



CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

Financial Statements for the half-year ended 30 September 2008

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

Explanatory notes:

China Kunda Technology Holdings Limited (the "Company") was incorporated under the laws of the Republic of Singapore on 13 July 2007 as a private company limited by shares. The Company was incorporated for the purpose of acquiring the subsidiaries pursuant to a restructuring exercise as disclosed in the Company's prospectus dated 30 September 2008 (the "Restructuring Exercise"). On 18 June 2008, the Company was converted to a public company.

In preparation for the listing of the Company's shares on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Group carried out the Restructuring Exercise as a result of which the Company became the holding company of the Group. The restructuring steps were disclosed in the Company's prospectus dated 30 September 2008. The Restructuring Exercise was completed on 9 September 2008.

The combined financial statements of the Group for the periods ended 30 September 2008 and 2007 have been prepared in accordance with the principles of merger accounting as the Restructuring Exercise is a legal reorganisation of entities under common control. Under this method, the Company has been treated as the holding company of its subsidiaries for the financial periods presented rather than from the date of completion under the Restructuring Exercise. Accordingly, the combined results of the Group for the financial periods include the results of the subsidiaries for the entire period under review. In addition, the paid-in-capital of the Company and its subsidiaries are shown as the Group's share capital for the financial periods under review until the completion of the Restructuring Exercise on 9 September 2008.

On 9 October 2008, the Company was successfully listed on the Mainboard of SGX-ST.

All material intra-group transactions and balances have been eliminated on consolidation.

The initial public offering of the Company was sponsored by Provenance Capital Pte. Ltd. (the "Issue Manager"). The Issue Manager assumes no responsibility for the contents of this announcement.

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)		% Increase/ (Decrease)
	1 Apr 2008 to 30 Sep 2008 Unaudited (1H2009)	1 Apr 2007 to 30 Sep 2007 Audited (1H2008)	
Revenue	49,225	53,192	(7.5)
Cost of Sales	(31,173)	(36,362)	(14.3)
Gross Profit	18,052	16,830	7.3
Technical fee income	26,205	17,353	51.0
Selling and distribution expenses	(651)	(432)	50.7
General and administrative expenses	(12,193)	(3,733)	226.6
Profit from operations (Note 1)	31,413	30,018	4.6
Finance income	-	2	n.m.
Finance expenses (Note 2)	(116)	(81)	43.2
Profit before tax	31,297	29,939	4.5
Tax expenses	(3,683)	(3,809)	(3.3)
Profit attributable to shareholders	27,614	26,130	5.7
Operational profit attributable to shareholders (excluding costs related to initial public offering)	33,287	26,130	27.4%

Group (HK\$'000)		% change
1 Apr 2008 to 30 Sep 2008 Unaudited	1 Apr 2007 to 30 Sep 2007 Audited	

Note 1 – Profit from operations

Depreciation of plant and equipment	1,822	1,637	11.3
Amortisation of development costs	2,929	1,496	95.8
Foreign exchange loss	246	-	n.m.*
Costs related to initial public offering (“IPO”)	5,673	-	n.m.*

Note 2 – Finance expenses

Finance expenses mainly relate to interest expense on finance lease obligations.

* n.m – not meaningful

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

	Group As at 30 Sep 2008 HK\$'000 Unaudited	Group As at 31 Mar 2008 HK\$'000 Audited	Company As at 30 Sep 2008 HK\$'000 Unaudited	Company As at 31 Mar 2008 HK\$'000 Audited
<u>Non-Current Assets</u>				
Investment in subsidiaries	-	-	108,437	-
Plant and equipment	9,680	6,641	-	-
Development costs	27,938	27,272	-	-
Total Non-Current Assets	37,618	33,913	108,437	-
<u>Current Assets</u>				
Trade receivables	26,618	29,221	-	-
Other current assets	12,603	5,336	3,034	1,466
Amount due from related parties	27,640	77,969	-	-
Fixed deposits	-	2,658	-	-
Cash and bank balances	3,891	972	5	-
Total Current Assets	70,752	116,156	3,039	1,466
<u>Current Liabilities</u>				
Trade payables	553	1,261	-	-
Other payables and accruals	15,102	12,622	7,990	2,334
Amount due to related parties	3,433	-	83,860	5,417
Finance lease obligations	2,198	702	-	-
Provision for taxation	7,935	12,535	-	-
Total current liabilities	29,221	27,120	91,850	7,751
Net current assets/(liabilities)	41,531	89,036	(88,811)	(6,285)
<u>Non-Current Liability</u>				
Finance lease obligation	3,119	505	-	-
Net assets/(liabilities)	76,030	122,444	19,626	(6,285)
<u>Equity attributable to equity holders of the Company</u>				
Share capital	32,133	1,500	32,133	-*
Accumulated profits/(losses)	143,948	116,334	(12,918)	(5,914)
Restructuring reserve	(106,937)	-	-	-
Foreign currency translation reserve	6,886	4,610	411	(371)
Total equity	76,030	122,444	19,626	(6,285)

* The amount of shares issued is less than HK\$1,000.

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)

As at 30 September 2008		As at 31 March 2008	
Unaudited		Audited	
Secured	Unsecured	Secured	Unsecured
2,198	-	702	-

Amount repayable after one year

(In HK\$'000)

As at 30 September 2008		As at 31 March 2008	
Unaudited		Audited	
Secured	Unsecured	Secured	Unsecured
3,119	-	505	-

Details of any collateral

The Group's secured borrowings comprise of finance leases for the purchase of plant and equipment. The outstanding amount of finance lease obligations is secured by way of a legal mortgage on the underlying leased assets.

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

	Group (HK\$'000)	
	1 Apr 2008 to 30 Sep 2008 Unaudited	1 Apr 2007 to 30 Sep 2007 Audited
Cash flows from operating activities		
Profit before tax	31,297	29,939
Adjustments:		
Depreciation of plant and equipment	1,822	1,637
Expenses incurred for initial public offering	5,673	-
Amortisation of development costs	2,929	1,496
Interest expense	116	81
Interest income	-	(2)
Translation differences	1,427	133
Operating profit before working capital changes	43,264	33,284
(Increase)/decrease in:		
Trade receivables	2,603	(14,368)
Other current assets	(7,267)	(6,306)
Amount due (to)/from related parties – net	(23,943)	(3,281)
Increase/(decrease) in:		
Trade payables	(708)	1,360
Other payables and accruals	(1,622)	(1,874)
Cash flows from operations	12,327	8,815
Interest received	-	2
Interest paid	(116)	(81)
Income tax paid (Note A)	(8,283)	(609)
Net cash from operating activities	3,928	8,127
Cash flows from investing activities		
Purchase of plant and equipment (Note B)	-	-
Development cost incurred	(2,916)	(8,745)
Net cash used in investing activities	(2,916)	(8,745)
Cash flows from financing activities		
Repayment of finance lease obligations	(751)	(607)
Redemption of pledged fixed deposit	2,658	-
Net cash from/(used in) financing activities	1,907	(607)
Net increase/(decrease) in cash and cash equivalents	2,919	(1,225)
Cash and cash equivalents at beginning of financial period	972	2,389
Cash and cash equivalents at end of financial period	3,891	1,164
Analysis of cash and cash equivalents		
Bank and cash balances	3,891	3,164
Less: Fixed deposits pledged	-	(2,000)
Cash and cash equivalents	3,891	1,164

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

Note A:

The following income tax for each respective period was withheld by a related party, and the amount withheld has been netted off against the amount due from the related party.

	Group (HK\$'000)	
	Unaudited	Audited
	1 Apr 2008 to 30 Sep 2008	1 Apr 2007 to 30 Sep 2007
Income tax withheld by a related party	-	868

Note B:

Cash outflow on purchase of plant and equipment:

	Group (HK\$'000)	
	Unaudited	Audited
	1 Apr 2008 to 30 Sep 2008	1 Apr 2007 to 30 Sep 2007
Aggregate cost of plant and equipment acquired	4,861	-
Less: Acquired by means of finance lease	(4,861)	-
Cash payments made to acquire plant and equipment	-	-

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 equity holders of the Company				
	Share Capital	Restructuring Reserve	Foreign currency Translation Reserve	Accumulated Profits	Total
Group (HK\$'000)					
Unaudited					
Period ended 30 September 2008					
At 1 April 2008	1,500	-	4,610	116,334	122,444
Issuance of new shares pursuant to the Restructuring Exercise	32,133	-	-	-	32,133
Adjustment arising from the Restructuring Exercise	(1,500)	(106,937)	-	-	(108,437)
Foreign currency translation differences, representing net income recognised directly in equity	-	-	2,276	-	2,276
Profit for the period	-	-	-	27,614	27,614
As at 30 September 2008	32,133	(106,937)	6,886	143,948	76,030
Group (HK\$'000)					
Audited					
Period ended 30 September 2007					
At 1 April 2007	1,500	-	811	64,432	66,743
Foreign currency translation differences, representing net income recognised directly in equity	-	-	425	-	425
Profit for the period	-	-	-	26,130	26,130
As at 30 September 2007	1,500	-	1,236	90,562	93,298

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 equity holders of the Company			
	Share Capital	Foreign currency Translation Reserve	Accumulated Losses	Total
Company (HK\$'000)				
Unaudited				
Period ended 30 September 2008				
At 1 April 2008	-*	(371)	(5,914)	(6,285)
Issue of new shares pursuant to the Restructuring Exercise	32,133	-	-	32,133
Foreign currency translation differences, representing net income recognised directly in equity	-	782	-	782
Loss for the period	-	-	(7,004)	(7,004)
At 30 September 2008	32,133	411	(12,918)	19,626
Company (HK\$'000)				
Audited				
Period ended 30 September 2007				
Incorporated on 13 July 2007	-*	-	-	-
Loss for the period	-	-	(5)	(5)
At 30 September 2007	-*	-	(5)	(5)

* - The amount of shares issued is less than HK\$ 1,000.

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.

	Number of shares	Resultant issued and Paid-up share capital HK\$
Upon incorporation on 13 July 2007	1	6
Share capital as at 31 March 2008 and 1 April 2008	1	6
Pursuant to the Restructuring Exercise completed on 9 September 2008	252,799,999	32,132,788
Pre-Invitation Share capital as at 30 September 2008	252,800,000	32,132,794
New shares issued pursuant to the Company's initial public offer, the Company was listed on the Mainboard of SGX-ST on 9 October 2008. (Please refer to the Company's prospectus dated 30 September 2008)	67,200,000	75,602,614*
Post-Invitation issued and paid-up capital	320,000,000	107,735,408

* Estimated resultant issued and paid-up capital as disclosed on page 128 of the Company's prospectus dated 30 September 2008

The Company has no outstanding convertibles or treasury shares 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.

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.

	30 September 2008	31 March 2008
Total number of issued shares excluding treasury shares	252,800,000	1

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.

There is no sale, transfer, disposal, cancellation and/or use of 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 has consistently applied the same accounting policies and methods of computation in the Group's financial statement for the current reporting period as compared with the most recently audited annual financial statements for the financial year ended 31 March 2008. On 1 April 2008, the Group also adopted the new or revised Financial Reporting Standards ("FRSs") or Interpretations of FRSs that are relevant to its operations and mandatory for application from that date, which has no material effect on the financial statements.

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 paragraph 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	
		Unaudited	Audited
		1 Apr 08 to 30 Sep 08	1 Apr 07 to 30 Sep 07
Earnings of the Group, after deducting any provision for preference dividends	HK'000	27,614	26,130
Earnings per share			
Basic	HK cents	10.9	10.3
Operational earnings of the Group after adding back costs related to IPO	HK\$'000	33,287	26,130
Earnings per share after adding back costs related to IPO			
Basic	HK cents	13.2	10.3

Basic earnings per share are calculated based on the Company's Pre-Invitation share capital of 252,800,000 ordinary shares for a more meaningful comparison.

Diluted earnings per share are not presented as there are no potential dilutive shares in existence as at balance sheet date.

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	
	Unaudited	Audited	Unaudited	Audited
	30 Sep 2008	31 Mar 2008	30 Sep 2008	31 Mar 2008
	HK cents	HK cents	HK cents	HK cents
Net asset per ordinary share	30.1	48.4	7.8	(2.5)

Net asset value per ordinary share was calculated based on the shareholder's equity of the Group/Company using the Pre-Invitation share capital of 252,800,000 shares for a more meaningful comparison.

The actual number of shares as at 30 September 2008 is also the Pre-Invitation share capital of 252,800,000 shares.

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

The Group recorded revenue of HK\$49.2 million for the period 1 April to 30 September 2008 ("1H2009"). This is a decrease of 7.5%, as compared to the previous corresponding period 1 April to 30 September 2007 ("1H2008"). Despite the decrease in revenue, gross profit of HK\$18.1 million and technical fee of HK\$26.2 million was higher by 7.3% and 51.0% respectively.

The lower revenue was due to decline in plastic injection parts sales and cessation of sale of chemical products purchased from a related party since November 2007 to avoid potential conflict of interests. This was offset by higher mould sale.

Revenue and Gross profit	Mould (HK\$'000)	IMD (HK\$'000)	Plastic Injection Parts (HK\$'000)	Others (HK\$'000)	Total (HK\$'000)
1H2009 Revenue	34,985	5,583	6,942	1,715	49,225
1H2008 Revenue	31,834	5,607	11,605	4,146	53,192
% change	9.9%	(0.4%)	(40.2%)	(58.6%)	(7.5%)
1H2009 Gross profit	13,034	4,075	514	429	18,052
1H2008 Gross profit	12,689	1,963	1,142	1,036	16,830
% change	2.7%	107.6%	(55.0%)	(58.6%)	7.3%
1H2009 Gross profit margin	37.3%	73.0%	7.4%	25.0%	36.7%
1H2008 Gross profit margin	39.9%	35.0%	9.8%	25.0%	31.6%

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.**

Plastic injection parts sales declined by 40.2% as this segment services mainly the electronic products industry which is experiencing a slowdown. The Group has also been more cautious on acceptance of customer orders due to increasing competitive and cost pressure in this segment. In addition, the Group strategically diverted resources to automobile mould production which generally command better margin. Automobile moulds accounted for approximately 55% of our total mould sales in 1H2009 compared to 45% in 1H2008. The Group also plans to place more focus on the more profitable IMD products.

IMD revenue remains unchanged as a higher percentage of IMD orders placed by customers in China were channelled to Shenzhen Precision⁽¹⁾ to manufacture directly for these customers. In consideration of the provision of technical expertise to enable Shenzhen Precision to fulfil these orders, we receive technical fee from Shenzhen Precision. In 1H2009, our direct export sales accounted for 9.9% of the combined IMD revenue of our Group and Shenzhen Precision, compared to 15.8% in 1H2008.

The increase in overall gross profit margin was mainly due to the improvement in gross margin of IMD products. This is mainly due to better economies of scale at Shenzhen Precision after the commencement of mass production of its second IMD production line in June 2007, which allows Shenzhen Precision to increase its sales volume considerably.

Technical Fee

Technical Fee	Revenue of Shenzhen Precision	Technical Fee charged by our Group	% of Technical Fee charged to Shenzhen Precision revenue
	(HK\$'000)	(HK\$'000)	
1H2009 Mould fee	16,396	4,099	25.0%
1H2008 Mould fee	23,886	6,621	27.7%
% change	(31.4%)	(38.1%)	
1H2009 IMD fee	50,629	22,106	43.7%
1H2008 IMD fee	29,771	10,732	36.0%
% change	70.1%	106.0%	

(1) Shenzhen Kunda Precision Mould Co., Ltd – 深圳市群达行精密模具有限公司, a company incorporated in China. 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.

- 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 1H2009, technical fee income increased by 51.0% mainly due to a 106.0% increase in technical fees earned from Shenzhen Precision's sales of IMD products. The increase in IMD technical fees was mainly due to:

- (i) A 70.1% increase in IMD sales of Shenzhen Precision following the commencement of mass production of Shenzhen Precision's second IMD production line in June 2007; and
- (ii) An increase in percentage of technical fee charged to Shenzhen Precision's revenue due to better economies of scale of Shenzhen Precision following the increase in IMD sales as mentioned above.

The increase in total technical fee was offset by a 38.1% decline in technical fees earned from sales of mould arising from:

- (i) Lower revenue of mould due to timing differences in the completion of mould products. Sales value of moulds-under-construction at Shenzhen Precision (inclusive of both sales orders of the Group and Shenzhen Precision) as at 30 September 2008 was approximately HK\$49.2 million compared to HK\$31.7 million as at 30 September 2007; and
- (ii) Lower percentage of fee charged as a portion of the fee chargeable is based on incremental gross profit margin. Production inefficiencies arising from capacity constraints had led to lower gross profit margin at Shenzhen Precision. Due to the limited quantity of precision tooling machinery at Shenzhen Precision, Shenzhen Precision had to acquire directly semi-finished raw materials and mould parts, leading to higher cost of production.

Operating expenses

The increase in selling and distribution expense by approximately HK\$0.2 million or 50.7% is due to increase in business activities of the Group, including the China sales orders diverted by our Group to Shenzhen Precision.

The increase in general and administrative expense by approximately HK\$8.5 million or 226.6% is mainly due to:

- Additional development cost amortisation of HK\$1.4 million in 1H2009 following the completion of more product development projects;
- Additional Singapore head office expense of HK\$1.0 million in 1H2009 following the incorporation of the Singapore holding company in July 2007; and
- Additional costs related to the initial public offering ("IPO") of HK\$5.7 million.

Profits

Despite lower revenue, operational net profit (excluding IPO costs) of HK\$33.3 million for 1H2009 was 27.4% higher than previous comparative period. This was due to higher gross profit margin and technical fee offset by higher overheads. After accounting for IPO costs, net profit grew at a slower pace of 5.7%.

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

Following the completion of the Restructuring Exercise on 9 September 2008, the share capital of the Company and Group had increased to approximately HK\$32.1 million. The negative restructuring reserve of approximately HK\$106.9 million represents the difference between the consideration paid by the Company and the nominal value of shares acquired in respect of the acquisition of the subsidiaries.

The decrease in amount due from related parties is mainly due to the setoff of related company balances as part of the Restructuring Exercise. This is offset by higher trade receivables from Shenzhen Precision.

The increase in plant and equipment is mainly due to acquisition of plant and equipment of approximately HK\$4.9 million offset by depreciation charges for the financial period. The acquisition of the plant and equipment is funded by finance lease.

Other current assets comprised of IPO expenses attributable to the issuance of new shares and prepayments to suppliers.

Other payables and accruals comprised mainly of IPO expenses accrual and customer prepayments.

The negative working capital of the Company as at 30 September 2008 and 31 March 2008 is due to the financing of the Company's investment and operating activities by loans from our subsidiaries and director.

Cash flow

Cash flow of the Group remained positive for the financial period under review. In 1H2009, the Group generated HK\$3.9 million from its operating activities. In addition, cash flow from financing activities increased by HK\$1.9 million mainly due to the redemption of fixed deposit previously pledged. The Group incurred development cost expenses of HK\$2.9 million during the period. On the whole, overall cash flow of the Group increased by HK\$2.9 million during the financial period under review.

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 directors believe that the long term prospects for our automobile mould and IMD products remains positive. In the automobile mould segment, we expect demand to be driven by rising disposable income in China and the continuation of the trend of substitution of metal automobile components with plastic. In the IMD segment, we believe that IMD products can replace traditional plastic injection parts in many applications due to its many inherent advantages over traditional plastic injection parts including (i) better appearance and ability to incorporate complex design (ii) better durability and (iii) more environmentally-friendly.

We believe that our products are in-line with advanced international standards in terms of quality and technology as shown by our export revenue from OEMs and ODMs, as well as owners of well-known international brands in Europe and USA. At the same time, our pricing are generally lower than comparable products manufactured in developed countries such as Japan and Germany.

Although the current global economic downturn and lower consumer spending may affect the sales of our indirect and direct customers and in-turn affect the overall demand for our Group's products, manufacturers facing increasing pricing pressures from lower consumer demand and higher raw material costs, may provide additional opportunities for our Group as they search for more affordable yet high quality moulds for their production.

We remain cautiously optimistic of our long term prospect and will continue to focus on the development and sales of automobile mould and IMD products. In 1H2009, our operational net profit attributable to shareholders had increased by 27.4% as compared to 1H2008, before accounting for IPO costs.

As disclosed in the Company's prospectus dated 30 September 2008, our Group plans to acquire the business and certain assets and liabilities of Shenzhen Precision to establish our own mould and IMD production line. We also intend to increase our production capacity by investing in additional production facilities and machinery.

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. Confirmation by the Board pursuant to Rule 705(4) of the Listing Manual

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 financial statements for the six months ended 30 September 2008 to be false or misleading in any material respect.

On Behalf of the Board of Directors

Cai Kaoqun
Executive Chairman and CEO

Yang Jinbiao
Executive Director and COO

Singapore
12 November 2008

BY ORDER OF THE BOARD
CAI KAOQUN
EXECUTIVE CHAIRMAN AND CEO
12 November 2008