Leases (continued)*

(a) *As lessee (continued)*

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. The accounting policy for rental income is set out in Note 2.21(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.20 *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 a separate major line of business or geographical area of operations.

2.21 *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.

(c) *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2. Summary of significant accounting policies (continued)

2.22 *Taxes*

(a) *Current income tax (continued)*

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.

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.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.22 *Taxes (continued)*

(b) *Deferred tax (continued)*

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.

2.23 *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.

2.24 *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.

3.1 *Judgments made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) *Determination of functional currency*

The Group measures foreign currency translations in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

3.2 *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) *Useful lives of plant and machinery*

The cost of plant and machinery for the manufacture of automobile components and IMD products is depreciated on a straight-line basis less their estimated residual value (0% to 5% of original cost) over their respective estimated useful lives. Management estimates the useful lives of these assets to be 3 to 10 years. This estimate is based on the historical experience of the actual useful lives of plant and machinery of similar nature and functions. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of these assets of the Group as at 31 March 2016 was HK$6,740,000 (2015: HK$2,286,000). A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately HK$46,000 (2015: HK$15,000) variance in the Group's profit before tax.

(ii) *Revenue recognition for sales of automobile component parts*

The initial selling prices of the Group's automobile component parts for new automobile models will be finalised at a later stage, which could be finalised after the financial year end. The differences between the initial and the finalised selling prices will be recognised in the period when the price is finalised. Management has recorded revenue based upon initial selling prices agreed with customer as the final selling price cannot be measured reliably at the point of sale.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

4. Revenue

	Group 2016 HK$'000	Group 2015 HK$'000
Sale of goods	197,850	206,247

5. Interest income

	Group 2016 HK$'000	Group 2015 HK$'000
Interest income from loans and receivables	297	702

6. Other income

	Note	Group 2016 HK$'000	Group 2015 HK$'000
Gain on disposal of property, plant and equipment		133	562
Sale of raw materials/scrap materials		171	478
Gain on disposal of subsidiaries	12	–	14,041
Cumulative exchange gain in respect of the net assets of the subsidiaries reclassified from equity on loss of control of the subsidiaries	12	–	7,176
Government grants related to income		2,457	8
Net foreign exchange gain		814	245
Rental income		1,238	–
Others		476	–
		5,289	22,510

7. Other (expenses)/credit

	Group 2016 HK$'000	Group 2015 HK$'000
Impairment loss on doubtful trade and other receivables	(141)	(408)
Reversal of impairment loss on inventories	92	645
	(49)	237

8. Profit before tax from continuing operations

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

	Note	Group 2016 HK$'000	Group 2015 HK$'000
Audit fees paid to auditors of the Company		1,065	1,386
Non-audit fees paid to auditors of the Company		30	33
Depreciation of property, plant and equipment	13	2,368	1,687
Employee benefits expense	27	27,583	24,262
Operating lease expense	29(b)	6,957	6,831
Research expenses		1,576	660
Inventories recognised as an expense in cost of sales	16	159,317	172,827

9. Income tax (expense)/credit

Major components of income tax (expense)/credit

The major components of income tax (expense)/credit for the years ended 31 March 2016 and 2015 are:

	Group 2016 HK$'000	Group 2015 HK$'000
Consolidated income statement:		
Current income taxation:		
- Current income taxation	(1,368)	(1)
- Overprovision in respect of previous years	286	5,250
Income tax (expense)/credit recognised in profit or loss	(1,082)	5,249

Relationship between tax (expense)/credit and accounting profit

A reconciliation between tax (expense)/credit and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 31 March 2016 and 2015 is as follows:

	Group 2016 HK$'000	Group 2015 HK$'000
Profit before tax from continuing operations	9,974	28,765
Loss before tax from discontinued operations (Note 10)	–	(4,697)
Accounting profit before tax	9,974	24,068
Tax at the domestic rates applicable to profits in the countries where the Group operates	(3,082)	3,641
Adjustments:		
Non-deductible expenses	(977)	(1,837)
Income not subject to taxation	1,252	2
Deferred tax assets not recognised	(1,051)	(1,804)
Overprovision in respect of previous years	286	5,250
Benefits from previously unrecognised tax losses	2,403	–
Others	87	(3)
Income tax (expense)/credit recognised in profit or loss	(1,082)	5,249

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For the financial year ended 31 March 2016

9. Income tax (expense)/credit (continued)

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 2016 and 31 March 2015 is 17%. No provision for income tax has been made as the Company has no assessable profits for the financial years ended 31 March 2016 and 31 March 2015.

(ii) Kunda Plastic Electronic (Shenzhen) Co., Ltd ("KPE") and 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, KPE and BBJ are subjected to an applicable tax rate of 25% for the financial year ended 31 March 2016.

(iv) 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 2016.

(v) 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 2016 and 31 March 2015.

Unrecognised tax losses

As at the end of the reporting period, the Group has deductible tax losses of approximately HK$6,207,000 (2015: HK$25,056,000), that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the loss-making subsidiaries operate.

10. Discontinued operations

On 10 June 2014, the Group announced the entry into a conditional sale and purchase agreement with an independent third party purchaser in respect of the disposal of three subsidiaries, Kunda Mould (International) Company Limited ("Kunda Mould International"), Kunda Mould (Shenzhen) Company Limited ("Kunda Mould Shenzhen") and Changchun FAW-Sihuan Lida Pressed Component Company Limited ("Changchun Lida") through the sale of all the shares in Kunda Mould International to the purchaser. Under the terms of conditional sale and purchase agreement, the disposal of Changchun Kunda is deemed to have been completed and the risk and rewards associated with the disposal of Kunda Mould International, Kunda Mould Shenzhen, Changchun Lida and Changchun Kunda are transferred to the purchaser with effect from 31 July 2014. On 10 February 2015, the disposal of the above transaction was completed.

As such, the results of Kunda Mould International, Kunda Mould Shenzhen, Changchun Lida and Changchun Kunda have been shown separately in the consolidated income statement within one line item, "Loss from discontinued operations, net of tax".

Income statement disclosures

The results of discontinued operations for the financial years ended 31 March 2015 are as follows:

	Group 2015 HK$'000
Revenue	35,076
Expenses	(38,005)
Loss from operations	(2,929)
Interest income	42
Finance costs	(1,083)
Impairment loss on trade and other receivables	(112)
Impairment loss on inventories	(615)
Loss before tax from discontinued operations	(4,697)
Income tax expense	–
Loss from discontinued operations, net of tax	(4,697)

Cash flow statement disclosures

The cash flows attributable to discontinued operations are as follows:

	Group 2015 HK$'000
Operating	8,785
Investing	(1,128)
Financing	(18,685)
Net cash outflows	(11,028)

10. Discontinued operations (continued)

Loss per share disclosures

	Group 2015
Loss per share from discontinued operations attributable to owners of the Company (HK cents per share)	
Basic and diluted	(1.4)

The basic and diluted loss per share from discontinued operations are calculated by dividing the loss from discontinued operations, 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 loss and share data are in the tables in Note 11(a).

11. Earnings per share

(a) *Continuing operations*

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average of the 403,483,000 (FY2015: 352,000,000) ordinary shares outstanding during the financial year.

The basic and diluted earnings per share of the Group are the same as there were no potential dilutive ordinary shares outstanding as at 31 March 2016 and 2015.

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

	Group	
	2016	**2015**
	HK$'000	HK$'000
Profit for the year attributable to owners of the Company	6,762	24,423
Add back: Loss from discontinued operations, net of tax, attributable to owners of the Company	–	4,888
Profit 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	6,762	29,311

(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

	Group 2016 HK$'000	Group 2015 HK$'000
Shares, at cost	80,782	84,027
Impairment losses	(33,805)	(35,163)
	46,977	48,864

(a) ***Composition of the Group***

The Group has the following significant investments in subsidiaries.

Name	Country of incorporation	Principal activities	Proportion (%) of ownership 2016 %	Proportion (%) of ownership 2015 %
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.[4]	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%	–

(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).

(4) Audited by Beijing Zhong Tian Yong Xin Certified Public Accountants (北京中天永信会计师事务所).

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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 2016:					
Beijing Baiju Automobile Component Company Limited.	People's Republic of China	43	2,130	24,305	2,098
31 March 2015:					
Beijing Baiju Automobile Component Company Limited.	People's Republic of China	43	4,703	25,279	–

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$15,097,000 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.	
	2016	**2015**
	HK$'000	HK$'000
Current		
Assets	91,880	94,654
Liabilities	(48,962)	(46,561)
Net current assets	42,918	48,093
Non-current		
Assets	13,675	10,696
Net assets	56,593	58,789

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.	
	2016	**2015**
	HK$'000	HK$'000
Revenue	160,271	178,700
Profit before income tax	6,614	10,936
Income tax expense	(1,659)	(1)
Profit after tax – continuing operations	4,955	10,935
Other comprehensive income	(2,341)	111
Total comprehensive income	2,614	11,046

Other summarised information

	Beijing Baiju Automobile Component Company Limited.	
	2016	**2015**
	HK$'000	HK$'000
Net cash flows from operations	7,631	7,046
Acquisition of significant property, plant and equipment	6,178	10,503

(d) ***Disposal of subsidiaries***

On 10 June 2014, the Group entered into a conditional sale and purchase agreement to dispose of three subsidiaries, Kunda Mould (International) Company Limited ("Kunda Mould International"), Kunda Mould (Shenzhen) Company Limited ("Kunda Mould Shenzhen") and Changchun FAW-Sihuan Lida Pressed Component Company Limited ("Changchun Lida") through the sale of all the shares in Kunda Mould International to the purchaser, at a consideration of HK$30,737,000. The consideration was fully settled in cash.

12. Investment in subsidiaries (continued)

(d) ***Disposal of subsidiaries (continued)***

The value of assets and liabilities of Kunda Mould International, Kunda Mould Shenzhen, Changchun Lida and Changchun Kunda, recorded in the consolidated financial statements as at 31 July 2014, and the effects of the disposal are as follows:

	2015 HK$'000
Property, plant and equipment*	39,754
Land use rights*	24,354
Trade and other receivables	27,979
Prepayments	9,015
Inventories	33,091
Cash and cash equivalents	8,549
	142,742
Trade and other payables	(62,350)
Other liabilities	(15,532)
Borrowings	(10,483)
Deferred government grants	(11,776)
Carrying value of net assets	42,601
Cash consideration	30,737
Less: Cash and cash equivalents of the subsidiaries	(8,549)
Less: Stamp duty and professional fee incurred for the disposal	(70)
Net cash inflow on disposal of the subsidiaries	22,118

Gain on disposal

Cash received	30,737
Net assets attributable to group derecognised	(16,626)
Stamp duty and professional fee incurred for the disposal	(70)
Cumulative exchange gain in respect of the net assets of the subsidiaries reclassified from equity on loss of control of the subsidiaries	7,176
Gain on disposal	21,217

12. Investment in subsidiaries (continued)

(d) ***Disposal of subsidiaries (continued)***

The gain on disposal, amounted to HK$21,217,000, was included in other income in profit or loss, and this amount comprised HK$14,041,000 of gain on disposal of the net assets of the subsidiaries derecognised and HK$7,176,000 of cumulative exchange gain.

* Property, plant and equipment and land use rights of the subsidiaries disposed of during the financial year comprise the following as at 31 July 2014:

	2015
	HK$'000
Property, plant and equipment previously not classified under "Assets of disposal group classified as held for sale"	22,972
Property, plant and equipment previously classified under "Assets of disposal group classified as held for sale"	16,782
Total	39,754
Land use rights previously not classified under "Assets of disposal group classified as held for sale"	5,928
Land use rights previously classified under "Assets of disposal group classified as held for sale"	18,426
Total	24,354

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13. Property, plant and equipment

Group	Buildings	Office equipment	Plant and machinery	Motor vehicles	Renovations	Assets under construction	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost							
At 1 April 2014	31,667	2,353	111,155	4,828	4,167	1,404	155,574
Additions	–	1,044	2,346	448	7,971	926	12,735
Disposals	–	–	(3,664)	–	–	–	(3,664)
Disposal of subsidiaries (Note 12)	(31,859)	(1,985)	(54,762)	(4,081)	(1,615)	(2,341)	(96,643)
Exchange differences	192	13	445	21	11	11	693
At 31 March 2015 and 1 April 2015	–	1,425	55,520	1,216	10,534	–	68,695
Additions	–	250	5,517	411	–	–	6,178
Disposals	–	–	(1,547)	–	–	–	(1,547)
Exchange differences	–	(61)	(1,760)	(55)	(408)	–	(2,284)
At 31 March 2016	–	1,614	57,730	1,572	10,126	–	71,042
Accumulated depreciation and impairment loss							
At 1 April 2014	10,615	2,303	109,799	4,524	2,866	1,404	131,511
Depreciation charge for the year	1,154	147	290	99	1,287	–	2,977
Disposals	–	–	(3,664)	–	–	–	(3,664)
Disposal of subsidiaries (Note 12)	(11,837)	(1,562)	(53,630)	(3,615)	(1,615)	(1,412)	(73,671)
Exchange differences	68	12	439	19	12	8	558
At 31 March 2015 and 1 April 2015	–	900	53,234	1,027	2,550	–	57,711
Depreciation charge for the year	–	138	910	54	1,266	–	2,368
Disposals	–	–	(1,547)	–	–	–	(1,547)
Exchange differences	–	(40)	(1,607)	(43)	(116)	–	(1,806)
At 31 March 2016	–	998	50,990	1,038	3,700	–	56,726
Net carrying amount							
At 31 March 2015	–	525	2,286	189	7,984	–	10,984
At 31 March 2016	–	616	6,740	534	6,426	–	14,316

Depreciation charges

The depreciation charges as disclosed in Note 8, relate to the continued operations.

	Group	
	2016	2015
	HK$'000	HK$'000
Depreciation charges from continued operations (Note 8)	2,368	1,687
Depreciation charges from discontinued operations	–	1,290
Total depreciation charges	2,368	2,977

14. Intangible assets

Group	Goodwill	Deferred development costs	Computer software	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Cost				
At 1 April 2014	61	52,689	2,106	54,856
Disposal of subsidiaries (Note 12)	(61)	(10,728)	(2,022)	(12,811)
Exchange differences	–	168	12	180
At 31 March 2015 and 1 April 2015	–	42,129	96	42,225
Exchange differences	–	(1,627)	(3)	(1,630)
At 31 March 2016	–	40,502	93	40,595
Accumulated amortisation and impairment				
At 1 April 2014	61	52,689	2,106	54,856
Disposal of subsidiaries (Note 12)	(61)	(10,728)	(2,022)	(12,811)
Exchange differences	–	168	12	180
At 31 March 2015 and 1 April 2015	–	42,129	96	42,225
Exchange differences	–	(1,627)	(3)	(1,630)
At 31 March 2016	–	40,502	93	40,595
Net carrying amount				
At 31 March 2015	–	–	–	–
At 31 March 2016	–	–	–	–

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.

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15. Land use rights

	Group	
	2016	2015
	HK$'000	HK$'000
Cost:		
At 1 April	–	11,692
Disposal of subsidiaries (Note 12)	–	(11,763)
Exchange differences	–	71
At 31 March	–	–
Accumulated amortisation:		
At 1 April	–	5,228
Amortisation for the year	–	571
Exchange differences	–	36
Disposal of subsidiaries (Note 12)	–	(5,835)
At 31 March	–	–
Net carrying amount:		
At 31 March	–	–

16. Inventories

	Group	
	2016	2015
	HK$'000	HK$'000
Balance sheet:		
Raw materials (at cost)	3,075	4,071
Work-in-progress (at cost)	1,119	2,913
Finished goods (at cost or net realizable value)	22,555	19,698
	26,749	26,682

	Group	
	2016	2015
	HK$'000	HK$'000
Income statement:		
Inventories recognised as an expense in cost of sales	159,317	172,827
Reversal of impairment loss on inventories included in the "Other expenses" line item in profit or loss	(92)	(645)

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.

17. Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables	40,935	37,916	–	–
Bills receivables	2,815	853	–	–
Deposits	1	132	–	–
Other receivables	3,806	5,247	–	–
Total trade and other receivables	47,557	44,148	–	–
Add: Amounts due from related parties (Note 19)	–	–	32,117	34,388
Add: Cash and cash equivalent (Note 20)	34,613	27,494	214	279
Total loans and receivables	82,170	71,642	32,331	34,667

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	
	2016	2015
	HK$'000	HK$'000
United States Dollar	82	643
Renminbi	40,853	37,206

Receivables that are past due but not impaired

The Group has trade receivables amounting to HK$498,000 (2015: HK$4,168,000) 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	
	2016	2015
	HK$'000	HK$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	224	2,962
30 to 60 days	268	866
61-90 days	–	260
91-120 days	–	36
More than 120 days	6	44
	498	4,168

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For the financial year ended 31 March 2016

17. Trade and other receivables (continued)

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	
	2016	2015
	HK$'000	HK$'000
Trade receivables – nominal amount	1,010	907
Less: Allowance for impairment	(1,010)	(907)
	–	–
Movement in allowance accounts:		
At 1 April	907	4,533
Charge for the year	141	520
Exchange differences	(38)	16
Disposal of subsidiaries	–	(4,162)
At 31 March	1,010	907

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 (2015: 30 to 180 days).

Other receivables

Other receivables are non-interest bearing, repayable on demand and are to be settled in cash.

18. Prepayments

	Group		Company	
	2016	2015	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
Current:				
Advances to suppliers	13,554	16,261	–	–
Prepaid operating expenses	996	6,300	108	222
	14,550	22,561	108	222
Non-current:				
Prepayment for purchase of property, plant and equipment	150	1,214	–	–

19. Amounts due from/to related parties

	Group		Company	
	2016	**2015**	**2016**	**2015**
	HK$'000	HK$'000	HK$'000	HK$'000
Amounts due from related parties				
Subsidiaries, non-trade [(1)]	–	–	32,117	34,388
	–	–	32,117	34,388
Amounts due to related parties				
Director-related company, trade [(2)]	157	449	–	–
Director, non-trade [(3)]	287	440	–	–
	444	889	–	–

(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.

20. Cash and cash equivalents

	Group		Company	
	2016	**2015**	**2016**	**2015**
	HK$'000	HK$'000	HK$'000	HK$'000
Cash at banks and on hand	34,613	27,494	214	279

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rate as at 31 March 2016 for the Group was 0.3% (2015: 0.3%).

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	HK$'000	HK$'000	HK$'000	HK$'000
Renminbi	32,218	26,144	–	–
Singapore Dollar	214	279	214	279

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21. Trade and other payables

	Group		Company	
	2016	**2015**	**2016**	**2015**
	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	46,450	44,129	–	–
Payable to suppliers of property, plant and equipment	213	374	–	–
Other payables	2,496	4,761	–	–
Total trade and other payables	49,159	49,264	–	–
Add: Amounts due to related parties (Note 19)	444	889	–	–
Add: Other liabilities (Note 22)	8,472	7,929	1,865	1,774
Total financial liabilities carried at amortised cost	58,075	58,082	1,865	1,774

Trade payables

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

Trade payables denominated in foreign currencies as at 31 March are as follows:

	Group	
	2016	**2015**
	HK$'000	HK$'000
Renminbi	46,450	44,129

22. Other liabilities

	Group		Company	
	2016	**2015**	**2016**	**2015**
	HK$'000	HK$'000	HK$'000	HK$'000
Accrued operating expenses	8,472	7,929	1,865	1,774
Advances from customers	1,171	1,766	–	–
VAT and other tax payables	1,408	964	–	–
	11,051	10,659	1,865	1,774

23. Deferred government grants

	Group	
	2016	**2015**
	HK$'000	HK$'000
Cost:		
At 1 April	1,876	13,980
Received during the financial year	805	595
Disposal of subsidiaries (Note 12)	–	(12,779)
Exchange differences	(83)	80
At 31 March	2,598	1,876
Accumulated amortisation:		
At 1 April	–	997
Amortisation	2,440	–
Disposal of subsidiaries (Note 12)	–	(1,003)
Exchange differences	(34)	6
At 31 March	2,406	–
Net carrying amount:		
Current	192	1,876

As at 31 March 2016 and 2015, 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.

24. Share capital

	Group and Company			
	2016		**2015**	
	No. of shares		**No. of shares**	
	'000	HK$'000	'000	HK$'000
Issued and fully paid ordinary shares				
At 1 April	352,000	145,057	352,000	145,057
Issued during the year	57,800	3,555	–	–
Share issuance expense	–	(303)	–	–
At 1 April and at 31 March	409,800	148,309	352,000	145,057

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.

25. 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".

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

25. Other reserves (continued)

(b) *Statutory reserve fund*

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China ("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.

26. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments 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.

(b) *Automobile component parts*

The automobile components segment provides plastic and metal component parts used in the manufacture of automobiles.

(c) *Moulds (Fully disposed in FY2015)*

The moulds segment provides moulds and other related technical services used in the production of plastic injection parts.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

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

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

26. Segment Information (continued)

	IMD and Plastic injection parts	Automobile component parts	Note	Total
	HK$'000	HK$'000		HK$'000
2016				
Revenue				
Sales to external customers	37,579	160,271		197,850
Segment results:				
Segment gross profit	10,223	27,676		37,899
Depreciation of property, plant and equipment	(663)	(1,705)		(2,368)
Impairment loss on doubtful trade and other receivables	(141)	–		(141)
(Impairment loss)/Reversal of impairment loss on inventories	(64)	156		92
Gain on disposal of property, plant and equipment	–	133		133
Research expenses	(156)	(1,420)		(1,576)
Unallocated expenses, net			B	(24,065)
Profit before tax				9,974

	Mould	IMD and Plastic injection parts	Automobile component parts	Adjustments	Note	Total
	HK$'000	HK$'000	HK$'000	HK$'000		HK$'000
2015						
Revenue						
Sales to external customers	26,771	29,025	185,527	(35,076)	A	206,247
Segment results:						
Segment gross profit	6,140	3,101	29,929	(6,661)	A	32,509
Depreciation of property, plant and equipment	(136)	(672)	(2,169)	1,290	A	(1,687)
Amortisation of land use rights	–	–	(574)	574	A	–
Impairment loss on doubtful trade and other receivables	(112)	(375)	(33)	112	A	(408)
Impairment loss on inventories	(560)	(156)	746	615	A	645
Gain on disposal of property, plant and equipment	–	562	–	–	A	562
Research expenses	(1,190)	(660)	–	1,190	A	(660)
Unallocated expenses, net					B	(2,196)
Profit before tax						28,765

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

26. Segment Information (continued)

Note A - The amounts relating to the results of Mould segment, which have been excluded to arrive at amounts shown in profit or loss as the Group has fully disposed the operating entities in relation to the Mould segment during the year.

Note B - 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.

	2016 HK$'000	**2015** HK$'000
Unallocated employee benefits under General and administrative expenses	(12,101)	(8,951)
Unallocated employee benefits under Selling and distribution expenses	(5,038)	(3,935)
Unallocated operating lease expenses under General and administrative expenses	(2,369)	(2,752)
Unallocated gain on disposal of subsidiaries under Other income	–	14,041
Unallocated net foreign exchange gain under Other income	814	7,421
Unallocated government grant related to income under Other income	2,457	–
Unallocated rental income under Other income	1,238	–
Unallocated corporate expenses	(9,363)	(8,722)
Unallocated interest income	297	702
	(24,065)	(2,196)

Geographical information

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

	Asia except for PRC HK$'000	**PRC** HK$'000	**North America** HK$'000	**Europe** HK$'000	**Discontinued operations** HK$'000	**Total** HK$'000
2016						
Revenue	46	197,804	–	–	–	197,850
Non-current assets	–	14,466	–	–	–	14,466
2015						
Revenue	466	221,400	3,147	11,404	(30,170)	206,247
Non-current assets	–	12,198	–	–	–	12,198

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

Information about major customers

Revenue from two major customers amounted to HK$156,480,000 (2015: two major customers amounted to HK$174,153,000) arising from sales by the automobile component parts segment.

27. Employee benefits

	Group 2016 HK$'000	Group 2015 HK$'000
Employee benefits expense (including directors):		
Salaries and bonuses	22,074	20,687
Directors' fees (Note 28(b))	1,148	810
Contribution to defined contribution plans	1,320	1,490
Other personnel expenses	3,041	1,275
	27,583	24,262

28. 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 2016 HK$'000	Group 2015 HK$'000
Rental of factory premises charged by a director related company	1,020	1,434

(b) *Compensation of key management personnel*

	Group 2016 HK$'000	Group 2015 HK$'000
Salaries and bonuses	3,238	2,064
Directors' fees	1,148	810
Contribution to defined contribution plans	194	98
	4,580	2,972
Comprises amounts paid to:		
Directors of the Company	3,358	2,165
Other key management personnel	1,222	807
	4,580	2,972

29. 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	
	2016	**2015**
	HK$'000	HK$'000
Capital commitments in respect of property, plant and equipment	4,617	5,794

(b) ***Operating lease commitments – as lessee***

The Group has entered into commercial leases relating to the rental of factory and office premises. These leases have an average tenure of 156 months (2015: 196 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	
	2016	**2015**
	HK$'000	HK$'000
Not later than one year	6,177	6,141
Later than one year but not later than five years	23,616	24,564
More than five years	61,174	69,789
	90,967	100,494

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 2016 amounted to HK$6,957,000 (2015: HK$6,831,000).

(c) ***Operating lease commitments – as lessor***

The Group has entered into commercial leases relating to the subleases of excess floor space of factories. These leases have an average tenure of 52 months (2015: Nil). All leases include a clause to enable upward revision of the rental charge based on prevailing market conditions. Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2016	**2015**
	HK$'000	HK$'000
Not later than one year	1,206	–
Later than one year but not later than five years	4,062	–
	5,268	–

30. 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.

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.

<u>Excessive risk concentration</u>

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.

<u>Exposure to credit risk</u>

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 classof financial assets recognised in the balance sheets.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

30. Financial risk management objectives and policies (continued)

Credit risk (continued)

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	
	2016	**2015**
	HK$'000	HK$'000
By products:		
IMD	7,885	4,981
Automobile components	33,050	32,935
	40,935	37,916

As at 31 March 2016, approximately 79% (31 March 2015: 83%) of the Group's trade receivables relates to two major customers.

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 17 (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.

30. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2016			2015		
	One year or less	**Over one year**	**Total**	**One year or less**	**Over one year**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group						
Financial assets:						
Trade and other receivables	47,557	–	47,557	44,148	–	44,148
Cash and short-term deposits	34,613	–	34,613	27,494	–	27,494
Total undiscounted financial assets	82,170	–	82,170	71,642	–	71,642
Financial liabilities						
Trade and other payables	49,159	–	49,159	49,264	–	49,264
Other liabilities	8,472	–	8,472	7,929	–	7,929
Amounts due to related parties	444	–	444	889	–	889
Total undiscounted financial liabilities	58,075	–	58,075	58,082	–	58,082
Total net undiscounted financial assets	24,095	–	24,095	13,560	–	13,560

	2016			2015		
	One year or less	**Over one year**	**Total**	**One year or less**	**Over one year**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Company						
Financial assets:						
Amounts due from related parties	32,117	–	32,117	34,388	–	34,388
Cash and short-term deposits	214	–	214	279	–	279
Total undiscounted financial assets	32,331	–	32,331	34,667	–	34,667
Financial liabilities						
Other liabilities	1,865	–	1,865	1,774	–	1,774
Total undiscounted financial liabilities	1,865	–	1,865	1,774	–	1,774
Total net undiscounted financial assets	30,466	–	30,466	32,893	–	32,893

30. Financial risk management objectives and policies (continued)

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 (2015: 50) basis points higher/lower with all other variables held constant, the Group's profit before tax would have been approximately HK$119,000 (2015: HK$97,000) 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.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily US Dollars (USD). The foreign currencies in which these transactions are denominated are mainly US Dollars (USD). Approximately 0.2% (2015: 0.1%) of the Group's sales is denominated in foreign currencies whilst almost 100% (2015: 100%) of costs is denominated in the respective functional currencies of the Group entities. The Group's trade receivables and trade payables balances at the end of the reporting period have similar exposures.

The Group also 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	
		2016	**2015**
		HK$'000	HK$'000
		Profit after tax	Profit after tax
HKD/ RMB	- strengthened 3% (2015: 3%)	–	2
	- weakened 3% (2015: 3%)	–	(2)
USD/ RMB	- strengthened 3% (2015: 3%)	2	14
	- weakened 3% (2015: 3%)	(2)	(14)
SGD/ RMB	- strengthened 3% (2015: 3%)	5	7
	- weakened 3% (2015: 3%)	(5)	(7)

31. 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 2016 and 2015.

As disclosed in Note 25(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 2016 and 2015.

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	**2016**	**2015**
		HK$'000	HK$'000
Trade payables and other payables	21	49,159	49,264
Other liabilities	22	11,051	10,659
Amounts due to related parties	19	444	889
Less: Cash and cash equivalents	20	(34,613)	(27,494)
Net debt		26,041	33,318
Equity attributable to the owners of the Company		51,912	44,761
Less: Statutory reserve		(45)	–
Total capital		51,867	44,761
Capital and net debt		77,908	78,079
Gearing ratio		33%	43%

32. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 13 June 2016.

STATISTICS OF SHAREHOLDINGS

As at 13 June 2016

DISTRIBUTION OF SHAREHOLDINGS

CLASS OF SHARES	NO. OF SHARES	%
Ordinary	409,800,000	100.0
Treasury	Nil	0.0
Total Issued Shares	409,800,000	100.0

Voting Rights: On a poll : One vote for each ordinary share

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	53	7.50	51,286	0.01
1,001 - 10,000	120	16.97	862,104	0.21
10,001 - 1,000,000	513	72.56	50,214,018	12.25
1,000,001 AND ABOVE	21	2.97	358,672,592	87.53
TOTAL	**707**	**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	52,120,292	12.72
3	RHB SECURITIES SINGAPORE PTE. LTD.	46,821,000	11.43
4	OCBC SECURITIES PRIVATE LIMITED	39,889,700	9.73
5	GOOD MORAL TECHNOLOGY LIMITED	19,200,000	4.69
6	DBS NOMINEES (PRIVATE) LIMITED	14,483,000	3.53
7	CHERRY EQUITY PARTNERS LIMITED	13,023,000	3.18
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	11,792,000	2.88
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	8,322,900	2.03
10	WONG SAN KHAI	6,395,000	1.56
11	TEO AH BAN	5,090,100	1.24
12	RAFFLES NOMINEES (PTE) LIMITED	4,461,800	1.09
13	UOB KAY HIAN PRIVATE LIMITED	2,400,000	0.59
14	CITIBANK NOMINEES SINGAPORE PTE LTD	1,679,900	0.41
15	LIM & TAN SECURITIES PTE LTD	1,671,000	0.41
16	CHEN JING	1,650,000	0.40
17	YEAP AI MAY	1,480,000	0.36
18	LIM CHIN TEE	1,321,000	0.32
19	NG PAK LIM	1,299,400	0.32
20	JEAN CHUANG PECK YEN	1,260,100	0.31
	TOTAL	**357,444,192**	**87.24**

STATISTICS OF SHAREHOLDINGS

As at 13 June 2016

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 13 June 2016.

	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

Note:

(1) Mr Cai Kaoqun is deemed to be interested in the 123,084,000 shares beneficially held by China Hongda Holdings Limited by virtue of his shareholdings of 100% in China Hongda Holdings Limited.

FREE FLOAT

As at 13 June 2016, approximately 65.05% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

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 Ltd** (the "**Company**") will be held at SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807 on Tuesday, 26th day of July 2016 at 9.30 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and, if approved, adopt the Audited Accounts for the financial year ended 31 March 2016 together with the Directors' Statement and Independent Auditor's Report thereon. **Resolution 1**

2. To approve the payment of Directors' Fees of S$205,000 for the financial year ended 31 March 2016 (2015: S$136,667). **Resolution 2**

3. To re-elect Mr Cai Kaoqun who is retiring under Regulation 107 of the Constitution, as Director of the Company. **Resolution 3**
   [See Explanatory Note (i)]

4. To re-elect Mr Li Zhiqiang who is retiring under Regulation 107 of the Constitution, as Director of the Company.
   [See Explanatory Note (ii)] **Resolution 4**

5. To re-appoint Ernst & Young LLP, as the 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 an annual general meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolution:-

7. General mandate 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**"), the Constitution of the Company and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company 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 convertible or 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 been ceased to be in force, issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:-

(i) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed one hundred percent (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (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 percent (50%) of the total issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) below); and

(ii) (subject to such manner of calculation 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 issued Shares (excluding treasury shares) shall be 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 the Instruments or any convertible securities;

(2) new Shares arising from the exercise of share options or vesting of share awards outstanding and/or subsisting at the time of passing this Resolution, provided that the share options or share awards (as the case may be) 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 Constitution for the time being of the Company; and

(iv) (unless revoked or varied by the Company in 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 the earlier.
[See Explanatory Note (iii)] **Resolution 6**

BY ORDER OF THE BOARD

ONG WEI JIN
COMPANY SECRETARY
11 JULY 2016
SINGAPORE

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Cai Kaoqun, upon re-election as a Director of the Company, will remain as the Executive Director of the Company.

(ii) Mr Li Zhiqiang, upon re-election as a Director of the Company, will remain as a member of the Remuneration Committee and the Audit Committee, and will be considered independent for purposes of Rule 704(7) of the Catalist Rules.

(iii) Resolution 6 proposed in item 7 above, if passed, will empower the Directors from the date of the AGM until (a) the conclusion of the next annual general meeting of the Company, or (b) the date by which the next annual general meeting of the Company is required by law to be held, or (c) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding one hundred percent (100%) of the issued share capital of the Company (excluding treasury shares), of which up to fifty percent (50%) may be issued other than on a *pro-rata* basis to existing shareholders of the Company.

Notes:-

(1) (a) A member of the Company who is entitled to attend, speak and vote at the AGM and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak 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.

(b) A member of the Company who is entitled to attend and vote at the AGM and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote in his stead. Where such member appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act (Chapter 50) of Singapore.

(2) The instrument appointing a proxy must be under the hand of the appointer or his attorney duly auhtorised in writing. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf.

(3) The instrument or form appointing a proxy, duly executed, 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 fixed for holding the AGM in order for the proxy to be entitled to attend, speak and vote at the AGM.

(4) A Depositor's name must appear in the Depository Register maintained by The Central Depository (Pte) Limited at least 72 hours before the time fixed for the holding of the AGM or any postponement or adjournment thereof, in order for the Depositor 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 postponement or 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) 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 or service providers), 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 or service providers) 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 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 (delete as appropriate)

Name	Address	*NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing *him/her/them, the Chairman of the Annual General Meeting of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at 4 Shenton Way, SGX Centre 2 #17-01, Singapore 068807 on 26 July 2016 at 9.30 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 Annual General Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Annual General Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. All resolutions put to the vote at the Annual General Meeting 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:	For	Against
	Ordinary Business		
1.	Adoption of Audited Accounts, Directors' Statement and Auditors' Report for financial year ended 31 March 2016		
2.	Payment of Directors' Fees amounting to S$205,000 for financial year ended 31 March 2016		
3.	Re-election of Mr Cai Kaoqun as a Director of the Company		
4.	Re-election of Mr Li Zhiqiang as a Director of the Company		
5.	Re-appointment of Ernst & Young LLP as Auditors of the Company		
	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 ________________ 2016

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) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2 (a) A member of the Company who is entitled to attend, speak and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak 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.

(b) A member of the Company who is entitled to attend, speak and vote at the Annual General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak 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(6) of the Companies Act (Chapter 50) of Singapore.

3 The instrument appointing a proxy or proxies 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 fixed for holding of the Annual General Meeting.

4 Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5 The instrument appointing a proxy or proxies must be under the hand of the appointer or 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 a duly authorised officer.

6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

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

8 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 against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the Annual General Meeting.

9 Terms and expressions not defined herein shall have the same meanings ascribed to them in the Annual Report 2016.

10 PERSONAL DATA PRIVACY: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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)
Yang Jinbiao	(Executive Director and COO)
Cai Kaobing	(Executive Director)
Hau Khee Wee	(Executive Director and CFO) (Resigned on 31 March 2016)
Ho Chew Thim	(Lead Independent Director)
Lim Yit Keong	(Independent Director)
Li Zhiqiang	(Independent Director)

Company Secretaries

Ong Wei Jin
Goh Pei Shan

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 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: Ang Chuen Beng (since financial year ended 31 March 2012)

Continuing Sponsor

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