

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::DISCREPANCIES BETWEEN UNAUDITED AND AUDITED ACCOUNTS

Issuer & Securities

Issuer/ Manager

NEW TOYO INTERNATIONAL HOLDINGS LTD

Securities

NEW TOYO INT HLDGS LTD - SG1E32850828 - N08

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Announcement Details

Announcement Title

Financial Statements and Related Announcement

Date & Time of Broadcast

09-Jun-2020 07:03:28

Status

New

Announcement Sub Title

Discrepancies between unaudited and audited accounts

Announcement Reference

SG200609OTHRCJ48

Submitted By (Co./ Ind. Name)

Lee Wei Hsiung

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attachment.

Additional Details

For Financial Period Ended

31/12/2019

Attachments

[NTIH Differences%20between%20unaudited%20and%20audited%20FS.pdf](#)

Total size =100K MB

NEW TOYO INTERNATIONAL HOLDINGS LTD

Company Registration No.: 199601387D

DIFFERENCES BETWEEN UNAUDITED AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board of Directors (the “Board”) of New Toyo International Holdings Ltd (the “Company”, and together with its subsidiaries, the “Group”) refers to the Company’s Financial Statement Announcement for the financial year ended 31 December 2019 (“FY2019”) released via the SGXNet on 28 February 2020 (the “Announcement”).

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Board wishes to highlight that there are certain material differences between the audited financial statements of the Company for FY2019 (“Audited Results”) and the Announcement, following the finalisation of the audit. Details and clarifications of the adjustments are set out as follows:

Consolidated Income Statement

	Audited Results S\$’000	Announcement S\$’000	Difference S\$’000	Note
Revenue	301,102	302,015	(913)	2
Cost of sales	284,074	285,571	1,497	2
Other income	8,038	8,548	(510)	2
Distribution expenses	(6,442)	(6,378)	(64)	4
Administrative expenses	(22,212)	(22,171)	(41)	5
Other expenses	(7,906)	(2,103)	(5,803)	1,2
Share of loss of equity-accounted investees (net of tax)	(411)	(407)	(4)	3
Loss before taxation	(15,823)	(9,985)	(5,838)	
Loss after taxation	(18,077)	(12,239)	(5,838)	
Loss attributable to:				
Owners of the Company	(15,231)	(10,763)	(4,468)	
Non-controlling interests	(2,846)	(1,476)	(1,370)	
Earnings per share				
(a) Based on the average number of ordinary shares	(3.47)	(2.45)	(1.02)	
(b) On a fully diluted basis	(3.47)	(2.45)	(1.02)	

Statement of Financial Position

	Audited Results S\$'000	Announcement S\$'000	Difference S\$'000	Note
Property, plant and equipment	106,615	112,309	(5,694)	1
Joint ventures	11,117	11,122	(5)	3
Inventories	48,238	47,100	1,138	2
Trade and other receivables (current)	67,188	69,656	(2,468)	2,4
Other reserves	(7,497)	(7,531)	34	1
Accumulated profits	19,623	24,091	(4,468)	
Non-controlling interests	43,044	44,414	(1,370)	
Trade and other payables (current)	41,821	43,045	(1,224)	2, 5

Consolidated Statement of Cash Flows

	Audited Results S\$'000	Announcement S\$'000	Difference S\$'000	Note
Impairment loss on property, plant and equipment	5,728	0	5,728	1
Provision for termination benefits	408	324	84	8
Share of loss of equity-accounted investees (net of tax)	411	407	4	3
Operating profit before working capital changes	16,183	16,205	(22)	
Inventories	21,330	22,471	(1,141)	2
Trade and other receivables	(2,790)	(7,974)	(5,184)	2, 4, 6
Trade and other payables	(5,580)	(4,295)	(1,285)	2, 5, 7, 8
Employee benefits	(222)	(183)	(39)	8
Cash flows from operations	30,618	27,921	2,697	
Deposit paid for the acquisition of shares in a company	(2,692)	0	(2,692)	6
Net cash (used in)/from investing activities	(15,288)	(12,596)	(2,692)	
Payment of lease liabilities	(1,810)	(1,805)	(5)	7
Net cash (used in)/from financing activities	(21,226)	(21,221)	(5)	

Notes:

- 1) The Group's Dubai operations are assessed to be separate individual cash generating units ("CGUs"). For these CGUs, due to the existence of impairment indicators, management engaged independent valuers to perform valuation on the property, plant and equipment ("PPE"). The independent valuation ("PPE Valuation") could not be completed at the time of the Announcement in view of the travel restrictions and health advisories arising from the COVID-19 outbreak.

Consequent to the conclusion of the PPE Valuation, the Company made an impairment of S\$5,728,000 and recognised a foreign currency translation reserve of S\$34,000 in its Audited Results.

- 2) During the year, the Group’s Dubai operations, New Toyo Aluminium Gulf Paper Packaging FZE (“NTG”) and Alliance Print Technologies FZE (“APTF”), each entered into an operating and management rights agreement (“Agreement”) with a party (“Party”) for the Party to operate and manage the manufacturing of products for a period of one year commencing from 1 October 2019.

Responsibilities of the Party under the agreement include, amongst others, to administer and supervise all finances of the business, select and employ all necessary staff to service the business, supervise and control the purchase of all materials and supplies, and acquire, lease, dispose of and repair equipment and facilities to provide safe and adequate service to the business, manage all costs and all pricing and maintain the assets of the business in good order.

Under the Agreement, NTG and APTF are entitled to a fixed nominal margin from the sales to the customers and the Party takes the remaining of the sales consideration. The Agreement sets out the arrangement of having costs borne by the Party for the use of the resources supplied by the Group.

Given that the Group is still a principal in its arrangement with the end customers, sales to the customers are recognised on a gross basis. As the Group is the employer to the staff and owner of the assets, the Group is also the principal in the manufacturing activities. The Party is functioning as a manager in the manufacturing process.

In the Audited Results, the following reclassifications were made to better reflect the agreement.

	S\$’000
Consolidated Income Statement	
Revenue	(913)
Cost of sales	1,497
Other income	(510)
Other expenses	(74)
Net impact	0
Statement of Financial Position	
Inventory	1,138
Trade and other receivables	(2,403)
Trade and other payables	1,265
Net impact	0

- 3) Late adjustment by a joint venture, Lum Chang Tien Wah Property Sdn Bhd.
- 4) The difference was mainly due to provision for doubtful debts in a subsidiary of S\$64,000 in China.

- 5) The difference was mainly due to an under-accrual of S\$41,000 in audit fees at Company's level.
- 6) Reclassification of deposit of S\$2,692,000 paid for the acquisition of shares in a company between cashflow used in operating activities and cashflow used in investing activities.
- 7) The payment of lease liabilities should be S\$1,810,000 instead of S\$1,805,000 in the Announcement. The difference of S\$5,000 was represented by a change of working capital in Trade and other payables.
- 8) The provisions for termination benefits and employee benefits were inadvertently misstated in the Announcement and should be S\$408,000 and S\$222,000 respectively. The difference of S\$45,000 was represented by a change of working capital in Trade and other payables.

By Order of the Board
Lee Wei Hsiung
Company Secretary
9 June 2020