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## **Zheng Li Holdings Limited**

**正力控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8283)**

### **ANNOUNCEMENT**

## **UPDATE ON THE ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the announcement made by Zheng Li Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 31 March 2020 in relation to the unaudited annual results of the Group for the year ended 31 December 2019 (the “**2019 Annual Results Announcement**”) and its supplemental announcement dated 3 April 2020 (collectively the “**Announcements**”). Shareholders of the Company are advised to read this announcement in conjunction with the 2019 Annual Results Announcement. This announcement aims to make changes to certain financial information contained in the 2019 Annual Results Announcement relating to, but not limited to, the (i) current assets; (ii) current liabilities; (iii) non-current liabilities; (iv) comprehensive income; and (v) operating segment information of the Group for the year ended 31 December 2019.

Unless otherwise specified, capitalized terms in this announcement shall have the same meanings as the defined terms in the 2019 Annual Results Announcement.

Since financial information contained in the 2019 Annual Results Announcement was neither audited nor agreed with the Company’s auditors as at the date of their publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. The Board is of the view that the adjustments have no material impact on the Company’s consolidated financial statements and notes to the financial statements for the year ended 31 December 2019 contained in the 2019 Annual Results Announcement.

Changes to the contents of the 2019 Annual Results Announcement as a result of the adjustments are set out below:

Affected Items	Page No. reference on 2019 Annual Result Announcement	Per 2019 Annual Results Announcement S\$'000	Adjustments S\$'000	Per audited balances as at 31/12/2019 S\$'000	Note
<b>Consolidated statement of profit or loss and other comprehensive income</b>					
Cost of materials	2	(12,078)	(50)	(12,128)	(a)
Other expenses	2	(2,403)	(60)	(2,463)	(b)
Loss before tax	2	(1,125)	(110)	(1,235)	(a), (b)
Loss for the year	2	(1,127)	(110)	(1,237)	(a), (b)
Exchange differences on translation of foreign operations	2	–	4	4	(c)
Total comprehensive loss for the year	2	(1,127)	(106)	(1,233)	(a), (b), (c)
<b>Consolidated statement of financial position</b>					
Inventories	3	911	(50)	861	(a)
Total current assets	3	8,122	(50)	8,072	(a)
Contract liabilities	3	2,367	(312)	2,055	(d)
Trade and other payables	3	2,784	60	2,844	(b)
Total current liabilities	3	8,318	(252)	8,066	(b), (d)
Net current assets	3	(196)	202	6	(a), (b), (d)
Total assets less current liabilities	3	12,018	202	12,220	(a), (b), (d)
Contract liabilities	3	603	312	915	(d)
Total non-current liabilities	3	4,780	312	5,092	(d)
Net assets	3	7,238	(110)	7,128	(a), (b)
Reserves	3	6,338	(110)	6,228	(a), (b)
Total equity	3	7,238	(110)	7,128	(a), (b)

Affected Items	Page No. reference on	Per 2019	Adjustments	Per audited	Note
	2019 Annual Result Announcement	Annual Results Announcement S\$'000		balances as at 31/12/2019 S\$'000	
<b>Note 2 – Operating Segment Information</b>					
Maintenance and repair services' segment losses	12	(100)	(137)	(237)	(a), (e)
Adjustments and eliminations' segment losses	12	314	87	401	(e)
Total segment losses	12	(18)	(50)	(68)	(a)
Total unallocated other expenses	12	(668)	(60)	(728)	(b)
Total loss before tax	12	(1,125)	(110)	(1,235)	(a), (b)
Total loss for the year	12	(1,127)	(110)	(1,237)	(a), (b)
<b>Note 4 – Loss before tax</b>					
Allowance for inventory obsolescence	14	107	(87)	20	(f)
Write-off of obsolete inventory	14	–	137	137	(g)
<b>Note 5 – Income tax</b>					
Loss before tax	15	(1,125)	(110)	(1,235)	(a), (b)
Tax at the statutory tax rate	15	5	(8)	(3)	(h)
Expenses not deductible for tax	15	296	(9)	287	(h)
Tax losses not recognised	15	260	30	290	(h)
Effect of partial tax exemption and tax relief	15	(508)	492	(16)	(h)
Additional deductible allowance for capital expenditure	15	–	(505)	(505)	(h)
<b>Note 7 – Loss per share attributable to ordinary equity holders of the parent</b>					
Loss for the year attributable to the ordinary equity holders of the parent	16	(1,127)	(110)	(1,237)	(a), (b)
<b>Note 8 – Inventories</b>					
Spare parts and accessories	16	1,294	(137)	1,157	(a), (f)
Less: provision for inventory obsolescence	16	(423)	87	(336)	(f)

*Note:*

- (a) Record the write-off obsolete spare parts amounting to SGD50,000 into the profit or loss for the year ended 31 December 2019;
- (b) Record the professional service expenses amounting to SGD60,000 into the profit or loss for the year ended 31 December 2019, which was incurred for the year ended 31 December 2019 but paid after the balance sheet date;
- (c) Update of exchange differences on translation of foreign operations to other comprehensive income;
- (d) Reclassification of current and non-current portion of contract liabilities according to the expected time to be realized into the revenue amounting to SGD312,000;
- (e) Reclassification of the loss from write-off of obsolete inventory from elimination adjustment to one attributable segment amounting to SGD87,000;
- (f) Reclassification of the loss from write-off of obsolete inventory from allowance for inventory obsolesce to write-off of obsolete inventory amounting to SGD87,000;
- (g) Increase one-line disclosure of “write-off of obsolete inventory” amounting to SGD137,000, which comes from the reclassification of allowance for inventory obsolesce amounting to SGD87,000 (see note(f)) and recognition of the write-off obsolete spare parts amounting to SGD50,000 into the profit or loss (see note (a)); and
- (h) Reclassification of the items of effect of partial tax exemption and tax relief amount to SGD492,000 to the category of additional deductible allowance for capital expenditure and other minor reclassification adjustment among different tax reconciliation items.

Save for the above, the contents of the 2019 Annual Results Announcement remain unchanged. The Group’s auditors, Ernst & Young, have agreed to the above audited balances. The adjustments above will also be reflected in the annual report of the Group for the year ended 31 December 2019 to be published by the Group in due course.

## SCOPE OF WORK OF ERNST & YOUNG

The audited financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the announcement have been compared by the Group's auditors, Ernst & Young, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year set out in the annual report of the Group for the year ended 31 December 2019. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on this announcement.

By order of the Board of  
**Zheng Li Holdings Limited**  
**YAN Jianqiang**  
*Co-Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 17 April 2020

*As at the date of this announcement, the executive Directors are Mr. CHUA Boon Hou (CAI Wenhao), Mr. YAN Jianqiang and Mr. WU Tangqing, the non-executive Director is Mr. YUAN Guoshun; and the independent non-executive Directors are Mr. LEUNG Yiu Cho, Mr. ZHANG Guangdong and Mr. CHEN Huichun.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.*

*This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the day of its posting. This announcement will also be published on the website of the Company at [www.zhengliholdings.com](http://www.zhengliholdings.com).*