

CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Company Registration Number: 200712727W)

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

INTERESTED PERSON TRANSACTIONS**- LEASE OF FACTORY BUILDING FROM SHENZHEN KUNDA PRECISION MOULD CO., LTD**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of China Kunda Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly owned subsidiaries, Kunda Plastic Electronic (Shenzhen) Company Limited (群达塑胶电子(深圳)有限公司) (“**KPE**”) and Shenzhen Shi Er Ju Quan Wu Ding Zhi Company Limited (深圳适而居全屋定制有限公司) (“**SEJ**”) have entered into lease agreements with Shenzhen Kunda Precision Mould Co., Ltd (“**Shenzhen Precision**”) on 30 June 2020 to lease the premises located at No. 9, Bao Long Yi Road, Bao Long Industrial Park, Longgang District, Guangdong Province, Shenzhen City, Guangdong Province, People’s Republic of China (the “**Premises**”) (collectively the “**Lease Agreements**”).

2. LEASE AGREEMENTS AS INTERESTED PERSON TRANSACTIONS

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

3. RATIONALE AND BENEFIT OF THE IPTs

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

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

Pursuant to the Lease Agreements, the rental term shall be for a period of twelve (12) months, for total area of 9,274 square meters. The Lease Agreements will commence from 1 July 2020 and expire on 30 June 2021. The current floor area rented from Shenzhen Precision had increased from 6974 square meters to 9274 square meters. The increase of 1300 square meters is mainly to cater area for the production and assembly of cabinetry products for the growth of our furniture business segment, and the increase of 1000 square meters for the warehouse of electrical appliances due to increased inventory levels.

4.2. Termination

KPE and SEJ retain unilateral right to terminate the Lease Agreements prior to the expiry of the term without any compensation to Shenzhen Precision.

4.3. Rental rate

The total monthly rental of RMB230,000 (equivalent to HK\$250,700¹) or total annual rental of RMB2,760,000 (equivalent to HK\$3,008,000²). The rental rates were arrived after negotiation between the respective parties and represents a 6.83% discount to the market rental rate from an

¹ Based on the average exchange rate of RMB1.00:HK\$1.09 for the financial period ended from 1 April 2020 to 29 June 2020.

² Computed based on the monthly rental of RMB230,000 multiplied by 12 months. Based on the average exchange rate of RMB1.00:HK\$1.09 for the financial period ended from 1 April 2020 to 29 June 2020.

independent valuation report prepared by Shenzhen Guozi Land and Real Estate Valuation Co., Ltd dated 18 May 2020 (the “**Independent Valuation Report**”).

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

The aggregate value of the Lease Agreements represents 5.12% of the Group’s latest audited net tangible assets which amounts to approximately HK\$58,719,000 as at 31 March 2019 (the “**Audited NTA**”). As the aggregate value of the Lease Agreements have exceeded 3% of the Audited NTA, the Company is required to make an immediate disclosure as required under Catalist Rule 905.

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

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

6. AUDIT COMMITTEE’S STATEMENT

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

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

8. DOCUMENTS FOR INSPECTION

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

By Order of the Board

Cai Kaoqun
Executive Chairman and CEO
Singapore, 30 June 2020

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).