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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 2021

Reference is made to the announcement made by Zheng Li Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 31 March 2022 in relation to the unaudited annual results of the Group for the year ended 31 December 2021 (the “**2021 Unaudited Annual Results Announcement**”) and its 2021 Annual Results Announcement dated 13 May 2022 (collectively the “**Announcements**”). Shareholders of the Company are advised to read this announcement in conjunction with the Announcements. This announcement aims to make changes to certain financial information contained in the 2021 Unaudited Annual Results Announcement relating to, but not limited to, the (i) current assets; (ii) current liabilities; (iii) non-current assets; (iv) non-current liabilities; (v) profit or loss and comprehensive income; and (vi) operating segment information of the Group for the year ended 31 December 2021.

Unless otherwise specified, capitalized terms in this announcement shall have the same meanings as the defined terms in the Announcements.

Since financial information contained in the 2021 Unaudited 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 2021 contained in the 2021 Unaudited Annual Results Announcement.

Changes to the contents of the 2021 Annual Results Announcement as a result of the adjustments are set out below:

Affected Items	Page No. reference on 2021	Per 2021	Adjustments	Per audited	Notes
	Annual Result Announcement	Annual Results Announcement S\$'000		balances as at 31/12/2021 S\$'000	
Consolidated statement of profit or loss and other comprehensive income					
Employee benefits expense	2	(5,941)	(424)	(6,365)	(b)
Reversal of impairment losses of trade receivables, net	2	2	(2)	–	(e)
Finance costs	2	(195)	(7)	(202)	(a)
Other expenses	2	(1,275)	(238)	(1,513)	(b)
(Loss) profit before tax	2	230	(671)	(441)	(a), (b), (e)
Income tax expense	2	(296)	178	(118)	(b)
Loss for the year	2	(66)	(493)	(559)	(a), (b), (e)
Exchange differences on translation of foreign operations	2	(8)	(2)	(10)	(e)
Total comprehensive expense for the year	2	(74)	(495)	(569)	(a), (b), (e)
Consolidated statement of financial position					
Right-of-use assets	4	709	166	875	(a)
Prepayments, other receivables and other assets	4	1,173	1	1,174	(e)
Total non-current assets	4	6,282	167	6,449	(a), (e)
Inventories	4	974	1	975	(e)
Prepayments, other receivables and other assets	4	7,195	(1)	7,194	(e)
Cash and cash equivalents	4	4,138	(7)	4,131	(e)
Total current assets	4	13,274	(7)	13,267	(e)
Trade and other payables	4	3,394	(435)	2,959	(b), (c), (d)
Bank and other borrowings	4	2,742	(167)	2,575	(a), (e)
Tax payable	4	300	(178)	122	(b)
Total current liabilities	4	8,819	(780)	8,039	(a), (b), (c), (d), (e)

Affected Items	Page No.	Per 2021 Annual Results Announcement	Adjustments	Per audited balances as at 31/12/2021	Notes
	reference on 2021 Annual Result Announcement				
Net current assets	4	4,455	773	5,228	(a), (b), (c), (d), (e)
Total assets less current liabilities	4	10,737	940	11,677	(a), (b), (c), (d), (e)
Bank and other borrowings	5	163	339	502	(a)
Trade and other payables	5	1,018	1,188	2,206	(b), (d)
Deferred tax liabilities	5	104	(92)	12	(c)
Total non-current liabilities	5	2,614	1,435	4,049	(a), (b), (c), (d)
Net assets	5	8,123	(495)	7,628	(a), (b), (c), (d), (e)
Reserves	5	7,223	(495)	6,728	(a), (b), (e)
Total equity	5	8,123	(495)	7,628	(a), (b), (c), (d), (e)

Note 5 – Operating Segment Information

Maintenance and repair services' segment losses	11	268	(336)	(68)	(b)
Modification, tuning and grooming services and trading of spare parts and accessories' segment losses	11	(98)	(10)	(108)	(b)
Others' segment losses	11	27	1	28	(e)
Total segment losses	11	5	(345)	(340)	(b)
Total unallocated other expenses	11	(247)	(240)	(487)	(b)
Total unallocated employee benefits expense	11	(57)	(79)	(136)	(b)
Total unallocated finance costs	11	(195)	(7)	(202)	(a)
Total loss before tax	11	230	(671)	(441)	(a), (b), (e)
Total loss for the year	11	(66)	(493)	(559)	(a), (b), (e)

Affected Items	Page No. reference on 2021 Annual Result Announcement	Per 2021 Annual Results Announcement S\$'000	Adjustments S\$'000	Per audited balances as at 31/12/2021 S\$'000	Notes
Adjustments and eliminations' right-of-use assets	13	(457)	166	(291)	(a)
Adjustments and eliminations' other segment assets	13	(8,751)	(2)	(8,753)	(e)
Total unallocated assets	13	32	(4)	28	(e)
Total assets	13	19,556	160	19,716	(a), (e)
Total segment liabilities	13	9,459	338	9,797	(a), (b), (c), (d), (e)
Total unallocated liabilities	13	1,974	317	2,291	(a), (b), (c), (d), (e)
Total liabilities	13	11,433	655	12,088	(a), (b), (c), (d), (e)
Note 6 – Finance costs					
Interest expenses – lease liabilities	15	51	6	57	(a)
Bank charges	15	44	1	45	(e)
Note 7 – Profit before tax					
Staff costs (excluding directors' and chief executive's)	15	4,218	2,126	6,344	(b)
Reversal of impairment losses of trade receivables	15	(2)	2	–	(e)
Note 8 – Income tax expense					
Income tax expense	16	296	(178)	118	(b)
Note 10 – (Loss) earnings per share attributed to owners of the Company					
Loss for the year attributable to the owners of the Company	17	(66)	(493)	(559)	(a), (b), (e)
Note 11 – Inventories					
Spare parts and accessories	17	1,357	1	1,358	(e)

Notes:

- (a) Adjustment on right-of-use assets amounted to SGD166,000, lease liabilities of SGD173,000, and finance costs of SGD7,000;
- (b) Adjustment on addition employee benefits expense amounted to SGD424,000 and other expenses amounted to SGD237,000 and decrease of related income tax expense amounted to SGD178,000, respectively, into the profit or loss for the year ended 31 December 2021, which was incurred for the year ended 31 December 2021 but paid after the balance sheet date;
- (c) Reclassification of deferred tax liabilities to trade and other payables amounting to SGD92,000;
- (d) Reclassification of current and non-current portion of trade and other payables amounting to SGD951,000; and
- (e) Being the exchange adjustment and rounding difference.

Save for the above, the contents of the 2021 Annual Results Announcement remain unchanged. The Group's auditors, CCTH CPA Limited, have agreed to the above audited balances.

SCOPE OF WORK OF CCTH CPA LIMITED

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 2021 as set out in the announcement have been compared by the Group's auditors, CCTH CPA Limited, 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 2021. The work performed by CCTH CPA Limited 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 CCTH CPA Limited on this announcement.

By order of the Board of
Zheng Li Holdings Limited
WANG Lei

Co-Chairman, Chief Executive Officer and Executive Director

Hong Kong, 20 May 2022

As at the date of this announcement, the executive Directors are Mr. WANG Lei, Mr. FENG Wei and Mr. CHUA Boon Hou (CAI Wenhao), the non-executive Director is Mr. WANG Bing; and the independent non-executive Directors are Mr. LEUNG Yiu Cho, Mr. CHEN Huichun and Mr. ZHAO Wei.

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 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.