CTR Holdings Limited

(Incorporated in the Cayman Islands with members' limited liability)

(Stock Code: 1416)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2020

Reference is made to the announcement of CTR Holdings Limited (the "**Company**") dated 27 May 2020 (the "**Announcement**") in relation to the unaudited annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 29 February 2020 (the "**2020 Annual Results**"). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Announcement.

The Company is pleased to announce that as at the date of this announcement, the Company's external auditors, Ernst & Young, has completed its audit of the 2020 Annual Results. The audited 2020 Annual Results were approved by the Board on 30 June 2020. This announcement, containing the full text of the 2020 annual report of the Company, complies with the relevant requirements of the Listing Rules in relation to information to accompany preliminary announcements of the 2020 Annual Results.

DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

The auditing process for the 2020 Annual Results had not been completed as at 27 May 2020 and 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 2020 Annual Results of the Group contained in the Announcement and the audited 2020 Annual Results of the Group in this announcement. Set forth below are principal details and reasons for the differences in such financial information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 29 February 2020 S$'000 (Audited)	Year ended 29 February 2020 S$'000 (Unaudited)	Difference S$'000	*Note*
Revenue	65,599	65,599	–	
Construction costs	(46,071)	(46,071)	–	
Gross profit	19,528	19,528	–	
Other income	1,392	1,392	–	
Administrative expenses	(11,253)	(11,241)	(12)	a
(Loss allowance provision)/write-back of loss allowance provision on financial assets and contract assets	(225)	(225)	–	
Profit before tax	9,442	9,454	(12)	
Income tax expense	(2,057)	(2,057)	–	
Profit for the year	7,385	7,397	(12)	
Profit for the year	7,385	7,397	(12)	
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	366	366	–	
Other comprehensive income for the year, net of tax	366	366	–	
Total comprehensive income for the year	7,751	7,763	(12)	
Earnings per share attributable to owners of the Company				
– Basic and diluted *(SGD cents)*	0.67	0.68	(0.01)	

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 29 February 2020 *S$'000* (Audited)	As at 29 February 2020 *S$'000* (Unaudited)	Difference *S$'000*	*Note*
Non-current assets				
Property, plant and equipment	2,804	2,804	–	
Investment properties	4,646	4,646	–	
Contract assets	7,213	7,225	(12)	
Total non-current assets	14,663	14,675	(12)	
Current assets				
Contract assets	7,109	7,109	–	
Trade receivables	5,564	5,564	–	
Other receivables and deposits	1,069	1,069	–	
Prepayments	455	455	–	
Amount due from related parties	147	147	–	
Fixed deposits pledged to a bank	–	–	–	
Cash and cash equivalents	30,088	30,088	–	
Total current assets	44,432	44,432	–	
Total assets	59,095	59,107	(12)	
Current liabilities				
Contract liabilities	1,372	1,372	–	
Trade payables	4,731	4,731	–	
Other payables and accruals	2,382	2,382	–	
Amount due to related parties	2	2	–	
Income tax payable	3,386	3,386	–	
Total current liabilities	11,873	11,873	–	
Net current assets	32,559	32,559	–	
Non-current liabilities				
Deferred tax liabilities	61	61	–	
Total non-current liabilities	61	61	–	
Total liabilities	11,934	11,934	–	
Net assets	47,161	47,173	(12)	

	As at 29 February 2020 *S$'000* (Audited)	As at 29 February 2020 *S$'000* (Unaudited)	Difference *S$'000*	*Note*
Equity				
Equity attributable to owners of the Parent				
Share capital	190	190	–	
Reserves	46,971	46,983	(12)	
Total equity	47,161	47,173	(12)	
Total equity and liability	59,095	59,107	(12)	

Note:

(a) The difference was mainly due to the understatement of the impairment losses recognised on contract asset as a result of impairment reassessment during the year.

The audited 2020 Annual Results have been reviewed by the audit committee of the Company and were approved by the Board on 30 June 2020.

AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2020

The Board of the Company is pleased to announce the audited results of the Group for the year ended 29 February 2020 together with comparative figures for the corresponding period in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 29 February 2020

	Notes	**Year ended 29 February 2020** **S$'000**	Year ended 28 February 2019 S$'000
Revenue	4	**65,599**	64,353
Construction costs		**(46,071)**	(47,728)
Gross profit		**19,528**	16,625
Other income	5	**1,392**	1,596
Administrative expenses		**(11,253)**	(9,752)
(Loss allowance provision)/write-back of loss allowance provision on financial assets and contract assets	6	**(225)**	25
Profit before tax	6	**9,442**	8,494
Income tax expense	7	**(2,057)**	(1,983)
Profit for the year		**7,385**	6,511
Other comprehensive income:			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**366**	–
Other comprehensive income for the year, net of tax		**366**	–
Total comprehensive income for the year		**7,751**	6,511

	Notes	**Year ended 29 February 2020** *S$'000*	Year ended 28 February 2019 *S$'000*
Profit attributable to:			
Owners of the parent		**7,385**	6,511
Total comprehensive income attributable to:			
Owners of the parent		**7,751**	6,511
Earnings per share attributable to ordinary equity holders of the parent			
– Basic and diluted *(SGD cents)*	8	**0.67**	0.62

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

29 February 2020

	Notes	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Non-current assets			
Property, plant and equipment		**2,804**	2,176
Investment properties		**4,646**	5,449
Contract assets	9	**7,213**	7,121
Total non-current assets		**14,663**	14,746
Current assets			
Contract assets	9	**7,109**	2,690
Trade receivables	10	**5,564**	4,240
Other receivables and deposits		**1,069**	418
Prepayments		**455**	874
Amount due from related parties		**147**	67
Fixed deposits pledged to a bank	11	**–**	956
Cash and cash equivalents	11	**30,088**	9,319
Total current assets		**44,432**	18,564
Total assets		**59,095**	33,310
Current liabilities			
Contract liabilities	9	**1,372**	1,724
Trade payables	12	**4,731**	5,693
Other payables and accruals		**2,382**	2,298
Amount due to related parties		**2**	–*
Income tax payable		**3,386**	1,963
Total current liabilities		**11,873**	11,678
Net current assets		**32,559**	6,886
Total Assets Less Current Liabilities		**47,222**	21,632

	As at 29 February 2020 *S$'000*	As at 28 February 2019 *S$'000*
Non-current liability		
Deferred tax liabilities	**61**	84
Total non-current liability	**61**	84
Total liabilities	**11,934**	11,762
Net assets	**47,161**	21,548
Equity attributable to owners of the Parent		
Share capital	**190**	67
Reserves	**46,971**	21,481
Total equity	**47,161**	21,548
Total equity and liabilities	**59,095**	33,310

* *Less than S$1,000*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 29 February 2020

	Share capital	Share premium*	Foreign currency translation reserve*	Merger reserve*	Retained profits*	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
At 1 March 2018	–	–	–	1,100	13,870	14,970
Profit for the year, representing total comprehensive income for the year	–	–	–	–	6,511	6,511
Issuance of shares	67	–	–	–	–	67
At 28 February 2019 and 1 March 2019	67	–	–	1,100	20,381	21,548
Profit for the year	–	–	–	–	7,385	7,385
Other comprehensive income for the year:						
Foreign currency translation	–	–	366	–	–	366
Total comprehensive income for the year	–	–	366	–	7,385	7,751
Issuance of shares	75	–	–	–	–	75
Issuance of new shares in connection with initial public offering	48	22,040	–	–	–	22,088
Share issue expenses	–	(4,301)	–	–	–	(4,301)
At 29 February 2020	190	17,739*	366*	1,100*	27,766*	47,161

* These reserve accounts comprise the consolidated reserves of S$46,971,000 (28 February 2019: S$21,481,000) in the consolidated statements of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 February 2020

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 24 October 2018. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries were engaged in the provision of structural engineering works and wet architectural works.

The shares of the Company were listed (the "**Listing**") on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 January 2020.

Brave Ocean Limited ("**Brave Ocean**"), a company incorporated in the British Virgin Islands (the "**BVI**"), is the immediate holding company of the Company, and in the opinion of the Directors, which is also the ultimate holding company of the Company.

The Company has direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Held by the Company					
Pinnacle Shine Ltd	British Virgin Island 20 August 2018	US$10	100	–	Investment holding
Held through a subsidiary					
Chian Teck Realty Pte Ltd	Singapore 30 March 2009	S$1,000,000	–	100	Provision of structural engineering works and wet architectural works
Chian Teck Development Pte Ltd	Singapore 22 March 2006	S$100,000	–	100	Provision of structural engineering works and wet architectural works
Promontory Company Limited *(a)*	Hong Kong 25 February 2020	HK$10,000	–	100	Dormant
Hong Kong Integrated Sport Therapy Centre Limited *(a)*	Hong Kong 30 March 2014	HK$1,000	–	100	Dormant

(a) New subsidiaries in the year.

2.1 BASIS OF PRESENTATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention. These financial statements are presented in Singapore dollars ("**SGD**" or "**S$**") and all values are rounded to the nearest thousand ("**S$'000**") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 29 February 2020. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has early adopted IFRS 16 "Leases" in previous years as disclosed in the Prospectus in connection with the listing.

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015–2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*

The adoption of the above new and revised standards has no significant financial effect on these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Definition of a Business*[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-Current*[3]

[1] Effective for annual periods beginning on or after 1 January 2020
[2] Effective for annual periods beginning on or after 1 January 2021
[3] Effective for annual periods beginning on or after 1 January 2022
[4] No mandatory effective date yet determined but available for adoption

Further information about the IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

The Group expects to adopt the amendments prospectively from 1 March 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 March 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 March 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group focuses primarily on the provision of structural engineering works and wet architectural works during the Relevant Periods. Information reported to the Group's Executive director, For the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue is set out below:

	Year ended 29 February 2020 *S$'000*	Year ended 28 February 2019 *S$'000*
Customer A	**7,142**	1,775*
Customer Group B	**29,736**	3,312*
Customer Group I	**999***	13,835
Customer K	**4,499***	25,220
Customer L	**2,599***	6,694
Customer N	**16,821**	4,248*

* Less than 10% of the Group's revenue

Geographical information

During the year ended 29 February 2020, 100% of the Group's total revenue was generated in Singapore (28 February 2019: 100%).

4. REVENUE

(a) An analysis of revenue from contract with customers is as follows:

	Year ended 29 February 2020 *S$'000*	Year ended 28 February 2019 *S$'000*
Structural engineering works	**59,232**	54,887
Wet architectural works	**6,367**	9,466
Total revenue from contracts with customers	**65,599**	64,353
Timing of transfer of goods or services		
Over time	**65,599**	64,353

5. OTHER INCOME

	Year ended 29 February 2020	Year ended 28 February 2019
	S$'000	*S$'000*
Gain on foreign exchange, net	**18**	–
Government grants*	**75**	56
Rendering of services	**1,077**	1,202
Rental income	**97**	160
Interest income	**52**	101
Others	**73**	77
	1,392	1,596

* Government grants relates to Productivity and Innovation Credit Scheme, Wage Credit Scheme and Special Employment Credit Scheme. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	Year ended 29 February 2020	Year ended 28 February 2019
	S$'000	*S$'000*
Construction costs *(a) (b)*	**46,071**	47,728
Bad debts written off	**–**	4
Depreciation of property, plant and equipment	**412**	337
Depreciation of investment properties	**132**	142
Impairment loss on investment properties	**218**	–
Loss on disposal of property, plant and equipment	**49**	8
(Gain)/loss on foreign exchange, net	**(18)**	19
Loss allowance provision:		
– Contract assets	**159**	–
– Trade receivables	**59**	–
– Other receivables	**7**	2
Write-back of loss allowance provision:		
– Contract assets	**–**	(13)
– Trade receivables	**–**	(14)
Listing expenses	**1,875**	2,122
Employee benefit expense (including directors' remuneration)		
– Salaries and bonuses	**6,007**	5,166
– Central Provident Fund contributions	**401**	281

(a) Construction costs includes S$9,875,000 of wages for the year ended 29 February 2020 (the year ended 28 February 2019: S$9,029,000).

(b) Construction costs includes S$1,839,000 of rental expenses of short-term leases for the year ended 29 February 2020 (the year ended 28 February 2019: S$1,522,000).

7. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands. Singapore profits tax has been provided at the rate of 17% (the year ended 28 February 2019: 17%) on the estimated assessable profits arising in Singapore during the year.

	Year ended 29 February 2020 *S$'000*	Year ended 28 February 2019 *S$'000*
Current – Singapore		
Charge for the year	**2,012**	1,802
Under provision in prior years	**68**	181
Deferred – Singapore		
Origination and reversal of temporary differences	**(23)**	–
Total tax charge for the year	**2,057**	1,983

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries (Or jurisdictions) in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 29 February 2020 *S$'000*	Year ended 28 February 2019 *S$'000*
Profit before tax	**9,442**	8,494
Tax at domestic rates applicable to profits in the countries where the Group operates	**1,690**	1,444
Adjustments:		
Non-deductible expenses	**335**	398
Income not subject to taxation	**–**	(3)
Effect of tax exemption*	**(36)**	(37)
Under provision of income tax in respect of prior years	**68**	181
	2,057	1,983

* Include corporate income tax rebate, tax exemption and tax deductions/allowances under the Productivity and Innovation Credit Scheme.

Tax exemption for the Year of Assessment of 2020 and 2021 is computed based on 75% of the chargeable income cap at S$10,000 and the next 50% of the chargeable income cap at S$190,000.

8. EARNINGS PER SHARE

Basic earnings per share is calculated as profit for the year attributable to owners of the Company divided by the weighted average number of ordinary shares issued during the year. The data used for the calculation is as follows:

	Year ended 29 February 2020	Year ended 28 February 2019
Profit for the year, attributable to owners of the Company used in the computation of basic and diluted earnings per share *(S$'000)*	**7,385**	6,511
Number of shares *('000)*		
Weighted average number of ordinary shares for basic earnings per share computation	**1,094,110**	1,050,000

Basic earnings per share for the year ended 29 February 2020 is 0.67 cents (2019: 0.62 cents). As at 29 February 2020, the Company had 1,400,000,000 ordinary shares in issue. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 15 January 2020 by way of placing of 350,000,000 new shares and capitalisation of 1,050,000,000 shares resulting in 1,400,000,000 ordinary shares in issue. The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been retrospectively adjusted, assuming the reorganization had been effective on 1 March 2018.

No adjustment has been made to basic earnings per share as the Group had no potentially dilutive ordinary shares in issue during the years ended 29 February 2020 and 28 February 2019.

9. CONTRACT ASSETS/LIABILITIES

	As at 29 February 2020 ***S$'000***	As at 28 February 2019 *S$'000*
Cost incurred and attributable profits	**90,318**	83,155
Less: Progress billings	**(84,633)**	(82,466)
Add: Retention receivables	**7,485**	7,459
	13,170	8,148
Less: Loss allowance provision	**(220)**	(61)
	12,950	8,087
Represented by:		
Contract assets		
– Non-current	**7,213**	7,121
– Current	**7,109**	2,690
	14,322	9,811
Contract liabilities	**(1,372)**	(1,724)
	12,950	8,087

The Group receives payments from customers based on invoices issued for work performed that were certified by the main contractor.

The revenue recognised related to the carried-forward contract liabilities are as follows:

	As at 29 February 2020	As at 28 February 2019
	S$'000	*S$'000*
Revenue recognised in the year from the amounts included in the contract liabilities at the beginning of the year	**352**	1,937

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9 which permits the use of the lifetime expected loss providing for contract assets.

The movements in loss allowance provision of contract assets are as follows:

	As at 29 February 2020	As at 28 February 2019
	S$'000	*S$'000*
At the beginning of the year	**61**	74
Loss allowance provision	**159**	–
Write-back of loss allowance provision	**–**	(13)
At the end of the year	**220**	61

The loss allowance provision for contract assets as at 2020 and 2019 are determined as follows:

	As at 29 February 2020	As at 28 February 2019
	S$'000	*S$'000*
Contract assets	**14,542**	9,872
Expected credit loss rate	**1.51%**	0.62%
Loss allowance provision	**220**	61

10. TRADE RECEIVABLES

	As at 29 February 2020	As at 28 February 2019
	S$'000	*S$'000*
Trade receivables	**5,649**	4,266
Loss allowance provision	**(85)**	(26)
	5,564	4,240

The Group's trading terms with its customers are on credit. The credit period is generally 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date is as follows:

	As at 29 February 2020 *S$'000*	As at 28 February 2019 *S$'000*
Within 1 month	**4,783**	3,905
1 to 2 months	**766**	335
Over 2 months	**15**	–
	5,564	4,240

The movements in loss allowance provision of trade receivables are as follows:

	As at 29 February 2020 *S$'000*	As at 28 February 2019 *S$'000*
At the beginning of the year	**26**	40
Loss allowance provision	**59**	–
Write-back of loss allowance provision	**–**	(14)
At the end of the year	**85**	26

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9 which permits the use of the lifetime expected loss providing for all trade receivables.

The loss allowance provision as at 28 February 2019 and 29 February 2020 are determined as follows:

	As at 29 February 2020 *S$'000*	As at 28 February 2019 *S$'000*
Trade receivables	**5,649**	4,266
Expected credit loss rate	**1.51%**	0.62%
Loss allowance provision	**85**	26

11. FIXED DEPOSITS PLEDGED TO A BANK AND CASH AND CASH EQUIVALENTS

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Cash and bank balances	**30,088**	9,319
Fixed deposits pledged to a bank	**–**	956
	30,088	10,275
Less: Pledged Fixed deposits to a bank	**–**	(956)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**30,088**	9,319

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits earn interest rates of 0.55% per annum during the year (the year ended 28 February 2019: 0.55%). The bank balances and fixed deposits are deposited with creditworthy banks with no recent history of default.

At 29 February 2020, no fixed deposits was pledged to a bank as security for a construction project (28 February 2019: S$956,000).

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date is as follows:

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Trade payables:		
Within 1 month	**2,800**	3,301
1 to 2 months	**568**	1,234
2 to 3 months	**256**	1,096
Over 3 months	**1,107**	62
	4,731	5,693

The trade payables are non-interest bearing and are normally settled on 30 to 60 day terms.

13. EVENTS AFTER THE REPORTING PERIOD

With widespread concerns about the ongoing COVID-19 pandemic outbreak, the global economy is expected to be adversely impacted subsequent to the year ended 29 February 2020. This may affect the financial performance of the Group as well as on the recoverable amount of the assets after the reporting period. As the COVID-19 situation is still evolving, there is a significant degree of uncertainty over the length and severity of the outbreak. Therefore, the estimate of the financial impact cannot be reasonably determined at this juncture.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is a Singapore-based contractor specialising in structural engineering works and wet architectural works. Structural engineering works are comprising (i) reinforced concrete works which include steel reinforcement works, formwork erection and concrete works; and (ii) precast installation works. Wet architectural works are comprising (i) masonry building works; (ii) plastering and screeding works; (iii) tiling works; and (iv) waterproofing works.

The Group participates various building and infrastructure projects in both public and private sector in Singapore. Public sector projects include the building of hospitals and MRT stations which are initiated by the Singapore Government departments, statutory bodies or Government-controlled entities. Private sector projects include the building of residential estates, office buildings and data centres which are driven by property developers.

As at 29 February 2020, the Group had a total of 12 (28 February 2019: 16) projects on hand (including projects in progress and projects which are yet to commence) including 11 (28 February 2019: 13) structural engineering projects and 1 (28 February 2019: 3) wet architectural projects. The aggregated contract sum of the above projects is approximately S$194.0 million, of which approximately S$87.7 million has been recognised as revenue up to 29 February 2020. The remaining balance will be recognised as Group's revenue in accordance with the respective stage of completion.

Prospects

Since the outbreak of the novel coronavirus (the "**COVID-19**"), the Singapore government has taken emergency public health and safe distancing measures to reduce the risk of further local transmission of COVID-19. The measures include the closure of workplace premises. According to the estimates by Ministry of Trade and Industry, the construction sector shrank by 4.3% on a year-on-year basis in the first quarter of 2020, a reversal from the 4.3% growth in the previous quarter.

The construction projects are being suspended temporarily from 7 April 2020 to 1 June 2020 (the "**Circuit Breaker Period**"). It leads to slowdown the progress of projects during the Circuit Breaker Period while the Group is still responsible for relevant costs in order to maintain and upkeep the staffs and foreign workers. Under the COVID-19 (Temporary Measures) Act 2020 and the COVID19 (Temporary Measures) (Control Order) Regulations 2020, all construction projects which have been suspended during the Circuit Breaker Period shall remain so even after 1 June 2020, until such time when the Building and Construction Authority's approval on behalf of the Ministry of Trade and Industry is obtained for the relevant works to be restarted. Overall, construction activities in Singapore are slowly resuming. As at the date of this announcement, our construction projects remain suspended. The Directors expect that two of the Group's projects to gradually resume work in July 2020. The Board has been closely monitoring the market conditions and reviewing the Group's operation.

Facing the impact of COVID-19, the Group will continue to expand its local market share through undertaking more sizeable projects and implement the future plans as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 December 2019 (the "**Prospectus**"). The Group will use its best endeavor to bid for new projects by adopting a more competitive pricing strategy, strengthening its financial position by financing the upfront costs of its projects and its workforce. With an aim to generate strong revenue stream, the Group targets to tender for five sizeable projects starting from late 2020 and expect that the projects will last for three to ten years. With its established reputation and proven track record in the construction industry in Singapore, the Directors believe that the Group is well-positioned to undertake more sizeable projects in Singapore to cater for the emerging business opportunities.

FINANCIAL REVIEW

Revenue

The following table sets out the breakdown of the Group's revenue derived from (i) the provision of structural engineering works and (ii) the provision of wet architectural works for each year indicated:

	FY2019/2020	FY2018/2019
	S$'000	*S$'000*
	(Audited)	(Audited)
Structural engineering works	**59,232**	54,887
Wet architectural works	**6,367**	9,466
	65,599	64,353

The revenue of the Group increased by approximately S$1.2 million or 1.9% from approximately S$64.4 million for the year ended 28 February 2019 ("**FY2018/2019**") to approximately S$65.6 million for the year ended 29 February 2020 ("**FY2019/2020**"). Such increase was mainly due to the net effect of (i) the increase in revenue of structural engineering works of approximately S$4.3 million mainly attributable to certain new projects undertook by the Group as main contractor in FY2019/2020 which contributed approximately S$4.0 million of revenue; and partly offset by (ii) the decrease in revenue of wet architectural works of approximately S$3.1 million for the FY2019/2020 mainly due to delay in certain wet architectural works projects.

Construction Costs

The Group's construction costs decreased by approximately S$1.6 million or 3.5% from approximately S$47.7 million for FY2018/2019 to approximately S$46.1 million for FY2019/2020. Such decrease was mainly due to the net effect of (i) the decrease in direct material costs of approximately S$3.1 million or 25.4% due to a project that involved a significant amount of direct material costs, also being one of the major projects in FY2018/2019, has been substantially completed in FY2018/2019; and (ii) the increase in construction costs other than direct material costs that is generally in-line with the increase of revenue.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately S$2.9 million or 17.5% from approximately S$16.6 million for FY2018/2019 to approximately S$19.5 million for FY2019/2020. The Group's gross profit margin also increased from approximately 25.8% for FY2018/2019 to approximately 29.8% for FY2019/2020. The increase in gross profit and gross profit margin were both primarily due to the increase of revenue and the decrease of construction costs as discussed above.

Other Income

The Group's other income decreased by approximately S$0.2 million from approximately S$1.6 million for FY2018/2019 to approximately S$1.4 million for FY2019/2020, mainly attributable to the combined effect of (i) the decrease in rendering services due to lesser demand on labour supply from other construction companies; and (ii) the decrease of rental income mainly due to one investment property was transferred to own use.

Administrative Expenses

The Group's administrative expenses increased by approximately S$1.5 million or 15.4% from approximately S$9.8 million for FY2018/2019 to approximately S$11.3 million for FY2019/2020, mainly due to the combined effect of (i) the increase in staff costs of approximately S$1.0 million as a result of increase in number of employees and annual salary adjustment; and (ii) the impairment loss on investment properties of approximately S$0.2 million for FY2019/2020.

Income Tax Expense

The Group's income tax expense increased by approximately S$0.1 million from approximately S$2.0 million for FY2018/2019 to approximately S$2.1 million for FY2019/2020, which was generally due to the increase in taxable profit for this year.

Profit for the Year

As a result, the profit for FY2019/2020 was approximately S$7.4 million as compared to approximately S$6.5 million for FY2018/2019, represented an increase of approximately S$0.9 million or 13.4%. If the non-recurring listing expenses of approximately S$2.1 million and S$1.9 million for FY2018/2019 and FY2019/2020 respectively and the non-recurring impairment loss on investment properties of approximately S$0.2 million for FY2019/2020 were excluded, the adjusted profits for FY2018/2019 and FY2019/2020 of the Group would have been approximately S$8.6 million and S$9.5 million respectively, represented the increase of profit of approximately S$0.9 million or 9.8%. The increase of the adjusted profit for the year was mainly due to the increase in gross profit as discussed above.

Capital Structure, Liquidity and Financial Resources

The shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 January 2020 (the "**Listing Date**") and there has been no change in capital structure of the Group since then. The capital of the Group comprises of issued ordinary share capital and capital reserves. The Group does not have any bank borrowings, debt securities or indebtedness as at 29 February 2020.

The Group's sources of funding comprise of its cash and cash equivalents, cash flows generated from operations, and net proceeds from the share offer. As at 29 February 2020, the Group's cash and cash equivalents recorded an increase by 222.9% from approximately S$9.3 million as at 28 February 2019 to approximately S$30.1 million, which was mainly due to the proceeds received from the Listing.

The cash and cash equivalents of the Group, mainly denominated in SGD and HKD, are generally deposited with authorised financial institutions. As at 29 February 2020, 41.8% (28 February 2019: 93.0%) of the Group's cash and cash equivalents was denominated in Singapore dollar and 58.2% (28 February 2019: 7.0%) was denominated in Hong Kong dollar.

As at 29 February 2020, the Group had banking facilities with credit limit amounting to approximately S$5.0 million (28 February 2019: S$5.0 million), of which approximately S$5.0 million (28 February 2019: S$5.0 million) was unutilised.

Gearing Ratio

Gearing ratio is calculated as net debt (i.e. total borrowings, including amount due to related parties, net off cash and cash equivalents) divided by the capital plus net debt as at the end of respective year.

As at 29 February 2020, the gearing ratio of the Group was negative, which was mainly due to the significant amount of Group's cash and cash equivalents from the Listing proceeds (28 February 2019: negative).

Treasury Policy

The Group has continued to implement a prudent financial management policy and maintained healthy liquidity and capital ratios in order to support its business and maximise shareholders' value during the year. The Group strives to reduce credit risk by conducting ongoing credit assessments and trading with recognised and creditworthy customers. To maintain a balance between continuity of funding and flexibility through the use of funds generated from operations, the management of the Group closely monitors the overall business performance and liquidity position. Taking into account the cash at banks, net proceeds of the share offer that are not immediately used for intended purpose and credit facilities available, the Directors considered that the Group has sufficient working capital for its present operation and meet its funding requirements all the time.

Use of Proceeds

The net proceeds from the share offer were approximately HK$82.0 million (equivalent to approximately S$14.3 million). Details of the proposed applications of such net proceeds are as disclosed in "Future Plans and Use of Proceeds" of the Prospectus. The below table sets out the proposed applications and actual usage of the net proceeds from the date of the Listing Date to 29 February 2020:

	Planned use of proceeds *HK$'000*	Actual use of proceeds from Listing Date to 29 February 2020 *HK$'000*	Unutilised balance as at 29 February 2020 *HK$'000*
Payment of upfront costs for projects	61,040	11,337	49,703
Strengthen the workforce	21,003	113	20,890
	82,043	11,450	70,593

As at 29 February 2020, all use of net proceeds were in accordance with the intentions previously disclosed in the Prospectus. The remaining unutilised net proceeds as at 29 February 2020 is placed on short-term interest-bearing deposits or treasury products with authorised financial institutions and are expected to be used in the manner consistent with the proposed allocations as set out in the Prospectus.

Foreign Exchange Exposure

The headquarters and principal place of business of the Group is in Singapore with its revenue and costs of sales mainly denominated in Singapore dollars, which is the functional currency of most the Group's operating companies. As such, the Group had not committed to any financial instrument for hedging its foreign currency risk exposure during the year.

However, as the shares of the Company have been listed on the Stock Exchange on 15 January 2020, the Group retains most of the listing proceeds from denominated in Hong Kong dollars amounting to approximately HK$82.0 million that are exposed to fluctuations in foreign exchange rate risks. The Group will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Pledge of Assets

As at 29 February 2020, the Group pledged its two properties with an aggregate carrying amount of approximately S$0.8 million (28 February 2019: S$0.8 million) to the banks to secure the banking facilities granted to the Group.

As at 29 February 2020, no fixed deposits (28 February 2019: S$1.0 million) was pledged to a bank as security for a construction project in respect of performance bond. Performance bond is made in favour of a particular customer for the due performance and observance of all the terms and conditions of the contract, which is usually upon or after completion of the project.

Contingent Liabilities

As at 28 February 2019, the Group had approximately S$1.0 million of contingent liabilities in respect of performance bonds of construction contracts in its ordinary course of business.

As at 29 February 2020, the Group had no contingent liabilities.

Capital Commitments

The Group had no capital commitments as at 29 February 2020 (28 February 2019: nil).

The Group leases dormitories under operating lease arrangements. The leases are negotiated for one year term.

Capital Expenditures

For FY2019/2020, the Group's capital expenditure in respect of the acquisition of properties, plant and equipment amounting to approximately S$0.7 million (FY2018/2019: S$0.3 million).

Significant Investment Held, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Apart from the reorganisation in relation to the Listing (as set out under the section headed "History, Development and Reorganisation" of the Prospectus), there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the year ended 29 February 2020.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus, the Group did not have any future plans relating to material investment or capital assets as at 29 February 2020.

Employees and Remuneration Policy

As at 29 February 2020, the Group had a total of 559 (28 February 2019: 477) employees in Singapore, of which comprising 12.7% was Singapore citizens and 87.3% was foreigners. With a view to mitigating the impact of shortage of foreign workers arising from changes in relevant laws, rules and regulations in Singapore and/or other countries where the foreign workers originated, the management has adopted a policy of employing foreign workers from more than one country, including the PRC, Bangladesh, India, Myanmar and the Philippines during the year.

Total staff costs, including Directors' emoluments, salaries, wages and contributions, for FY2019/2020 amounted to approximately S$16.3 million (FY2018/2019: S$14.5 million). The Group reviews the performance of its employees on a periodical basis and make salary adjustment if necessary. In addition, the Group is required to make monthly Central Provident Fund contributions in respect of its employees who are either citizens or permanent residents of Singapore. Moreover, the employees receives training depending on the department they worked for and the scope of work they dealt with from time to time.

The emoluments of the Directors have been reviewed by the Remuneration Committee of the Company, having regard to the performance of Directors and market standards, and approved by the shareholders. The Company has adopted a share option scheme as an incentive to Directors and eligible employees of the Group.

Events after the Reporting Period

Since the outbreak of novel coronavirus, the prevention and control of the novel coronavirus has been going on throughout the country. The novel coronavirus has brought additional uncertainties for the Group.

The Group expects that the novel coronavirus may pose an impact that might not be reasonably estimated at this stage. The Board will continue to assess the impact of the novel coronavirus on the Group's operations and financial performance and closely monitor the Group's exposures to the risks and uncertainties in connection with the novel coronavirus. The Group will take appropriate measures as necessary. Up to the date of this announcement, the assessment is still in progress.

Dividend

The Directors do not recommend the payment of a final dividend for FY2019/2020 (FY2018/2019: nil).

CORPORATE GOVERNANCE

The Company complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 (the "**CG Code**") of Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") since the Listing Date to the date of this announcement except for the following deviation:

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Xu Xuping is the chief executive officer (the "**CEO**") and the chairman (the "**Chairman**") of the Board. In view of Mr. Xu Xuping has been operating and managing the Group since January 2007, the Board believes that the vesting of the roles of the Chairman and the CEO in Mr. Xu Xuping is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. Accordingly, the Company has not segregated the roles of the CEO and the Chairman.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the Listing Date.

REVIEW OF RESULTS ANNOUNCEMENTS BY INDEPENDENT AUDITORS

The figures in this announcement of the results of the Group for the year ended 29 February 2020 have been agreed to the amounts set out in the Group's consolidated financial statements by the Group's auditors, Ernst & Young ("**EY**"). The work performed by EY 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 EY on this results announcement.

AUDIT COMMITTEE

The audit committee (the "**Audit Committee**") of the Company has reviewed the Group's audited financial results for the year ended 29 February 2020 and discussed with the management and the auditor of the Company on the accounting principles and policies adopted by the Group with no disagreement by the Audit Committee.

By Order of the Board
CTR Holdings Limited
Xu Xuping
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 30 June 2020

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Xu Xuping and Mr. Xu Tiancheng; and three independent non-executive Directors, namely Mr. Kung Wai Chiu Marco, Mr. Tang Chi Wang and Ms. Wang Yao.