



CHINA KUNDA TECHNOLOGY HOLDINGS LIMITED

(Company Registration Number: 200712727W)

(Incorporated in the Republic of Singapore on 13 July 2007)

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Media Release

China Kunda delivers strong maiden results with 27.4% jump in HY09 operational net profit to HK\$33.3 million

- ▶ Sales from moulds grew 9.9% to HK\$35.0 million on sustained demand from automakers
- ▶ Technical fees increased by 51.0% to HK\$26.2 million as IMD sales of Shenzhen precision takes off
- ▶ Well positioned to ride on import substitution trend for Precision Moulds in PRC
- ▶ After accounting for IPO expenses of HK\$5.7 million, net profit grew at a slower pace of 5.7% to HK\$27.6 million

Singapore, 12 November 2008 – China Kunda Technology Holdings Limited ("China Kunda" and, together with its subsidiaries, the "Group") (中国群達科技控股有限公司*), a provider of Precision Moulds, Plastic Injection Parts and In-Mould Decoration ("IMD") products to the electronics, electrical, automobile and specialised devices industries, announced its maiden set of results since listing on the SGX-ST Mainboard, posting a 27.4% jump in net operational profit to HK\$33.3 million for the six months ended 30 September 2008 ("HY09").

Mr Cai Kaoqun (蔡考群), Executive Chairman and CEO, commenting on the Group's improved performance: "What you see today is the result of the Group's extensive efforts

* For identification purposes only.

to continually focus our R&D capabilities to develop high precision moulds that can cater to the stringent requirements of foreign manufacturers. Our listing is just the first step on our journey of becoming a world class precision mould solutions service provider.”

Financial and Operations Overview

There was a 7.5% dip in revenue to HK\$49.2 million in HY09. However gross profit increased by 7.3% to HK\$18.1 million and technical fee income increased by 51.0% to HK\$26.2 million. The decline in revenue is mainly due to a decline in revenue of the plastic injection parts and “others” segments, as the Group shifted its resources to the production of more lucrative automobile moulds and IMD parts. The decision to reduce its dependence on sales of plastic injections parts was also a reflection of the management’s prudent approach towards its electronics products customers, which has seen increasing competition and cost pressures. “Others” segment saw a drop of HK\$2.4 million as the Group ceased sales of chemical products.

Sales for IMD products remained unchanged as the Group outsourced a larger portion of its IMD orders to Shenzhen Kunda Precision Mould Co., Ltd. (“Shenzhen Precision”) in return for a technical fee. Under the terms of the Outsourcing Agreements, Shenzhen Precision will be responsible for the direct manufacturing, while the Group provides the technical expertise for which technical fees are charged. The decline was mitigated by sales from moulds improving 9.9% from HK\$31.8 million in HY08 to HK\$35.0 million in HY09.

Financial Highlights

HK\$'000	HY09	HY08	% Change
Revenue	49,225	53,192	(7.5%)
Gross Profit	18,052	16,830	7.3%
Total Technical Fee Income	26,205	17,353	51.0%
Operational profit	33,287	26,130	27.4%
Less: IPO expenses	(5,673)	-	nm
Profit Att. to Shareholders	27,614	26,130	5.7%
Operational EPS (HK cents)*	13.2	10.3	27.4%
EPS (HK cents)*	10.9	10.3	5.7%

* EPS is calculated based on Pre-Invitation issued share capital of 252,800,000 ordinary shares

Despite lower revenue, gross profit for the period increased to HK\$18.1 million as the Group benefited from better economies of scale at Shenzhen Precision following its ability to handle a higher production volume after the commencement of its second IMD production line in June 2007. In line with higher gross profit, gross margins improved to 36.7% in HY09 from 31.6% in HY08

Total technical fee income for HY09 grew 51.0% to HK\$26.2 million as technical fees charged for IMD products doubled. The significant improvement was due to a 70.1% increase in IMD sales at Shenzhen Precision and better economies of scale as the Group outsourced more of its IMD orders to Shenzhen Precision. Technical fees for moulds dropped 38.1%, as there was a timing difference in completing the moulds and lower fees charged as Shenzhen Precision had to acquire semi-finished parts to make up for capacity constraints. The Group plans to alleviate this problem by utilising the proceeds from the IPO to expand production capabilities.

In summary, despite lower revenue, operational net profit (excluding IPO costs) for HY09 of HK\$33.3 million was 27.4% higher than previous comparative period. This was due to higher gross profit margin and technical fee offset by higher overheads. Net profit, after accounting for IPO expenses of HK\$5.7 million, grew at a slower pace of 5.7% to HK\$27.6 million.

Prospects and Future Plans

Going forward, the Group will take a two-pronged strategy to grow the business, namely leveraging on our high quality automotive moulds and burgeoning IMD products segments.

China Kunda's moulds have managed to attain advanced international standards in terms of quality and technology incorporated, while keeping pricing low compared to comparable products from developed countries. This has allowed Kunda's moulds to find their way into the production lines of many international brands from Europe and USA. As more manufacturers face pricing pressures from lower customers' demand and high raw material costs, the Group is well positioned to ride on the import substitution trend as manufacturers look to replace foreign moulds with affordable yet high quality substitutes.



“Some people have voiced concerns over the possibility of a sustained global slowdown in the automobile industry in China. We believe that the Chinese automobile industry is very much a sunrise industry, with automobile ownership in China still a very low, 40 cars per 1000 people.

Research firm JD Powers expects the market to grow by 10% or 8.9 million vehicles this year, this represents a huge potential market for us to market our mould products and to grow our business.”

-Mr Cai Kaoqun, Executive Chairman and CEO

According to a market survey published by McKinsey & Company in October 2008, the growing affluence of consumers in China has seen a new generation arise that has been more willing to pay a premium for high quality consumer electronics. This has led to the development of a whole new palette of consumer electronics to cater to changing consumer preferences. IMD ability to produce a finished product with better appearance and durability certainly fits into this changing consumer tastes.

The Group plans to acquire the business and certain assets and liabilities of Shenzhen Precision in order to establish our own mould and IMD production line. The Group plans to increase production capacity by purchasing additional facilities and machinery to alleviate the present production constraints.

>>>>>> The End

About China Kunda Technology Holdings Limited (“China Kunda”)

China Kunda Technology Holdings Limited is a provider of precision Moulds, Plastic Injection Parts and IMD products to the electronics, electrical, automobile and specialised devices industries. Its plastic engineering solutions include design, research and development of plastic injection and IMD technologies.

China Kunda has a diversified customer base spreading across a wide geographical region covering Asia Pacific, Europe, North America and South America. Its customers include OEMs and ODMs, as well as owners, of well-known international brands such as KAZ, Honeywell, Whirlpool, Ford, Chrysler, Mitsubishi, BMW, Volkswagen, Isuzu, Fiat, LG, Walt Disney, Sanyo and Cutler-Hammer.

For more information, please refer to our corporate website www.chinakunda.com.

Issued for and on behalf of China Kunda Technology Holdings Limited.

By Financial PR Pte Ltd

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