

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CT Vision S.L. (International) Holdings Limited

中天順聯(國際)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 994)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020
AND
CONTINUED SUSPENSION OF TRADING**

References are made to the respective announcements of CT Vision S.L. (International) Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) of the following dates:

- (i) 27 May 2021 in relation to the details of the outstanding issues (the “**Outstanding Issues**”) raised by the predecessor auditor of the Company, PricewaterhouseCoopers;
- (ii) 14 December 2021 in relation to the key findings of the independent forensic investigation (the “**Investigation**”); and
- (iii) 15 December 2021 in relation to the audited annual results of the Group for the year ended 31 December 2020 (the “**2020 Annual Results**”).

(collectively, the “**Previous Announcements**”)

Unless otherwise defined, capitalised terms used in this announcement shall have the meanings used in the Previous Announcements.

In addition to the information disclosed in the Previous Announcements, the Company would like to provide the following supplemental information in relation to (i) the audit qualification stated in the 2020 Annual Results; and (ii) the Outstanding Issues addressed by the auditor of the Company, ZHONGHUI ANDA CPA Limited (“**ZHONGHUI**”).

AUDIT QUALIFICATION

1. Management’s basis of recognising impairment loss/reversal of impairment on the construction project of the Group in Saipan (the “Saipan Project”)

Background

During financial year ended 31 December 2019 and up to the date of releasing the audited annual results of the Group for the year ended 31 December 2019 (“**2019 Annual Results**”), having considered the fact that the trade receivables were past due, and Customer A, the developer of the Saipan Project, might be unable to obtain equity financing or other financing to resume and complete the Saipan Project and repay the overdue trade receivables on schedule, the management of the Company (the “**Management**”) considered that the recoverability of the outstanding trade receivables and contract assets related to the Saipan Project of approximately HK\$65,647,000 and HK\$18,299,000 respectively were remote and did not expect any further settlement. These amounts were impaired in the 2019 consolidated financial statements. However, before issuing the 2020 Annual Results, a settlement schedule for the outstanding amounts in relation to the Saipan Project was provided by Customer A and was secured by Dr. Kan, Mr. Lee Sai Man (“**Mr. Lee**”) and Company D, a company incorporated under the laws of British Virgin Islands with limited liability and owned as to one-third by each of Dr. Kan, Mr. Lee and Mr. Wong Siu Kwai, who were together the former executive Directors of the Company. As such, the Management considered that those outstanding amounts could be fully recovered. Accordingly, the impairment reversal for those outstanding amounts was recognised in the 2020 consolidated financial statements.

Evidence requested by ZHONGHUI

ZHONGHUI requested for detailed analysis and relevant supporting documents to support the basis and calculation on the aforesaid impairment losses during the year ended 31 December 2019.

Reason for the audit qualification

During the audit of 2020 consolidated financial statements (“**2020 Audit**”), considering the fact that Customer A had followed the repayment schedule to repay the outstanding amounts up to the date of issuance of 2019 Annual Results and the aforesaid settlement schedule, ZHONGHUI was satisfied with the recoverability on the above outstanding trade receivables and contract assets.

However, taking into account the fact that up to the issuance of 2019 Annual Results in July 2020, Customer A had repaid the outstanding amounts on the agreed repayment schedule, ZHONGHUI was unable to assess the basis for the aforesaid impairment, which resulted in the audit qualification.

2. Management’s basis of recognising impairment loss on certain construction service contracts

Background

WWWC entered into 2 construction contracts for residential buildings in Hong Kong in 2016, the works of which were substantially completed during the year ended 31 December 2019. Before the issuance date of 2019 Annual Results, the mediations between the Group and the customers as disclosed under the section headed “FINANCIAL REVIEW” of the 2020 Annual Results were under arrangement. Based on the best estimation of the Management from previous experience and valuation reports of the projects, the Management did not provide specific impairment loss on the contract assets of two construction contracts in the 2019 consolidated financial statements. With reference to the result of mediations, contract assets of approximately HK\$48,416,000, which has been recognised as revenue for the year ended 31 December 2019, will not be settled by the customers and therefore impairment losses were recognised in the 2020 consolidated financial statements.

Evidence requested by ZHONGHUI

ZHONGHUI requested for impairment assessment performed by the Management to support the basis and calculation on the above balances, and supporting documents for the recoverability of the relevant contract assets as at 31 December 2019. In addition, ZHONGHUI also requested for relevant supporting documents for the aforesaid mediations.

Reason for the audit qualification

During 2020 Audit, ZHONGHUI had obtained the latest architect certificates and the results of the above mediations for the 2 construction contracts. Based on the above audit evidence, ZHONGHUI concurred with the Management's view that the above contract assets will not be settled by the customers.

Based on the process of the aforementioned mediations, the construction progress of the 2 construction contracts, and the previous architect certificates, ZHONGHUI was unable to assess the basis for the aforesaid impairment on the contract assets of those construction projects in the 2019 consolidated financial statements. There were no other satisfactory audit procedures that ZHONGHUI could perform to satisfy themselves with whether the aforesaid balances were fairly stated as at 31 December 2019, which resulted in the audit qualification.

3. Management's basis of recognising impairment loss on a number of construction service contracts

Background

WWWC entered into 12 building construction contracts in Hong Kong, the works of which were substantially completed before the end of 2019. When preparing the 2019 consolidated financial statements, the Management was not notified on any impairment indication on the relevant contract assets. Based on the best estimation of the Management from previous experience, the Management did not provide specific impairment loss on the contract assets of these construction projects in the 2019 consolidated financial statements. When preparing the 2020 consolidated financial statements, based on the progress of the aforementioned construction contracts up to the date of releasing 2020 Annual Results and the latest architect certificates, the Management recognised the above contract assets as cost of sales, reversal of revenue, or impairment loss in the 2020 consolidated financial statements.

Evidence requested by ZHONGHUI

To support the basis and calculation of the aforesaid amounts, ZHONGHUI requested detailed analysis and relevant supporting documents for the recoverability of the relevant contract assets as at 31 December 2019.

Reason for the audit qualification

During 2020 Audit, ZHONGHUI had obtained the latest architect certificates and inquired the progress of the aforementioned construction contracts. Based on the above audit evidence, ZHONGHUI concurred with the Management's view that the above contract assets will not be settled by the customers.

However, ZHONGHUI was unable to assess the basis for the impairment on the aforesaid balances as at 31 December 2019. There were no other satisfactory audit procedures that ZHONGHUI could perform to satisfy themselves with whether the aforesaid balances were fairly stated as at 31 December 2019, which resulted in the audit qualification on revenue recorded in the year ended 31 December 2019 and the consequential effect on the impairment losses recorded in the year ended 31 December 2020.

4. The view of the Company

The circumstances leading to the audit qualification had only affected the closing balance of the contract assets as at 31 December 2019. The Management does not foresee any further impact resulting from the issues regarding the audit qualification in the forthcoming financial years. Based on the above, the Management is of the view that the audit qualification has been fully addressed and will be removed in the consolidated financial statements of the Group for the year ending 31 December 2021 (except for the consequential effect on the Group's financial performance and cash flows for the year ended 31 December 2020 as comparative figures).

5. The view of the audit committee of the Company (the “Audit Committee”)

The Audit Committee has reviewed the audit qualification and the Management’s view on the audit qualification. The Audit Committee concurs with the Management’s view that the audit qualification has been addressed and is of the view that the Group will be able to remove the audit qualification in the consolidated financial statements of the Group for the year ending 31 December 2021 (except for the consequential effect on the Group’s financial performance and cash flows for the year ended 31 December 2020 as comparative figures).

ADDRESS ON THE OUTSTANDING ISSUES

The following set forth the actions taken, audit evidence obtained, and analysis performed by ZHONGHUI to address the Outstanding Issues during the 2020 Audit:

Outstanding Issue 1: Purchase of reinforcement bars that was transferred into prepaid subcontracting charges

Actions taken by ZHONGHUI to address the Outstanding Issue 1

During the 2020 Audit, ZHONGHUI has carried out the following audit procedures:

- (i) Communicated with the Management and arranged interviews with respective parties to understand the nature of the relevant transactions;
- (ii) Performed tests of details on purchases by sampling the purchase transactions during the year ended 31 December 2020 and traced each selected transaction to relevant proof;
- (iii) Evaluated whether the accounting policies and procedures related to this account balance are appropriate and applied consistently;
- (iv) Tested whether the relevant balances were properly presented and disclosed;
- (v) Prepared or had the entity prepared confirmation requests for those purchases to respective suppliers, and sent confirmations directly to the suppliers by ZHONGHUI;

- (vi) Reconciled the balances in the accounting record of the Group with those stated in the confirmations received directly from the suppliers, and discussed the variance between the above balances and perform accounting adjustments when necessary. For the balances not confirmed by the counterparties via confirmations, ZHONGHUI has traced to subsequent cash receipt records or invoices and supporting documentation;
- (vii) Evaluated the reasonableness of the methods and assumptions that Management used to estimate the credit loss allowance on the prepayments and whether the methods for calculating such allowances were applied consistently; and
- (viii) Evaluated the reasonableness of the Management's methods and assumptions, tested the data and assumptions underlying the estimate and re-computed the estimate.

Audit evidence obtained by ZHONGHUI

During the 2020 Audit, ZHONGHUI has obtained the following audit evidence:

- (i) Invoices regarding the purchase of reinforcement bars;
- (ii) Payment records of the purchase of reinforcement bars by WWWC;
- (iii) Email instructions to purchase the reinforcement bars raised by Customer A, the developer of the Saipan Project;
- (iv) Confirmation on the prepayment for the Saipan Project between WWWC and its subcontractor of the Saipan Project (the "**Saipan Project Subcontractor**") located in Tianjin, the People's Republic of China;
- (v) Goods received notes of reinforcement bars issued by the Saipan Project Subcontractor;
- (vi) Construction agreements entered into between the Saipan Project Subcontractor and WWWC;
- (vii) Replies from individuals or representatives of entities involved in this issue from interviews;

- (viii) The settlement schedule for the outstanding amounts which was provided by Customer A and was secured by Dr. Kan, Mr. Lee and Company D; and
- (ix) Investigation report in relation to the Investigation issued by RSM Corporate Advisory (Hong Kong) Limited (the “**Investigation Report**”), the forensic accountant of the Company.

Analysis performed by ZHONGHUI to address the Outstanding Issue 1

The Company understood that based on the audit procedures performed and audit evidence obtained as stated above, ZHONGHUI had taken the following factors into account to address the Outstanding Issue 1:

- (i) ZHONGHUI was not aware of any contradiction between the explanations from the Company for the reason of the transactions and audit evidence obtained by ZHONGHUI.
- (ii) ZHONGHUI understood that the settlement schedule for the outstanding amounts was provided by Customer A and was secured by the Dr. Kan, Mr. Lee and Company D.
- (iii) ZHONGHUI considered the Outstanding Issue 1 has no financial impact on the consolidated financial statement for FY2020 of the Company as the impairment test on the prepaid subcontracting charges was satisfied, including assessing the creditworthiness of the guarantor, and ZHONGHUI does not aware of any financial loss raised out from the Outstanding Issue 1.
- (iv) ZHONGHUI had reviewed the Investigation Report, considered that there is no implication of the Outstanding Issue 1 and no contradiction to the evidence obtained by ZHONGHUI.

In light of the above, ZHONGHUI concurred that the Outstanding Issue 1 has been addressed.

Outstanding Issue 2: Prepayments for purchase of generators, curtain walls and mechanical items from Supplier B for the Saipan Project

Actions taken by ZHONGHUI to address the Outstanding Issue 2

- (i) Communicated with the Management and arranged interviews with respective parties to understand the nature of the relevant transactions;
- (ii) Performed tests of details on purchases by sampling the purchase transactions during the year ended 31 December 2020 and traced each selected transaction to relevant proof;
- (iii) Evaluated whether the accounting policies and procedures related to this account balance are appropriate and were applied consistently;
- (iv) Tested whether the relevant balances were properly presented and disclosed;
- (v) Prepared or had the entity prepared confirmation requests for those purchases to respective suppliers, and sent confirmations directly to the suppliers by ZHONGHUI;
- (vi) Reconciled the balances in the accounting record of the Group with those stated in the confirmations received directly from the suppliers, and discussed the variance between the above balances and performed accounting adjustments when necessary. For the balances not confirmed by the counterparties via confirmations, ZHONGHUI has traced to subsequent cash receipt records or invoices and supporting documentation;
- (vii) Evaluated the reasonableness of the methods and assumptions that Management used to estimate the credit loss allowance on the prepayments and whether the methods for calculating such allowances were applied consistently; and
- (viii) Evaluated the reasonableness of the Management's methods and assumptions, test the data and assumptions underlying the estimate and re-computed the estimate.

Audit evidence obtained by ZHONGHUI

During the 2020 Audit, ZHONGHUI has obtained the following audit evidence:

- (i) Purchase agreement of the generators, curtain walls and mechanical items between WWWC and Supplier B;
- (ii) Payment records of the purchase of the generators, curtain walls and mechanical items by WWWC;
- (iii) Purchase invoices of the generators, curtain walls and mechanical items;
- (iv) Replies from individuals or representatives of entities involved in this issue from interview;
- (v) Documents of subsequent settlement for the amounts; and
- (vi) The Investigation Report.

Analysis performed by ZHONGHUI to address the Outstanding Issue 2

The Company understood that based on the audit procedures performed and audit evidence obtained as stated above, ZHONGHUI has taken the following factors into account to address the Outstanding Issue 2:

- (i) ZHONGHUI was not aware of any contradiction between the explanations from the Company for the reason of the transactions and audit evidence obtained by ZHONGHUI.
- (ii) ZHONGHUI considered the Outstanding Issue 2 has no financial impact on the consolidated financial statement for FY2020 of the Company as the outstanding amounts were fully settled in according to the settlement schedule and ZHONGHUI does not aware of any financial loss raised out from the Outstanding Issue 2.
- (iii) ZHONGHUI had reviewed the Investigation Report, considered that there is no implication of the Outstanding Issue 2 and no contradiction to the evidence obtained by ZHONGHUI.

In light of the above, ZHONGHUI concurred that the Outstanding Issue 2 has been addressed.

Outstanding Issue 3: A series of payments related to the Saipan Project made on behalf of the developer of the Saipan Project

Actions taken by ZHONGHUI to address the Outstanding Issue 3

During the 2020 Audit, ZHONGHUI has carried out the following audit procedures:

- (i) Communicated with the Management to understand the nature of the relevant transactions;
- (ii) Performed tests of details on purchases by sampling the purchase transactions during the year ended 31 December 2020 and traced each selected transaction to relevant proof;
- (iii) Determined that the accounting policies and procedures related to this account balance are appropriate and were applied consistently;
- (iv) Tested whether the related balances were properly presented and disclosed;
- (v) Prepared or had the entity prepared confirmation requests for those purchases to respective suppliers, and sent confirmations directly to the suppliers by ZHONGHUI; and
- (vi) Reconciled the balances in the accounting record of the Group with those stated in the confirmations received directly from the suppliers, and discussed the variance between the above balances and performed accounting adjustments when necessary. For the balances not confirmed by the counterparties via confirmations, ZHONGHUI has traced to subsequent cash receipt records or invoices and supporting documentation.

Audit evidence obtained by ZHONGHUI:

During the 2020 Audit, ZHONGHUI has obtained the following audit evidence:

- (i) Email instructions by Individual A, the director of Customer A, to WWWC to purchase the reinforcement bars;
- (ii) Purchase orders issued by WWWC to the suppliers of the reinforcement bars;
- (iii) Email exchanges between Individual A and WWWC regarding the delivery of the reinforcement bars;
- (iv) Purchase invoices of the reinforcement bars;
- (v) Payment records for the reinforcement bars to the suppliers by WWWC;
- (vi) Email instruction by Company A to pay the consultancy fee for further processing of the application of e-gaming license;
- (vii) Payment records of the above consultancy fee to Company A by WWWC;
- (viii) Replies from individuals or representatives of entities involved in this issue from interview; and
- (ix) The Investigation Report.

Analysis performed by ZHONGHUI to address the Outstanding Issue 3

The Company understood that based on the audit procedures performed and audit evidence obtained as stated above, ZHONGHUI has taken the following factors into account to address the Outstanding Issue 3:

- (i) ZHONGHUI was not aware any contradiction between the explanations from the Company for the reason of the transactions and audit evidence obtained by ZHONGHUI.
- (ii) ZHONGHUI considered the Outstanding Issue 3 has no financial impact on the consolidated financial statement for FY2020 of the Company as a series of payments related to the Saipan Project made on behalf of Customer A had been repaid to the Company by Customer A and ZHONGHUI does not aware of any financial loss raised out from the Outstanding Issue 3.
- (iii) ZHONGHUI had reviewed the Investigation Report, considered that there is no implication of the Outstanding Issue 3 and no contradiction to the evidence obtained by ZHONGHUI.

In light of the above, ZHONGHUI concurred that the Outstanding Issue 3 has been addressed.

Outstanding Issue 4: Going concern assessment of the Group

Actions taken by ZHONGHUI to address the Outstanding Issue 4

During the 2020 Audit, ZHONGHUI has carried out the following audit procedures:

- (i) Regarding the balance due from Customer A and the prepayments in relation to the Saipan Project, evaluated the reasonableness of the methods and assumptions Management used to estimate the credit loss allowance and whether the methods for calculating such allowances were applied consistently;
- (ii) Evaluated the reasonableness of the Management's methods and assumptions, tested the data and assumptions underlying the estimate and re-computed the estimate;
- (iii) Obtained cash flow projections for the next twelve months immediately following 31 December 2020 from the Management and evaluate the reasonableness of the methods and assumptions adopted in the cash flow projections;
- (iv) Evaluated the reasonableness of the Management's methods and assumptions, test the data and assumptions underlying the estimate and re-computed the projection; and

- (v) Obtained waiver letter of the non-compliance or similar evidence from the bank for its banking facilities.

Audit evidence obtained by ZHONGHUI:

During the 2020 Audit, ZHONGHUI has obtained the following audit evidence:

- (i) Cashflow projections of the Group for the next eighteen months immediately following 31 October 2021;
- (ii) The settlement schedule for the outstanding amounts related to Saipan Project and other supporting documents;
- (iii) A waiver email of the non-compliance for its banking facilities issued by a financial institution in Hong Kong (“**Financial Institution**”);
- (iv) Letter of the closure of bank account in the Financial Institution;
- (v) Subsequent financial statements; and
- (vi) Letter of undertaking from the controlling shareholder of the Company.

Analysis performed by ZHONGHUI to address the Outstanding Issue 4

The Company understood that based on the audit procedures performed and audit evidence obtained as stated above, ZHONGHUI has taken the following factors into account to address the Outstanding Issue 4:

- (i) The cashflow forecast for eighteen months ending 30 April 2023 was made up with reference to the estimated cashflow generated from the business of the Group, including the construction projects on hand and the past performance of the business;
- (ii) The settlement of the outstanding amounts related to the Saipan Project has been carried out in line with the repayment schedule as disclosed in the announcement dated 2 November 2021;

- (iii) The settlement schedule for the outstanding amounts related to the Saipan Project, which was provided by Customer A and was secured by Dr. Kan, Mr. Lee and Company D, will provide sufficient general working capital to support the business operation of the Group;
- (iv) Since the Group has obtained an email waiving the non-compliance from the Financial Institution, and the loan from the Financial Institution was fully repaid up to the date of this announcement, the financial burden of the Group had been relieved; and
- (v) The controlling shareholder of the Company provides financial support to ensure the Group has sufficient general working capital to support its business operation.

Considering the above, ZHONGHUI concurred that the Outstanding Issue 4 has been addressed.

Outstanding Issue 5: Funds transfers with Dr. Kan during FY2020 and subsequent to 31 December 2020

Actions taken by ZHONGHUI to address the Outstanding Issue 5

During the 2020 Audit, ZHONGHUI has carried out the following audit procedures:

- (i) Communicated with the management of WWWC and arranged interviews with respective parties to understand the nature of the transactions;
- (ii) Prepared or had the entity prepared confirmation requests for the fund transfers among Dr. Kan and its associates (the “**Fund Transfers**”), and sent confirmations directly to the counterparties by ZHONGHUI;
- (iii) Reconciled the balances in the accounting record of the Group with those stated in the confirmations received directly from the counterparties, and discussed the variance between the above balances and performed accounting adjustments when necessary. For the balances not confirmed by the counterparties via confirmations, ZHONGHUI has traced to subsequent cash receipt records or invoices and supporting documentation; and
- (iv) Tested whether the related balances were properly presented and disclosed.

Audit evidence obtained by ZHONGHUI:

During the 2020 Audit, ZHONGHUI has obtained the following audit evidence:

- (i) Bank payment records of WWWC;
- (ii) Bank receipt records from Dr. Kan;
- (iii) Receipts regarding the expenses claimed by Dr. Kan;
- (iv) Replies from individuals involved in this issue from interviews; and
- (v) The Investigation Report.

Analysis performed by ZHONGHUI to address the Outstanding Issue 5

The Company understood that based on the audit procedures performed and audit evidence obtained as stated above, ZHONGHUI has taken the following factors into account to address the Outstanding Issue 5:

- (i) ZHONGHUI was not aware any contradiction between the explanations from the Company for the reason of the transactions and audit evidence obtained by ZHONGHUI.
- (ii) ZHONGHUI considered the Outstanding Issue 5 has no financial impact on the consolidated financial statement for FY2020 of the Company as the advance payments to Dr. Kan had been fully repaid to the Group by Dr. Kan up to 31 December 2020 and ZHONGHUI does not aware of significant financial loss raised out from the Outstanding Issue 5.
- (iii) ZHONGHUI had reviewed the Investigation Report, considered that there is no implication of the Outstanding Issue 5 and no contradiction to the evidence obtained by ZHONGHUI.

In light of the above, ZHONGHUI concurred that the Outstanding Issue 5 has been addressed.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in Shares was suspended from 9:00 a.m. on 3 May 2021 pending the fulfilment of all the resumption conditions stated in the resumption guidance issued by the Stock Exchange and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By order of the Board
CT Vision S.L. (International) Holdings Limited
Ho Chun Kit Gregory
Chief executive officer and executive Director

Hong Kong, 30 December 2021

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Wu Rui, Dr. Ho Chun Kit Gregory, Mr. Guo Jianfeng and Mr. Wong Kee Chung, three non-executive Directors, namely Ms. Du Yi, Ms. Yip Man Shan and Mr. Lu Qiwei, and four independent non-executive Directors, namely Ms. Ng Yi Kum, Estella, Mr. Wong Wing Cheong Philip, Dr. Tang Dajie and Mr. Ng Kwun Wan.