



CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Incorporated in Singapore with Company Registration No.: 200712727W)

SGX Stock Code: **GU5**

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS

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

<u>Condensed Consolidated Income Statement</u>	Note	Group		Change
		6 months ended		
		30-Sep-23	30-Sep-22	
		("1H2024")	("1H2023")	%
		HK\$'000	HK\$'000	
<u>Continuing operations</u>				
Revenue	4	13,837	11,211	23.4
Cost of sales		(12,251)	(10,218)	19.9
Gross profit		1,586	993	59.7
Other items of income				
Interest income		16	59	(72.9)
Other income	5	872	306	185.0
Other items of expense				
Selling and distribution expenses		(581)	(663)	(12.4)
General and administrative expenses		(5,460)	(7,216)	(24.3)
Other expenses	6	(295)	(773)	(61.8)
Loss before tax	7	(3,862)	(7,294)	(47.1)
Income tax expense		-	-	n.m.
Loss for the period		(3,862)	(7,294)	(47.1)
Attributable to:				
Owners of the Company				
Loss for the period attributable to owners of the Company		(3,862)	(7,294)	(47.1)
Loss per share (HK cents per share)				
Basic and diluted	9	(0.94)	(1.78)	

n.m. : not meaningful

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

<u>Condensed Consolidated Statement of Comprehensive Income</u>	Group		Change
	1H2024	1H2023	
	HK\$'000	HK\$'000	%
Loss for the period	(3,862)	(7,294)	(47.1)
Other comprehensive income:			
Items that may be subsequently reclassified to profit & loss:			
Foreign currency translation	(350)	(2,059)	(83.0)
Items that may not be subsequently reclassified to profit & loss:			
Foreign currency translation	(582)	(615)	(5.4)
Other comprehensive income for the period, net of tax	(932)	(2,674)	(65.1)
Total comprehensive income for the period	(4,794)	(9,968)	(51.9)
Attributable to:			
Owners of the Company			
Total comprehensive income for the period attributable to owners of the Company	(4,794)	(9,968)	(51.9)

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

	Note	Group As at 30-Sep-23 HK\$'000	Group As at 31-Mar-23 HK\$'000	Company As at 30-Sep-23 HK\$'000	Company As at 31-Mar-23 HK\$'000
<u>Non-current assets</u>					
Investment in subsidiaries		-	-	25,366	27,014
Property, plant and equipment	11	6,569	7,528	-	-
Total non-current assets		6,569	7,528	25,366	27,014
<u>Current assets</u>					
Inventories	12	3,387	1,991	-	-
Trade and other receivables	13	8,377	9,760	-	-
Prepayments		166	191	58	76
Amount due from related parties	13	-	-	301	3,163
Cash and short-term deposits	13	10,274	13,257	1,066	705
Total current assets		22,204	25,199	1,425	3,944
Total Assets		28,773	32,727	26,791	30,958
<u>Current liabilities</u>					
Trade and other payables	13	9,622	8,467	1,023	596
Other liabilities	14	4,907	6,060	591	1,511
Amount due to related parties	13	2,251	1,412	-	-
Provision for taxation		12	13	-	-
Total current liabilities		16,792	15,952	1,614	2,107
Net current assets		5,412	9,247	(189)	1,837
Total liabilities		16,792	15,952	1,614	2,107
Net assets		11,981	16,775	25,177	28,851
<u>Equity attributable to owners of the Company</u>					
Share capital	16	148,309	148,309	148,309	148,309
Accumulated losses		(77,575)	(73,713)	(132,474)	(130,512)
Restructuring reserve		(74,397)	(74,397)	-	-
Foreign currency translation reserve		15,644	16,576	9,342	11,054
Total equity		11,981	16,775	25,177	28,851
Total equity and liabilities		28,773	32,727	26,791	30,958

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	
	1H2024	1H2023
	(HK\$'000)	(HK\$'000)
Operating activities		
Loss before tax	(3,862)	(7,294)
Adjustments for:		
Depreciation of property, plant and equipment	512	287
Impairment loss on inventories	295	748
Impairment loss on trade and other receivables	-	17
Gain on disposal of property, plant and equipment	(42)	(9)
Interest income	(16)	(59)
Unrealised foreign exchange gain	(45)	(187)
Operating cash flows before working capital changes	(3,158)	(6,497)
Decrease/(Increase) in:		
Trade and other receivables	807	(1,865)
Inventories	(1,849)	(2,561)
Prepayments	14	(12)
Increase/(Decrease) in:		
Trade and other payables	1,712	304
Other liabilities	(802)	198
Amount due to related parties, net	948	54
Cash flows generated used in operations	(2,328)	(10,379)
Interest received	16	59
Net cash flows used in operating activities	(2,312)	(10,320)
Investing activities		
Purchase of property, plant and equipment	-	(6,319)
Proceeds from disposal of property, plant and equipment	42	9
Withdrawal of short-term deposits with terms more than three months on the maturity date	-	3,596
Net cash flows generated from/(used in) investing activities	42	(2,714)
Net decrease in cash and cash equivalents	(2,270)	(13,034)
Effect of exchange rate changes on cash and cash equivalents	(713)	(881)
Cash and cash equivalents at beginning of financial period	13,257	17,731
Cash and cash equivalents at end of financial period	10,274	3,816

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

	Attributable to owners of the Company					
	Equity, total HK\$'000	Equity attributable to owners of the Company, HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Restructuring reserve HK\$'000	Foreign currency
						translation reserve HK\$'000
Group						
1H2024						
Opening balance at 1 April 2023	16,775	16,775	148,309	(73,713)	(74,397)	16,576
Loss for the period	(3,862)	(3,862)	-	(3,862)	-	-
Other comprehensive income for the period, net of tax	(932)	(932)	-	-	-	(932)
Total comprehensive income for the period	(4,794)	(4,794)	-	(3,862)	-	(932)
Closing balance at 30 September 2023	11,981	11,981	148,309	(77,575)	(74,397)	15,644
1H2023						
Opening balance at 1 April 2022	29,648	29,648	148,309	(62,908)	(74,397)	18,644
Loss for the period	(7,294)	(7,294)	-	(7,294)	-	-
Other comprehensive income for the period, net of tax	(2,674)	(2,674)	-	-	-	(2,674)
Total comprehensive income for the period	(9,968)	(9,968)	-	(7,294)	-	(2,674)
Closing balance at 30 September 2022	19,680	19,680	148,309	(70,202)	(74,397)	15,970

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

	Attributable to owners of the Company			
	Equity, total HK\$'000	Share capital HK\$'000	Accumulated losses HK\$'000	Foreign currency translation reserve HK\$'000
Company				
1H2024				
Opening balance at 1 April 2023	28,851	148,309	(130,512)	11,054
Loss for the period	(1,962)	-	(1,962)	-
Other comprehensive income for the period, net of tax	(1,712)	-	-	(1,712)
Total comprehensive income for the period	(3,674)	-	(1,962)	(1,712)
Closing balance at 30 September 2023	25,177	148,309	(132,474)	9,342
Company				
1H2023				
Opening balance at 1 April 2022	35,049	148,309	(126,947)	13,687
Loss for the period	(1,253)	-	(1,253)	-
Other comprehensive income for the period, net of tax	(2,691)	-	-	(2,691)
Total comprehensive income for the period	(3,944)	-	(1,253)	(2,691)
Closing balance at 30 September 2022	31,105	148,309	(128,200)	10,996

Notes to the unaudited financial statements

1. Corporate information

China Kunda Technology Holdings Limited (the "**Company**") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited. These unaudited condensed consolidated financial statements comprise the Company and its subsidiaries (collectively, the "**Group**"). The principal activity of the Company is investment holding. The principal activity of the Group mainly relating to the production and supply of moulds and in-mould decoration ("**IMD**") products.

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

2. Basis of preparation

These unaudited condensed consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the provisions of the Catalist Rules.

The accounting policies and methods of computation applied in these unaudited condensed consolidated financial statements are consistent with those of the latest audited annual financial statements for the financial year ended 31 March 2023 except for the adoption of new and amended standards as set out in Note 2.1.

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

2.1 New and amended standards adopted by the Group

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

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements as at and for the financial year ended 31 March 2023.

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

3. Seasonality of operations

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

4. Financial information by operating segment

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

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

The IMD and Plastic injection parts segment provide specialised plastic injection parts and technical services used mainly in the production of electrical appliances and electronic devices.

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

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

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

4.1 Business segments

	1H2024 (HK\$'000)		1H2023 (HK\$'000)	
	IMD Business	Per consolidated financial statements	IMD Business	Per consolidated financial statements
Revenue				
Sales to external customers	13,837	13,837	11,211	11,211
Segment results:				
Segment gross profit	1,586	1,586	993	993
Depreciation of property, plant and equipment	(512)	(512)	(287)	(287)
Gain on disposal of property, plant and equipment	42	42	9	9
Impairment loss on inventories	(295)	(295)	(748)	(748)
Impairment loss on trade and other receivables	-	-	(17)	(17)
Research expenses	(798)	(798)	(1,878)	(1,878)
Unallocated expenses, net		(3,885)		(5,366)
Loss before tax		(3,862)		(7,294)
Additions to non-current assets	-	-	6,319	6,319
	As at 30 September 2023		As at 31 March 2023	
Segment assets	28,773	28,773	32,727	32,727
Segment liabilities	16,792	16,792	15,952	15,952

4.2 Geographical segments

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

	Revenue		Non-current assets	
	1H2024	1H2023	30 Sept 2023	31 Mar 2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC	13,347	10,478	6,569	7,528
Europe	404	493	-	-
Others	86	240	-	-
	13,837	11,211	6,569	7,528

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

4.3 Disaggregation of revenue

Segments	IMD and Plastic Injection Parts		Total revenue	
	1H2024	1H2023	1H2024	1H2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Primary geographical markets				
People's Republic of China ("PRC")	13,347	10,478	13,347	10,478
Europe	404	493	404	493
Others	86	240	86	240
	13,837	11,211	13,837	11,211
Major products				
IMD products	12,389	10,484	12,389	10,484
IMD moulds	1,448	727	1,448	727
	13,837	11,211	13,837	11,211
Timing of transfer of goods				
At a point in time	13,837	11,211	13,837	11,211

4.4 Contract liabilities

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

	Group	
	30 September 2023	31 March 2023
	HK\$'000	HK\$'000
Contract liabilities	1,002	620

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

5. Other income

	Group	
	1H2024	1H2023
	HK\$'000	HK\$'000
Sale of raw materials/scrap materials	15	40
Government grants related to income	770	70
Gain on disposal of property, plant and equipment	42	9
Net foreign exchange gain	45	187
	872	306
	872	306

6. Other expenses

	Group	
	1H2024	1H2023
	HK\$'000	HK\$'000
Impairment loss on trade and other receivables	-	17
Impairment loss on inventories	295	748
Others	-	8
	295	773
	295	773

7. Loss before tax

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

	Group	
	1H2024	1H2023
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	512	287
Research expenses	798	1,878
	1,310	2,165

8. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial period:

	Group	
	1H2024	1H2023
	HK\$'000	HK\$'000
Rental of factory premises charged by a director-related company	923	924
	923	924

9. Loss per share

	Group	
	1H2024	1H2023
Loss for the year attributable to owners of the Company (HK\$'000)	(3,862)	(7,294)
Weighted average number of ordinary shares for earnings per share computation ('000)	409,800	409,800
Basic loss per share (HK cents)	(0.94)	(1.78)

The diluted loss per share is not presented as there were no potential dilutive securities as at 30 September 2023 and 31 March 2023.

10. Net asset value per share

Net assets per ordinary share based on 409.8 million shares as at 30 September 2023 (31 March 2023: 409.8 million shares)

Group		Company	
30 Sept 2023	31 Mar 2023	30 Sept 2023	31 Mar 2023
HK cents	HK cents	HK cents	HK cents
2.92	4.09	6.14	7.04

11. Property, plant and equipment

In 1H2024, there was no plant and equipment acquired by the Group. In 1H2023, the Group acquired plant and equipment amounting to HK\$2,442,000 for its IMD business.

12. Inventories

	Group	
	30 Sept 2023	31 Mar 2023
	HK\$'000	HK\$'000
Balance sheet:		
Raw materials (at cost)	1,131	1,033
Work-in-progress (at cost)	1,404	636
Finished goods (at cost or net realizable value)	852	322
	3,387	1,991

13. Financial assets and financial liabilities

	Group		Company	
	30 Sept 2023	31 Mar 2023	30 Sept 2023	31 Mar 2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Financial assets</u>				
Trade receivables	8,360	9,750	-	-
Deposits	1	1	-	-
Other receivables	16	9	-	-
	8,377	9,760	-	-
Total trade and other receivables				
Add: Amounts due from related parties	-	-	301	3,163
Add: Cash and short-term deposits	10,274	13,257	1,066	705
	18,651	23,017	1,367	3,868

	Group		Company	
	30 Sept 2023	31 Mar 2023	30 Sept 2023	31 Mar 2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Financial liabilities</u>				
Trade payables	7,235	7,177	-	-
Other payables	2,387	1,290	1,023	596
	9,622	8,467	1,023	596
Total trade and other payables				
Add: Amounts due to related parties	2,251	1,412	-	-
Add: Accrued operating expenses	3,374	4,628	591	1,511
	15,247	14,507	1,614	2,107

14. **Other liabilities**

	Group		Company	
	30 Sept 2023	31 Mar 2023	30 Sept 2023	31 Mar 2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accrued operating expenses	3,374	4,628	591	1,511
Contract liabilities	1,002	620	-	-
Value Added Tax (“VAT”) and other tax payables	531	812	-	-
	4,907	6,060	591	1,511

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

Amount repayable in one year or less, or on demand (In HK\$'000)

As at 30 September 2023		As at 31 March 2023	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year (In HK\$'000)

As at 30 September 2023		As at 31 March 2023	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The Group did not have any bank borrowings or debt securities as at 30 September 2023 and 31 March 2023.

16. **Share capital**

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

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

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

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

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

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

19. Events after the end of the reporting period

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

Other Information Required by Appendix 7C of the Catalist Rules

OTHER INFORMATION

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

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 September 2023 and the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial period ended 30 September 2023 and certain explanatory notes have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

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

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

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

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

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

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

INCOME STATEMENT

Continuing operations

Revenue and gross profit

Revenue increased by 23.4% to HK\$13.8 million in 1H2024 as compared to HK\$11.2 million in 1H2023. The increase was mainly attributed to the increase in sales of our In-Mould Decoration ("IMD") and plastic injection parts (collectively, "IMD Products") to the customers in various industries, in particular, the security equipment industry.

In tandem with improved production efficiency, higher utilisation rate and better cost management, the Group's gross profit increased by 59.7% from HK\$1.0 million in 1H2023 to HK\$1.6 million in 1H2024. Correspondingly, gross margin improved from 8.9% in 1H2023 to 11.5% in 1H2024.

Other items of income

Interest income decreased by 72.9% from HK\$ 59,000 in 1H2023 to HK\$ 16,000 in 1H2024, while other income increased from HK\$ 0.3 million in 1H2023 to HK\$ 0.9 million in 1H2024. This was mainly due to the increase in government grants related to income.

Other items of expense

Selling and distribution expenses decreased by 12.4% to HK\$0.7 million in 1H2024 as compared to HK\$0.6 million in 1H2023, mainly due to a decrease in entertainment expenses despite an increase in the Group's revenue.

General and administrative expenses decreased by 24.3% from HK\$7.2 million in 1H2023 to HK\$5.5 million in 1H2024, mainly due to decreases in research and development expenses and employee benefit expenses.

Other expenses for 1H2024 amounting to HK\$0.3 million comprised mainly impairment loss on stagnant raw materials and certain IMD moulds under construction.

Depreciation of property, plant and equipment increased by 78.4%, mainly arose from the newly acquired plant and equipment for the new production line of our IMD business completed during the financial year ended 31 March 2023.

Taking into account the aforementioned, the Group narrowed its net loss attributable to shareholders by 47.1% from HK\$7.3 million in 1H2023 to HK\$3.9 million in 1H2024.

Other comprehensive income - Foreign currency translation

The foreign currency translation loss arose mainly from the translation of our net asset position in our financial statements denominated in Renminbi (“RMB”) to Hong Kong dollars (“HKD”) when consolidating the Group’s financials. HKD depreciated against RMB by approximately 6.1% in 1H2024 as compared to 10.9% in 1H2023.

BALANCE SHEET

Non-current assets

Property, plant and equipment decreased by HK\$0.9 million from HK\$7.5 million as at 31 March 2023 to HK\$6.6 million as at 30 September 2023. The decrease was mainly due to depreciation charges of HK\$0.5 million and foreign currency translation loss of HK\$0.4 million in 1H2024.

Current assets

Inventories increased by HK\$1.4 million from HK\$2.0 million as at 31 March 2023 of HK\$3.4 million as at 30 September 2023, comprising IMD moulds under construction, finished goods and raw materials which increased by HK\$0.8 million, HK\$0.5 million and HK\$0.1 million, respectively. The increase in inventories was mainly due to the Group’s stockpiling to fulfil its order books. The Group’s efforts to secure new projects is reflected by the increase in the number of moulds under construction, which saw 40 units of IMD moulds under construction as at 30 September 2023 compared to 22 units as at 31 March 2023.

Trade and other receivables decreased by HK\$1.4 million from HK\$9.8 million as at 31 March 2023 to HK\$8.4 million as at 30 September 2023. This was mainly due to the decrease in sales of IMD Products inclusive of VAT by HK\$1.2 million in the second quarter of the financial year ending 31 March 2024 (“2Q2024”) as compared to the fourth quarter of the financial year ended 31 March 2023 (“4Q2023”).

Cash and short-term deposits decreased from HK\$13.3 million as at 31 March 2023 to HK\$10.3 million as at 30 September 2023.

Current liabilities

Trade and other payables increased by 13.6% from HK\$8.5 million as at 31 March 2023 to HK\$9.6 million as at 30 September 2023, as a result of longer credit term granted by the suppliers and service providers.

Other liabilities decreased by 19.0% from HK\$6.1 million as at 31 March 2023 to HK\$4.9 million as at 30 September 2023, mainly due to the decrease in accrued operating expenses from the Group’s Singapore office following the payments made during the financial period reported on.

The amount due to related parties increased by 59.4% from HK\$1.4 million as at 31 March 2023 to HK\$2.3 million as at 30 September 2023, mainly due to the accrual of rental expenses of our factory premise at Bao Long Yi Road during the financial period reported on.

Cash flow

In 1H2024, the Group’s cash and cash equivalents decreased by HK\$2.3 million. The cash flow used in operating activities was mainly due to operating cash outflows before working capital changes of HK\$3.2 million and partially offset by net working capital inflow of HK\$0.8 million. The working capital inflow in 1H2024 mainly arose from the increase in trade and other payables of HK\$1.7 million, the increase in amount due to related parties of HK\$0.9 million, and the decrease in trade and other receivables of HK\$0.8 million, which were partially offset by the increase in inventories of HK\$1.8 million and the decrease in other liabilities of HK\$0.8 million.

In 1H2024, the Group also recorded sale proceeds of HK\$42,000 from the disposal of property, plant and equipment.

There was no cash utilised or generated from financing activities in 1H2024.

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

The financial results are in-line with the forecast statement disclosed in the Company's financial results announcement for the financial year ended 31 March 2023, dated 29 May 2023.

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

The Group continues to strive in improving its overall financial position and performance with continuous efforts through (i) expanding its customer base of electronics manufacturers in diverse industries such as security equipment, (ii) broadening sales channels to cultivate sustainable demand for its IMD business, and (iii) raising production efficiency through automation which improves labour productivity and delivers consistency in product quality. These efforts saw the total quantity of IMD moulds produced and under construction increase to 118 units as at 30 September 2023, up from 99 units a year ago pending mass orders of IMD products from its customers.

As the Group's revenue is largely contributed by the electronics manufacturers across diverse industries in the People's Republic of China ("PRC") who supply their products to the domestic and international markets, it remains mindful of its operating environment which continues to be volatile and challenging on the back of intense competition and rising costs. The Group will continue to maintain stringent cost management amidst rising inflationary pressure and economic slowdown.

Whilst the Group narrowed its net losses from HK\$7.3 million in 1H2023 to HK\$3.9 million in 1H2024, it is likely to continue incurring losses given the challenging business environment. Despite being in a net cash position, the Group will explore financing options to mitigate against cashflow shortages as and when appropriate.

The Group is committed to strengthening collaboration with existing and potential business partners and exploring new business opportunities and potential acquisitions of new businesses that are accreditive to the Group for the long term.

7. Dividend

(a) Current Financial Period Reported On

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

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

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

9. Interested person transactions

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

Name of interested person	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
Shenzhen Kunda Precision Mould Co., Ltd ⁽¹⁾ (" Shenzhen Precision ") Rental of factory premises at Bao Long Yi Road, Shenzhen	1,846 ⁽²⁾	-
Total	1,846	-

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

Note:

- (1) Shenzhen Kunda Precision Mould Co., Ltd – a company incorporated in PRC. The shareholders of Shenzhen Precision are our Executive Chairman and CEO, Cai Kaoqun and our Executive Director Cai Kaobing who hold 95% and 5% of the equity interests in Shenzhen Precision respectively. The directors of Shenzhen Precision are Cai Kaoqun, and our Executive Director, Cai Kaobing.
- (2) The total annual rental of RMB1,680,000 was translated at the average exchange rate of RMB1.00:HK\$1.099 for the financial period ended 30 September 2023. The transaction falls under the exemption of Catalist Rule 916(1), details of which are disclosed under the Company's announcement dated 30 June 2023.

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

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

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

Not applicable. During 1H2024, there were no acquisition or disposal of shares in subsidiaries, associated companies of the Company or in any company which became or ceased to be a subsidiary or an associated company (as the case may be) resulting from such acquisition or disposal, as required by Rule 706A.

12. Negative confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules.

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited condensed consolidated financial statements for the six months ended 30 September 2023 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Cai Kaoqun
Executive Chairman and CEO

Cai Kaobing
Executive Director

By Order of the Board

CAI KAOQUN
EXECUTIVE CHAIRMAN AND CEO

10 November 2023

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

The contact person for the Sponsor is Ms. Ng Shi Qing, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.