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Kiu Hung International Holdings Limited

僑雄國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00381)

SUPPLEMENTAL ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement of Kiu Hung International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 31 March 2020 on unaudited annual results announcement for the year ended 31 December 2019 (the “**Announcement**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that as at the date of this announcement, the Company’s external auditors, KTC PARTNERS CPA LIMITED, has completed its audit of the annual results of the Group for the year ended 31 December 2019 (the “**2019 Annual Results**”). The audited annual results for the year ended 31 December 2019 were approved by the Board on 29 May 2020. This announcement, containing the full text of the 2019 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) in relation to information to accompany preliminary announcements of the annual results.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

The auditing process for the 2019 Annual Results had not been completed as at 31 March 2020, the date of publication of the Announcement. Since subsequent adjustments have been made to the unaudited annual results of the Group contained in the Announcement upon the completion of audit, shareholders and potential investors of the Company are advised to pay attention to certain differences between the unaudited annual results of the Group contained in the Announcement and the audited annual results of the Group in this announcement. Set forth below are principal details and reasons for the differences in such financial information.

Consolidated statement of Profit or Loss and Other Comprehensive Income

	Audited Annual Results 2019 <i>HK\$'000</i>	Unaudited Annual Results Disclosure in the Announcement 2019 <i>HK\$'000</i>	Differences <i>HK\$'000</i>	Note
Cost of sales	(158,266)	(157,889)	(377)	
Other income	4,453	2,715	1,738	1
Administrative expense	(89,325)	(85,192)	(4,133)	2
Other (losses)/gain	(4,893)	822	(5,715)	3
Finance costs	(34,923)	(30,603)	(4,320)	4
Impairment losses under ECL	(2,795)	—	(2,795)	5
Impairment of investment in associates	(40,142)	—	(40,142)	6
Gain on disposal of subsidiaries	27,087	23,604	3,483	7
Share of result of associates	(68,315)	77,682	(145,997)	8
Surplus on revaluation of properties	2,645	3,235	(590)	
Deferred income tax arising on revaluation	(432)	(346)	(86)	
Exchange difference reclassified upon disposal of subsidiaries	(26,802)	—	(26,802)	9
Exchange difference arising from translation of foreign operation	(2,458)	3,758	(6,216)	10
Share of exchange translation difference of associates	8,491	4,907	3,584	11
Income tax expense	(138)	(484)	346	

Consolidated Statement of Financial Position

	Audited Annual Results 2019 HK\$'000	Unaudited Annual Results Disclosure in the Announcement 2019 HK\$'000	Differences HK\$'000	Note
Property, plant and equipment	69,272	67,322	1,950	12
Right-of-use assets	4,979	3,780	1,199	13
Investment properties	12,170	14,683	(2,513)	14
Financial assets at fair value through other comprehensive income	3,435	2,741	694	
Trade and bills receivables	37,099	39,541	(2,442)	15
Prepayments, deposits and other receivables	81,157	91,813	(10,656)	16
Bank balances and cash	18,519	18,520	(1)	
Other payables and accruals	141,785	155,747	(13,962)	17
Income tax payable	961	846	115	
Promissory notes	270,538	270,887	(349)	
Lease liabilities (current)	1,533	1,307	226	
Borrowings	55,503	37,064	18,439	18
Deferred tax income liabilities	14,920	14,590	330	
Lease liabilities (non-current)	3,457	2,977	480	
Share capital	981,039	989,039	(8,000)	19
Reserve	(654,741)	(594,274)	(60,467)	20

Notes:

1. The difference was mainly due to remeasurement of fair value of promissory notes of approximately HK\$1,872,000 at initial recognition.
2. The difference was mainly due to write-off of amount due from an associate of approximately HK\$5,453,000 and reclassification of exchange gain of approximately HK\$1,000,000 to other (losses)/gain.

3. The difference was mainly due to recognition of exchange loss of approximately HK\$2,331,000 and fair value loss on investment properties of HK\$2,562,000 by reference to the valuation report.
4. The difference was mainly due to underprovision of interest for promissory notes.
5. The difference was due to additional impairment loss.
6. The difference was due to provision for impairment loss was made by reference to the valuation report.
7. The difference was mainly due to adjustment for the net asset value of the subsidiaries disposed.
8. The difference was due to additional impairment loss on trade receivables and amortization of intangible assets of associate were made in the associate.
9. The difference was due to reclassification of foreign currency translation reserve upon disposal of subsidiaries.
10. The difference was mainly due to adjustment for foreign currency translation reserve from the foreign operation in subsidiaries.
11. The difference was mainly due to adjustment for exchange difference resulting from additional impairment loss on associates.
12. The difference was mainly due to over-provision of depreciation.
13. The difference was mainly due to additional right-of-use assets.
14. The difference was mainly due to fair value change by reference to the valuation report.
15. The difference was mainly due to increase in impairment loss on trade receivables.
16. The difference was mainly due to write-off of other receivables of approximately HK\$6,987,000.
17. The difference was mainly due to reclassification of other loan to other borrowings of approximately HK\$18,000,000 and reclassification from obligation under share repurchase arrangement of approximately HK\$8,000,000.
18. The difference was mainly due to reclassification from other payables of approximately HK\$18,000,000.
19. The difference was mainly due to reclassification to obligation under share repurchase arrangement of approximately HK\$8,000,000.
20. The differences were mainly due to
 - (i) prior year adjustment for share premium of approximately HK\$118,742,000, exchange difference of approximately HK\$8,556,000 for the investment in associate, Auhui Fu Lao,
 - (ii) adjustment for share premium of approximately HK\$30,810,000 for investment in associate, USO; and
 - (iii) adjustment for additional loss for the year amounted to approximately HK\$198,166,000.

AUDITOR’S AGREEMENT ON THE 2019 ANNUAL RESULTS

Following the adjustments described in Notes (1) to (20) above, the Company’s external auditor, KTC PARTNERS CPA LIMITED, has agreed on the 2019 Annual Results (including the financial figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto) as set out in the Announcement. The audited annual results of the Group for the year ended 31 December 2019 have been reviewed by the audit committee of the Company and were approved by the Board on 29 May 2020.

PUBLICATION OF ANNUAL REPORT

The Company despatched the annual report for the year ended 31 December 2019 on 5 June 2020.

By order of the Board
Kiu Hung International Holdings Limited
Zhang Qijun
Chairman

Hong Kong, 12 June 2020

As at the date of this announcement, the Board comprises three executive Directors, Mr. Zhang Qijun, Mr. Chen Jian and Mr. Liu Mingqing and five independent non-executive Directors, Mr. Wang Xiao Ning, Mr. Cheng Ho On, Mr. Kong Chun Wing, Mr. Lai Chi Yini Samuel and Ms. Chen Yuxin.