



# CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

## Unaudited Financial Statements for the Financial Year ended 31 March 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

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### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	Group (HK\$'000)		
	Year ended 31-Mar-16 ("FY2016")	Year ended 31-Mar-15 ("FY2015")	Change %
<b><u>Continuing operations</u></b>			
Revenue	197,850	206,247	(4.1)
Cost of sales	(159,951)	(173,738)	(7.9)
<b>Gross profit</b>	<b>37,899</b>	<b>32,509</b>	16.6
<b>Other items of income</b>			
Interest income (Note 1)	297	702	(57.7)
Other income (Note 2)	5,289	22,510	(76.5)
<b>Other items of expense</b>			
Selling and distribution expenses	(10,119)	(9,596)	5.5
General and administrative expenses	(23,343)	(17,597)	32.7
Other (expenses)/credit (Note 3)	(49)	237	n.m.
<b>Profit before tax from continuing operations (Note 4)</b>	<b>9,974</b>	<b>28,765</b>	(65.3)
Income tax (expense)/credit (Note 5)	(1,082)	5,249	n.m.
<b>Profit from continuing operations, net of tax</b>	<b>8,892</b>	<b>34,014</b>	(73.9)
<b><u>Discontinued operations</u></b>			
<b>Loss from discontinued operations, net of tax</b>	<b>-</b>	<b>(4,697)</b>	n.m.
<b>Profit for the year</b>	<b>8,892</b>	<b>29,317</b>	(69.7)

Note: The Group recorded a recurring profit before taxation from continuing operations of HK\$10.0 million in FY2016 as compared to HK\$7.5 million in FY2015, an increase of HK\$2.5 million or 32.1%. (please see para 8 for further details).

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

	<b>Group</b>		
	<b>FY2016 HK\$'000</b>	<b>FY2015 HK\$'000</b>	<b>Change %</b>
<b>Attributable to:</b>			
<b>Owners of the Company</b>			
- Profit from continuing operations, net of tax	6,762	29,311	(76.9)
- Loss from discontinued operation, net of tax	-	(4,888)	n.m.
<b>Profit for the year attributable to owners of the Company</b>	<b>6,762</b>	<b>24,423</b>	<b>(72.3)</b>
<b>Non-controlling interests</b>			
- Profit from continuing operations, net of tax	2,130	4,703	(54.7)
- Profit from discontinued operation, net of tax	-	191	n.m.
<b>Profit for the year attributable to non-controlling interests</b>	<b>2,130</b>	<b>4,894</b>	<b>(56.5)</b>
<b>Profit for the year</b>	<b>8,892</b>	<b>29,317</b>	<b>(69.7)</b>
<b>Other comprehensive income:</b>			
Items that may be subsequently reclassified to profit & loss:			
Foreign currency translation	(3,869)	3,466	n.m.
<b>Other comprehensive income for the year, net of tax</b>	<b>(3,869)</b>	<b>3,466</b>	<b>n.m.</b>
<b>Total comprehensive income for the year</b>	<b>5,023</b>	<b>32,783</b>	<b>(84.7)</b>
<b>Attributable to:</b>			
Owners of the Company	3,899	27,699	(85.9)
Non-controlling interests	1,124	5,084	(77.9)
<b>Total comprehensive income for the year</b>	<b>5,023</b>	<b>32,783</b>	<b>(84.7)</b>
<b>Attributable to:</b>			
<b>Owners of the Company</b>			
Total comprehensive income from continuing operations, net of tax	3,899	32,403	(88.0)
Total comprehensive income from discontinued operations, net of tax	-	(4,704)	n.m.
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<b>3,899</b>	<b>27,699</b>	<b>(85.9)</b>

n.m. - not meaningful

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

	<b>Group</b>		
	<b>FY2016</b>	<b>FY2015</b>	<b>Change</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>Note 1 – Interest income</b>			
Interest income from bank and other receivables	297	702	(57.7)
<b>Note 2 – Other income</b>			
Sale of raw materials/ scrap materials	171	478	(64.2)
Gain on disposal of property, plant and equipment	133	562	(76.3)
Gain on disposal of subsidiaries	-	14,041	n.m.
Government grants related to income	2,457	8	n.m.
Net foreign exchange gain	814	7,421	(89.0)
Rental income	1,238	-	n.m.
Others	476	-	n.m.
	<u>5,289</u>	<u>22,510</u>	<u>(76.5)</u>
<b>Note 3 – Other expenses/(Other credits)</b>			
Impairment loss on doubtful trade and other receivables	141	408	(65.4)
Reversal of Impairment loss on inventories	(92)	(645)	(85.7)
	<u>49</u>	<u>(237)</u>	<u>n.m.</u>
<b>Note 4 – Profit before tax from continuing operations</b>			
This is determined after charging the following:			
Depreciation of property, plant and equipment	2,368	1,687	40.4
Research and product testing expenses	1,576	660	138.8
<b>Note 5 – Income tax expense/(credit)</b>			
Current income taxation	1,368	1	n.m.
Overprovision in respect of prior years	(286)	(5,250)	(94.6)
Income tax expense/(credit)	<u>1,082</u>	<u>(5,249)</u>	<u>n.m.</u>
<b>Note 6 – Loss from discontinued operations, net of tax</b>			
This is determined after charging the following:			
Depreciation of property, plant and equipment	-	1,290	n.m.
Amortisation of land use rights	-	571	n.m.
Impairment loss on inventories	-	615	n.m.
Impairment loss on trade and other receivables	-	112	n.m.

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

	Group As at 31-Mar-16 HK\$'000	Group As at 31-Mar-15 HK\$'000	Company As at 31-Mar-16 HK\$'000	Company As at 31-Mar-15 HK\$'000
<b><u>Non-current assets</u></b>				
Investment in subsidiaries	-	-	46,977	48,864
Property, plant and equipment	14,316	10,984	-	-
Prepayments	150	1,214	-	-
<b>Total non-current assets</b>	<b>14,466</b>	<b>12,198</b>	<b>46,977</b>	<b>48,864</b>
<b><u>Current assets</u></b>				
Inventories (Note 1)	26,749	26,682	-	-
Trade and other receivables (Note 2)	47,557	44,148	-	-
Prepayments	14,550	22,561	108	222
Amount due from related parties	-	-	32,117	34,388
Cash and bank balances	34,613	27,494	214	279
<b>Total current assets</b>	<b>123,469</b>	<b>120,885</b>	<b>32,439</b>	<b>34,889</b>
<b>Total Assets</b>	<b>137,935</b>	<b>133,083</b>	<b>79,416</b>	<b>83,753</b>
<b><u>Current liabilities</u></b>				
Trade and other payables	49,159	49,264	-	-
Other liabilities	11,051	10,659	1,865	1,774
Amount due to related parties	444	889	-	-
Deferred government grants	192	1,876	-	-
Provision for taxation	872	355	-	-
<b>Total current liabilities</b>	<b>61,718</b>	<b>63,043</b>	<b>1,865</b>	<b>1,774</b>
<b>Net current assets</b>	<b>61,751</b>	<b>57,842</b>	<b>30,574</b>	<b>33,115</b>
<b>Total liabilities</b>	<b>61,718</b>	<b>63,043</b>	<b>1,865</b>	<b>1,774</b>
<b>Net assets</b>	<b>76,217</b>	<b>70,040</b>	<b>77,551</b>	<b>81,979</b>
<b><u>Equity attributable to owners of the Company</u></b>				
Share capital	148,309	145,057	148,309	145,057
Accumulated losses	(41,842)	(48,559)	(84,466)	(80,007)
Restructuring reserve	(74,397)	(74,397)	-	-
Statutory reserve	45	-	-	-
Foreign currency translation reserve	19,797	22,660	13,708	16,929
	51,912	44,761	77,551	81,979
Non-controlling interests	24,305	25,279	-	-
<b>Total equity</b>	<b>76,217</b>	<b>70,040</b>	<b>77,551</b>	<b>81,979</b>
<b>Total equity and liabilities</b>	<b>137,935</b>	<b>133,083</b>	<b>79,416</b>	<b>83,753</b>

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

**Note 1 – Inventories**

	Group As at 31-Mar-16 HK\$'000	Group As at 31-Mar-15 HK\$'000
Raw materials	3,075	4,071
Work in progress	1,119	2,913
Finished goods	22,555	19,698
	<u>26,749</u>	<u>26,682</u>

**Note 2 – Trade and other receivables**

Trade receivables	40,935	37,916
Bill receivables	2,815	853
Other receivables	3,807	5,379
	<u>47,557</u>	<u>44,148</u>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

**(In HK\$'000)**

<b>As at 31 March 2016</b>		<b>As at 31 March 2015</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
-	-	-	-

**Amount repayable after one year**

**(In HK\$'000)**

<b>As at 31 March 2016</b>		<b>As at 31 March 2015</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
-	-	-	-

**Details of any collateral**

The Group does not have any bank borrowings or debt securities as at 31 March 2016 and 31 March 2015.

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

	<b>Group (HK\$'000)</b>	
	<b>FY2016</b>	<b>FY2015</b>
<b>Operating activities</b>		
Profit before tax from continuing operations	9,974	28,765
Loss before tax from discontinued operations	-	(4,697)
Profit before tax, total	9,974	24,068
Adjustments for:		
Depreciation of property, plant and equipment (Note A)	2,368	2,977
Amortisation of land use rights (Note B)	-	571
Reversal of impairment loss on inventories (Note C)	(92)	(30)
Impairment loss on doubtful trade and other receivables (Note D)	141	520
Gain on disposal of property, plant and equipment	(133)	(562)
Amortisation of government grants related to income	(2,440)	-
Gain on disposal of subsidiaries	-	(14,041)
Interest income	(297)	(702)
Translation differences	(2,338)	(6,451)
Operating cash flows before working capital changes	7,183	6,350
(Increase)/decrease in:		
Trade and other receivables	(3,550)	27,798
Inventories	1,207	1,755
Prepayments	8,011	(12,072)
Amount due from related parties, net	(445)	(35)
Increase/(decrease) in:		
Trade and other payables	56	(18,496)
Other liabilities	392	(11,587)
Cash flows from/(used in) operations	12,854	(6,287)
Interest received	297	702
Income tax paid	(453)	(1,308)
<b>Net cash flows from/(used in) operating activities</b>	<b>12,698</b>	<b>(6,893)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment (Note E)	(6,457)	(8,898)
Proceeds from disposal of property, plant and equipment	133	562
Government grants received	805	595
Net cash flow on disposal of subsidiaries (Note F)	-	22,118
<b>Net cash flows (used in)/from investing activities</b>	<b>(5,519)</b>	<b>14,377</b>
<b>Financing activities</b>		
Proceeds from short term borrowings	-	1,690
Repayment of short term borrowings	-	(20,466)
Proceeds from issuance of new ordinary shares	3,555	-
Share issue expenses	(303)	-
Dividends paid to non-controlling interests	(2,098)	-
<b>Net cash flows from/(used in) financing activities</b>	<b>1,154</b>	<b>(18,776)</b>

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

	Group (HK\$'000)	
	FY2016	FY2015
Net increase/(decrease) in cash and cash equivalents	8,333	(11,292)
Effect of exchange rate changes on cash and cash equivalents	(1,214)	99
Cash and cash equivalents at beginning of financial year	27,494	38,687
<b>Cash and cash equivalents at end of financial year</b>	<b>34,613</b>	<b>27,494</b>

	Group (HK\$'000)	
	FY2016	FY2015
<b>Note A:</b>		
<b>Depreciation of property, plant and equipment:</b>		
Depreciation of property, plant and equipment from continuing operations	2,368	1,687
Depreciation of property, plant and equipment from discontinued operations	-	1,290
Total depreciation of property, plant and equipment	2,368	2,977

<b>Note B:</b>		
<b>Amortisation of land use rights:</b>		
Amortisation of land use rights from discontinued operations	-	571
Total amortisation of land use rights	-	571

<b>Note C:</b>		
<b>Reversal of impairment loss on inventories:</b>		
Reversal of impairment loss on inventories from continuing operations	(92)	(645)
Impairment loss on inventories from discontinued operations	-	615
Total reversal of impairment loss on inventories	(92)	(30)

<b>Note D:</b>		
<b>Impairment loss on trade and other receivables:</b>		
Impairment loss on inventories from continuing operations	141	408
Impairment loss on inventories from discontinued operations	-	112
Total impairment loss on inventories	141	520

<b>Note E:</b>		
<b>Cash outflow on purchase of property, plant and equipment:</b>		
Aggregate cost of property, plant and equipment acquired	6,178	12,735
Add: Payment for prior years acquisitions	374	115
Less: Outstanding payments	(213)	(374)
Add/(Less): Movement of prepayments made	118	(3,578)
Cash payments made to acquire property, plant and equipment	6,457	8,898



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

Group (HK\$'000)	
FY2016	FY2015

**Note F:**

**Net cash flow on disposal of subsidiaries:**

Sale proceed on disposal of subsidiaries	-	30,737
Less: Cash and bank balances of the subsidiaries	-	(8,619)
Net cash inflow on disposal of subsidiaries	-	22,118

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

		Attributable to owners of the Company						Non-controlling interests HK\$'000
		Equity attributable to owners of the Company, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	
<b>Group</b>								
<b>FY2016</b>								
Opening balance at 1 April 2015	70,040	44,761	145,057	(48,559)	(74,397)	-	22,660	25,279
Profit for the year	8,892	6,762	-	6,762	-	-	-	2,130
Other comprehensive income for the year, net of tax	(3,869)	(2,863)	-	-	-	-	(2,863)	(1,006)
Total comprehensive income for the year	5,023	3,899	-	6,762	-	-	(2,863)	1,124
<u>Contributions by and distributions to owners</u>								
Issuance of new ordinary shares	3,555	3,555	3,555	-	-	-	-	-
Share issuance expenses	(303)	(303)	(303)	-	-	-	-	-
Total contributions by and distributions to owners	3,252	3,252	3,252	-	-	-	-	-
<u>Others</u>								
Dividends distributed to non-controlling interests	(2,098)	-	-	-	-	-	-	(2,098)
Appropriation to reserve	-	-	-	(45)	-	45	-	-
Total others	(2,098)	-	-	(45)	-	45	-	(2,098)
Closing balance at 31 March 2016	76,217	51,912	148,309	(41,842)	(74,397)	45	19,797	24,305

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

		Attributable to owners of the Company						Non-controlling interests HK\$'000
		Equity attributable to owners of the Company, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	
<b>Group</b>								
<b>FY2015</b>								
Opening balance at 1 April 2014	65,141	34,843	145,057	(32,765)	(106,937)	2,928	26,560	30,298
Profit for the year	29,317	24,423	-	24,423	-	-	-	4,894
Other comprehensive income for the year, net of tax	3,466	3,276	-	-	-	-	3,276	190
Total comprehensive income for the year	32,783	27,699	-	24,423	-	-	3,276	5,084
<u>Others</u>								
Acquisition of non-controlling interests	(7,606)	248	-	248	-	-	-	(7,854)
Disposal of subsidiaries	(20,278)	(18,029)	-	(40,465)	32,540	(2,928)	(7,176)	(2,249)
Total others	(27,884)	(17,781)	-	(40,217)	32,540	(2,928)	(7,176)	(10,103)
Closing balance at 31 March 2015	70,040	44,761	145,057	(48,559)	(74,397)	-	22,660	25,279

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

	Attributable to owners of the Company			
	Equity, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Foreign currency translation reserve HK\$'000
<b>Company</b>				
<b>FY2016</b>				
Opening balance at 1 April 2015	81,979	145,057	(80,007)	16,929
Loss for the year	(4,459)	-	(4,459)	-
Other comprehensive income for the year, net of tax	(3,221)	-	-	(3,221)
Total comprehensive income for the year	(7,680)	-	(4,459)	(3,221)
<u>Contributions by and distributions to owners</u>				
Issuance of new ordinary shares	3,555	3,555	-	-
Share issuance expenses	(303)	(303)	-	-
Total transactions with the owners in their capacity as owners	3,252	3,252	-	-
Closing balance at 31 March 2016	77,551	148,309	(84,466)	13,708
<b>Company</b>				
<b>FY2015</b>				
Opening balance at 1 April 2014	105,946	145,057	(55,702)	16,591
Loss for the year	(24,305)	-	(24,305)	-
Other comprehensive income for the year, net of tax	338	-	-	338
Total comprehensive income for the year	(23,967)	-	(24,305)	338
Closing balance at 31 March 2015	81,979	145,057	(80,007)	16,929

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

	<b>Number of shares</b>	<b>Resultant issued and Paid-up share capital (HK\$,000)</b>
Share capital as at 31 March 2016 and 31 December 2015	409,800,000	148,309

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

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>31 March 2016</b>	<b>31 March 2015</b>
Total number of issued shares excluding treasury shares	409,800,000	352,000,000

The Company did not have any treasury shares as at 31 March 2016 and 31 March 2015.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

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

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group had consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current financial year as compared with the most recently audited annual financial statements for the financial year ended 31 March 2015, except for the adoption of certain new or revised FRS and Interpretations to FRS which became mandatory from 1 April 2015. The adoption of these FRS and INT FRS has no significant impact to the Group and the Company.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please see explanation in note 4 above.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

		Group	
		FY2016	FY2015
Profit for the year attributable to owners of the Company, after deducting any provision for preference dividends and non-controlling interests	HK\$'000	6,762	24,423
Earnings per share Basic	HK cents	1.7	6.9

Basic earnings per share for the FY2016 are calculated based on weighted average number of shares issued of 403,483,000 (FY2015: 352,000,000) ordinary shares.

Diluted earnings per share are not presented as there were no potential dilutive shares in existence as at 31 March 2016 and 31 March 2015.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group		Company	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	HK cents	HK cents	HK cents	HK cents
Net asset per ordinary share less non-controlling interest, based on 409.8 million shares as at 31 March 2016 (31 March 2015: 352 million shares)	12.7	12.7	18.9	23.3

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

**Overall profit and loss**

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

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

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

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

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

	Group (HK\$'000)		
	Year ended 31-Mar-16 ("FY2016")	Year ended 31-Mar-15 ("FY2015")	Change %
<b>Profit &amp; Loss analysis</b>			
<b>Profit before tax from continuing operations excluding impairment losses, reversal of impairment loss, government grants related to income and gains arising from disposal of subsidiaries</b>	<b>9,974</b>	<b>7,548</b>	32.1
Gain on disposal of subsidiaries	-	14,041	n.m.
Foreign currency translation gain reclassified to profit or loss upon disposal of subsidiaries	-	7,176	n.m.
<b>Sub-total</b>	<b>-</b>	<b>21,217</b>	n.m.
<b>Profit before tax from continuing operations</b>	<b>9,974</b>	<b>28,765</b>	(65.3)
Income tax (expenses)/credit	(1,082)	5,249	(120.6)
<b>Profit from continuing operations, net of tax</b>	<b>8,892</b>	<b>34,014</b>	(73.9)
Loss from discontinued operation, net of tax	-	(4,697)	n.m.
<b>Profit for the year</b>	<b>8,892</b>	<b>29,317</b>	(69.7)

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

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

#### **Revenue and Gross Profit**

(HK\$'000)	IMD and Plastic Injection Parts	Automobile Component Parts	Total
<b>FY2016 Revenue</b>	37,579	160,271	<b>197,850</b>
<b>FY2015 Revenue</b>	27,547	178,700	<b>206,247</b>
<b>% change</b>	36.4	(10.3)	<b>(4.1)</b>
<b>FY2016 Sales mix</b>	19.0	81.0	<b>100.0</b>
<b>FY2015 Sales mix</b>	13.4	86.6	<b>100.0</b>
<b>FY2016 Gross profit</b>	10,223	27,676	<b>37,899</b>
<b>FY2015 Gross profit</b>	3,007	29,502	<b>32,509</b>
<b>% change</b>	240.0	(6.2)	<b>16.6</b>
<b>FY2016 Gross profit margin</b>	27.2%	17.3%	<b>19.2%</b>
<b>FY2015 Gross profit margin</b>	10.9%	16.5%	<b>15.8%</b>
<b>Percentage point difference</b>	16.3	0.8	<b>3.4</b>

In FY2016, revenue declined by 4.1% from HK\$206.2 million in FY2015 to HK\$197.9 million in FY2016. The decrease in revenue is mainly due to decrease in sales from our Automobile Component Parts segment, partially offset by increase in revenue from our IMD and Plastic Injection Parts segment. Despite the decline in revenue, gross profit increased by 16.6% from HK\$32.5 million in FY2015 to HK\$37.9 million in FY2016. Gross margin also improved from 15.8% in FY2015 to 19.2% in FY2016. The increase in gross profit margin in FY2016 is mainly attributed to the improvements from our IMD and Plastic Injection Parts segment.

#### **IMD and Plastic Injection Parts segment**

The revenue from the IMD and Plastic Injection Parts segment increased by 36.4% from HK\$27.5 million in FY2015 to HK\$37.6 million in FY2016. The increase in revenue was mainly due to increase in domestic sales to customers in the electronics industry. Higher production efficiency achieved through improvement in material utilisation rate and capacity utilisation rate, resulted in the improvement of gross margin of our IMD and Plastic Injection Parts segment from 10.9% in FY2015 to 27.2% in FY2016.

#### **Automobile Segment**

Revenue from the automobile component decreased by 10.3% from HK\$178.7 million in FY2015, to HK\$160.3 million in FY2016. The decrease in revenue was mainly due to lower contributions from automobile components used in certain older models of Hyundai vehicles in FY2016. As Hyundai renews its product range, sales of its older car models had declined as newer car models are rolled out to the market.

Direct and indirect sales to our main customer Beijing-Hyundai accounted for approximately 80.8% of the Group's total revenue in FY2016 (FY2015: 86.3%).

#### **Other items of income**

The decrease in interest income in FY2016 is mainly due to decrease in interest income charged on advances given to the minority shareholder of one of our subsidiaries following the receipt of full repayment in November 2014.

The decrease in other income in FY2016 was mainly due to gain on disposal of subsidiaries and net foreign exchange gain reclassified from foreign currency translation reserve recorded in FY2015, which were absent in FY2016. The decrease were partially offset by the increase in government grants related to income of HK\$2.4 million following the fulfillment of the grant conditions, and rental income of HK\$1.2 million from subletting of excess floor space in our factories in Beijing and Shenzhen which commenced during FY2016.



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

**Other items of expense**

Despite of decline in revenue, selling and distribution expenses increased by 5.5% from HK\$9.6 million in FY2015 to HK\$10.1 million in FY2016, mainly due to:

- Increase in employee benefit expense by HK\$1.1 million mainly arisen from salary increment and incentives given to customer service team as a result of improvement in performance of both business segments in FY2016; offset by
- Decrease in shipping expenses by HK\$0.7 million from our Automobile Component Parts segment as a result of decline in our Automobile Component revenue.

General and administrative expenses of the Group increased from HK\$17.6 million in FY2015 to HK\$23.3 million in FY2016 mainly due to:

- Increase in employee benefit expenses by HK\$3.5 million mainly from salary increment and employee performance bonus to employees as well as resumption of director remuneration following improvement in performance of both business segments in FY2016;
- Increase in research and product testing expenses by HK\$0.9 million in FY2016 as compared to FY2015. The research and product testing expenses were incurred mainly for the development of new products for both business segments; and
- Increase in general and administrative expenses (excluding employee benefit expenses and research and product testing expenses) of HK\$1.5 million by our IMD and Plastic Injection Parts segment as a result of the increased sales volume.

Depreciation of property, plant and equipment from continuing operations had increased by 40.4%. The increase was mainly due to increase in depreciation of property, plant equipment from our Automobile Component Parts segment in Beijing as a result of plant and equipment of HK\$6.2 million newly acquired in FY2016, which accounted for 43.2% of net book value as at 31 March 2016.

In FY2016, the Group recorded a smaller impairment losses on trade and other receivables of HK\$0.1 million and reversal of impairment losses on inventories of HK\$0.1 million as compared to impairment losses on trade and other receivables of HK\$0.4 million and reversal of impairment loss on inventories of HK\$0.6 million in FY2015.

**Taxation**

In FY2016, the Group recorded an income tax expense of HK\$1.1 million on the chargeable income of the entities with our Group in PRC which are subject to headline income tax rate of 25%. The lower effective tax rate is mainly due to utilisation of prior year business losses carried forward by one of our subsidiaries from IMD and Plastic Injection Parts segment. In FY2016, the Group had reversed its overprovision of income tax of HK\$0.3 million for year of assessment 2010 following the finalisation of income tax assessment with the local tax authorities as compared to overprovision of income tax of HK\$5.3 million reversed in FY2015 was made for years of assessment from 2004 to 2009.

**Loss from discontinued operations, net of tax**

Upon the completion of the disposal of discontinued operations, the financial results of disposal group had been de-consolidated from the group's financial statement with effect from 31 July 2014.

**Other comprehensive income - Foreign currency translation**

The foreign currency translation difference arises mainly from the translation of our financial statements denominated in Chinese Renminbi to Hong Kong dollars when consolidating the financial statements of the Group. The exchange rate of Chinese Renminbi against Hong Kong dollars in FY2016 had depreciated by about 3.9% (FY2015: appreciated by 0.2%).

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

**Balance sheet**

**Non-current assets**

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

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

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

**Current assets**

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

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

- Increase in trade receivables of HK\$2.9 million from our IMD and Plastic Injection Parts segment was mainly due to increase in revenue inclusive of VAT by HK\$3.3 million for the last quarter in FY2016 as compared to the corresponding period. The debts are within the normal credit period; and
- Increase in bill receivables of HK\$2.0 million from our IMD and Plastic Injection Parts segment. Bill receivables relates to bank bills received from customers for the sale of IMD and Plastic Injection Parts. As at 31 March 2016, the weighted average maturity period of our bill receivables is approximately 44 days.

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

Other receivables had decreased by 29.2% as compared to 31 March 2015. The decrease in other receivables was mainly due to the decrease in receivables of the provision of raw materials to sub-contractors for further processing of our automobile component products. These raw material receivables will generally be offset against the final subcontracting charges which included of the cost of raw materials. The transaction is structured for better control over raw material wastage incurred by the sub-contractors. The Group does not expect any significant credit risk arising from these receivables as the Group is in a net payable position to these sub-contractors after taking into consideration the sub-contracting costs payable to them.

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

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

- A decrease in deposit of HK\$16.3 million made for acquisition of electronic components and touch screen components for the trading activities from our IMD and Plastic Injection Parts segment in previous year. Due to delays in the delivery of the products, the contract had been cancelled and the Group had collected back the principal prepayments and a 3% compensation from the vendors which are recorded as other income; offset by
- Increase in prepayments of HK\$8.0 million made to the suppliers and sub-contractors of our Automobile Component Parts segment which mainly relate to prepayments made for acquisition of automobile moulds to be used in the production of automobile components for three new car models to be launched in FY2017.

#### Current Liabilities

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

#### Cash flow

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

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

No forecast or prospect statement has been previously issued.

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

The Group's current businesses are mainly automobile and consumer electronics market in PRC. With the Chinese economy lacklustre performance in FY2016, we expect business conditions to remain challenging. In addition, there are continuing uncertainties over the strength of the global economy resulting in a more volatile and unstable business environment.

We will continue to focus on improving production and operational efficiency. We would also focus on increasing and diversifying our customer base, but this will require more time to materialise.

The Company will continue to assess new business opportunities and potential acquisitions of new businesses with long term prospects that are expected to improve the overall financial position of the Group.

On 29 February 2016, the Company completed the transfer for the listing of the Company from the Mainboard to the Catalist of the SGX-ST. On 4 March 2016, the Company had exited from the Watch-List.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

### (b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

### (c) Date payable

Not applicable

### (d) Books closure date

Not applicable

## 12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended.

## 13. Interested person transactions

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

	Aggregate value of all interested person transactions during financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) HK\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) HK\$'000
<b>Shenzhen Kunda Precision Mould Co., Ltd <sup>(1)</sup> ("Shenzhen Precision")</b>		
Rental of factory premise at Bao Long Yi Road	1,020	-
<b>Total</b>	<b>1,020</b>	<b>-</b>

The lease of the Bao Long Industrial Park factory is based on independent market valuation. Under Rule 916 of the Catalist Rules, the lease is not required to comply with Rule 906.

No interested person transaction mandate was obtained from shareholders.

### Note:

- (1) Shenzhen Kunda Precision Mould Co., Ltd – a company incorporated in PRC. The shareholders of Shenzhen Precision are our Executive Chairman and CEO, Cai Kaoqun and our Executive Director Cai Kaobing who hold 95% and 5% of the equity interests in Shenzhen Precision respectively. The directors of Shenzhen Precision are Cai Kaoqun, and our Executive Directors, Yang Jinbiao and Cai Kaobing.

#### 14. Use of Proceeds from the Placement of 57,800,000 Ordinary Shares

The Board refers to the placement (“**Placement**”) of 57,800,000 new ordinary shares in the share capital of the Company at the issue price of S\$0.0106 which was completed on 11 May 2015 and the earlier announcement released on 31 March 2015 (“**Announcement**”). In accordance with the use of proceeds described in the Announcement, the utilisation of the Net Proceeds is as tabulated below:

<b>Intended use</b>	<b>Proceeds from the Placement (S\$'000) (A)</b>	<b>Share issuance expenses (S\$'000) (B)</b>	<b>Net Proceeds from the Placement (S\$'000) (C) = (A) – (B)</b>	<b>Amount utilised per current announcement (S\$'000)</b>	<b>Cumulative amount utilised to-date (S\$'000) (D)</b>	<b>Balance amount (S\$'000) (C) – (D)</b>
Expansion in the Group's business, involving either investment in new businesses or widening the Group's current business activities or product range.	613	52	561	561	561	-
<b>Total</b>	<b>613</b>	<b>52</b>	<b>561</b>	<b>561</b>	<b>561</b>	<b>-</b>

As at 31 March 2016, the proceeds from the Placement had been fully utilised for the acquisition of plant and equipment from our Automobile Component Parts segment in Beijing.

## PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

### **Business segments**

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

- 1) **In-Mould Decoration and Plastic Injection Parts (“IMD and Plastic Injection Parts”)**  
The IMD and Plastic Injection Parts segment provides specialised plastic injection parts and technical services used mainly in the production of electrical appliances and electronic devices.

In-Mould Decoration is the simultaneous injection moulding of a product with a formable plastic film. The formed film is inserted into the mould and then injected with the molten plastic resin to surround it, forming a finished integral part.

- 2) **Automobile Component Parts**  
The Automobile Component Parts segment provides plastic component parts used in the manufacture of automobiles.

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

The Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated by the Executive Chairman and Chief Executive Officer solely based on gross profit or loss. Certain expenses, other income, financial income/expense and income taxes are managed on a group basis and are not allocated to operating segments.

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

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Business segment  
FY2016 (HK\$'000)**

	<b>IMD and Plastic Injection Parts</b>	<b>Automobile Component Parts</b>	<b>Total</b>
<b>Revenue</b>			
Sales to external customers	37,579	160,271	197,850
<b>Segment results:</b>			
Segment gross profit	10,223	27,676	37,899
Depreciation of property, plant and equipment	(663)	(1,705)	(2,368)
Impairment loss on doubtful trade and other receivables	(141)	-	(141)
(Impairment loss)/Reversal of impairment loss on inventories	(64)	156	92
Gain on disposal on property, plant and equipment	-	133	133
Research and product testing expenses	(156)	(1,420)	(1,576)
Unallocated expenses, net			(24,065)
Profit before tax			9,974

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Business segment  
FY2015 (HK\$'000)**

	<b>Moulds</b>	<b>IMD and Plastic Injection Parts</b>	<b>Automobile Component Parts</b>	<b>Adjustments</b>	<b>Note</b>	<b>Total</b>
<b>Revenue</b>						
Sales to external customers	26,771	29,025	185,527	(35,076)	A	206,247
<b>Segment results:</b>						
Segment gross profit	6,140	3,101	29,929	(6,661)	A	32,509
Depreciation of property, plant and equipment	(136)	(672)	(2,169)	1,290	A	(1,687)
Amortisation of land use rights	-	-	(574)	574	A	-
Impairment loss on doubtful trade and other receivables	(112)	(375)	(33)	112	A	(408)
(Impairment loss)/Reversal of impairment loss on inventories	(560)	(156)	746	615	A	645
Gain on disposal on property, plant and equipment	-	562	-	-		562
Research and product testing expenses	(1,190)	(660)	-	1,190	A	(660)
Unallocated expenses, net						(2,196)
Profit before tax						28,765

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



15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Geographical segment**

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

**FY2016 (HK\$'000)**

	<b>Asia except for PRC</b>	<b>PRC</b>	<b>Total</b>
<b>Revenue</b>			
Sales to external customers	46	197,804	197,850
Non-current assets	-	14,466	14,466

**FY2015 (HK\$'000)**

	<b>Asia except for PRC</b>	<b>PRC</b>	<b>North America</b>	<b>Europe</b>	<b>Discontinued operations</b>	<b>Total</b>
<b>Revenue</b>						
Sales to external customers	466	221,400	3,147	11,404	(30,170)	206,247
Non-current assets	-	12,198	-	-	-	12,198

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

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

**Business segment**

Please see note 8 for factors leading to material changes in turnover and earnings by business segments.

**Geographical segment**

The decreases in sales in Asia except for PRC, PRC, North America and Europe are mainly due to the decrease in revenue from discontinued operations which had been disposed of with effect from 31 July 2014. In addition, the revenue from continuing operations which is mainly dominant in PRC, had also declined by 4.1% in FY2016.

**17. A breakdown of sales.**

	Group		
	FY2016 HK\$'000	FY2015 HK\$'000	% (Decrease)/ Increase
<u>First Half</u>			
Revenue reported for the first half year	91,466	99,729	(8.3)
Net profit after tax and non-controlling interest	4,766	12,902	(63.1)
<u>Second Half</u>			
Revenue reported for the second half year	106,384	106,518	(0.1)
Net profit after tax and non-controlling interest	1,996	11,521	(82.7).

Despite the increase in revenue in second half year of FY2016 (“**2H2016**”), net profit after tax and non-controlling interest of the Group decreased from HK\$4.8 million in first half of FY2016 (“**1H2016**”) to HK\$2.0 million in 2H2016. The decrease was mainly due to government grants related to income of HK\$2.5 million recorded in 1H2016, which was absent in 2H2016.

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

None.

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

There is no person occupying a managerial position in the Company and/or its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company and/or its subsidiaries as at 31 March 2016 pursuant to Rule 704(10) of the Catalist Rules.

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

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

**BY ORDER OF THE BOARD**  
**CAI KAOQUN**  
**EXECUTIVE CHAIRMAN AND CEO**  
**26 May 2016**