CIRCULAR DATED 5 AUGUST 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Capitalised terms appearing on the cover of this Circular have the same meanings as defined herein.

If you have sold or transferred all your shares in the capital of China Kunda Technology Holdings Limited (the "**Company**") held through The Central Depository (Pte) Limited (the "**CDP**"), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached proxy form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular with the Notice of EGM and the attached proxy form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

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

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).

KUNDA®

CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200712727W)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE RESEARCH AND DEVELOPMENT, MANUFACTURING AND DISTRIBUTION OF MEDICAL DEVICES

IMPORTANT DATES AND TIMES:		
Last date and time for lodgement of Proxy Form	:	25 August 2020 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	27 August 2020 at 10.30 a.m. (or soon thereafter following the conclusion of the Annual General Meeting of the Company to be held by way of electronic means at 9.00 a.m. on the same day or any adjournment thereof)

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In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

"Act"	:	The Companies Act, Chapter 50, of Singapore, as amended or modified from time to time
"Board"	:	The board of Directors of the Company, as at the date of this Circular
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 5 August 2020
"Company"	:	China Kunda Technology Holdings Limited
"Constitution"	:	The constitution of the Company, as may be amended or modified from time to time
"Controlling Shareholder"	:	A person who:- a) holds directly or indirectly 15.0% or more of the nominal amount of voting shares in the Company (the SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder); or b) in fact exercises control over the Company
"Director"	:	A director of the Company, as at the date of this Circular
"EGM"	:	The extraordinary general meeting of the Company, to be convened for the purposes of considering and, if thought fit, passing with or without modifications, the Proposed Diversification set out in the Notice of EGM
"EPS"	:	Earnings per Share
"Existing Business"	:	Has the meaning as ascribed to it in Section 2.1 of this Circular
"FY"	:	Financial year ended or ending on 31 March
"Group"	:	The Company and its subsidiaries, collectively
"Hong Kong"	:	Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	:	30 July 2020, being the latest practicable date prior to the printing of this Circular
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Management"	:	The senior management of the Group, as at the Latest Practicable Date
"Medical Device Business"	:	Has the meaning as ascribed to it in Section 2.2 of this Circular

"Notice of EGM"	:	The notice of EGM which is as set out on pages N-1 to N-4 of this Circular
"NTA"	:	Net tangible assets
"Ordinary Resolution"	:	The ordinary resolution in relation to Proposed Diversification as set out in the Notice of EGM on pages N-1 to N-4 of this Circular
"PRC" or "China"	:	The People's Republic of China
"Proposed Diversification"	:	The proposed diversification of the Existing Business to include the Medical Device Business
"Securities Account"	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
"SFA"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"SGX-ST" or "Exchange"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	The registered holders of Shares in the Register of Members of the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares
"Shares"	:	Ordinary shares in the capital of the Company
"Sponsor"	:	PrimePartners Corporate Finance Pte. Ltd.
"Substantial Shareholder(s)"	:	Person(s) (including a corporation) who holds not less than 5% (directly or indirectly) of the total votes attached to all the voting Shares in the Company

Currencies, Units and Others

"S$" and "cents"	:	Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore
"HK$" and "HK cents"	:	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"RMB"	:	Renminbi, the lawful currency of the People's Republic of China
"%" or "per cent."	:	Per centum or percentage

The term "**associate**", "**associated company**" and "**subsidiary**" shall have the meanings ascribed to them respectively in the Fourth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, the Act and the Catalist Rules.

The terms "**Depositor**", "**Depository**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Act.

Any reference to a time of day in this Circular shall be a reference to Singapore time, unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Act, the SFA, the Catalist Rules or such statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Act, the SFA, the Catalist Rules or such statutory modification thereof, as the case may be, unless otherwise provided.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in figures included in this Circular between the amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Circular may not be an arithmetic aggregation of the figures that precede them.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "expect", "anticipate", "believe", "estimate", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "if", "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements. Further, the Company disclaims any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200712727W)

Board of Directors:

Cai Kaoqun (Executive Chairman and Chief Executive Officer)
Cai Kaobing (Executive Director)
Hau Khee Wee (Lead Independent Non-Executive Director)
Lim Yit Keong (Independent Non-Executive Director)
Thomas Lam Kwong Fai (Independent Non-Executive Director)

Registered Office:

4 Shenton Way
SGX Centre 2, #17-01
Singapore 068807

5 August 2020

To: The Shareholders of China Kunda Technology Holdings Limited

Dear Sir/Madam,

THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE RESEARCH AND DEVELOPMENT, MANUFACTURING AND DISTRIBUTION OF MEDICAL DEVICES

1. INTRODUCTION

1.1 Overview

The Directors are convening an Extraordinary General Meeting to be held on 27 August 2020 ("**EGM**") to seek Shareholders' approval for the diversification of the Existing Business to include the research and development, manufacturing and distribution of medical devices (the "**Proposed Diversification**").

1.2 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the Proposed Diversification to be tabled at the EGM, the notice which is set out on pages N-1 to N-4 of this Circular.

The Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than Shareholders) nor for any other purposes.

The SGX-ST assume no responsibility for the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular. The Sponsor has reviewed this Circular in accordance with Rules 226(2)(b) and 753(2) of the Catalist Rules.

2. THE PROPOSED DIVERSIFICATION

2.1 Existing Business

The Group is principally engaged:- (i) in the manufacture of precision moulds, plastic injection parts and in-mould decoration ("**IMD**") products to the electrical, automobile and specialised devices industries (the "**IMD and Plastic Injection Business**"); and (ii) the manufacturing and distribution of furniture and other related activities (the "**Furniture Business**") (collectively, the "**Existing Business**") in the PRC.

As at the Latest Practicable Date, the subsidiaries of the Company which are actively involved in the Existing Business and their principal activities are as follows:

Name	Country of incorporation	Principal activities	Equity Interest (%)
Held by the Company:			
Kunda Industrial Limited	British Virgin Islands	Provision of technical services	100
Yick Kwan Tat Enterprise Company Limited.	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
Held through Yick Kwan Tat Enterprise Company Limited:			
Kunda Plastic Electronics (Shenzhen) Company Limited.	PRC	Manufacture and sale of moulds and IMD products	100
Held through Kunda Plastic Electronics (Shenzhen) Company Limited			
Shenzhen Shi Er Ju Quan Wu Ding Zhi Company Limited.	PRC	Production and supply of furniture and fittings	100

The Group had on 26 July 2018 obtained shareholders' approval to diversify its business to include the Furniture Business. As at the date of this Circular, the IMD and Plastic Injection Business is the main revenue contributor to the Group. Subsequent to the Proposed Diversification, it is expected that the core business will continue to rely substantially on the Existing Business for the short to medium term.

The Group remains committed to the Existing Business so long as its continuity is in the best interest of the Group. The proposed expansion of the Group's core business is meant to benefit from the increased business opportunities and aim to contribute positively to the financial position and long-term prospects of the Group.

2.2 Details of the Medical Device Business

Subject to approval of Shareholders being obtained at the EGM, the Group proposes to diversify into the new businesses described below, as and when the appropriate opportunities arise:

(a) To research, develop and design hardware and software of medical device and other related products which include but not limited to homecare products, respiratory products, rehabilitation products, hospital instruments, the matching reagents, and other accessories and materials used for the production of medical device (the "**Products**");

(b) To engage in the trading, manufacturing, distributing and/or marketing of the Products; and

(c) To provide consultancy service in relation to design hardware and software of Products and other related services (the "**Services**"),

collectively (the "**Medical Device Business**").

The Group also proposes, as part of the Medical Device Business, to invest, acquire, from time to time any interest, including assets, investments or shares in companies and/or entities in the Medical Device Business. Any business activity as aforesaid (including those listed in (a) to (c) above) shall, upon obtaining approval from the Shareholders of the Proposed Diversification at the EGM, constitute part of the ordinary course of business of the Group.

2.3 Rationale

2.3.1 *Enhance Shareholders' value*

The Proposed Diversification will enable the Group to participate in a new market offering new business opportunities which would potentially provide additional and recurrent revenue streams and assist in continual growth of the Group, thereby enhancing to the Group's financial position and Shareholders' value.

2.3.2 *Complementary to existing business*

The technologies of IMD and plastic components can be applied in the industry of the manufacturing of the Products. As such, the Group endeavours to potentially leverage on the Group's current experience and knowledge in the related field which would provide a competitive advantage to the Group as a new entrant and synergy to the Group's existing operations.

2.3.3 *Reducing reliance of the Existing Business*

With the new business opportunities that the Medical Device Business provides, the Group would be able to reduce its reliance on the Existing Business, which remains challenging. The Proposed Diversification is expected to mitigate volatility in the Existing Business and improve the Group's long-term prospects as a whole.

2.3.4 *Potential in the Medical Device Business*

Medical devices are essential for safe and effective prevention, diagnosis, treatment and rehabilitation of illnesses and diseases. Overall industry revenue of medical devices in PRC is estimated to exceed RMB 700 billion in 2020, recording a year-on-year increase of 17.9%. From 2013 to 2019, the annual growth rate of the said overall industry revenue had been above 15%.[1] The Group has assessed the potential of the medical device market and is optimistic that the increase in healthcare awareness is expected to drive growth in the medical device industry worldwide in the long-term. The Proposed Diversification would allow the Group to participate in the growth prospects of the medical device industry and to maximise returns to shareholders in the long-term.

2.4 Operational Considerations of the Medical Device Business

At the preliminary stage, the Group is of the intention to inaugurate the Medical Device Business in the PRC. The Group does not plan to restrict the Medical Device Business to any specific geographical market as each project and investment will be evaluated and assessed by the Board on its merits.

While the Group intends to undertake the Medical Device Business independently, the Group may also explore joint ventures and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the Medical Device Business as and when the opportunity arises. Before embarking on any joint venture, the Board will conduct the necessary risk assessment with assistance from professional parties where needed, and will also enter into feasibility studies which would include financial forecasts, funding needs, exclusivity of the technical expertise required, nature and scale of projects and market studies. As and when the Group enters into new jurisdictions, it will seek the relevant legal and financial professional advice.

[1] https://www.iimedia.cn/c1061/69833.html

As part of the Medical Device Business, the Group intends to develop new technologies on its own, or in collaboration with suitable partners. When required, such technologies will be registered as intellectual properties by the Group or in partnership with such third parties. In the event that the Group acquires any intellectual property, the Group will ensure that it will be acquired through irrevocable assignments, assignments or rights of a similar nature as safeguards.

The early stages of the Group's operation of the Medical Device Business would be conducted through an existing wholly-owned subsidiary of the Company, Kunda Plastic Electronics (Shenzhen) Company Limited, which is incorporated in the PRC. The Group intends to supply medical devices classified as low-risk Medical Devices (Class II) governed under China Food and Drug Administration (国家食品药品监督管理局), which includes oxygen generators; eye protectors; non-contact infrared thermometers; temperature screening devices which do not pose high risk to users without the assistance of medical professionals and are not subjected to complicated requirements such as clinical trials. Most countries have similar requirements for registration and licensing of medical devices. Where suitable business opportunities arise, the Group intends to supply medical devices from other classes. These medical devices may include personal protection equipment and diagnostic equipment. Where required, the Group would collaborate with qualified business partners to develop and register the Products with the relevant authorities and in the application for international certification such as the United States' Food and Drug Administration (FDA) approval and the European Union's Conformitè Europëenne (CE) Mark. To avoid high capital commitment in the Group's initial foray into the Medical Device Business, it is the intention of the Group to outsource the production of certain Products to licensed Original Equipment Manufacturers (OEM).

The management has been actively searching for suitable opportunities and has identified potential parties with the relevant expertise. When the Group gains stable and sizeable market share, the Group may expand the business and pursue vertical integration which includes the acquisition of supply chains and/or retail chains associated with the Medical Device Business.

2.5 Management of the Medical Device Business

Mr Cai Kaoqun, an Executive Director of the Company, would be spearheading the Medical Device Business. He would provide the strategic vision, expertise and knowledge to manage the Medical Device Business together with the Management. The Management intends to engage the personnel with the relevant experience and expertise to manage the Medical Device Business when deemed necessary. In addition, the management will, in consultation of the Board, seek the advice of reputable external consultants and experts when necessary.

Mr Cai Kaoqun has extensive experience in business management in the PRC. He has a wealth of experience in the field of IMD technology, which is prevalently used in the manufacture of the Products. The Group currently produces IMD parts to the customers in the industries of the Medical Device Business and this business has been managed by Mr Cai Kaoqun. Mr Cai Kaoqun has been 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) since 2007.

The Group will evaluate the manpower and expertise required for the Medical Device Business and take necessary steps to hire suitable candidates as and when required to fulfil the demands of the business.

The Group may foster business partnerships with various third parties to enhance and facilitate the Medical Device Business. Where necessary, work may be outsourced to reputable third parties with expertise required for certain projects. In selecting its partners, the Management will take into account the following, but not limited to, the track record, creditability and financial standing of the parties concerned.

2.6 Funding Requirements

It is anticipated that the initial stages of the Medical Device Business would not require substantial capital investment and capital outlay as the Group intends to outsource the initial production of certain Products to third party manufacturers. In addition, the existing equipment of the Group could be utilised in manufacturing certain Products, with the Group's IMD technology being complementary for this business. As such, the initial stages of the Medical Device Business will be funded by internal resources. If the Medical Device Business is successful, it may require further substantial capital investment and capital outlay. When required, the Group intends to fund the Medical Device Business through a combination of internal resources, bank borrowings and/or other fund-raising activities arranged with financial institutions and/or individuals. As and when necessary and deemed appropriate, the Group may explore secondary fund-raising exercises by tapping the capital markets.

2.7 Financial Impact of the Proposed Diversification

As at Latest Practicable Date, the Group has no affirmative and binding plans in relation to the Medical Device Business that is expected to materially impact the net profit, EPS or NTA of the Group.

The Company would make the necessary announcements as and when appropriate in the event that any developments would have any material impact on the Group's net profit, EPS or NTA.

2.8 Financial Reporting

For the purposes of reporting the financial performance of the Group, in accordance with the applicable accounting standards and the Catalist Rules, where the financial results of the Medical Device Business is material, it will be accounted for and disclosed as a separate segment in the Group's financial statements.

The Group's financial statements, which could include the financial results of the Medical Device Business, will continue to be periodically announced in accordance with the requirements set out under Chapter 7 of the Catalist Rules.

2.9 Risk Factors

If any of the factors and/or uncertainties described below develops into actual events affecting the Medical Device Business, this may have a material and adverse impact on the Medical Device Business and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly affected.

The risks declared below are not intended to be exhaustive. New risk factors may emerge from time to time and it is not possible for the Management to predict all risk factors, nor can the Group assess the impact of all factors on the Medical Device Business or the extent to which any factor or combination of factors may affect the Medical Device Business.

There may be also other risks associated with the entry into the Medical Device Business which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below.

2.9.1 Risk Relating to the Entry of a New Business

(a) The Group has no prior track record and operating history in the Medical Device Business

As the Group does not have a proven track record in carrying out the Medical Device Business, there is no assurance that the Medical Device Business will be commercially successful and that the Group will be able to derive sufficient revenue to offset the capital and start-up costs as well as operating costs arising from the Medical Device Business. The Medical Device Business may require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses.

The Medical Device Business also involves business risks including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the Medical Device Business effectively, the overall financial position and profitability of the Group may be adversely affected.

The Group will also be exposed to the risks associated with a different competitive landscape and a different operating environment. In particular, the Group will be affected by factors affecting the trends and developments affecting the medical device industry in general. The medical device industry is in turn affected by general economic conditions, other correlated industries such as the property markets, changes in interest rates and relevant government policies and measures.

The Group's future plans with regard to the Medical Device Business may not be profitable, may not achieve the targeted sales levels and profitability that justify the investments made and may take a long period of time before the Group could realise any return. The activities of the Medical Device Business may entail financial and operational risks, including diversion of the Management's attention and difficulty in recruiting suitable personnel, and a possible negative impact on the Group's existing business relationships with its existing clients under its Existing Business who may also be manufacturers and distributors of the Products themselves.

Further, future plans and new initiatives could be capital intensive and could also result in potentially dilutive issuances of equity securities, the incurrence of capital commitments, debts and contingent liabilities as well as increased operating expenses, all of which may materially and adversely affect the financial performance of the Group. The Group may face significant financial risks before it can realise any benefits from its investments in the Medical Device Business.

(b) The Group may not have the ability or sufficient expertise to execute the Proposed Diversification

The Group's ability to successfully diversify into the Medical Device Business is dependent upon its ability to adapt its existing knowledge and expertise and leverage on such to navigate the Medical Device Business. There is no assurance that the Group's existing experience and expertise will be sufficient for the Medical Device Business now and in the future as it incrementally expands, or that the Group will be able to hire employees with the relevant experience and knowledge, when required. The Group may not be able to successfully implement the Medical Device Business and this may adversely affect the Group's financial performance and profitability.

While the Group has planned the Proposed Diversification based on the Group's understanding of the current market outlook and general economic situation, there is no assurance that such plans will be commercially successful or that the actual outcome of the Proposed Diversification will match the Group's expectations. In such event, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

(c) The Group may face intense competition from existing competitors and new market entrants in the Medical Device Business

The rapid development and growth of the medical device market in the PRC may lead to the Medical Device Business facing increasing competition among the market participants in the market. The Medical Device Business competes with both domestic and international companies with respect to factors such as precincts, facilities, technology and pricing. The Group may not be able to provide comparable services at lower prices or respond more quickly to market trends than potential or existing competitors who may have larger economies of scale and established networks. Intensified competition may result in increased costs for materials, overheads which may adversely affect the Medical Device Business, operations, results of operations and financial position.

As a result, there can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or that increased competition may not have an adverse effect on the Group's business, operations, results of operations and financial position.

(d) The Medical Device Business will be dependent on the recruitment and retention of qualified employees for its operations

As the Management currently does not have direct experience in the operations and technical expertise in the Medical Device Business, the Group is dependent on the expertise and experience of the employees to be employed or parties that the Group would be collaborating with. The Medical Device Business would be dependent on the Group's ability to identify, retain, and/or train qualified employees to grow a management team to oversee the Medical Device Business. There is no assurance that the Group is able to identify such qualified employees and retain their continuous service. The operations of the Medical Device Business would adversely be impacted if such qualified employees are not employed or retained, and hence affecting the financial performance of the Group.

(e) The Group may be faced with limited availability of funds and is subject to financing risks

The Proposed Diversification may entail setting up manufacturing facilities in PRC or other suitable jurisdictions, in which, the availability of financing is essential to the Group's abilities to undertake such projects. At the Board and Management's discretion, the Group may secure financing to fund the development of such facilities or working capital of substantial large project undertaken. Financing could be sought from financial institution and/or capital markets.

The Group cannot assure that it will have sufficient funds at its disposal for the Medical Device Business, be able to secure adequate financing, if at all, or obtain or renew credit facilities granted by banks and financial institutions for the projects in question when the need arises.

Furthermore, the incurrence of debt will increase the Group's financing costs and obligations and could result in operating and financial covenants imposed by financial institutions that restrict its operations and its ability to pay dividends to Shareholders. In such event, the Group's business, financial condition and prospects may be materially and adversely affected.

2.9.2 Risks Relating to the Medical Device Industry

(f) Clinical validation of our products and/or services involves significant costs and risks

Where suitable business opportunities arise, the Group's engagement in the Medical Device Business may include medical devices of other classes that may be required to obtain clinical validation.

Commercial acceptance of our products and/or services by, among others, physicians, patients and the medical community is dependent on the successful demonstration of clinical utility of these products and/or services, which in turn depends on the success of clinical validations.

Clinical validation could be time-consuming and expensive. The length of time required to complete clinical validation for clinical diagnostics and laboratory tests varies substantially according to the degree of regulation and the type, complexity, novelty and intended use of a test, and can continue for an extended period of time, causing significant costs to be incurred over several years. The commencement and completion of clinical validation for our products and/or services may be delayed by many factors, including:-

- governmental or regulatory delays and changes in regulatory requirements, policies and guidelines that are evaluated for approval;

- limited number of, and competition for, suitable patients that meet the protocol's inclusion criteria and do not meet any of the exclusion criteria;
- delay or failure to reach an agreement on acceptable clinical validation terms or clinical validation protocols with prospective sites or investigators;
- delay or failure to obtain the institutional review board's approval or renewal to conduct a clinical validation at a prospective or accruing site, respectively;
- inability or unwillingness of patients or medical investigators to follow our clinical validation protocols or allocate sufficient resources to complete our clinical validations;
- lack of sensitivity and specificity during clinical validation; and
- varying interpretation of data by regulatory agencies.

Clinical validation may identify significant effectiveness or technical problems or other obstacles that will need to be overcome before we can demonstrate the clinical utility of our products and/or services. This may involve conducting new or additional validation studies at significant additional cost.

(g) Our products and/or services may not be successfully commercialised

Even if our products and/or services successfully demonstrate clinical utility and obtain clinical validation, they may not enjoy commercial acceptance or success. Commercial acceptance of our products and/or services will depend on a number of factors, including:

- market acceptance or familiarity among patients, physicians, medical centres and third party purchasers;
- demonstrated clinical safety and efficacy compared to other products and/or services;
- the ability to develop a sales force capable of effectively marketing our products and/or services;
- the extent to which reimbursement is available from government health administration authorities, private healthcare insurers and other healthcare funding organisations;
- timing of market introduction and perceived effectiveness of competitive products and/or services;
- the extent to which our products and/or services are approved for inclusion on the diagnostic tests menus of hospitals and managed care organisations; and
- favourable publicity about our products and/or services from, among others, key opinion leaders and the medical community.

If any of our products and/or services do not achieve an adequate level of acceptance by physicians, patients and the medical community, we may not generate sufficient revenue from these products and/or services, and we may not become or remain profitable. Although we have not experienced any of the above events in the past which had a material impact on our business, financial condition and results of operations, we cannot assure you that any future occurrence of such events will not have a material adverse effect on our business, financial condition and results of operations.

(h) The Group will be affected by availability and prices fluctuations of raw materials in the production of medical devices

The Group may depend on specialised complex components and the assembly process of certain medical devices may be subject to stringent specifications. Components meeting our standards may not always be available on acceptable terms, if at all, and our third-party manufacturers and/or the Group may be unable to locate alternative suppliers or produce necessary materials or components. If the Group and/or its third-party manufacturers cannot obtain necessary materials or components in a timely manner, we may not be able to assemble products of acceptable quality in sufficient quantities to meet our needs. We may also be unable to develop new products and applications and conduct clinical trials. This would compromise our ability to obtain necessary regulatory approvals, thereby impairing our ability to expand into new markets or develop new products.

Prices of raw materials in the production of the medical devices may also fluctuate due to intervening factors such as global demand and supply conditions. Any shortages or interruptions in the supply of raw materials may result in an increase in raw material prices. If there are significant increases in the costs of our major raw materials and our Group is unable to pass on such price increases to our customers or our Group is unable to find alternative sources for such raw materials at competitive prices, our Group's financial performance may be adversely affected.

(i) The Group will be subject to subcontracting risks

At the preliminary stage, the Group will rely on contract manufacturers on certain parts of the Products, with the relevant production expertise and are therefore dependent on them to a certain extent. These subcontractors will be selected based on, among other factors, their competitiveness in terms of the price and quality of their processes, delivery time and their credibility. There can be no assurance that the subcontractors can always fulfil their contractual obligations or that they will always meet our requirements. In addition, certain of our contract manufacturers may be required to possess certain permits, licences or certifications to assemble our Products. Any failure by them to obtain or renew such permits, licences or certifications in a timely manner, or at all, could affect their ability to supply products to us and our business operations may be materially disrupted.

If our third party manufacturers or their principal suppliers were to experience an incident leading to work stoppage, uninsured loss or under-insured loss, they might not be able to obtain adequate alternative sources of supplies or products or could face significant delays and incur substantial costs in doing so. Any significant uninsured loss, prolonged or repeated disruption, or inability to operate experienced by any of our third-party manufacturers or their principal suppliers could have a material and adverse impact on our business, financial condition and results of operations. If we experience a modification or disruption of our development or manufacturing arrangements with any of these third parties, we may be unable to deliver products to our customers on a timely basis and we may experience customer dissatisfaction and damage to our reputation. Our existing arrangements may not be successful and we may not be able to negotiate acceptable arrangements with replacement manufacturers which can meet our needs. Our inability to subcontract the manufacture of the Products successfully could have a material adverse effect on our business, financial condition and results of operations.

As we do not enter into long-term supply agreements with our contract manufacturers, there is no assurance that these contract manufacturers will continue to allocate or reserve their production capacities for the Group. In the event that such contract manufactures are unable to satisfy our demand or is only able to supply a limited quantity of the Products, we may not be able to find alternative sources timely and consequently be unable to satisfy the needs of our customers, thereby potentially affecting our financial performance.

(j) Non-renewal of, or delay in obtaining licenses may have a material adverse effect on the Group's operations

As at the Latest Practicable Date, Group had obtained the approval from the China Food and Drug Administration to conduct online sales of certain Medical Devices (Class II) (二类医疗器械网络销售信息公示).

The Group may be required to obtain other certain licenses from various governmental or regulatory authorities in order to carry on our business. These licenses are likely to be subject to periodic review and renewal by the relevant government authorities. Should there be any modifications, additions or new restrictions to the compliance standards, it would require for additional resources to be imposed to adhere to the new requirements which may in turn adversely affect our business, financial condition and results of operations.

There is no assurance that we can obtain or thereafter renew the necessary licenses as and when required. The inability of such events occurring in the future may have a material adverse effect on our operations. There may be a possibility that we will not be able to carry on our business without such licenses being granted or renewed or that the delay in obtaining the same may increase the cost or delay the progress of orders.

(k) We may not be able to adequately protect our patents, intellectual property rights and other proprietary rights

In the Group's involvement in the Medical Device Business, we may develop and/or acquire patents and/or proprietary technology. Our success will depend in part, on our ability to maintain and defend our patents, intellectual property rights and other proprietary rights. However, the technologies and processes covered by our patents may be found to be obvious or substantially similar to prior work, which could render these patents unenforceable. Moreover, as our patents will at one time or another expire, competitors may then utilise the technology found in such patents. To offset operational and/or financial impact from expiring patents, the Group intends to secure additional patents on critical, commercially desirable improvements to the inventions of the expiring patents. There can be no assurance that we will be successful in securing such additional patents, or that such additional patents will adequately offset the effect of the expiring patents.

There can be no assurance that pending patent applications will result in issued patents, that future patent applications will be issued, that patents issued to or licensed by us will not be challenged or circumvented by competitors or that such patents will be found to be valid or sufficiently broad to protect our technology or to provide us with a competitive advantage. The validity and breadth of claims in medical technology patents involve complex legal and factual questions. Our patents may be found to be invalid and other companies may claim rights in or ownership of the patents and other proprietary rights held or licensed by us. Also, our existing patents may not cover products and/or services that we develop in the future. Moreover, when our patents expire, the inventions will enter the public domain.

The coverage of patents is subject to interpretation by the courts, and such interpretation is not always uniform or predictable. Where a competitor infringes on our patent or other intellectual property rights, we intend to enforce such intellectual property rights when we determine that a successful outcome is probable and may lead to an increase in the value of the intellectual property. If we choose to enforce our intellectual property rights against a party, that individual or company has the right to ask the court to rule that such intellectual property rights are invalid or should not be enforced. These lawsuits and proceedings are expensive and would consume time and resources and divert the attention of our managerial and scientific personnel even if we were successful in stopping the infringement of such intellectual property rights. In addition, there is a risk that the court will decide that such intellectual property rights are not valid and that we do not have the right to stop the other party from using the inventions. There is also the risk that, even if the validity of such intellectual property rights is upheld, the court will refuse to stop the other party on the

ground that such other party's activities do not infringe our intellectual property rights. Any failure to enforce our intellectual property rights or to defend any legal proceedings regarding our intellectual property rights may materially and adversely affect our business, financial condition and results of operations. Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented, or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition by potential partners or customers in our markets of interest. Furthermore, it can be difficult and costly to defend trademarks from encroachment or misappropriation outside the jurisdiction it was registered in. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business, financial condition and results of operations may be materially and adversely affected.

(l) We may not be able to protect the confidentiality of our proprietary information and the value of our technology, products and/or services

In addition to patent and trademark protection, we also rely on other proprietary rights, including protection of trade secrets and other proprietary information. To maintain the confidentiality of trade secrets and proprietary information, it is expected that the Group may enter into confidentiality agreements with our employees, consultants, collaborators and others upon the commencement of their relationships with us. These agreements typically require that all confidential information developed by the individual or made known to the individual by us during the course of the individual's relationship with us be kept confidential and not disclosed to third parties. Our agreements with employees and our personnel policies also typically provide that any inventions conceived by the individual in the course of rendering services to us shall be our exclusive property.

However, we may not obtain these agreements in all circumstances, and individuals with whom we have these agreements may not comply with their terms. Thus, despite such agreements, such inventions may become assigned to third parties. In the event of unauthorised use or disclosure of our trade secrets or proprietary information, these agreements, even if obtained, may not provide meaningful protection, particularly for our trade secrets or other confidential information. To the extent that our employees, consultants or contractors use technology or know-how owned by third parties in their work for us, disputes may arise between us and those third parties as to the rights in related inventions. An individual who is not obligated to assign rights in intellectual property to us is rightfully an inventor of intellectual property, we may need to obtain an assignment or a license to that intellectual property from that individual, a third party or, that individual's assignee. Such assignment or license may not be available on commercially reasonable terms or at all. Adequate remedies may not exist in the event of unauthorised use or disclosure of our proprietary information. The disclosure of our trade secrets would impair our competitive position and may materially and adversely affect our business, results of operations and financial condition. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to maintain trade secret protection could adversely affect our competitive business position. In addition, others may independently discover or develop similar trade secrets and proprietary information, and the existence of trade secrets affords no protection against such independent discovery.

(m) We may not be able to gain access to relevant intellectual property rights of third parties, or if our licensing partners terminate our rights in certain technologies that are licensed or sub-licensed to us

In the conduct of the Medical Device Business, we may enter into licensing agreements with third parties to utilise intellectual property rights to various proprietary technologies that are material to our business. The licensor is likely to retain their full ownership interest with respect to the licensed patent rights, and our rights to use the technologies associated with those patents and to employ the inventions claimed in the licensed patent rights are subject to the continuation of and our compliance with the terms of those licences.

In some cases, we do not control the prosecution, maintenance or filing of the patents to which we hold licences, and the enforcement of our licensed patents or defence of any claims asserting the invalidity of these patents is subject to the control or cooperation of our licensors. We cannot be certain that our licensors will prosecute, maintain, enforce and defend the licensed patent rights in a manner consistent with the best interests of our business. We also cannot be certain that drafting or prosecution of the licensed patents by our licensors have been conducted in compliance with applicable laws and regulations and will result in valid and enforceable patents and other intellectual property rights.

We expect that these agreements may impose, amongst others, various diligence, commercialisation, milestone payment, royalty, and other obligations on us. Certain of these licences may contain provisions that allow the licensor to terminate the licence upon the occurrence of specific events or conditions. If we are found to be in breach of any of our license agreements, in certain circumstances our licensors may take action against us, including by terminating the applicable licence. Because of the complexity of the Products and the patents we have licensed, determining the scope of the licences and related obligations may be difficult and could lead to disputes between us and the licensor. An unfavourable resolution of such a dispute could lead to an increase in the royalties payable pursuant to the licence or a termination of the licence. If any of our licensors were to terminate our license agreement, we may be prevented from the continued use of certain technologies in the manufacturing of products or provision of our services. This could delay or prevent us from offering our products and/or services. We might not have the necessary rights or the financial resources to develop, manufacture or market our current or future products and/or services without the rights granted under these licences, and the loss of sales or potential sales could have a material adverse effect on our business, results of operations and financial condition.

(n) We are exposed to the risk of claims by third parties that we have infringed their intellectual property rights

We may be subject, in the ordinary course of our business, to legal proceedings and claims from time to time relating to the intellectual property of others, which could have a material adverse effect on our business, financial condition and results of operations. We cannot be sure that the products, services, technologies and advertising we or our subcontractors employ in our business do not or will not infringe valid patents, trademarks, copyrights or other intellectual property rights held by third parties. In addition, our collaboration and joint venture partners may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardise or invalidate our intellectual property or proprietary information or expose us to potential litigation. They may also infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability. Any legal action against us claiming damages or seeking to restrain us from engaging in commercial activities relating to the affected products, methods or processes may:-

- require us, or our partners, to obtain a licence to continue to use, manufacture or market the affected products, methods or processes, and such a licence may not be available on commercially reasonable terms, if at all;
- prevent us from making, using or selling the subject matter claimed in patents held by others and subject us to potential liability for damages;
- consume a substantial portion of our managerial and financial resources; and/or
- result in litigation or administrative proceedings that may be costly, whether resolved in our favour or not.

(o) We will incur costs to maintain our intellectual property rights

Periodic maintenance fees, renewal fees, annual fees and various other governmental fees on patents and/or applications will be due to the various patent offices at various points over the lifetime of our patents and/or applications. Additionally, the various patent offices require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. We will employ reputable law firms and other professionals to help us comply with the patent application and maintenance processes, and in many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with rules applicable to the particular jurisdiction. However, there are situations in which noncompliance may result in the abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If such an event were to occur, it may have a material and adverse effect on our business, results of operations and financial condition. In addition, we are responsible for the payment of patent fees for patent rights that we have licensed from other parties. If we fail to do so, we may be liable to the licensor for any costs and consequences of any resulting loss of patent rights, which may have a material and adverse effect on our business, results of operations and financial condition.

(p) We may be unable to keep pace with advances in medical technology, and our products and/or services could become non-competitive

Our industry is characterised by rapid changes in technology and new product introductions which require sourcing for and investing in new medical equipment and technology. The emergence of new technology industry standards or customer requirements may render our products, processes and technologies to be non-competitive.

It is expected that as the Group gains experience and expertise in the Medical Device Business, sophisticated and expensive equipment may be used as part of our research and development of the Products. From time to time, we also need to upgrade existing equipment and facilities. This may require significant capital expenditures. There is no assurance that we will be able to recover the financial outlay for these equipment and systems. If we are unable to acquire the necessary equipment and systems and recover the financial outlay, our business, results of operations and financial condition may be materially and adversely affected. If such equipment is damaged or breaks down, our ability to provide the relevant services to patients may be impaired and the repair or replacement costs of such equipment may have a material adverse impact on our business, results of operations and financial condition.

In addition, our success will depend, in part, on our ability to develop, acquire, license and/or obtain distribution rights for new and improved technologies on favourable terms. We may not be able to negotiate acceptable licensing arrangements and such arrangements may not yield commercially successful tests. If we are unable to obtain the rights to testing methods that we conduct further development on at competitive rates, we may not be able to recover our research and development costs. In the event that we are unable to obtain the rights to new or improved technologies to expand our laboratory testing operations, our testing methods may become outdated when compared with our competitors, resulting in a decrease in demand for our services, thereby having a material adverse effect on our business, results of operations and financial condition. Our competitors may establish cooperative relationships with or obtain distributorship rights from other large incumbent medical technology and services companies. Competition may result in price reductions, reduced gross margins and loss of market share.

We may encounter unforeseen technological or scientific problems that will force abandonment or substantial change in the development of a specific product or process. In addition, if we introduce new products and/or services, or enhancements to existing products and/or services, we may not be able to effectively segregate or transit from existing products and/or services, which could negatively impact revenue and overall profitability. Among the risks associated with the introduction of new products and/or services are the acceleration of the economic obsolescence of the existing, unimproved products and/or services and their

components, delays in development or manufacturing, variations in cost, delays in customer purchases in anticipation of new introductions, difficulty in predicting customer demand for the new and existing product and/or service offerings and the risks that new products and/or services may have quality or other defects.

Accordingly, the life cycles of our products and/or services are difficult to estimate. The introduction by other market participants of products and/or services harnessing new technologies and the emergence of new industry standards may render our products and/or services obsolete and unmarketable. Our failure to introduce new products and/or services that keep pace with technological advancements, respond to evolving consumer requirements and achieve market acceptance could have a material adverse effect on our business, results of operations and financial condition.

(q) We are reliant on relationships with the third parties we collaborate with

In our collation with qualified business partners to research, develop and register the Products and to apply for international certification such as the CE Mark and FDA approval we have limited or no control over the resources any partner may devote to our products and/or services. Any of our present or future partners may not perform their obligations as expected and disputes regarding rights and obligations of the parties could arise. These partners may breach or terminate their agreements with us or otherwise fail to conduct their collaborative activities successfully and in a timely manner. Further, our partners may not develop products and/or services arising out of the collaborative arrangements or devote sufficient resources to the development, marketing or commercialisation of these products and technologies.

In the event that we fail to enter into or maintain such collaborations, we may not be able to commercialise products and/or services, grow our business or generate sufficient revenues to support our operations. Further, there can be no assurance that future agreements with strategic partners can be made on commercially acceptable terms, or at all. Any conflict with strategic partners could lead to termination of any agreements and/or arrangements we may have with such parties or result in litigation or arbitration, which may materially and adversely affect our business, results of operations and financial position.

(r) We may face uncertainties associated with our strategic alliances, acquisitions and/or investments

Strategic alliances, acquisitions or investments involve numerous risks, including, but not limited to, difficulties in the assimilation of the management, operations, services, products, technologies, systems and personnel, possible diversion of management's attention from existing business operations, unforeseen liabilities and loss of capital or other investments deployed in such joint ventures, strategic alliances, acquisitions or opportunities. The successful implementation of our growth strategies depends on, among others, our ability to identify suitable partners, the successful integration of their operations with ours and obtaining the necessary financing. There is no assurance that we will be able to execute such growth strategies successfully and as such, the performance of any strategic alliances, acquisitions or investments could fall short of expectations. In the event that we are unable to effectively or successfully manage and integrate our business operations, we may not be able to realise the expected synergies, cost savings and growth of our Group. As a result, our business, results of operations and financial condition may be materially and adversely affected.

Future acquisitions could divert our management's attention from other business concerns, including that of the Existing Business and may expose the Group to unforeseen liabilities or risks associated with entering new markets. We might also lose key employees while integrating with new organisations. We may also not be able to coordinate and consolidate our corporate and administrative functions, including the integration of internal controls and procedures for key processes across the businesses of our Group. In such event, our business, results of operations and financial condition may be materially and adversely affected.

If there are disagreements between us and our collaboration or joint venture partners regarding the collaboration or joint venture, as the case may be, we cannot assure that we will be able to resolve them in a timely manner that will be in our best interests. In addition, such partners may (i) have economic or business interests or goals that are inconsistent with ours; (ii) take actions contrary to our instructions, requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with us as to the scope of their responsibilities and obligations. Any of these and other factors may materially and adversely affect the performance of our joint ventures, which may in turn materially and adversely affect our business, results of operations and financial condition.

(s) Any future natural disaster, health epidemics or terrorist attacks may adversely affect the Group's operational results

The Medical Device Business is subject to general economic and social conditions in the regions where we operate. Natural disasters, epidemics, terrorist attacks and other acts of God, which are beyond our control, may adversely affect the economy, infrastructure and livelihood of people in the regions we operate.

Some regions and the cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, pandemic such as the COVID-19 and epidemics such as severe acute respiratory syndrome, or SARS, or H5N1 avian flu. Past occurrences of epidemics and terrorist attacks, depending on their scale, have caused different degrees of damage to the international and local economies. In the event where employees are suspected of having COVID-19, SARS, H5N1 avian flu, H1N1 human swine flu or any other epidemic or any of our facility are identified as a possible source of spreading such epidemic, the Group may be required to quarantine the employees that have been suspected of becoming infected, as well as others that had come into contact with those employees.

Any quarantine or suspension of our operations will affect our operational results. Any outbreak of epidemics and pandemics, such as the COVID-19, H5N1 avian flu or the H1N1 human swine flu, or terrorist attacks may result in material disruptions to our operations and delays in meeting our clients' orders, which in turn could materially and adversely affect our business, financial condition and results of operations.

(t) The Group will be exposed to the credit risks of our customers

The Group expects to grant credit terms to reputable customers, though our credit terms may vary from customer to customer, depending on factors such as their payment track record, financial background and the length of our business relationship.

The Group may face uncertainties over the timeliness of our customers' payments and their ability to pay, which may be affected by events or circumstances that are difficult to foresee or anticipate, which includes a decline in their business or an economic downturn.

There is no assurance that we will always be able to collect our trade debts fully or within a reasonable period of time. In such circumstances, we may be required to make provisions for doubtful debts or incur write-offs, which may have a material and adverse effect on our financial condition and results of operations.

(u) The Group may face risks of disputes with and claims by our customers, contract manufacturers and suppliers

The Group may be involved in disagreements or disputes with our customers, contract manufacturers or suppliers. If we are unable to resolve such disagreements or disputes amicably and such disagreements or disputes lead to legal proceedings against the Group, our business and operations may be adversely affected. The Management would also have to allocate resources, including time and funds, to handle the disagreements, disputes or legal proceedings.

Should legal proceedings be commenced against our Group, there can be no assurance that we will be successful in our defence or counterclaims against the other parties. Any of such legal proceedings may also generate negative publicity and is likely to have a material and adverse impact on our business and financial performance.

(v) The Group may be exposed to potential product *liability*

As the Group intends to first embark on the Medical Device Business in the PRC, under the 中华人民共和国产品质量法 (Product Quality Law of the PRC), if a product causes property damage or personal injury, manufacturers and sellers of the product are liable for property damage or personal injuries caused by the product. In addition, 工商行政管理局 (Administration for Industry and Commerce) in the PRC is authorised to impose penalties on these manufacturers and sellers.

We are exposed to risks inherent in the development, packaging, marketing, distribution and sale of medical devices in our capacity as distributor and proprietary principals. These risks exist even if a product is approved for commercial sale by or, as the case may be, registered with the relevant regulatory authorities in a jurisdiction and manufactured in licensed facilities. We may be subject to product liability, personal injury or wrongful death claims or product recalls, whether as distributor or as proprietary principal, if the products we sell are deemed or proven to be unsafe, defective or contaminated, or if they are insufficiently or improperly labelled.

Our sales and product representatives (or, as the case may be, those of our distributors) or distributors may negligently or otherwise provide inaccurate or incomplete information about our products, as a result of which healthcare professionals and/or consumers may use, our products incorrectly. Incorrect use of our products could result in our products being less effective or cause adverse effects that could otherwise have been avoided. Our reputation and the sales of our products could consequently be adversely affected, and we could be exposed to product liability lawsuits or regulatory investigations, action or penalties and we may face additional costs and liabilities as a result.

While we are not aware of any product liability claims against us that would have a material adverse impact on our financial condition and operations, any product liability claims brought against us or product recalls, regardless of whether the claims are with merit, could strain our financial resources and divert the time and attention of our management. Even if we are not at fault or ultimately responsible for any quality or labelling faults, we may be penalised by the relevant authorities and we would then rely on a claim of reimbursement from our suppliers pursuant to the terms of our agreements with our suppliers. Reimbursements from our suppliers may or may not be forthcoming. In addition, losses from product liability claims or product recalls may not be fully covered by insurance and, to the extent that we suffer losses that are uninsured or uninsurable, our results of operations and financial condition may be materially and adversely affected. Where any product liability claims or product recalls relate to our proprietary products, consumer confidence in our brands may decline, and our reputation and sales of our proprietary products may be materially and adversely affected. If any product liability claims against us were to prevail, we may incur substantial monetary liabilities. Further, we may be subject to criminal liabilities and the licences, permits and approvals that we require for our business operations may be revoked. In addition, we may be required to recall the relevant products and/or suspend or cease sales of the relevant products. If any of the foregoing occurs, our business, financial condition and results of operations may be materially and adversely affected.

If any product liability claims against us were to prevail, we may incur substantial monetary liabilities. Further, we may be subject to criminal liabilities and the licences, permits and approvals that we require for our business operations may be revoked. In addition, we may be required to recall the relevant products and/or suspend or cease sales of the relevant products. If any of the foregoing occurs, our business, financial condition and results of operations may be materially and adversely affected.

(w) If our products cause, or are perceived to cause, adverse side effects, our business may be materially and adversely affected

Our products may cause adverse side effects as a result of a number of factors, many of which are beyond our control. Such factors include, but are not limited to, potential side effects not revealed in clinical trials, unusual but severe side effects in isolated cases, defective products or misuse of our products by consumers. Our products may also be perceived to cause severe side effects when a conclusive determination as to the cause of severe side effects is not obtained or is unobtainable.

In addition, our products may be perceived to cause adverse side effects if similar products containing the same or similar ingredients, raw materials or delivery technologies as our products cause, or are perceived to have caused, adverse side effects, or if one or more regulators or an international institution, such as the World Health Organisation, determines that products containing the same or similar raw materials or delivery technologies as our products could cause or lead to severe side effects.

If any of our products cause, or are perceived to cause, adverse side effects, we may face a number of consequences, including, but not limited to:-

- injury to, or death of, consumers;
- a severe decrease in the demand for, and sales of, the relevant products;
- recalls or withdrawals of the relevant products;
- revocation of regulatory approvals for the relevant products;
- stricter and more frequent regulatory inspections of our facilities and products; and
- risk of lawsuits and regulatory investigations in respect of the relevant products, which could result in liabilities, fines or penalties.

The occurrence of any of the foregoing consequences may cause our financial condition and results of operations to be materially and adversely affected. In addition, if the products concerned are our proprietary products, our reputation and the value of our proprietary brands could be materially and adversely affected.

(x) We may rely on local distributors for the distribution of our specialty pharmaceutical products and proprietary products in certain jurisdictions

The Group may in its conduct of the Medical Device Business rely on local distributors in certain jurisdictions. However, our local distributors may cease their business relationships, substantially reduce their orders, or fail to meet performance targets or other terms in their distributorship agreements, with us. Also, disputes between us and our local distributors or the breach of applicable laws and regulations by our local distributors may cause our operations in the relevant jurisdiction to be disrupted.

Our ability to maintain and grow our business will depend, in large part, on our ability to maintain and manage a marketing and distribution network that delivers our products in the jurisdictions where we and/or our distributors generate market demand through sales and marketing activities. Our strategies contemplate that we will seek to, among other things, expand our marketing and distribution network and scale our presence in markets in which we are currently present and expand to new geographical markets, which will require us to establish relationships with new distributors, and we cannot assure you that we will be successful in doing so. If we are unable to maintain and/or expand our marketing and distribution network, our business and prospects may be adversely affected.

In addition, certain of the licences, permits and registrations that are required for our sales and marketing operations in certain jurisdictions may be held by our local distributors in those countries, and we would work with these local distributors to obtain and renew such licences, permits and registrations. We would work with them to transfer the relevant licences, permits and registrations in the event of a change of our local distributors. These licences, permits and registrations may be subject to conditions stipulated in their terms and/or the relevant laws and regulations under which they are issued. We have no control over the operations of our local distributors and cannot assure you that they will obtain, renew or transfer the relevant licences, permits or registrations in a timely manner, or at all, nor can we assure you of their compliance with the conditions to which the relevant licences, permits or registrations may be subject. Any revocation or non-renewal of these licences, permits and registrations as a result of the actions of our local distributors could disrupt our operations and have a material and adverse impact on our business, results of operations and prospects.

If any of the foregoing occurs and we are unable to find alternative distributors in the relevant jurisdiction, our business, financial condition and results of operations could be adversely affected.

2.9.3 Risks Relating to Operations in the PRC

(a) The Group will be subject to risks relating to the economic, political or social environment in the PRC

As at the latest practicable date, the Group intends engage in the Medical Device Business primarily in the PRC. The PRC's GDP growth in the past 5 years ranged from 7.4% in 2014 to 6.1% in 2019[2]. Forecasts by the International Monetary Fund expects that the GDP growth for 2020 would decline to 1.0% in 2020 due to the COVID-19 pandemic and for a GDP growth of 8.2% in 2021 to be recorded.[3] Although the Management is optimistic about the prospects of the PRC market, there is no assurance that such growth will continue and any slow-down will not affect the Medical Device Business.

Significant slowdown in the PRC economy or decline in demand for the Products by the customers in the PRC will have an adverse effect on the Group's business, financial condition and financial performance. Furthermore, unfavourable changes in the social and political conditions of the PRC may also adversely affect the Group's business and operations.

The PRC's economy differs from the economies of most developed countries in many aspects, such as the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth in the past 30 years, growth has been uneven across different regions and periods and among various economic sectors. The PRC government exercises significant control over the PRC's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Although the Group believes these reforms will have a positive effect on its overall and long term development of the country, the Group cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on the Group's business, financial performance or financial condition.

[2] https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2019&locations=CN&start=2012

[3] https://www.imf.org/en/News/Articles/2020/07/10/sp071020-speech-on-the-global-and-asia-economic-outlook

(b) The Group will be subject to labour regulations in the PRC

We are required to comply with applicable PRC labour, social insurance and housing fund laws and regulations. Any failure by us in complying with the applicable PRC labour, social insurance and housing fund laws and regulations may subject us to penalties and liabilities under PRC laws and regulations, including but not limited to the issue of warnings and imposition of fines. In the event we are found to be in breach of the applicable PRC labour, social insurance and housing fund laws and regulations, which affect our usage of labour, our business, financial condition and results of operations may be materially and adversely affected.

(c) The Group may be subjected to the PRC's environmental laws and regulations

Manufacturers and sub-contractors are subjected to environmental laws and regulations imposed by the PRC authorities. As such, the Medical Device Business may be subjected to laws and regulations relating to, *inter alia,* waste management and water protection. If stricter rules are imposed on waste management and water protection by the PRC authorities which result in us incurring higher production cost to comply with such stricter rules, our businesses and financial performance in the PRC will be adversely affected.

2.9.4 Risks Relating to Operations Globally

(a) We are exposed to various global and local risks that could have a material adverse effect on our financial condition and results of operations

In the course of the Group's operations as part of the Medical Device Business, it is expected that the Group would have operations in multiple jurisdictions in addition to the PRC. International sales and operations are subject to a variety of risks, including:-

- greater difficulty in staffing and managing foreign operations;
- greater risk of uncollectible accounts;
- longer collection cycles;
- logistical and communication challenges;
- potential adverse changes in laws and regulatory practices, including export licence requirements, trade barriers, tariffs and tax laws;
- changes in labour conditions;
- burdens and costs of compliance with a variety of foreign laws;
- political and economic instability;
- increases in duties and taxation;
- greater difficulty in protecting intellectual property;
- changes in general economic and political conditions in these foreign markets;
- natural disasters;
- imposition of restrictions on foreign currency conversion or the transfer of funds; and
- appropriation or nationalisation of private enterprise or confiscation of private property or assets.

We expect these risks to increase as we pursue our strategy of expanding into new geographic markets. We may not succeed in developing and implementing effective policies and strategies in each location where we conduct business. Any failure to do so may materially and adversely affect our business, financial condition and results of operations.

(b) The Group will be exposed to foreign exchange risk

The Company's reporting currency is in HK$. While the Existing Business generates revenue in RMB, the revenue and expenses generated from the Medical Device Business are expected to be denominated in the currencies other than HK$, generally in RMB.

Accordingly, the Company will have a greater exposure from the translation foreign exchange. Any significant fluctuation of the foreign currencies against the Group's functional currency will have a material and adverse impact on the Group's financial performance.

3. APPLICATION OF CHAPTER 10 OF THE CATALIST RULES TO THE PROPOSED DIVERSIFICATION

As the Medical Device Business is a new business that is substantially different from the Existing Business, it is envisaged that the Proposed Diversification will change the existing risk profile of the Group. Accordingly, the EGM is convened by the Company to seek Shareholders' approval for the Proposed Diversification.

Upon Shareholders' approval of the Proposed Diversification, any acquisition or disposal which is in, or in connection with, the Medical Device Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Medical Device Business which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the Medical Device Business arise. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

Notwithstanding that Shareholders' approval of the Proposed Diversification has been obtained,

a) Rule 1015 of the Catalist Rules will apply to acquisitions of assets (including options to acquire assets) whether or not in the Company's ordinary course of business (which will include the Medical Device Business) and which results in any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeding 100% or results in a change in control of the Company. Such acquisitions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting; or

b) Paragraph 2 of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

Notwithstanding the above requirements as prescribed under the Catalist Rules, when the Group enters into its first major transaction as defined under Rule 1014 of the Catalist Rules (the "**First Major Transaction**") involving the Medical Device Business, or where any of the Catalist Rule 1006 figures in respect of several transactions are aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75.0%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon approval of the Shareholders at a general meeting.

The Company will also be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

4.1 Directors

As at the Latest Practicable Date, the direct and deemed interests of each of the Directors in the Shares of the Company are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%[1]	Number of Shares	%[1]
Cai Kaoqun[2]	–	–	123,084,000	30.04
Cai Kaobing[3]	–	–	19,200,000	4.69
Hau Khee Wee	200,000	0.05	–	–
Lim Yit Keong	–	–	–	–
Thomas Lam Kwong Fai	–	–	–	–

Notes:

(1) Based on the total issued and fully paid-up ordinary share capital of 409,800,000 Shares as at the Latest Practicable Date.

(2) Mr Cai Kaoqun is deemed interested in the 123,084,000 Shares held by China Hongda Holdings Limited, by virtue of his 100% shareholding in China Hongda Holdings Limited.

(3) Mr Cai Kaobing is deemed interested in the 19,200,000 Shares held through his 80% shareholding by Good Moral Technology Limited.

4.2 Substantial Shareholders

As at the Latest Practicable Date, the direct and deemed interests of each of the Substantial Shareholders in the Shares of the Company are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%[1]	Number of Shares	%[1]
China Hongda Holdings Limited	123,084,000	30.04	–	–
Cai Kaoqun[2]	–	–	123,084,000	30.04

Notes:

(1) Based on the total issued and fully paid-up ordinary share capital of 409,800,000 Shares as at the Latest Practicable Date.

(2) Mr Cai Kaoqun is deemed interested in the 123,084,000 Shares held by China Hongda Holdings Limited by virtue of his 100% shareholding in China Hongda Holdings Limited.

5. DIRECTORS' RECOMMENDATIONS

The Directors, having considered the rationale for the Proposed Diversification as set out in section 2.3 of this Circular, are of the opinion that the Proposed Diversification is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution, as set out in the Notice of EGM.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held by way of electronic means (via live webcast and audio only means) on 27 August 2020 at 10.30 a.m. (or soon thereafter following the conclusion of the Annual General Meeting of the Company to be held by way of electronic means at 9.00 a.m. on the same day or any adjournment thereof) for the purpose of considering and, if thought fit, passing (with or without any modification) the resolution set out in the Notice of EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in Singapore, Shareholders will NOT be allowed to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM through a "live" webcast or "live" audio feed as set out below:-

(a) Watching the EGM proceedings via Webinar

Shareholders must pre-register at the pre-registration website at the URL: https://www.sg.conveneagm.com/chinakunda from now till **17 August 2020 at 9.00 a.m.** to enable the Company to verify their status as Shareholders.

Following the verification, authenticated Shareholders will receive an email by **9.00 a.m. on 26 August 2020**. The email will contain login credentials and instructions to access the live audio-visual webcast or audio-only of the EGM proceedings. Shareholders who do not receive an email by **9.00 a.m. on 26 August 2020** but have registered by **9.00 a.m. on 17 August 2020**, should contact the Company's Share Registrar by phone call at +65 6230 9768 for assistance.

Members must not forward the abovementioned email instructions to other persons who are not members and who are not entitled to attend the EGM. This is also to avoid any technical disruptions or overload to the Live Webcast.

Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, other than SRS Investors, and wish to participate in the EGM should, in additional to pre-registering, approach their respective agents, by **5.00 p.m. on 14 August 2020**, so that the necessary arrangements can be made by the relevant agents for their participating in the EGM.

(b) Submitting questions in advance of the EGM

Shareholders will not be able to ask questions during the live audio-visual webcast of the EGM proceedings. Therefore, it is important for Shareholders to pre-register and submit their questions in advance of the EGM.

All questions by must be submitted **by no later than 9.00 a.m. on 17 August 2020** to the Company:

(a) **via the pre-registration website** at the URL http://www.sg.conveneagm.com/chinakunda; or

(b) **via email** to: alex@chinakunda.com.

For verification purpose, when submitting any questions via email, members **MUST** provide the Company with their particulars (comprising full name (for individuals)/company name (for corporates), email address, contact number, NRIC/passport number / company registration number, shareholding type and number of shares held).

The Company will endeavor to address the substantial queries from members prior to, or at the EGM and upload the Company's responses on the SGXNet. The minutes of the EGM, which including responses to substantial queries from the Members which are addressed during the EGM, shall thereafter be published on SGXNet, within one (1) month from the conclusion of the EGM.

Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, including SRS Investors, can submit their questions in relation to any resolution set out in the Notice of EGM upon pre-registration, however, they should, in addition to pre-registering, approach their respective agents by **5.00 p.m. on 14 August 2020**, so that the necessary arrangements can be made by the relevant agents for their participation in the EGM.

(c) Voting by Proxy

Shareholders (other than CDP) holding Shares who wish to vote, should complete, sign and return the Shareholder Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, must appoint the Chairman of the EGM as their proxy by completing and submitting the Proxy Form to the Company in the following manner:-

(a) in hard copy **by post** to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or

(b) **via email** to: srs.teamd@boardroomlimited.com.

in either case, **not less than 48 hours** before the time for holding the EGM and at any adjournment thereof.

In appointing the Chairman of the EGM as Proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting in the Proxy From, failing which the appointment will be treated as invalid.

If the appointor is a corporate, the Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney.

A member who wishes to submit an instrument of proxy by (a) and (b) must first download the proxy form, which is available on SGXNet at the URL https://www.sgx.com/securities/company-announcements, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically by email.

Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, including SRS investors, and wish to appoint the Chairman of the EGM as proxy, should approach their respective agents to submit their votes by **5.00 p.m. on 14 August 2020** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by **9.00 a.m. on 25 August 2020**.

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly complete, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case the appointor submits more than one instrument of proxy).

A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited at least 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote on any or all of the resolution at the EGM by appointing the Chairman of the EGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Futures Act (Cap. 289), Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the EGM. Any Shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the EGM will not be entitled to attend and vote at the EGM. Accordingly, even if such shareholder deposits his/her proxy form forty-eight (48) hours before the EGM, the Chairman of the EGM who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the EGM.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular, and confirm after making all reasonable enquires that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Diversification, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in the Circular in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807 during normal business hours from the date of this Circular up to and including the time and date of the EGM. The shareholders' are required to make an appointment via email to alex@chinakunda.com prior to the inspection, in view of the social distancing measures currently in place.

(a) the annual report of the Company for FY2020; and

(b) the Constitution of the Company.

Yours faithfully
For and on behalf of the Board of Directors of
CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Cai Kaoqun
Executive Chairman and Chief Executive Officer

CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200712727W)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of China Kunda Technology Holdings Limited (the "**Company**") will be held by way of electronic means on 27 August 2020 at 10.30 a.m. (or soon thereafter following the conclusion of the Annual General Meeting of the Company to be held by way of electronic means at 9.00 a.m. on the same day or any adjournment thereof) for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolution:

*All capitalised terms in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 5 August 2020 (the "**Circular**").*

RESOLUTION 1 (ORDINARY RESOLUTION)

THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE THE RESEARCH AND DEVELOPMENT, MANUFACTURING AND DISTRIBUTION OF MEDICAL DEVICES

THAT:

(a) approval be and is hereby given for the diversification by the Company and its subsidiaries of its core business to include the research and development, manufacturing and distribution of medical devices that involve the activities as set out section 2.2 of the Circular (the "**Medical Device Business**"), and any other activities related to the Medical Device Business (the "**Proposed Diversification**");

(b) the Company be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of, from time to time any such assets, investments and interest that us in line with the Medical Device Business on such terms and conditions as the Directors of the Company deem fit, and such acts or things as they deem desirable, necessary or expedient to give effect to any such investment, purchase, acquisition or disposal; and

(c) the Directors of the Company and each of them be and are hereby authorised to enter into all such transactions, arrangements and agreements and approve, execute and deliver all documents and do all deeds and things as may be necessary, expedient, incidental or in the interests of the Company, as they or he may consider necessary, desirable, expedient or in the interest of the Company to give effect to this ordinary resolution or the transactions contemplated by the Proposed Diversification.

BY ORDER OF THE BOARD
CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

CAI KAOQUN
Executive Chairman and Chief Executive Officer
Singapore
5 August 2020

Notes:

1. The EGM is being convened, and will be held, by electronic means pursuant to the COVID19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the EGM in person. Members will be able to watch the proceedings of the EGM through a "live" webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, members who wish to watch the "live" webcast or listen to the "live" audio feed must pre-register by 9.00 a.m. on 17 August 2020, at https://www.sg.conveneagm.com/chinakunda. Following authentication of their status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the EGM by 9.00 a.m. on 26 August 2020. Members who do not receive an email by 9.00 a.m. on 26 August 2020 should contact the Company's Share Registrar by phone call at +65 6230 9768 for assistance.

   Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, other than SRS Investors, and wish to participate in the EGM should, in additional to pre-registering, approach their respective agents, by **5.00 p.m. on 14 August 2020**, so that the necessary arrangements can be made by the relevant agents for their participating in the EGM.

3. Members who pre-register to watch the "live" webcast or listen to the "live" audio feed may also submit questions relating to the resolutions to be tabled for approval at the EGM. Please note that members will not be able to ask questions at the EGM "live" during the webcast and the audio feed.

   All questions by must be submitted **by no later than 9.00 a.m. on 17 August 2020** to the Company:

   (a) **via the pre-registration website** at the URL http://www.sg.conveneagm.com/chinakunda; or

   (b) **via email** to: alex@chinakunda.com.

   For verification purpose, when submitting any questions via email, members **MUST** provide the Company with their particulars (comprising full name (for individuals)/company name (for corporates), email address, contact number, NRIC/ passport number / company registration number, shareholding type and number of shares held).

   The Company will endeavour to address the substantial queries from members prior to, or at the EGM and upload the Company's responses on the SGXNet. The minutes of the EGM, which including responses to substantial queries from the Members which are addressed during the EGM, shall thereafter be published on SGXNet, within one (1) month from the conclusion of the EGM.

   Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, including SRS Investors, can submit their questions in relation to any resolution set out in the Notice of EGM upon pre-registration, however, they should, in addition to pre-registering, approach their respective agents by **5.00 p.m. on 14 August 2020**, so that the necessary arrangements can be made by the relevant agents for their participation in the EGM.

4. A member will not be able to attend the EGM in person. Members (whether individuals or corporates) who wish to exercise their voting rights at the EGM must appoint the Chairman of the EGM as their proxy to attend, speak and vote on their behalf at the EGM. In appointing the Chairman of the EGM as proxy, members (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

5. The Chairman of the EGM, as proxy, need not be a member of the Company.

6. The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:

   (a) in hard copy **by post** to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or

   (b) **via email** to: srs.teamd@boardroomlimited.com .

   in either case, not less than 48 hours before the time for holding the EGM and at any adjournment thereof.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, including SRS investors, and wish to appoint the Chairman of the EGM as proxy, should approach their respective agents to submit their votes by **5.00 p.m. on 14 August 2020** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by **9.00 a.m. on 25 August 2020**.

7. The Circular in relation to the Proposed Disposal have been made available on SGXNET and may be accessed at **https://www.sgx.com/securities/company-announcements**.

8. The instrument appointing the Chairman of the EGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

9. Where an instrument appointing the Chairman of the EGM as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be attached to the instrument of proxy, failing which the instrument may be treated as invalid.

10. The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

11. 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 entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

IMPORTANT REMINDERS

Due to the constantly evolving COVID-19 situation, the Company may be required to change its EGM arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the EGM. Further, in view of the current COVID-19 measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

PERSONAL DATA PRIVACY

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder'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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guideline (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder 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 shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

PROXY FORM

CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200712727W)

PROXY FORM
EXTRAORDINARY GENERAL MEETING

This form of proxy has been made available on SGXNet and may be accessed at the URLs https://www.sgx.com/securities/companyannouncements. A printed copy of this form of proxy will NOT be dispatched to members.

I/We* _____ (Name), _____ (NRIC / Passport No.)

of _____ (Address), being a member/members* of **China Kunda Technology Holdings Limited** (the "**Company**") hereby appoint:

the Chairman of the Extraordinary General Meeting (the "**Meeting**")

as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Meeting of the Company to be held by way of electronic means on 27 August 2020 at 10.30 a.m. (or soon thereafter following the conclusion of the Annual General Meeting of the Company to be held by way of electronic means at 9.00 a.m. on the same day or any adjournment thereof). *I/We direct the Chairman of the Meeting to vote for, against and/or to abstain from the resolution to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the Chairman may vote or abstain from voting at his discretion, as he may on any other matter arising at the Meeting.

**Delete as appropriate.*

		For**	**Against****	**Abstain****
No.	**Ordinary Resolution**			
1.	To approve the proposed diversification of the core business of the Group into the Medical Device Business			

*** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please indicate with a tick (√) in the "For" or "Against" box. Alternatively, please indicate the number of votes "For" or "Against" as appropriate in the resolution. If you wish to "Abstain" from voting on the resolution, please indicate with a tick (√) in the "Abstain" box. Alternatively, please indicate the number of shares which you wish to abstain from voting. In the absence of directions for the resolution, the appointment of Chairman of the Meeting as your proxy for the resolution will be treated as invalid.*

Dated this _____ day of _____ 2020.

Total Number of shares held in:	
(a) CDP Register	
(b) Register of Members	

_____

Signature(s) of Member(s) or,
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF.

PROXY FORM

Notes:

1. The EGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the EGM in person. Members will be able to watch the proceedings of the EGM through a "live" webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, members who wish to watch the "live" webcast or listen to the "live" audio feed must pre-register by 9.00 a.m. on 17 August 2020, at https://www.sg.conveneagm.com/chinakunda. Following authentication of their status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the EGM by 9.00 a.m. on 26 August 2020. Members who do not receive an email by 9.00 a.m. on 26 August 2020 should contact the Company's Share Registrar by phone call at +65 6230 9768 for assistance.

   Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, other than SRS Investors, and wish to participate in the EGM should, in additional to pre-registering, approach their respective agents, by **5.00 p.m. on 14 August 2020**, so that the necessary arrangements can be made by the relevant agents for their participating in the EGM.

3. Members who pre-register to watch the "live" webcast or listen to the "live" audio feed may also submit questions relating to the resolutions to be tabled for approval at the EGM. Please note that members will not be able to ask questions at the EGM "live" during the webcast and the audio feed.

   All questions by must be submitted **by no later than 9.00 a.m. on 17 August 2020** to the Company:

   (a) **via the pre-registration website** at the URL http://www.sg.conveneagm.com/chinakunda; or

   (b) **via email** to: alex@chinakunda.com.

   For verification purpose, when submitting any questions via email, members **MUST** provide the Company with their particulars (comprising full name (for individuals)/company name (for corporates), email address, contact number, NRIC/ passport number / company registration number, shareholding type and number of shares held).

   The Company will endeavor to address the substantial queries from members prior to, or at the EGM and upload the Company's responses on the SGXNet. The minutes of the EGM, which including responses to substantial queries from the Members which are addressed during the EGM, shall thereafter be published on SGXNet, within one (1) month from the conclusion of the EGM.

   Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, including SRS Investors, can submit their questions in relation to any resolution set out in the Notice of EGM upon pre-registration, however, they should, in addition to pre-registering, approach their respective agents by **5.00 p.m. on 14 August 2020**, so that the necessary arrangements can be made by the relevant agents for their participation in the EGM.

4. A member will not be able to attend the EGM in person. Members (whether individuals or corporates) who wish to exercise their voting rights at the Extraordinary General Meeting must appoint the Chairman of the EGM as their proxy to attend, speak and vote on their behalf at the EGM. In appointing the Chairman of the EGM as proxy, members (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

5. The Chairman of the EGM, as proxy, need not be a member of the Company.

6. The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:

   (a) in hard copy **by post** to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or

   (b) **via email** to: srs.teamd@boardroomlimited.com.

   in either case, not less than 48 hours before the time for holding the EGM and at any adjournment thereof.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Investors who hold shares through relevant intermediaries as defined in Section 181(C) of the Companies Act, including SRS investors, and wish to appoint the Chairman of the EGM as proxy, should approach their respective agents to submit their votes by **5.00 p.m. on 14 August 2020** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by **9.00 a.m. on 25 August 2020**.

7. The Circular in relation to the Proposed Disposal have been made available on SGXNET and may be accessed at **https://www.sgx.com/securities/company-announcements**.

8. The instrument appointing the Chairman of the EGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

9. Where an instrument appointing the Chairman of the EGM as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be attached to the instrument of proxy, failing which the instrument may be treated as invalid.

10. The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

11. 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 entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

IMPORTANT REMINDERS

Due to the constantly evolving COVID-19 situation, the Company may be required to change its EGM arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the EGM. Further, in view of the current COVID-19 measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

PERSONAL DATA PRIVACY

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder'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 Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary 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 guideline (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder 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 shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.