



CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Company Registration No. 200712727W)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(a) An income statement for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Condensed Consolidated Income Statement</u>	Note	Group			Group		
		Six months ended		Change %	Financial year ended		Change %
		31-Mar-23 ("2H2023") HK\$'000	31-Mar-22 ("2H2022") HK\$'000		31-Mar-23 ("FY2023") HK\$'000	31-Mar-22 ("FY2022") HK\$'000	
<u>Continuing operations</u>							
Revenue	4	17,596	14,942	17.8	28,807	28,897	(0.3)
Cost of sales		(14,773)	(12,462)	18.5	(24,991)	(24,662)	1.3
Gross profit		2,823	2,480	13.8	3,816	4,235	(9.9)
Other items of income							
Interest income		24	170	(85.9)	83	183	(54.6)
Other income	5	136	244	(44.3)	308	374	(17.6)
Other items of expense							
Selling and distribution expenses		(620)	(798)	(22.3)	(1,283)	(1,567)	(18.1)
General and administrative expenses		(5,699)	(6,495)	(12.3)	(12,915)	(13,524)	(4.5)
Other expenses	6	(210)	(1,615)	(87.0)	(849)	(1,500)	(43.4)
Loss before tax	7	(3,546)	(6,014)	(41.0)	(10,840)	(11,799)	(8.1)
Income tax expense		35	-	n.m.	35	-	n.m.
Loss from continuing operations, net of tax		(3,511)	(6,014)	(41.6)	(10,805)	(11,799)	(8.4)
Discontinued operation							
Loss from discontinued operation, net of tax		-	(1,010)	(100.0)	-	(2,712)	(100.0)
Loss for the year		(3,511)	(7,024)	(50.0)	(10,805)	(14,511)	(25.5)
Attributable to:							
Owners of the Company							
Loss from continuing operations, net of tax		(3,511)	(6,014)	(41.6)	(10,805)	(11,799)	(8.4)
Loss from discontinued operations, net of tax		-	(1,010)	(100.0)	-	(2,712)	(100.0)
owners of the Company		(3,511)	(7,024)	(50.0)	(10,805)	(14,511)	(25.5)
Loss per share from continuing operations attributable to owners of the Company (HK cents per share)							
Basic and diluted	9 (a)	(0.86)	(1.47)		(2.64)	(2.88)	
Loss per share (HK cents per share)							
Basic and diluted	9 (b)	(0.86)	(1.71)		(2.64)	(3.54)	

n.m. : not meaningful

1(a) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	2H2023	2H2022	Change	FY2023	FY2022	Change
<u>Condensed Consolidated Statement of Comprehensive Income</u>	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Loss for the year	(3,511)	(7,024)	(50.0)	(10,805)	(14,511)	(25.5)
Other comprehensive income:						
Items that may be subsequently reclassified to profit & loss:						
Foreign currency translation	472	720	(34.4)	(1,587)	1,201	n.m.
Items that may not be subsequently reclassified to profit & loss:						
Foreign currency translation	134	196	(31.6)	(481)	332	n.m.
Other comprehensive income for the year, net of tax	606	916	(33.8)	(2,068)	1,533	n.m.
Total comprehensive income for the year	(2,905)	(6,108)	(52.4)	(12,873)	(12,978)	(0.8)
Attributable to:						
Owners of the Company						
Total comprehensive income from continuing operations, net of tax	(2,905)	(5,098)	(43.0)	(12,873)	(10,266)	25.4
Total comprehensive income from discontinued operations, net of tax	-	(1,010)	(100.0)	-	(2,712)	(100.0)
Total comprehensive income for the year attributable to owners of the Company	(2,905)	(6,108)	(52.4)	(12,873)	(12,978)	(0.8)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	Group As at 31-Mar-23 HK\$'000	Group As at 31-Mar-22 HK\$'000	Company As at 31-Mar-23 HK\$'000	Company As at 31-Mar-21 HK\$'000
<u>Non-current assets</u>					
Investment in subsidiaries		-	-	27,014	29,212
Property, plant and equipment	11	7,528	1,356	-	-
Total non-current assets		7,528	1,356	27,014	29,212
<u>Current assets</u>					
Inventories	12	1,991	1,248	-	-
Trade and other receivables	13	9,760	6,394	-	-
Prepayments		191	133	76	133
Amount due from related parties	13	-	-	3,163	7,303
Cash and short-term deposits	13	13,257	30,190	705	136
Total current assets		25,199	37,965	3,944	7,572
Total Assets		32,727	39,321	30,958	36,784
<u>Current liabilities</u>					
Trade and other payables	13	8,467	3,675	596	277
Other liabilities	14	6,060	5,737	1,511	1,458
Amount due to related parties	13	1,412	210	-	-
Provision for taxation		13	51	-	-
Total current liabilities		15,952	9,673	2,107	1,735
Net current assets		9,247	28,292	1,837	5,837
Total liabilities		15,952	9,673	2,107	1,735
Net assets		16,775	29,648	28,851	35,049
<u>Equity attributable to owners of the Company</u>					
Share capital	16	148,309	148,309	148,309	148,309
Accumulated losses		(73,713)	(62,908)	(130,512)	(126,947)
Restructuring reserve		(74,397)	(74,397)	-	-
Foreign currency translation reserve		16,576	18,644	11,054	13,687
Total equity		16,775	29,648	28,851	35,049
Total equity and liabilities		32,727	39,321	30,958	36,784

1(c) **A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	FY2023	FY2022
	(HK\$'000)	(HK\$'000)
Operating activities		
Loss before tax from continuing operations	(10,840)	(11,799)
Loss before tax from discontinued operation	-	(2,712)
Loss before tax, total	(10,840)	(14,511)
Adjustments for:		
Depreciation of property, plant and equipment	743	1,465
Amortisation of intangible assets	-	32
Impairment loss on inventories	824	96
Impairment loss on doubtful trade and other receivables	17	-
(Gain)/Loss on disposal of property, plant and equipment	(49)	42
Loss on disposal of a subsidiary	-	1,141
Interest income	(83)	(183)
Unrealised foreign exchange (gain)/loss	(53)	62
Operating cash flows before working capital changes	(9,441)	(11,856)
(Increase)/Decrease in:		
Trade and other receivables	(3,871)	20,270
Inventories	(1,662)	3,481
Prepayments	(68)	507
Increase/(Decrease) in:		
Trade and other payables	5,078	(1,785)
Other liabilities	756	(888)
Amount due to related parties, net	1,220	(727)
Cash flows (used in)/generated from operations	(7,988)	9,002
Interest received	83	183
Net cash flows (used in)/generated from operating activities	(7,905)	9,185
Investing activities		
Purchase of property, plant and equipment	(7,033)	(140)
Proceeds from disposal of property, plant and equipment	54	18
Placement in short-term deposit with terms more than three months on the maturity date	-	(12,459)
Withdrawal of short-term deposit with terms more than three months on the maturity date	11,542	-
Net cash inflow on disposal of a subsidiary	-	2,030
Net cash flows generated from/(used in) investing activities	4,563	(10,551)
Net decrease in cash and cash equivalents	(3,342)	(1,366)
Effect of exchange rate changes on cash and cash equivalents	(1,132)	1,011
Cash and cash equivalents at beginning of financial year	17,731	18,086
Cash and cash equivalents at end of financial year	13,257	17,731

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company					
	Equity, total HK\$'000	Equity attributable to owners of the Company, HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	Foreign currency
						translation reserve HK\$'000
Group						
FY2023						
Opening balance at 1 April 2022	29,648	29,648	148,309	(62,908)	(74,397)	18,644
Loss for the year	(10,805)	(10,805)	-	(10,805)	-	-
Other comprehensive income for the year, net of tax	(2,068)	(2,068)	-	-	-	(2,068)
Total comprehensive income for the year	(12,873)	(12,873)	-	(10,805)	-	(2,068)
Closing balance at 31 March 2023	16,775	16,775	148,309	(73,713)	(74,397)	16,576

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Equity, total HK\$'000	Attributable to owners of the Company					Foreign currency translation reserve HK\$'000
		Equity attributable to owners of the Company, HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000		
Group							
FY2022							
Opening balance at 1 April 2021	42,474	42,474	148,309	(48,397)	(74,397)	16,959	
Loss for the year	(14,511)	(14,511)	-	(14,511)	-	-	
Other comprehensive income for the year, net of tax	1,533	1,533	-	-	-	1,533	
Total comprehensive income for the year	(12,978)	(12,978)	-	(14,511)	-	1,533	
<u>Others</u>							
Disposal of a subsidiary	152	152	-	-	-	152	
Total others	152	152	-	-	-	152	
Closing balance at 31 March 2022	29,648	29,648	148,309	(62,908)	(74,397)	18,644	

- 1(d) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>Attributable to owners of the Company</u>			
	Equity, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Foreign currency translation reserve HK\$'000
Company FY2023				
Opening balance at 1 April 2022	35,049	148,309	(126,947)	13,687
Loss for the year	(3,565)	-	(3,565)	-
Other comprehensive income for the year, net of tax	(2,633)	-	-	(2,633)
Total comprehensive income for the year	(6,198)	-	(3,565)	(2,633)
Closing balance at 31 March 2023	28,851	148,309	(130,512)	11,054
Company FY2022				
Opening balance at 1 April 2021	49,146	148,309	(111,086)	11,923
Loss for the year	(15,861)	-	(15,861)	-
Other comprehensive income for the year, net of tax	1,764	-	-	1,764
Total comprehensive income for the year	(14,097)	-	(15,861)	1,764
Closing balance at 31 March 2022	35,049	148,309	(126,947)	13,687

Notes to the unaudited 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 Catalist Board of the Singapore Exchange Securities Trading Limited. These unaudited condensed consolidated financial statements comprise the Company and its subsidiaries (collectively, the "Group"). The principal activity of the Company is investment holding. The principal activity of the Group mainly relating to the production and supply of moulds and IMD products.

The registered office of the Company is at 4 Shenton Way, SGX Centre 2, #17-01, Singapore 068807. The principal place of business of the Group is located at Bao Long Industrial Park, Bao Long Yi Road, Longgang District, Shenzhen City, Guangdong Province, People's Republic of China ("PRC").

2. Basis of preparation

These unaudited condensed 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 (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the provisions of the Catalist Rules.

The accounting policies and methods of computation applied in these unaudited condensed consolidated financial statements are consistent with those of the latest audited annual financial statements for the financial year ended 31 March 2022 except for the adoption of new and amended standards as set out in Note 2.1.

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (HK\$) and all values in the tables are rounded to the nearest thousand (HK\$'000), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting year. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the unaudited condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements as at and for the financial year ended 31 March 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonality of operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

4. Financial information by operating segment

For management purposes, the Group is organised into business units based on their products and services, and has one reportable operating segment as follows:

- (a) *In-Mould Decoration (“IMD”) and the Plastic Injection Parts Business (collectively, the “IMD Business”)*

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

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

4.1 Business segments

	2H2023 (HK\$'000)		FY2023 (HK\$'000)	
	IMD Business	Per consolidated financial statements	IMD Business	Per consolidated financial statements
Revenue				
Sales to external customers	17,596	17,596	28,807	28,807
Segment results:				
Segment gross profit	2,823	2,823	3,816	3,816
Depreciation of property, plant and equipment	(456)	(456)	(743)	(743)
Gain on disposal of property, plant and equipment	40	40	49	49
Impairment loss on inventories	(76)	(76)	(824)	(824)
Impairment loss on trade and other receivables	-	-	(17)	(17)
Research expenses	(850)	(850)	(2,728)	(2,728)
Unallocated expenses, net		(5,027)		(10,393)
Loss before tax		(3,546)		(10,840)
Additions to non-current assets			7,033	7,033
Segment assets as at 31 March 2023			32,727	32,727
Segment liabilities as at 31 March 2023			15,952	15,952

4.1 Business segments

	2H2022 (HK\$'000)		FY2022 (HK\$'000)	
	IMD Business	Per consolidated financial statements	IMD Business	Per consolidated financial statements
Revenue				
Sales to external customers	14,942	14,942	28,897	28,897
Segment results:				
Segment gross profit	2,480	2,480	4,235	4,235
Depreciation of property, plant and equipment		(564)	(1,184)	(1,184)
Loss on disposal of property, plant and equipment		(48)	(42)	(42)
Impairment loss on inventories		(228)	(70)	(70)
Research expenses		(1,298)	(2,809)	(2,809)
Unallocated expenses, net		(6,356)		(11,929)
Loss before tax		(6,014)		(11,799)
Additions to non-current assets			140	140
Segment assets as at 31 March 2022			39,321	39,321
Segment liabilities as at 31 March 2022			9,673	9,673

4.2 Geographical segments

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

	Revenue		Revenue		Non-current assets	
	2H2023	2H2022	FY2023	FY2022	31 Mar 2023	31 Mar 2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC	16,280	13,618	26,758	26,330	7,528	1,356
Europe	1,320	1,091	1,813	2,125	-	-
Others	(4)	233	236	442	-	-
	17,596	14,942	28,807	28,897	7,528	1,356

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

4.3 Disaggregation of revenue

Segments	IMD and Plastic Injection Parts		Total revenue	
	2H2023 HK\$'000	2H2022 HK\$'000	2H2023 HK\$'000	2H2022 HK\$'000
Primary geographical markets				
People's Republic of China ("PRC")	16,280	13,618	16,280	13,618
Europe	1,320	1,091	1,320	1,091
Others	(4)	233	(4)	233
	17,596	14,942	17,596	14,942
Major products				
IMD products	15,705	14,468	15,705	14,468
IMD moulds	1,891	474	1,891	474
	17,596	14,942	17,596	14,942
Timing of transfer of goods				
At a point in time	17,596	14,942	17,596	14,942
	FY2023 HK\$'000	FY2022 HK\$'000	FY2023 HK\$'000	FY2022 HK\$'000
Primary geographical markets				
People's Republic of China ("PRC")	26,758	26,330	26,758	26,330
Europe	1,813	2,125	1,813	2,125
Others	236	442	236	442
	28,807	28,897	28,807	28,897
Major products				
IMD products	26,189	27,717	26,189	27,717
IMD moulds	2,618	1,180	2,618	1,180
	28,807	28,897	28,807	28,897
Timing of transfer of goods				
At a point in time	28,807	28,897	28,807	28,897

4.4 Contract liabilities

Information about contract liabilities from contracts with customers is disclosed as follows:

	Group	
	31 March 2023	31 March 2022
	HK\$'000	HK\$'000
Contract liabilities	620	567

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of IMD products and IMD moulds.

5. Other income

	Group		Group	
	2H2023	2H2022	FY2023	FY2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sale of raw materials/scrap materials	87	43	127	147
Government grants related to income	-	201	70	227
Gain on disposal of property, plant and equipment	40	-	49	-
Net foreign exchange gain	-	-	53	-
Others	9	-	9	-
	136	244	308	374

6. Other expenses

	Group		Group	
	2H2023	2H2022	FY2023	FY2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Impairment loss on inventories	76	70	824	70
Impairment loss on trade and other receivables	-	-	17	-
Loss on disposal of property, plant and equipment	-	48	-	42
Loss on disposal of a subsidiary	-	1,141	-	1,141
Foreign currency translation reclassified from other comprehensive income on loss of control in subsidiary	-	152	-	152
Net foreign exchange loss	134	204	-	62
Others	-	-	8	33
	210	1,615	849	1,500

7. Loss before tax

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

	Group		Group	
	2H2023	2H2022	FY2023	FY2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Audit fees:				
-Auditors of the Company	262	144	432	347
-Other auditors	124	135	252	267
Non-audit fees paid to auditors of the Company	17	15	34	32
Depreciation of property, plant and equipment	456	564	743	1,184
Employee benefit expense	6,915	7,387	14,268	15,019
Expenses relating to short-term leases	961	953	1,868	1,805
Research expenses	850	1,298	2,728	2,809
Inventories recognized as an expense in cost of sales	14,773	12,462	24,991	24,662

8. Related party transactions

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		Group	
	2H2023	2H2022	FY2023	FY2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Rental of factory premises charged by a director-related company	944	1,561	1,868	3,220

9. Loss per share

(a) Continuing operations

	Group		Group	
	2H2023	2H2022	FY2023	FY2022
Loss from continuing operations attributable to owners of the Company (HK\$'000)	(3,511)	(6,014)	(10,805)	(11,799)
Weighted average number of ordinary shares for earnings per share computation ('000)	409,800	409,800	409,800	409,800
Basic loss per share (HK cents)	(0.86)	(1.47)	(2.64)	(2.88)

(b) Loss per share computation

	Group		Group	
	2H2023	2H2022	FY2023	FY2022
Loss for the year attributable to owners of the Company (HK\$'000)	(3,511)	(7,024)	(10,805)	(14,511)
Weighted average number of ordinary shares for earnings per share computation ('000)	409,800	409,800	409,800	409,800
Basic loss per share (HK cents)	(0.86)	(1.71)	(2.64)	(3.54)

The diluted loss per share is not presented as there were no potential dilutive securities as at 31 March 2023 and 31 March 2022.

10. Net asset value per share

Net assets per ordinary share based on 409.8 million shares as at 31 March 2023 (31 March 2022: 409.8 million shares)

Group		Company	
31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
HK cents	HK cents	HK cents	HK cents
4.09	7.23	7.04	8.55

11. Property, plant and equipment

During the financial year ended 31 March 2023, the Group acquired plant and equipment amounting to HK\$7,033,000 (31 March 2022: HK\$140,000) for its IMD business.

12. Inventories

	Group	
	31 Mar 2023	31 Mar 2022
	HK\$'000	HK\$'000
Balance sheet:		
Raw materials (at cost)	1,033	817
Work-in-progress (at cost)	636	154
Finished goods (at cost or net realizable value)	322	277
	<u>1,991</u>	<u>1,248</u>

13. Financial assets and financial liabilities

	Group		Company	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Financial assets</u>				
Trade receivables	9,750	5,528	-	-
Bills receivables	-	797	-	-
Deposits	1	1	-	-
Other receivables	9	68	-	-
	<u>9,760</u>	<u>6,394</u>	<u>-</u>	<u>-</u>
Total trade and other receivables	9,760	6,394	-	-
Add: Amounts due from related parties	-	-	3,163	7,303
Add: Cash and short-term deposits	13,257	30,190	705	136
Less: Bills receivables at FVOCI	-	(797)	-	-
	<u>23,017</u>	<u>35,787</u>	<u>3,868</u>	<u>7,439</u>
Total financial assets carried at amortised cost	23,017	35,787	3,868	7,439
<u>Financial liabilities</u>				
Trade payables	7,177	3,327	-	-
Other payables	1,290	348	596	277
	<u>8,467</u>	<u>3,675</u>	<u>596</u>	<u>277</u>
Total trade and other payables	8,467	3,675	596	277
Add: Amounts due to related parties	1,412	210	-	-
Add: Accrued operating expenses	4,628	4,196	1,511	1,458
	<u>14,507</u>	<u>8,081</u>	<u>2,107</u>	<u>1,735</u>
Total financial liabilities carried at amortised cost	14,507	8,081	2,107	1,735

13.1 Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**);
- b) Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (**Level 2**); and
- c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (**Level 3**)

The following table presented the assets measured at fair value:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Group – 31 March 2023				
Financial assets				
Bills receivables at FVOCI	-	-	-	-
Group – 31 March 2022				
Financial assets				
Bills receivables at FVOCI	-	797	-	797

14. Other liabilities

	Group		Company	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accrued operating expenses	4,628	4,196	1,511	1,458
Contract liabilities	620	567	-	-
VAT and other tax payables	812	974	-	-
	6,060	5,737	1,511	1,458

15. Aggregate amount of the Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

(In HK\$'000)

As at 31 March 2023		As at 31 March 2022	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

(In HK\$'000)

As at 31 March 2023		As at 31 March 2022	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The Group did not have any bank borrowings or debt securities as at 31 March 2023 and 31 March 2022.

16. **Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Share capital

	Company			
	As at 31 Mar 2023		As at 30 September 2022	
	No. of shares '000	HK\$'000	No. of shares '000	HK\$'000
Issued and fully paid ordinary shares				
Balance at beginning and end of financial year	409,800	148,309	409,800	148,309

The Company had no outstanding convertibles, treasury shares or subsidiary holdings as at the end of the current financial year reported on and as at the end of the immediately preceding financial year.

17. **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable, as the Company did not have any treasury shares as at the end of the current financial year reported on.

18. **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable, as the Company did not have any subsidiary holdings as at the end of the current financial year reported on.

19. **Events after the end of the reporting period**

There are no known subsequent events which led to adjustments to this set of condensed consolidated interim financial statements.

Other Information Required by Appendix 7C of the Catalyst Rules

OTHER INFORMATION

1. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 31 March 2023 and the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial year ended 31 March 2023 and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2. Whether the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter)

Not applicable.

3. Whether the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The latest financial statements have an unmodified opinion.

4. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Income Statement

Revenue and Gross Profit

The Group's revenue decreased slightly by 0.3% from HK\$28.9 million for the financial year ended 31 March 2022 ("FY2022") to HK\$28.8 million for the financial year ended 31 March 2023 ("FY2023"). This was mainly attributed to the decline in sales of its In-Mould Decoration ("IMD") and plastic injection parts (collectively, the "IMD Products") to customers in the electrical appliances, consumer electronics and medical devices industries, which was offset by the maiden sales of IMD Products to new customers in the network communication and external energy storage industries during FY2023.

Gross profit decreased by 9.9% from HK\$4.2 million in FY2022 to HK\$3.8 million in FY2023. The decrease was mainly due to:

- Unfavourable sales mix in FY2023 as compared to FY2022 where higher sales were recorded from relatively lower margin, small sized and low priced IMD Products as well as small volume orders that was more labour intensive; and
- IMD moulds that were sold at discounted prices in a bid to increase sales revenue of IMD Products amid intense competition. In FY2023, there are 139 units of IMD moulds produced as compared to 54 units in FY2022.

Correspondingly, the Group's gross margin decreased from 14.7% in FY2022 to 13.2% in FY2023.

Other items of income

The decrease in interest income from HK\$183,000 in FY2022 to HK\$83,000 in FY2023 was attributed to the decrease in fixed deposits placed with the banks in the People's Republic of China ("PRC").

4. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (continued)**

The decrease in other income from HK\$374,000 in FY2022 to HK\$308,000 in FY2023 was mainly due to the decrease in government grants and sales of raw materials and scrap materials, which was partially offset by net foreign exchange gain and gain on disposal of property, plant and equipment.

Other items of expense

Selling and distribution expenses decreased by 18.1% from HK\$1.6 million in FY2022 to HK\$1.3 million in FY2023 as compared to FY2022, mainly due to the decrease in entertainment expenses in line with the decline in the Group's revenue.

General and administrative expenses and depreciation of property, plant and equipment decreased by 4.5% , from HK\$13.5 million in FY2022 to HK\$12.9 million in FY2023 and 37.2%, from HK\$1.2 million in FY2022 to HK\$0.7 million in FY2023 respectively as compared to FY2022. This was mainly due to the significant decrease in depreciation of office renovation located in Shenzhen was fully amortised in FY2022.

The decrease in other expenses from HK\$1.5 million in FY2022 to HK\$0.8 million in FY2023 was mainly due to the absence of loss on disposal of Shenzhen Shi Er Ju Quan Wu Ding Zhi Company Limited (“SEJ”) and net foreign exchange translation loss reclassified from foreign currency translation reserve to consolidated income statement following the disposal of SEJ in FY2022. The decrease was partially offset by the increase in impairment loss on inventories for certain IMD moulds under construction.

Discontinued Operations

Following the completion of disposal of the Group's furniture business in FY2022, no revenue or expenses were recorded in FY2023.

Taking into account the aforementioned, the Group narrowed its net loss from HK\$14.5 million in FY2022 to HK\$10.8 million in FY2023.

Other comprehensive income - Foreign currency translation

The foreign currency translation loss arose mainly from the translation of its net asset position in its financial statements denominated in Renminbi (“RMB”) to Hong Kong dollars (“HKD”) when consolidating the Group's financials. HKD appreciated against RMB by approximately 7.5% in FY2023 as compared to a depreciation of 4.2% in FY2022.

Balance sheet

Non-current assets

The property, plant and equipment increased from HK\$1.4 million as at 31 March 2022 to HK\$7.5 million as at 31 March 2023, mainly due to the purchases of plant and equipment for the new IMD automated production line amounting to HK\$7.0 million, which was partially offset by depreciation charges of HK\$0.7 million and foreign currency translation loss of HK\$0.1 million during the financial year.

Current assets

Current assets decreased from HK\$38.0 million as at 31 March 2022 to HK\$25.2 million as at 31 March 2023, mainly due to:

- The decrease in cash and short-term deposits from HK\$30.2 million as at 31 March 2022 to HK\$13.3 million as at 31 March 2023 mainly for the Group's operating expenses in FY2023 and the purchase of plant and equipment for the new IMD automated production line; The decrease was partially offset by:

4. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (continued)**

- The increase in inventories from HK\$1.2 million as at 31 March 2022 to HK\$2.0 million as at 31 March 2023, as a result of the increases in IMD moulds under construction and higher raw materials inventory balance with the view of fulfilling the higher order book. Notably, with the inclusion of Value Added Tax (“VAT”), order book increased from approximately HK\$3.4 million as at 31 March 2022 to HK\$5.0 million as at 31 March 2023. The Group's efforts to secure new projects, is reflected by the increase in the number of moulds under construction. There are 22 units of IMD mould under construction as at 31 March 2023 compared to 6 units as at 31 March 2022; and
- The increase in trade and other receivables from HK\$6.4 million as at 31 March 2022 to HK\$9.8 million as at 31 March 2023, due to increase in sales of IMD Products inclusive of Value Added Tax (“VAT”) by HK\$2.9 million in the fourth quarter of FY2023 as compared to the fourth quarter of FY2022

Current liabilities

Current liabilities increased from HK\$9.7 million as at 31 March 2022 to HK\$16.0 million as at 31 March 2023, mainly due to:

- The increase in trade and other payables from HK\$3.7 million as at 31 March 2022 to HK\$8.5 million, which increased in tandem with the higher production volume in 4Q2023 as compared to 4Q2022, as well as higher inventories as at 31 March 2023 and longer credit terms granted by the suppliers.
- The increase in other liabilities from HK\$5.7 million as at 31 March 2022 to HK\$6.1 million as at 31 March 2023 was mainly due to increase in accrued operating expenses, in tandem with the increase in sales and production volume in 4Q2023 as compared to 4Q2022;
- The increase in amount due to related parties from HK\$0.2 million as at 31 March 2022 to HK\$1.4 million as at 31 March 2023 was due to accrual of rental expenses of the Group's production premise at Bao Long Yi Road in FY2023.

Arising from the above, the Group's net assets value decreased from HK\$29.6 million as at 31 March 2022 to HK\$16.8 million as at 31 March 2023.

Cash flow

In FY2023, the Group's cash and cash equivalents decreased by HK\$3.3 million, comprising net cash flow used in operating activities of HK\$7.9 million, offset by net cash flow generated from investing activities of HK\$4.6 million.

In FY2023, net cash flow used in operating activities was mainly due to operating cash outflows before working capital changes of HK\$9.4 million, partially offset by net working capital inflow of HK\$1.5 million. The working capital inflow in FY2023 mainly arose from increase in trade and other payables of HK\$5.1 million, increase in amount due to related parties of HK\$1.2 million and increase in other liabilities of HK\$0.8 million, partially offset by increase in trade and other receivables of HK\$3.9 million and increase in inventories of HK\$1.7 million.

In FY2023, the Group withdrew the short-term deposits with terms more than 3 months amounting to HK\$11.5 million and utilised HK\$7.0 million to acquire plant and equipment for its IMD automated production line.

There was no cash utilised or generated from financing activities in FY2023.

5. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The financial results are in-line with the forecast statement disclosed in the Company's financial results announcement for the financial period ended 30 September 2022, dated 10 November 2022.

6. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's revenue is largely contributed by the electronics manufacturers in the People's Republic of China ("PRC") who supply their products to the domestic and international markets. As uncertainties over China's economic condition and expected weakening demand in the international markets continue, the manufacturing industry in the PRC is expected to continue to face the challenge of slowing demand and rising costs.

In the past few years, the Group's existing business was adversely impacted by the outbreak of the COVID-19 pandemic and the global shortage of chips. In January 2023, all pandemic restrictions in China had been lifted and economic activities have gradually resumed. Currently, chip supply has also gradually recovered. As such, the Group's revenue rose 57.0% in the second half of FY2023 ("2H2023") as compared to first half of FY2023 ("1H2023") while the Group's net loss reduced from HK\$7.3 million in 1H2023 to HK\$3.5 million in 2H2023.

Notably, with the inclusion of Value Added Tax ("VAT"), order book increased by 47.0% from approximately HK\$3.4 million as at 31 March 2022 to HK\$5.0 million as at 31 March 2023. The Group's efforts to secure new projects, is reflected by the increase in the number of moulds produced during the year. In addition, the Group also added about 37 customers in FY2023 and these new customers have started production with small batch orders in FY2023. Hence, the order volume from them is expected to gradually increase.

Notwithstanding the increase in order book, the Group's operating environment remains volatile and challenging due to intensifying competition and rising costs. In view of the foregoing, the Group is likely to continue to incur losses. The Group also expects liquidity to be strained given the challenging business environment and will explore seeking financing options to mitigate against cashflow shortages.

The Group, however, will continue to strive to improve its overall financial position and performance through (i) expansion of its customer base, particularly in the energy storage industry, and broadening sales channels to provide scalability and sustainability for the IMD business; (ii) improve production efficiencies with automated production line which will improve the Group's labour productivity as well as the product quality; (iii) strengthen collaboration with existing and potential business partners; and (iv) explore new business opportunities and potential acquisitions of new businesses that are accreditive to the Group for the long term.

7. Dividend

(a) Current Financial Period Reported On

Any dividend declared/recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) The date the dividend is payable.

Not applicable.

(d) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

8. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Due to the Group's subdued financial performance and intention to invest in new business opportunities that could assist in improving the overall financial position of the Group, no dividend has been declared or recommended for the current financial year on the grounds of prudence.

9. Interested person transactions

If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) HK\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) HK\$'000
<u>Shenzhen Kunda Precision Mould Co., Ltd</u> ⁽¹⁾ <u>("Shenzhen Precision")</u> Rental of factory premises at Bao Long Yi Road, Shenzhen	Director related property company	1,923 ⁽²⁾	-
Total		1,923	-

No interested person transaction general mandate was obtained from shareholders. Save for as disclosed above, there were no IPTs exceeding S\$100,000 entered into during the financial year reported on.

Note:

- (1) Shenzhen Kunda Precision Mould Co., Ltd – a company incorporated in PRC. The shareholders of Shenzhen Precision are our Executive Chairman and CEO, Cai Kaoqun and our Executive Director Cai Kaobing who hold 95% and 5% of the equity interests in Shenzhen Precision respectively. The directors of Shenzhen Precision are Cai Kaoqun, and our Executive Director, Cai Kaobing.
- (2) The total annual rental of RMB1,680,000 was translated at the average exchange rate of RMB1.00:HK\$1.1448 for the financial year ended 31 March 2023.

10. Confirmation that the Company has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalyst Rules.

11. Disclosures on Acquisition and Realisation of shares Pursuant to Rule 706A

Not applicable. During FY2023, there were no acquisition or disposal of shares in subsidiaries, associated companies of the Company or in any company which became or ceased to be a subsidiary or an associated company (as the case may be) resulting from such acquisition or disposal, as required by Rule 706A.

12. A breakdown of sales.

	Group		
	FY2023 HK\$'000	FY2022 HK\$'000	% Change
<u>First Half</u>			
Revenue reported for the first half year	11,211	13,955	(19.7)
Net loss after tax	(7,294)	(7,487)	(2.6)
<u>Second Half</u>			
Revenue reported for the second half year	17,596	14,942	17.8
Net loss after tax	(3,511)	(7,024)	(50.0)

The Group recorded a net loss after tax of HK\$3.5 million in second half of FY2023 (“**2H2023**”) as compared to HK\$7.3 million in first half of FY2023 (“**1H2023**”), mainly due to:

- An increase in gross profit of HK\$1.8 million from its IMD and Plastic Injection Parts business segment as a result of increase in revenue;
- A decrease in general and administrative expenses of HK\$1.5 million from its IMD business in 2H2023 as a result of the decrease in research expenses and employee benefit expenses; and
- A decrease in impairment loss on inventories of HK\$0.7 million; which is offset by
- A decrease in net foreign exchange translation gain of HK\$0.3 million.

13. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to section 4 of “Other Information Required by Appendix 7C of the Catalist Rules”.

14. A breakdown of the total annual dividend (in dollar value) for the issuer’s latest full year and its previous full year.

Not applicable, as no dividend was declared for FY2023 and FY2022.

15. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Company and/or its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company and/or its subsidiaries as at 31 March 2023 pursuant to Rule 704(10) of the Catalist Rules.

By Order of the Board**CAI KAOQUN**

Executive Chairman and CEO

29 May 2023

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

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