



# CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

Company registration number: 200712727W

## Financial Statements for the full year ended 31 March 2009

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.

## 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 consolidated financial statements of the Group for the periods ended 31 March 2009 and 2008 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 listed on the Mainboard of SGX-ST.

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

**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)
	Full year ended 31 March 2009 (FY2009)	Full year ended 31 March 2008 (FY2008)	
Revenue	99,773	100,570	(0.8)
Cost of Sales	(65,792)	(69,015)	(4.7)
<b>Gross Profit</b>	<b>33,981</b>	<b>31,555</b>	<b>7.7</b>
<b>Other items of income</b>			
Technical fee income	40,679	41,665	(2.4)
Financial income (Note 1)	37	112	(67.0)
Other income (Note 2)	126	-	n.m.
<b>Other items of expense</b>			
Selling and distribution expenses	(2,023)	(866)	133.6
General and administrative expenses	(27,142)	(13,784)	96.9
Financial expense (Note 3)	(284)	(141)	101.4
<b>Profit before tax (Note 4)</b>	<b>45,374</b>	<b>58,541</b>	<b>(22.5)</b>
Income tax expense	(6,889)	(6,639)	3.8
<b>Profit attributable to shareholders</b>	<b>38,485</b>	<b>51,902</b>	<b>(25.9)</b>
<b>Operational profit attributable to shareholders (excluding costs related to initial public offering)</b>	<b>44,749</b>	<b>56,513</b>	<b>(20.8)</b>
<b>Group (HK\$'000)</b>			
	<b>FY2009</b>	<b>FY2008</b>	<b>% change</b>
<b>Note 1 – Financial income</b>			
Interest income from bank balances	37	112	(67.0)
<b>Note 2 – Other income</b>			
Gain on disposal of plant and equipment	126	-	n.m.
<b>Note 3 – Financial expense</b>			
Interest expense on finance lease obligations	284	141	101.4
<b>Note 4 – Profit before tax</b>			
This is determined after charging/(crediting) the following:			
Depreciation of plant and equipment	5,608	3,205	75.0
Amortisation of development costs	6,076	3,727	63.0
Impairment cost on development costs	1,318	-	n.m.
Foreign exchange loss/ (gain), net	2,525	(68)	n.m.
Impairment loss on doubtful trade receivables	691	549	25.9
Collection of previously impaired trade receivables	(389)	-	n.m.
Costs related to initial public offering ("IPO")	6,264	4,611	35.8

\* 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.

	<b>Group As at 31 Mar 2009 HK\$'000</b>	<b>Group As at 31 Mar 2008 HK\$'000</b>	<b>Company As at 31 Mar 2009 HK\$'000</b>	<b>Company As at 31 Mar 2008 HK\$'000</b>
<b><u>Non-current assets</u></b>				
Investment in subsidiaries	-	-	108,437	-
Plant and equipment	56,437	6,641	-	-
Development costs	24,972	27,272	-	-
<b>Total non-current assets</b>	<b>81,409</b>	<b>33,913</b>	<b>108,437</b>	<b>-</b>
<b><u>Current assets</u></b>				
Inventories	7,847	-	-	-
Trade and other receivables	37,638	32,279	-	-
Prepayments	13,638	2,278	554	1,466
Amount due from related parties	48,169	77,969	14,251	-
Cash and bank balances	18,649	3,630	7,613	-
<b>Total current assets</b>	<b>125,941</b>	<b>116,156</b>	<b>22,418</b>	<b>1,466</b>
<b>Total assets</b>	<b>207,350</b>	<b>150,069</b>	<b>130,855</b>	<b>1,466</b>
<b><u>Current liabilities</u></b>				
Trade and other payables	26,317	6,189	-	-
Other liabilities	11,318	7,694	2,163	2,334
Amount due to related parties	1,193	-	1,149	5,417
Finance lease obligations	2,100	702	-	-
Provision for taxation	8,609	12,535	-	-
<b>Total current liabilities</b>	<b>49,537</b>	<b>27,120</b>	<b>3,312</b>	<b>7,751</b>
<b>Net current assets/(liabilities)</b>	<b>76,404</b>	<b>89,036</b>	<b>19,106</b>	<b>(6,285)</b>
<b><u>Non-current liabilities</u></b>				
Finance lease obligations	1,407	505	-	-
<b>Total non-current liabilities</b>	<b>1,407</b>	<b>505</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>50,944</b>	<b>27,625</b>	<b>3,312</b>	<b>7,751</b>
<b>Net assets/(liabilities)</b>	<b>156,406</b>	<b>122,444</b>	<b>127,543</b>	<b>(6,285)</b>
<b><u>Equity attributable to equity holders of the Company</u></b>				
Share capital	100,956	1,500	100,956	-*
Accumulated profits/(losses)	154,507	116,334	25,092	(5,914)
Restructuring reserve	(106,937)	-	-	-
Statutory reserve	312	-	-	-
Foreign currency translation reserve	7,568	4,610	1,495	(371)
<b>Total equity</b>	<b>156,406</b>	<b>122,444</b>	<b>127,543</b>	<b>(6,285)</b>
<b>Total equity and liabilities</b>	<b>207,350</b>	<b>150,069</b>	<b>130,855</b>	<b>1,466</b>

\* 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)**

<b>As at 31 March 2009</b>		<b>As at 31 March 2008</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
2,100	-	702	-

**Amount repayable after one year**

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

<b>As at 31 March 2009</b>		<b>As at 31 March 2008</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
1,407	-	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.**

	<b>Group (HK\$'000)</b>	
	<b>FY2009</b>	<b>FY2008</b>
<b>Cash flows from operating activities</b>		
Profit before tax	45,374	58,541
Adjustments:		
Depreciation of plant and equipment	5,608	3,205
Expenses incurred for initial public offering	-	4,611
Amortisation of development costs	6,076	3,727
Impairment loss on development costs	1,318	-
Impairment loss on doubtful trade receivables	691	549
Gain on disposal of plant and equipment	(126)	-
Write-off of prepayments made to suppliers	298	-
Interest expense	284	141
Interest income	(37)	(112)
Translation differences	2,436	2,041
Operating profit before working capital changes	61,922	72,703
(Increase)/decrease in:		
Trade and other receivables	(9,108)	(17,669)
Inventories	(7,847)	-
Prepayments	(1,488)	(2,277)
Amount due from related parties, net	(45,311)	(36,199)
Increase/(decrease) in:		
Trade and other payables	10,468	(4)
Other liabilities	(1,304)	2,320
Cash flows from operations	7,332	18,874
Interest received	37	112
Interest paid	(284)	(141)
Income tax paid	(10,815)	(3,266)
<b>Net cash from operating activities</b>	<b>(3,730)</b>	<b>15,579</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment (Note A)	(36,253)	(1,058)
Downpayment for plant and equipment	(6,814)	-
Proceeds from disposal of plant and equipment	126	-
Development cost incurred	(4,572)	(14,161)
<b>Net cash used in investing activities</b>	<b>(47,513)</b>	<b>(15,219)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease obligations	(2,561)	(1,119)
Net proceeds from Initial Public Offering	68,823	-
Increase in bank deposits (pledged)	-	(658)
Redemption of fixed deposit (pledged)	2,658	-
<b>Net cash from/(used in) financing activities</b>	<b>68,920</b>	<b>(1,777)</b>
Net increase/(decrease) in cash and cash equivalents	17,677	(1,417)
Cash and cash equivalents at beginning of financial year	972	2,389
<b>Cash and cash equivalents at end of financial year</b>	<b>18,649</b>	<b>972</b>

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

**Analysis of cash and cash equivalents**

	<b>Group (HK\$'000)</b>	
	<b>FY2009</b>	<b>FY2008</b>
Bank and cash balances	18,649	3,630
Less: Fixed deposits pledged	-	(2,658)
Cash and cash equivalents	<b>18,649</b>	<b>972</b>

**Note A:**

**Cash outflow on purchase of plant and equipment:**

Aggregate cost of plant and equipment acquired	55,404	1,058
Less: outstanding payments	(14,290)	-
Less: Acquired by means of finance lease	(4,861)	-
Cash payments made to acquire plant and equipment	<b>36,253</b>	<b>1,058</b>

**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					Total
	Share Capital	Restructuring Reserve	Foreign currency Translation Reserve	Accumulated Profits	Statutory Reserve	
<b>Group (HK\$'000)</b>						
<b>FY2009</b>						
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)
Issuance of new shares pursuant to the Company's initial public offer, less share issue expenses	68,823	-	-	-	-	68,823
Foreign currency translation differences, representing net income recognised directly in equity	-	-	2,958	-	-	2,958
Profit for the year	-	-	-	38,485	-	38,485
Total recognised income and expenses for the year	-	-	2,958	38,485	-	41,443
Appropriation to statutory reserve	-	-	-	(312)	312	-
As at 31 March 2009	100,956	(106,937)	7,568	154,507	312	156,406
<b>Group (HK\$'000)</b>						
<b>FY2008</b>						
At 1 April 2007	1,500	-	811	64,432	-	66,743
Foreign currency translation differences, representing net income recognised directly in equity	-	-	3,799	-	-	3,799
Profit for the year	-	-	-	51,902	-	51,902
Total recognised income and expenses for the year	-	-	3,799	51,902	-	55,701
As at 31 March 2008	1,500	-	4,610	116,334	-	122,444

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
<b>Company (HK\$'000)</b>				
<b>FY2009</b>				
At 1 April 2008	-*	(371)	(5,914)	(6,285)
Issue of new shares pursuant to the Restructuring Exercise	32,133	-	-	32,133
Issuance of new shares pursuant to the Company's initial public offer, less share issue expenses	68,823	-	-	68,823
Foreign currency translation differences, representing net income recognised directly in equity	-	1,866	-	1,866
Profit for the year	-	-	31,006	31,006
Total recognised income and expense for the year	-	1,866	31,006	32,872
At 31 March 2009	100,956	1,495	25,092	127,543
<b>Company (HK\$'000)</b>				
<b>FY2008</b>				
Incorporated on 13 July 2007	-*	-	-	-
Foreign currency translation differences, representing net income recognised directly in equity	-	(371)	-	(371)
Loss for the period	-	-	(5,914)	(5,914)
Total recognised income and expense for the period	-	(371)	(5,914)	(6,285)
At 31 March 2008	-*	(371)	(5,914)	(6,285)

\* - 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
<b>Share capital as at 31 March 2008 and 1 April 2008</b>	<b>1</b>	<b>6</b>
Pursuant to the Restructuring Exercise completed on 9 September 2008	252,799,999	32,132,788
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	68,823,384
<b>As at 31 March 2009</b>	<b>320,000,000</b>	<b>100,956,178</b>

The Company has no outstanding convertibles or treasury shares as at the end of the current financial year 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.**

	31 March 2009	31 March 2008
Total number of issued shares excluding treasury shares	320,000,000	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 had 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	
		FY2009	FY2008
Earnings of the Group, after deducting any provision for preference dividends	HK\$’000	38,485	51,902
<b>Earnings per share</b>			
Basic	HK cents	12.0	16.2

Basic earnings per share are calculated based on the Company’s Post-Invitation share capital of 320,000,000 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	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	HK cents	HK cents	HK cents	HK cents
Net asset per ordinary share	48.9	38.3	39.9	(2.0)

Net asset value per ordinary share for FY2008 was calculated based on the shareholder’s equity of the Group/Company using the Post Initial Public Offering (“IPO”) share capital of 320,000,000 shares for a more meaningful comparison.

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.**

#### **Overview of financial performance**

Despite global economic contraction, the Group's overall sales performance in the financial year ended 31 March 2009 ("FY2009") had remained fairly stable, with the Group's combined gross profit and technical fee income increasing from HK\$73.2 million in FY2008 to HK\$74.7 million in FY2009. In FY2009, gross profit had increased by approximately HK\$2.4 million or 7.7% compared to FY2008 although revenue declined by 0.8%. This is offset by a HK\$1.0 million or 2.4% decline in technical fee income.

With the deterioration in economic conditions in October 2008, some of our customers and the customers of Shenzhen Precision <sup>(1)</sup> had requested for deferment in delivery of products for the period from November 2008 to January 2009 as they reassess their business strategy.

While business conditions are expected to remain challenging, the Group had seen stronger customer demand and order enquiries since February 2009, as compared to the prior period from October 2008 to January 2009. As at 30 April 2009, the Group had HK\$42.2 million of mould orders under construction, of which HK\$33.3 million or 78.8% are sales orders received from February 2009 to April 2009. (Please see note 10 for more details).

The Group had established a new China operating subsidiary which commenced operations in November 2008. This China subsidiary undertakes the production of Mould and IMD products and the China sales operation of our Group. As a result of this expansion of business operations, the Group's general, administrative and distribution expenses had increased correspondingly. In addition, the Group had incurred other additional operating expenses in FY2009 including higher Singapore corporate office expenses following the listing of the Company in October 2008, listing expenses, development cost amortisation and impairment and foreign exchange losses. The increased operating expenses in FY2009 resulted in a 22.5 % decrease in profit before tax in FY2009 as compared to FY2008.

Please see below for more details.

(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. As disclosed in our prospectus dated 30 September 2008, the Group had entered into the outsourcing arrangement, technical fee arrangement and purchase of raw materials arrangement with the company.

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**

In FY2009, Group revenue of HK\$99.8 million declined marginally by 0.8% with Mould and IMD sales accounting for 62.9% and 21.8% of total revenue respectively. The decline is due to lower sales of plastic injection parts and moulds, and the cessation of sale of chemical products. This was offset by higher IMD revenue. The cessation of sale of chemical products in November 2008 was to avoid potential conflict of interests as these products were acquired from a related party.

<b>Revenue and Gross profit</b>	<b>Mould</b>	<b>IMD</b>	<b>Plastic Injection Parts</b>	<b>Others</b>	<b>Total</b>
	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>
<b>FY2009 Revenue</b>	<b>62,757</b>	<b>21,778</b>	<b>11,232</b>	<b>4,006</b>	<b>99,773</b>
<b>FY2008 Revenue</b>	<b>66,514</b>	<b>8,753</b>	<b>19,722</b>	<b>5,581</b>	<b>100,570</b>
<b>% change</b>	<b>(5.6%)</b>	<b>148.8%</b>	<b>(43.0%)</b>	<b>(28.2%)</b>	<b>(0.8%)</b>
<b>FY2009 Gross profit</b>	<b>24,036</b>	<b>9,261</b>	<b>(318)</b>	<b>1,002</b>	<b>33,981</b>
<b>FY2008 Gross profit</b>	<b>25,372</b>	<b>4,237</b>	<b>551</b>	<b>1,395</b>	<b>31,555</b>
<b>% change</b>	<b>(5.3%)</b>	<b>118.6%</b>	<b>n.m.</b>	<b>(28.2%)</b>	<b>7.7%</b>
<b>FY2009 Gross profit margin</b>	<b>38.3%</b>	<b>42.5%</b>	<b>(2.8%)</b>	<b>25.0%</b>	<b>34.1%</b>
<b>FY2008 Gross profit margin</b>	<b>38.1%</b>	<b>48.4%</b>	<b>2.8%</b>	<b>25.0%</b>	<b>31.4%</b>

Plastic injection parts sales declined by 43.0% as this segment services mainly the electronic products industry which is experiencing a slowdown and keen competition. The Group plans to gradually cease the operation of our plastic injection parts business to focus on our more profitable IMD business and divert the production equipment of the plastic injection business to our Mould and IMD production line.

The 5.6% decline in Mould revenue in FY2009 is mainly due to deferment of mould delivery schedule in the second half of the financial year ended 31 March 2009 ("2H2009") as our customer reassess their business strategy.

The 148.8% increase in IMD revenue can be attributed to the commencement of our China direct sales operation in November 2008, as our IMD revenue in FY2008 comprised solely of export sales. Total IMD revenue from sales in China in FY2009 is about HK\$13.9 million or about 63.9% of total IMD revenue in FY2009. However, the commencement of China IMD product sales resulted in a drop in gross margin from 48.4% in FY2008 to 42.5% in FY2009, as our export IMD products generally commands a better margin as compared to products sold in China.

The improvement in overall gross margin from 31.4% in FY2008 to 34.1% in FY2009 is due to the increase in sales mix of IMD products which commands the best margin of our product range. IMD sales accounted for 21.8% of total revenue in FY2009 as compared to 8.7% in FY2008. This improvement is offset by lower margins for plastic injection parts and moulds.

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.

#### **Technical Fee**

In FY2009, technical fee income decreased slightly by about 2.4% when compared to FY2008.

<b>Technical Fee</b>	<b>Revenue of Shenzhen Precision</b>	<b>Technical Fee charged by our Group</b>	<b>% of Technical Fee charged to Shenzhen Precision revenue</b>
	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>	
<b>FY2009 Mould fee</b>	<b>36,389</b>	<b>9,097</b>	<b>25.0%</b>
<b>FY2008 Mould fee</b>	<b>60,814</b>	<b>15,411</b>	<b>25.3%</b>
<b>% change</b>	<b>(40.2%)</b>	<b>(41.0%)</b>	<b>(0.3%)</b>
<b>FY2009 IMD fee</b>	<b>74,840</b>	<b>31,582</b>	<b>42.2%</b>
<b>FY2008 IMD fee</b>	<b>66,186</b>	<b>26,254</b>	<b>39.7%</b>
<b>% change</b>	<b>13.1%</b>	<b>20.3%</b>	<b>2.5%</b>
<b>Total FY2009 fee</b>	<b>111,229</b>	<b>40,679</b>	<b>36.6%</b>
<b>Total FY2008 fee</b>	<b>127,000</b>	<b>41,665</b>	<b>32.8%</b>
<b>% change</b>	<b>(12.4)</b>	<b>(2.4%)</b>	<b>3.8%</b>

The decrease of 41.0% in technical fees earned from Shenzhen Precision's domestic sales of Mould products is mainly due to a 40.2% decline in the Mould revenue of Shenzhen Precision. The lower revenue of Shenzhen Precision is due to i) deferment in the delivery of mould products in 2H2009 as described above and ii) China sales orders received after November 2008 are now carried out by the Group itself instead of being transferred to Shenzhen Precision.

The drop in Mould technical fee income is offset by a 20.3% increase in IMD technical fee income. The increase in technical fee income arises from a 13.1% increase in the domestic IMD revenue of Shenzhen Precision as well as an increase in percentage fee charged from 39.7% in FY2008 to 42.2% in FY2009. The increase in sales level and percentage charged is due to the commencement of mass production of Shenzhen Precision's second IMD production line in June 2007 which contributed to higher sales and better economies of scale.

#### **Operating expenses**

The increase in selling and distribution expense by approximately HK\$1.2 million or 133.6% is mainly due to:

- Distribution expenses of our new China operating subsidiary, Kunda Mould (Shenzhen) Co., Ltd which commenced operations in November 2008, amounting to HK\$0.5 million. These expenses mainly comprise of salary expenses of the expanded sales team and its associated operating expenses;
- Additional expenses of HK\$0.1 million for participation in Euromould 2008, a trade fair in Germany;
- Increase in travel and entertainment expenses by HK\$0.1 million due to increased efforts to expand our sales network; and
- Increase in overseas agent fees by HK\$0.1 million due to increased efforts to expand our sales network in Europe.

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.**

#### **Operating expenses**

The increase in general and administrative expense by approximately HK\$13.4 million or 96.9% is mainly due to:

- Start-up and operating expenses of our new China operating subsidiary of HK\$1.0 million which commenced operations in November 2008;
- Additional HK\$2.3 million of development cost amortisation following the completion of more development projects in FY2009 as compared to FY2008, and HK\$1.3 million of impairment charges on development cost in FY2009;
- Additional costs related to the initial public offering of the Company ("IPO") of HK\$1.7 million following the completion of the IPO in October 2008;
- Additional Singapore corporate office expense of HK\$3.8 million following the incorporation of the Singapore holding company in July 2007 and listing in October 2008; and
- Additional foreign exchange loss of HK\$2.6 million, of which HK\$2.3 million of the foreign exchange loss arise from non-cash settlement of intra-Group balances from the Group's restructuring exercise prior to the IPO, following the weakening of the Singapore dollar against Hong Kong dollar in 2H2009.

The increase in financial expense arises mainly from a new finance lease taken up during the financial year.

#### **Taxation**

The increase in income tax expenses and effective tax rate is mainly due to:

- Higher effective tax rate on our new China operating entity; and
- Higher contribution ratio from our direct sales operations as compared to our technical fee income in FY2009 when compared to FY2008. Our direct sales profits are subjected to a higher effective tax rate than our technical fee income.

#### **Profits**

Despite a 0.8% decrease in FY2009 revenue, combined gross profit and technical fee income of the Group increased by 2.0%. However, operational profit attributable to shareholders was 25.9% due to higher operating expenses. Operational profit (excluding IPO expenses) registered a lower 20.8% decline.

#### **Balance sheet**

Following the completion of the Restructuring Exercise on 9 September 2008 and the issue of new shares during the IPO, the share capital of the Company and Group had increased to approximately HK\$101.0 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 increase in plant and equipment from HK\$6.6 million in FY2008 to HK\$56.4 million in FY2009 was mainly due to acquisition of Mould and IMD production equipment to establish our own production capability in FY2009. In FY2009, HK\$55.4 million of plant and equipment were acquired (of which HK\$37.6 million were acquired from Shenzhen Precision). These acquisitions were offset by depreciation charges for the financial period.

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**

The decrease in development cost from HK\$27.3 million in FY2008 to HK\$25.0 million in FY2009 is due to amortisation charges of HK\$6.1 million and impairment loss of HK\$1.3 million in FY2009 offset by additional development cost capitalised during the financial year.

The inventory of HK\$7.8 million as at 31 March 2009 arises from the commencement of our Mould and IMD manufacturing operations in November 2008.

Trade receivables of the Group increased by HK\$1.1 million mainly due to a HK\$11.7 million increase in receivables from our China direct sales operations which commenced in November 2008. Trade receivables from our export operations declined by HK\$10.1 million in FY2009. The increase in other receivables is mainly due to an increase of HK\$3.7 million in receivables from the sale of excess raw materials held by the Group.

The increase in prepayments from HK\$2.3 million in FY2008 to HK\$13.6 million in FY2009 arises mainly from HK\$6.3 million of prepayment to suppliers for our Mould and IMD manufacturing operations which commenced in November 2008, and a HK\$6.8 million prepayment to production equipment suppliers. The increases are offset by the transfer of HK\$1.6 million of IPO expenses carried over from the prior year to equity following the completion of the IPO in October 2008.

The decrease in amount due from related parties is mainly due to the setoff of related company balances as part of the Restructuring Exercise. The balance as at 31 March 2009 relates to trade receivables from Shenzhen Precision. In April 2009, the Group had collected HK\$24.9 million from Shenzhen Precision.

The increase in trade and other payables from HK\$6.2 million in FY2008 to HK\$26.3 million in FY2009 is mainly due to HK\$13.6 million of trade payables arising from the commencement of our Mould and IMD manufacturing operations in November 2008. In addition, the Group had assumed total payables of HK\$37.5 million from Shenzhen Precision when acquiring its Mould and IMD production equipment of which HK\$5.9 million remains unpaid as at 31 March 2009. The increase in other payables of the Group is due to an increase of HK\$5.4 million in outstanding payables to production equipment suppliers.

Other liabilities of the Group as at 31 March 2009 comprise accrual for operating expenses of the Group and advances from customers. The increase in other liabilities from HK\$7.7 million in FY2008 to HK\$11.3 million in FY2009 is mainly due to additional HK\$2.4 million in accrual of operating expenses arising from the newly-established China operating entity and the Singapore corporate office following the IPO. In addition, advances from customers increased by HK\$1.6 million following the establishment of the China direct sales operation. These increases were offset by the payment of HK\$1.6 million of IPO expenses accrued in FY2008.

Amount due to related parties relates to expenses paid by a Director of the Company on behalf of the Company. The amount had been substantially repaid in April 2009.

The increase in finance lease arises from an additional lease taken up during the year, offset by payments made during the year.

The decrease in provision for tax arises from payments made during the year, offset by provision made for the year.

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.**

**Cash flow**

Overall cash flow of the Group increased by HK\$17.7 million mainly due to proceeds raised from the IPO offset by expenditure on purchase of plant and equipment.

The decrease in cash flow from operating activities in FY2009 as compared to FY2008 is mainly due to the slower collection of trade receivables from Shenzhen Precision. However, the Group had collected HK\$24.9 million from Shenzhen Precision in April 2009. In addition, as the Group commenced its Mould and IMD production operations in November 2008, there were expenditure for acquisition of inventory which was mainly financed by the increase in trade payables. The payment of income taxes in FY2009 relates mainly to the payment of some of the Group's income tax expense for the profits earned in FY2008 and FY2007.

Cash outflow for investing activities relates mainly to the Group's acquisition of the Mould and IMD production equipment (amounting to HK\$37.6 million) of Shenzhen Precision to establish our own Mould and IMD manufacturing capability, and further acquisition to supplement our production capability. Total cash outflow for the purchase and down-payment of plant and equipment amounted to HK\$43.1 million in FY2009. The Group also incurred product development cost of HK\$4.6 million.

Cash inflow from financing activities largely comprise of net proceeds of HK\$68.8 million raised from the Company's IPO.

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.**

Despite the current global economic downturn, the directors remain cautiously optimistic about the long term prospects for our automobile mould and IMD products. In the automobile mould segment, we expect long term demand to be driven by rising disposable income in China and the continuing trend of substitution of metal automobile components with plastic. In addition, a significant portion of China's tooling requirements are currently satisfied by foreign imports and we believe that we have the necessary technical expertise to substitute these imports with our products which are generally more price competitive. 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 features (ii) better durability and (iii) more environmentally-friendly. We believe that applications for IMD products will continue to grow over the long term.

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.



**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.**

Business conditions are expected to remain challenging for the current financial year. The current global economic downturn and lower consumer spending may continue to affect the sales of our indirect and direct customers and in-turn affect the overall demand for our Group's products. However, manufacturers facing increasing pricing pressures from lower consumer demand may provide additional opportunities for our Group as they search for more affordable yet high quality moulds for their production.

In addition, the Group had seen stronger customer enquiries and demand since February 2009. Our Mould order books comprised mainly Moulds still under construction. As at 30 April 2009, the Group's Mould order books stands at HK\$42.2 million of which HK\$33.3 million or 78.8% relates to sales orders received from February 2009 to April 2009. The improvement in customer sentiment also coincides with the effects of the support measures introduced by the China central government to support consumer spending in China, in particular the purchase of automobiles. In April 2009, automobile sales in China hit a new monthly sales record of 1.15 million units, and total automobile sales for the first four months of 2009 reached 3.83 million units, an increase of about 9.4% over the prior comparative period. Government support measures including tax cuts and rebates were widely attributed as the reason for the increase. This has led the China Association of Automobile Manufacturers to upgrade its automobile sales forecast to 10.2 million units for 2009, representing a growth rate of 8.7% over 2008, from 5% previously.

The Group's China operating subsidiary had also commenced operations in November 2008. This entity will undertake the Group's production of Mould and IMD products as well as the sales of these products in China. As these two businesses were not previously directly undertaken by the Group, the directors expect to see an increase in revenue, cost of sales, operational expenses and operational assets and liabilities relating to these new businesses. At the same time, there will be a significant decrease in future technical fees earned from Shenzhen Precision as the Group undertakes direct sales of these products in China. Shenzhen Precision will also cease its operational activities in the Mould and IMD product segment after completing its outstanding sales orders received before December 2008. The Group is also looking to gradually wind-down our plastic injection parts business to concentrate on the more profitable IMD business.

While the Group's overall sales performance in 2H2009 had been affected by deferments in delivery of products, the directors believe that the investment in our own Mould and IMD production capability will generate long term benefits for the Group. The establishment of our own production capability will enable better supervision and quality control over the production process, stability of supply and protection of our intellectual properties. This will allow the Group to deploy our resources towards improving production capacity and efficiency. The Group will also not be incurring further outsourcing fees previously paid to our outsourced supplier.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes

Name of dividend	Final dividend	Special dividend	Total
Dividend type	Cash	Cash	-
Dividend amount per share (Singapore cents)	0.5	0.5	1.0
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)	-

**(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**

To be announced.

**(d) Books closure date**

To be announced.

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

Not applicable.

### 13. Interested person transactions

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual, the Company discloses the aggregate value of interested person transactions as follows:

	<b>Aggregate value of all interested person transactions during financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) HK\$'000</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) HK\$'000</b>
<b>Shenzhen Kunda Precision Mould Co., Ltd (“Shenzhen Precision”)</b>		
Purchase of Mould and IMD products	-	40,810
Rendering of technical services	-	40,679
Purchase of raw materials for product development	-	3,694
Purchase of plant and equipment	39	-
<b>Total</b>	<b>39</b>	<b>85,183</b>

In October 2008, the Group had established a new China operating entity, Kunda Mould (Shenzhen) Co., Ltd (“Kunda Mould Shenzhen”), and commenced our own China sales operation in November 2008. In December 2008, Kunda Mould Shenzhen had acquired the Mould and IMD manufacturing facility of Shenzhen Precision and commenced the production of Mould and IMD products for the whole Group. Sales orders received after December 2008 were carried out by Kunda Mould Shenzhen instead of Shenzhen Precision and Shenzhen Precision had not received any new Mould and IMD orders since then. Shenzhen Precision will cease its Mould and IMD operations after completing its outstanding sales orders received before December 2008. As such, the Group will also cease the rendering of technical service and purchase of Mould and IMD products from Shenzhen Precision once these outstanding sales orders are cleared.

As at 31 March 2009, the Group had ceased the purchase of raw materials for product development.

#### 14. Use of Proceeds from the Initial Public Offer

The Board of Directors of China Kunda Technology Holdings Limited (the “**Company**”) refers to the initial public offering of the Company’s shares (the “**IPO**”) on 9 October 2008 and the Company’s prospectus dated 30 September 2008 (the “**Prospectus**”).

The Company wishes to provide an update on the use of net proceeds raised from the IPO (the “**IPO Proceeds**”) as at 31 March 2009.

In accordance with the use of proceeds described in the section “Use of Proceeds and Listing Expenses” of the Prospectus, the Company had utilised S\$8.1 million of the IPO Proceeds comprising mainly of S\$4.94 million for working capital requirements, S\$2.7 million for investment in additional plant, machineries and production facilities, S\$0.3 million for enhancement of our Research & Development capabilities and S\$0.1 million for expansion of our sales and marketing network. The details are tabulated below:

	<b>Amount allocated (S\$'000) (A)</b>	<b>Amount utilised as at 31 March 2009 per current announcement (S\$'000) (B)</b>	<b>Balance amount (S\$'000) (A) – (B)</b>
<b>Intended use as per Prospectus</b>			
Acquisition of Shenzhen Precision Mould and IMD manufacturing equipment	200	8	192
Investment in additional plant, machineries and production facilities	5,000	2,730	2,270
Enhancement of R&D capabilities	1,000	325	675
Expansion of sales and marketing network	500	120	380
Working capital requirements	4,940	4,940	-
<b>Total</b>	<b>11,640</b>	<b>8,123</b>	<b>3,517</b>

The Company will continue to provide periodic updates on the use of the balance of the IPO Proceeds.

## **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.**

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### **Business segments**

The Group has classified our business activities into the following segments:

- 1) Moulds  
The moulds segment provides moulds and other related technical services used in the production of plastic injection parts.
- 2) Plastic injection parts  
The plastic injection parts segment provides plastic injection parts used mainly in the production of electrical appliances, electronic devices, automobile and other products.
- 3) In-Mould Decoration ("IMD") parts  
The IMD segment provides specialised plastic parts and technical services used mainly in the production of 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.
- 4) Others  
The others segment comprises mainly the trading of metal parts which are used in conjunction with the plastic injection parts.

#### **Geographic segment**

The Group's geographic segments are based on the location of the Group's assets. Sales to external customers disclosed in geographic segments are based on the geographic location of its customers.

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  
FY2009 (HK\$'000)**

	<b>Moulds</b>	<b>Plastic injection parts</b>	<b>IMD</b>	<b>Others</b>	<b>Total</b>
<b>Revenue</b>					
Sales to external customers	62,757	11,232	21,778	4,006	99,773
<b>Segment gross profit/(loss)</b>	24,036	(318)	9,261	1,002	33,981
<b>Segment result</b>	26,064	(545)	38,804	920	65,243
Unallocated expenses					(19,622)
Financial income					37
Financial expense					(284)
<b>Profit before tax</b>					45,374
Tax expense					(6,889)
<b>Net profit attributable to shareholders</b>					38,485
<b>Other segment information:</b>					
Amortisation of development costs	4,479	-	1,597	-	6,076
Impairment loss on development costs	1,318	-	-	-	1,318
Depreciation	1,220	4,004	298	-	5,522
Add: Unallocated depreciation					86
Total depreciation					5,608
<b>Assets and liabilities</b>					
Segment assets	79,044	30,379	25,258	3,334	138,015
Unallocated assets					69,335
Total assets					207,350
Segment liabilities	11,748	1,358	8,075	-	21,181
Unallocated liabilities					29,763
Total liabilities					50,944
<b>Other segment information:</b>					
Capital expenditure:					
Plant and equipment	37,435	7,815	8,340	-	53,590
Unallocated					1,814
					55,404
Development costs	4,498	-	74	-	4,572

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  
FY2008 (HK\$'000)**

	<b>Moulds</b>	<b>Plastic injection parts</b>	<b>IMD</b>	<b>Others</b>	<b>Total</b>
<b>Revenue</b>					
Sales to external customers	66,514	19,722	8,753	5,581	100,570
<b>Segment gross profit</b>					
<b>Segment result</b>	25,372	551	4,237	1,395	31,555
	38,123	551	29,423	1,395	69,492
Unallocated expenses					(10,922)
Financial income					112
Financial expense					(141)
<b>Profit before tax</b>					58,541
Tax expense					(6,639)
<b>Net profit attributable to shareholders</b>					51,902
<b>Other segment information:</b>					
Amortisation of development costs	2,659	-	1,068	-	3,727
Depreciation	-	3,203	-	-	3,203
Unallocated depreciation					2
Total					3,205
<b>Assets and liabilities</b>					
Segment assets	34,865	20,932	7,509	36	63,342
Unallocated assets					86,727
Total assets					150,069
Segment liabilities	4,189	759	44	1,142	6,134
Unallocated liabilities					21,491
Total liabilities					27,625
<b>Other segment information:</b>					
Capital expenditure:					
Plant and equipment	-	1,058	-	-	1,058
Development costs	12,703	-	1,458	-	14,161

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.**

**Geographic segment  
FY2009 (HK\$'000)**

	Asia except for PRC	PRC	North America	Europe	South America	Others	Total
<b>Revenue</b>							
Sales to external customers	24,116	15,515	38,067	13,304	-	8,771	99,773
<b>Other segment information</b>							
Segment assets	33,929	158,977	12,573	1,871	-	-	207,350
Capital expenditure:							
Plant and equipment	-	55,106	-	298	-	-	55,404
Development costs	-	4,572	-	-	-	-	4,572

**Geographic segment  
FY2008 (HK\$'000)**

	Asia except for PRC	PRC	North America	Europe	South America	Others	Total
<b>Revenue</b>							
Sales to external customers	25,132	-	53,999	10,520	10,842	77	100,570
<b>Other segment information</b>							
Segment assets	5,221	123,981	19,887	926	-	54	150,069
Capital expenditure:							
Plant and equipment	-	1,058	-	-	-	-	1,058
Development costs	-	14,161	-	-	-	-	14,161

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.

**Geographic segment**

FY2009 marks the maiden year of direct China sales for the Group as we commenced our direct China sales operation in November 2008. The decline in sales to North America in FY2009 is due to the decline in sales of plastic injection parts as a North American customer was previously a major customer for our plastic injection parts products in FY2008. Revenue from South America in FY2008 relates to one automobile industry customer based in Brazil. In FY2009, the Group decided to drop this customer to focus on other European and PRC customers with better long term profitability and prospects. The increase in sales to "Others" countries in FY2009 is due to the addition of a European automobile industry customer based in South Africa.



17. **A breakdown of sales.**

	Group		
	FY2009 HK\$'000	FY2008 HK\$'000	Increase/ (Decrease)
<u>First Half</u>			
Revenue reported for the first half year	49,225	53,192	(7.5%)
Technical fee income	26,205	17,353	51.0%
<b>Combined revenue and technical fee income</b>	<b>75,430</b>	<b>70,545</b>	<b>6.9%</b>
Net profit after tax	27,614	26,130	5.7%
<u>Second Half</u>			
Revenue reported for the second half year	50,548	47,378	6.7%
Technical fee income	14,474	24,312	(40.5%)
<b>Combined revenue and technical fee income</b>	<b>65,022</b>	<b>71,690</b>	<b>(9.3%)</b>
Net profit after tax	10,871	25,772	(57.8%)

In 1H2009, the Group registered growth in its combined revenue and technical fee income and net profit after tax, which were mainly driven by growth in IMD revenue and gross margin of both the Group and Shenzhen Precision. The improvement in operational results was mitigated by a one-time, IPO expense of HK\$5.7 million.

In 2H2009, the Group had been affected by deferment in the delivery of Mould and IMD products as our customers reassess their business strategy under the current economic condition. As such, the combined revenue and technical fee income of 2H2009 declined by about 9.3% as compared to 2H2008. In 2H2009, the Group also incurred higher operating expenses arising from the commencement of our Mould and IMD manufacturing and direct China sales operations in November 2008, higher administrative expenses following the Group's IPO in October 2008, higher amortisation and impairment of development cost, higher IPO expenses and foreign exchange translation loss arising from a non-cash, intra-Group settlement of balances arising from the Group's restructuring exercise.

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

**Total net annual dividend**

	FY2009 HK\$'000	FY2008 HK\$'000
Ordinary	16,288	-
Preference	Not applicable	Not applicable
Total	16,288	-

**BY ORDER OF THE BOARD**  
**CAI KAOQUN**  
**EXECUTIVE CHAIRMAN AND CEO**  
**28 May 2009**