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CTR Holdings Limited

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

(Stock Code: 1416)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 AUGUST 2020

The board (the “**Board**”) of directors (the “**Directors**”) of CTR Holdings Limited (the “**Company**”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 31 August 2020 together with comparative figures for the corresponding period in 2019 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 31 August	
	<i>Notes</i>	2020	2019
		S\$'000	S\$'000
		(Unaudited)	(Unaudited)
Revenue	4	6,300	27,063
Construction costs		<u>(6,221)</u>	<u>(19,454)</u>
Gross profit		79	7,609
Other income	5	2,040	764
Administrative expenses		<u>(6,482)</u>	<u>(4,616)</u>
(Loss)/profit before tax	6	(4,363)	3,757
Income tax expense	8	<u>(12)</u>	<u>(746)</u>
(Loss)/profit for the period		<u><u>(4,375)</u></u>	<u><u>3,011</u></u>

		For the six months ended 31 August	
		2020	2019
	<i>Notes</i>	S\$'000	<i>S\$'000</i>
		(Unaudited)	(Unaudited)
Other comprehensive income:			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(317)</u>	<u>1</u>
Other comprehensive income for the period, net of tax		<u>(317)</u>	<u>1</u>
Total comprehensive income for the period		<u><u>(4,692)</u></u>	<u><u>3,012</u></u>
Total comprehensive income attributable to:			
Owners of the parent		<u><u>(4,692)</u></u>	<u><u>3,012</u></u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted (<i>SGD cents</i>)	9	<u><u>(0.3)</u></u>	<u><u>0.3</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 August 2020 <i>S\$'000</i> (Unaudited)	As at 29 February 2020 <i>S\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	10	2,676	2,804
Investment properties	11	4,583	4,646
Contract assets	12	7,237	7,213
		14,496	14,663
Total non-current assets			
Current assets			
Contract assets	12	1,911	7,109
Trade receivables	13	1,065	5,564
Other receivables and deposits	14	2,603	1,069
Prepayments		2,023	455
Amount due from related parties	15	144	147
Cash and cash equivalents	16	27,628	30,088
		35,374	44,432
Total current assets			
Total assets		49,870	59,095
Current liabilities			
Contract liabilities	12	1,164	1,372
Trade payables	17	1,749	4,731
Other payables and accruals	18	1,533	2,382
Amount due to related parties	15	–	2
Income tax payable		2,894	3,386
		7,340	11,873
Total current liabilities			
Net current assets		28,034	32,586
Total Assets Less Current Liabilities		42,530	47,222

		As at 31 August 2020 S\$'000 (Unaudited)	As at 29 February 2020 S\$'000 (audited)
Non-current liability			
Deferred tax liabilities	19	<u>61</u>	<u>61</u>
Total non-current liability		<u>61</u>	<u>61</u>
Total liabilities		<u>7,401</u>	<u>11,934</u>
Net assets		<u>42,469</u>	<u>47,161</u>
Equity attributable to owners of the Parent			
Share capital	20	<u>190</u>	<u>190</u>
Reserves	21	<u>42,279</u>	<u>46,971</u>
Total equity		<u>42,469</u>	<u>47,161</u>
Total equity and liabilities		<u>49,870</u>	<u>59,095</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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	Hong Kong 25 February 2020	HK\$10,000	–	100	Distribution of foaming element products
Hong Kong Integrated Sport Therapy Centre Limited	Hong Kong 30 March 2014	HK\$1,000	–	100	Dormant

2.1 BASIS OF PRESENTATION

The interim condensed consolidated financial information for the six months ended 31 August 2020 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and International Accounting Standards (“IAS”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the “IASB”). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 29 February 2020.

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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 29 February 2020, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The directors do not anticipate that the application of the revised IFRSs above will have a material effect on the Group’s interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group focuses primarily on the provision of structural engineering works and wet architectural works. 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:

	For the six months ended 31 August	
	2020 S\$’000 (Unaudited)	2019 S\$’000 (Unaudited)
Customer A	639	1,869*
Customer Group B	3,629	6,413
Customer K	–	4,399
Customer N	1,328	9,940

* Less than 10% of the Group’s revenue

Geographical information

During the six months ended 31 August 2020, 100% of the Group's total revenue was generated in Singapore (for the six months ended 31 August 2019: 100%).

4. REVENUE

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

	For the six months ended 31 August	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Type of goods or services		
Structural engineering works	6,182	24,796
Wet architectural works	118	2,267
	<hr/>	<hr/>
Total revenue from contracts with customers	6,300	27,063
	<hr/> <hr/>	<hr/> <hr/>
Timing of transfer of goods or services		
Over time	6,300	27,063
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(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	For the six months ended 31 August	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Amounts expected to be recognised as revenue:		
Within one year	48,784	67,362
After one year	19,956	46,436
	<hr/>	<hr/>
	68,740	113,798
	<hr/> <hr/>	<hr/> <hr/>

5. OTHER INCOME

	For the six months ended 31 August	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Gain on foreign exchange, net	172	22
Government grants*	1,422	62
Rendering of services	320	564
Rental income	58	56
Interest income	20	20
Others	48	40
	2,040	764

* Government grants relates to Foreign Worker Levy Rebate, Jobs Support Scheme, 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. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 31 August	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Construction costs (a) (b)	6,221	19,454
Bad debts written off	1	–
Depreciation of property, plant and equipment	218	197
Depreciation of investment properties	63	66
Loss on disposal of property, plant and equipment	–	48
Gain on foreign exchange, net	(172)	(22)
Listing expenses	–	741
Employee benefit expense (including directors' remuneration)		
– Salaries and bonuses	2,252	2,335
– Central Provident Fund contributions	156	166
	2,252	2,335

(a) Construction costs includes S\$1,424,000 of wages for the six months ended 31 August 2020 (for the six months ended 31 August 2019: S\$4,731,000).

(b) Construction costs includes S\$1,087,000 of rental expenses of short-term leases for the six months ended 31 August 2020 (for the six months ended 31 August 2019: S\$800,000).

7. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	For the six months ended 31 August	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Salaries and bonuses	98	162
Directors' fees	161	106
Central Provident Fund contributions	17	20
	<u>276</u>	<u>288</u>

On 24 October 2018, Mr. Xu Xuping and Mr. Xu Tiancheng were appointed as executive directors of the Company. Mr. Kung Wai Chiu Marco, Mr. Tang Chi Wang and Ms. Wang Yao were appointed as independent non-executive directors of the Company on 22 November 2019.

There were no fees or emoluments payable by the Company to the executive directors during the period ended 31 August 2020. The executive directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors or officers of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below.

(a) Independent non-executive directors

For the six months ended 31 August 2020	Directors' fees S\$'000	Total S\$'000
Independent non-executive directors:		
Mr. Kung Wai Chiu Marco	14	14
Mr. Tang Chi Wang	14	14
Ms. Wang Yao	14	14
	<u>42</u>	<u>42</u>

There were no fees or other emoluments payable to independent non-executive directors for the six months ended 31 August 2019.

(b) **Executive directors**

For the six months ended 31 August 2020	Salaries and bonuses S\$'000	Directors' fees S\$'000	Central Provident Fund contributions S\$'000	Total S\$'000
Executive directors:				
Mr. Xu Xuping	53	60	8	121
Mr. Xu Tiancheng	45	60	8	113
	<u>98</u>	<u>120</u>	<u>16</u>	<u>234</u>
For the six months ended 31 August 2019	Salaries and bonuses S\$'000	Directors' fees S\$'000	Central Provident Fund contributions S\$'000	Total S\$'000
Executive directors:				
Mr. Xu Xuping	71	53	10	134
Mr. Xu Tiancheng	91	53	10	154
	<u>162</u>	<u>106</u>	<u>20</u>	<u>288</u>

There was no arrangement under which a director waived or agreed to waive any remuneration for the six months ended 31 August 2020 and 31 August 2019. During the six months ended 31 August 2020 and 31 August 2019, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

8. 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% on the estimated assessable profits arising in Singapore for the six months ended 31 August 2020 and 2019.

	For the six months ended 31 August	
	2020	2019
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Current – Singapore		
Charge for the period	12	762
Over provision in prior periods	–	(16)
Total tax charge for the period	<u>12</u>	<u>746</u>

A reconciliation of the tax expense applicable to (loss)/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:

	For the six months ended 31 August	
	2020 <i>S\$'000</i> (Unaudited)	2019 <i>S\$'000</i> (Unaudited)
(Loss)/Profit before tax from continuing operations	<u>(4,363)</u>	<u>3,757</u>
Tax at the statutory tax rate of 17%	(517)	643
Adjustments:		
Non-deductible expenses	546	154
Effect of tax exemption*	(17)	(35)
Over provision of income tax in respect of prior periods	<u>–</u>	<u>(16)</u>
Tax charge at the Group's effective rate	<u>12</u>	<u>746</u>

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

The tax exemption for the Year of Assessment of 2021 and 2022 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\$100,000.

9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated as (loss)/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:

	For the six months ended 31 August	
	2020 <i>S\$'000</i> (Unaudited)	2019 <i>S\$'000</i> (Unaudited)
(Loss)/Profit for the year, attributable to owners of the Company used in the computation of basic and diluted (loss)/earnings per share (<i>S\$'000</i>)	<u>(4,692)</u>	<u>3,012</u>
Number of shares (<i>'000</i>)		
Weighted average number of ordinary shares for basic (loss)/earnings per share computation	<u>1,400,000</u>	<u>1,050,000</u>

As at 31 August 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 shares has been retrospectively adjusted, assuming the reorganization had been effective on 1 March 2019.

No adjustment has been made to basic (loss)/earnings per share as the Group had no potential dilutive ordinary shares in issue during the period ended 31 August 2020 and 31 August 2019.

10. PROPERTY, PLANT AND EQUIPMENT

Group	Office units	Computers	Furniture and fixtures	Office equipment	Motor vehicles	Renovation	Total
31 August 2020	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 March 2020:							
Cost	1,837	54	35	373	1,657	96	4,052
Accumulated depreciation	(141)	(48)	(23)	(177)	(788)	(71)	(1,248)
Net carrying amount	<u>1,696</u>	<u>6</u>	<u>12</u>	<u>196</u>	<u>869</u>	<u>25</u>	<u>2,804</u>
At 1 March 2020, net of accumulated depreciation	1,696	6	12	196	869	25	2,804
Additions	-	83	-	7	-	-	90
Depreciation provided during the period	(16)	(7)	(2)	(34)	(154)	(5)	(218)
At 31 August 2020, net of accumulated depreciation	<u>1,680</u>	<u>82</u>	<u>10</u>	<u>169</u>	<u>715</u>	<u>20</u>	<u>2,676</u>
At 31 August 2020:							
Cost	1,837	137	35	380	1,657	96	4,142
Accumulated depreciation	(157)	(55)	(25)	(211)	(942)	(76)	(1,466)
Net carrying amount (Unaudited)	<u>1,680</u>	<u>82</u>	<u>10</u>	<u>169</u>	<u>715</u>	<u>20</u>	<u>2,676</u>
Group	Office units	Computers	Furniture and fixtures	Office equipment	Motor vehicles	Renovation	Total
29 February 2020	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 March 2019:							
Cost	1,363	192	37	443	1,203	104	3,342
Accumulated depreciation	(87)	(178)	(22)	(179)	(639)	(61)	(1,166)
Net carrying amount	<u>1,276</u>	<u>14</u>	<u>15</u>	<u>264</u>	<u>564</u>	<u>43</u>	<u>2,176</u>
At 1 March 2019, net of accumulated depreciation	1,276	14	15	264	564	43	2,176
Additions	-	3	3	57	605	-	668
Transfer from investment properties (Note 11)	453	-	-	-	-	-	453
Disposal	-	-	-	(57)	(24)	-	(81)
Depreciation provided during the year	(33)	(11)	(6)	(68)	(276)	(18)	(412)
At 29 February 2020, net of accumulated depreciation	<u>1,696</u>	<u>6</u>	<u>12</u>	<u>196</u>	<u>869</u>	<u>25</u>	<u>2,804</u>
At 29 February 2020:							
Cost	1,837	54	35	373	1,657	96	4,052
Accumulated depreciation	(141)	(48)	(23)	(177)	(788)	(71)	(1,248)
Net carrying amount	<u>1,696</u>	<u>6</u>	<u>12</u>	<u>196</u>	<u>869</u>	<u>25</u>	<u>2,804</u>

The office units held by the Group are as follows:

Description and location	Existing use	Useful lives	
		As at 31 August 2020 Years	As at 29 February 2020 Years
21 Woodlands Close #08-10 Primz Bizhub	Office	50	51
21 Woodlands Close #08-11 Primz Bizhub	Office	50	51
21 Woodlands Close #08-12 Primz Bizhub	Office	50	51
21 Woodlands Close #08-29 Primz Bizhub	Warehouse	50	51

11. INVESTMENT PROPERTIES

	As at 31 August 2020 S\$'000 (Unaudited)	As at 29 February 2020 S\$'000 (Audited)
At the beginning of the year	4,646	5,449
Depreciation provided during the period/year	(63)	(132)
Impairment provided during the year	–	(218)
Transfer to property, plant and equipment (<i>Note 10</i>)	–	(453)
At the end of the period/year	<u>4,583</u>	<u>4,646</u>

The investment properties held by the Group are as follows:

Description and location	Existing use	Unexpired lease term	
		As at 31 August 2020 Years	As at 29 February 2020 Years
25 Mandai Estate #06-09*	Office/Shop	*	*
98 Kaki Bukit Industrial Terrace	Industrial	34	35

Description and location	Estimated fair value	
	As at 31 August 2020 S\$'000 (Unaudited)	As at 29 February 2020 S\$'000 (Audited)
25 Mandai Estate #06-09*	780	780
98 Kaki Bukit Industrial Terrace	3,900	3,900

* Tenure – Freehold

Valuation of investment properties

The Group's investment properties are stated at cost less depreciation. The fair value of the investment properties as at 31 August 2020 and 2019. The valuations were performed by GB Global Pte Ltd, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties valued.

The fair values of the investment properties are determined using the comparison method by making references to comparable sale evidence as available in the relevant market. Comparable properties of similar size, character and location are analysed and selected for each investment property in order to arrive at a fair comparison of their fair values. The fair value measurement is positively correlated to the market unit sale rate.

12. CONTRACT ASSETS/LIABILITIES

	As at 31 August 2020 S\$'000 (Unaudited)	As at 29 February 2020 S\$'000 (Audited)
Cost incurred and attributable profits	92,010	90,318
Less: Progress billings	(91,527)	(84,633)
Add: Retention receivables	7,721	7,485
	<u>8,204</u>	<u>13,170</u>
Less: Loss allowance provision	(220)	(220)
	<u>7,984</u>	<u>12,950</u>
Represented by:		
Contract assets		
– Non-current	7,237	7,213
– Current	1,911	7,109
	<u>9,148</u>	<u>14,322</u>
Contract liabilities	(1,164)	(1,372)
	<u>7,984</u>	<u>12,950</u>

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 31 August 2020 S\$'000 (Unaudited)	As at 29 February 2020 S\$'000 (Audited)
Revenue recognised in the period/year from the amounts included in the contract liabilities at the beginning of the period/year	<u>1,017</u>	<u>352</u>

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 31 August 2020 S\$'000 (Unaudited)	As at 29 February 2020 S\$'000 (Audited)
At the beginning of the year	220	61
Loss allowance provision	<u>–</u>	<u>159</u>
At the end of the period/year	<u>220</u>	<u>220</u>

13. TRADE RECEIVABLES

	As at 31 August 2020 S\$'000 (Unaudited)	As at 29 February 2020 S\$'000 (Audited)
Trade receivables	1,150	5,649
Less: Loss allowance provision	<u>(85)</u>	<u>(85)</u>
	<u>1,065</u>	<u>5,564</u>

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 31 August 2020 <i>S\$'000</i> (Unaudited)	As at 29 February 2020 <i>S\$'000</i> (Audited)
Within 1 month	806	4,783
1 to 2 months	223	766
Over 2 months	36	15
	<u>1,065</u>	<u>5,564</u>

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

	As at 31 August 2020 <i>S\$'000</i> (Unaudited)	As at 29 February 2020 <i>S\$'000</i> (Audited)
At the beginning of the year	85	26
Loss allowance provision	–	59
	<u>85</u>	<u>85</u>

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.

14. OTHER RECEIVABLES AND DEPOSITS

	As at 31 August 2020 <i>S\$'000</i> (Unaudited)	As at 29 February 2020 <i>S\$'000</i> (Audited)
Other receivables	492	115
Less: Loss allowance provision	(9)	(9)
	<u>483</u>	<u>106</u>
Deposits	2,120	963
	<u>2,603</u>	<u>1,069</u>

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

	As at 31 August 2020 S\$'000 (Unaudited)	As at 29 February 2020 S\$'000 (Audited)
At the beginning of the year	9	2
Loss allowance provision	—	7
	<hr/>	<hr/>
At the end of the period/year	9	9
	<hr/> <hr/>	<hr/> <hr/>

15. AMOUNT DUE FROM/(TO) RELATED PARTIES

	As at 31 August 2020 S\$'000 (Unaudited)	As at 29 February 2020 S\$'000 (Audited)
Amount due from holding company	144	147
	<hr/>	<hr/>
Amount due to directors	*	*
Amount due to a related party	—	(2)
	<hr/>	<hr/>
	*	(2)
	<hr/> <hr/>	<hr/> <hr/>

* Less than S\$1,000

The amounts due from holding company, due to directors and due to a related party were non-trade in nature, unsecured, interest-free and have no fixed term of repayment.

The Group has assessed that the credit risk due from directors has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit loss.

16. CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS

	As at 31 August 2020 S\$'000 (Unaudited)	As at 29 February 2020 S\$'000 (Audited)
Cash and bank balances	8,628	30,088
Fixed deposits	19,000	—
	<hr/>	<hr/>
Cash and cash equivalents as stated in the consolidated statement of cash flows	27,628	30,088
	<hr/> <hr/>	<hr/> <hr/>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits earn interest rates of 0.90% to 1.35% per annum during the period. The bank balances and fixed deposits are deposited with creditworthy banks with no recent history of default.

17. 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 31 August 2020 <i>S\$'000</i> (Unaudited)	As at 29 February 2020 <i>S\$'000</i> (Audited)
Trade payables:		
Within 1 month	956	2,800
1 to 2 months	135	568
2 to 3 months	324	256
Over 3 months	334	1,107
	<u>1,749</u>	<u>4,731</u>

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

18. OTHER PAYABLES AND ACCRUALS

	As at 31 August 2020 <i>S\$'000</i> (Unaudited)	As at 29 February 2020 <i>S\$'000</i> (Audited)
Other payables and accruals	1,088	1,661
Deposits received	19	19
Deferred government grants	403	52
Net Goods and Services Tax (“GST”) payables	23	650
	<u>1,533</u>	<u>2,382</u>

Other payables are non-interest bearing and are repayable on demand.

Deposits received relate to rental deposits received for the lease of office units to third parties. The deposits received are refundable upon termination of the lease period.

Deferred government grants relates to Jobs Support Scheme (“JSS”) provided by the Singapore government in relation to COVID-19.

The JSS grant was recognised as grant income on a systematic basis over the estimated period of economic uncertainty. There are no unfulfilled conditions or contingencies attached to these grants.

19. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

	Depreciation in excess of related depreciation allowance S\$'000	Total S\$'000
At 1 March 2019 and 31 August 2019	84	84
Deferred tax credited to profit or loss during the period	(23)	(23)
	<hr/>	<hr/>
At 29 February 2020 and 31 August 2020	<u>61</u>	<u>61</u>

20. SHARE CAPITAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 October 2018 with authorised share capital of US\$50,000 divided into 5,000,000 shares of US\$0.01 each.

On 15 November 2019, every share of the Company of US\$0.01 each was subdivided into 100 shares of US\$0.0001 each following which the Company had an authorised share capital of US\$50,000 divided into 500,000,000 shares with a par value of US\$0.0001 each.

On 22 November 2019, the Company increased its authorized share capital from US\$50,000 divided into 500,000,000 shares with a par value of US\$0.0001 each to US\$500,000 (equivalent to approximately S\$670,000) divided into 5,000,000,000 shares with a par value of US\$0.0001 each by creation of 4,500,000,000 new shares with a par value of US\$0.0001 each.

As at 29 February 2020, the Company has 1,400,000,000 shares of US\$0.0001 each in issue and fully paid (equivalent to approximately S\$190,000).

A summary of movements in the Company's share capital is as follow:

	Number of Shares in issue
At 1 March 2019	10,000
Capitalisation issue (<i>Note (a)</i>)	1,049,990,000
Issue of shares under the initial public offering (<i>Note (b)</i>)	<u>350,000,000</u>
	<hr/>
At 29 February 2020 and 31 August 2020	<u><u>1,400,000,000</u></u>

Notes:

- (a) In preparation for the listing of the shares of the Company on the Stock Exchange of Hong Kong (the "**Stock Exchange**"), the Group underwent the reorganisation and 1,050,000,000 shares of US\$0.0001 each, were issued for a consideration of S\$142,000.
- (b) In connection with the Company's initial public offering ("**IPO**"), 350,000,000 shares of US\$0.0001 each, were issued at a price of US\$0.0452 per shares for a total cash consideration, before listing expenses, of S\$22,088,000. Dealings of these shares on the Stock Exchange commenced on 15 January 2020.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

21. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the period ended 31 August 2020 and period ended 31 August 2019 are presented in the consolidated statements of changes in equity.

Share premium

Share premium represents the difference between the nominal value and the issuing value of the shares.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Merger reserve

For the purposes of the preparation of the consolidated statements of financial position, the balance of merger reserve at the financial period ended 31 August 2020 and period ended 31 August 2019 represents the aggregate of the paid up share capital of the subsidiaries now comprising the Group attributable to the Controlling Shareholders prior to the Reorganisation.

22. OPERATING LEASE ARRANGEMENTS

As lessor

The Group has entered into leases on its investment properties. These non-cancellable leases have remaining lease terms ranging from one to two years. Minimum lease payments recognised as rental income in profit or loss for the financial period ended 31 August 2020 amounted to S\$58,000 (the period ended 31 August 2019: S\$56,000).

Future minimum rental receivable under non-cancellable operating leases are as follows:

	As at 31 August 2020 S\$'000	As at 29 February 2020 S\$'000
Within one year	104	115
In the second year	33	84
	<u>137</u>	<u>199</u>

As lessee

The Group leases dormitories under operating lease arrangements. The leases are negotiated for one year term. The Group applies the short-term lease recognition exemption to its short-term leases of dormitories (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Future minimum rental payments under non-cancellable operating leases are as follows:

	As at 31 August 2020 S\$'000	As at 29 February 2020 S\$'000
Within one year	<u>407</u>	<u>1,073</u>

23. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

		For the six months ended 31 August	
	Notes	2020 S\$'000	2019 S\$'000
Associates:			
Sales of services	a	–	21
Purchases of services	b	–	2
		<u>–</u>	<u>2</u>

Notes:

- (a) Bimfinity International Pte Ltd (“**Bimfinity**”) was an associate of Chian Teck Realty Pte Ltd. Bimfinity was sold to a third party on 27 September 2018 however Mr. Xu Xuping still remains as a director of Bimfinity. The sales of services to Bimfinity was made according to the published prices and conditions offered to the customers of the Group.
- (b) The purchases of services from Bimfinity was made according to the published prices and conditions offered by the related party to their major customers.

Outstanding balances with related parties

As at 31 August 2020, the Group had a net outstanding balance due to directors (non-trade) of S\$6 (29 February 2020: S\$6). Details of the balances are disclosed in Note 15 of the interim condensed consolidated financial statements.

Personal guarantees by directors

During the period ended 31 August 2020 and year ended 29 February 2020, performance bonds issued by insurance companies that were secured by personal guarantees by the directors were replaced by corporate guarantee provided by a subsidiary.

Compensation of key management personnel of the Group

	For the six months ended 31 August	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)
Salaries and bonuses	98	162
Central Provident Fund contributions	16	20
	<u>114</u>	<u>182</u>

Further details of the directors' emoluments as disclosed in Note 7 to the financial statements .

24. DIVIDENDS

No dividend has been declared by the Company or group entities during the six months ended 31 August 2020 and 2019 or subsequent to the period end.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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 sectors 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 office buildings and data centres which are driven by property developers.

As at 31 August 2020, the Group had a total of 10 (29 February 2020: 12) projects on hand (including projects in progress and projects which are yet to commence) including 9 (29 February 2020: 11) structural engineering projects and 1 (29 February 2020: 1) wet architectural projects. The aggregated contract sum of the above projects is approximately S\$154 million, of which approximately S\$85 million has been recognised as revenue up to 31 August 2020. The remaining balance will be recognised as Group's revenue in accordance with the respective stage of completion.

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 period indicated:

	FY20/21 S\$'000 (Unaudited)	FY19/20 S\$'000 (Unaudited)
Structural engineering works	6,182	24,796
Wet architectural works	118	2,267
	6,300	27,063

The revenue of the Group decreased by approximately S\$20.8 million or 76.7% from approximately S\$27.1 million for the 6 months ended 31 August 2020 (“FY20/21”) to approximately S\$6.3 million for the 6 months ended 31 August 2019 (“FY19/20”). Such significant decrease was mainly due to the material adverse impact from the outbreak of the coronavirus (“COVID-19”) global pandemic that took place in early 2020, in which the circuit breaker (the “Circuit Breaker”) measures being imposed by the Singapore Government effective from 7 April 2020 to 1 June 2020 (both dates inclusive) to combat the local transmission of novel coronavirus in Singapore. Majority of the Group’s projects were halted during the Circuit Breaker period. After the Circuit Breaker period, the Group’s operations did not immediately resume to its normal level as the construction works in Singapore were resumed gradually in phases under the regulation of the Building and Construction Authority in Singapore. Also, some of the projects that were expected to commence during the six months ended 31 August 2020 have been delayed due to the impact of COVID-19 outbreak.

Construction Costs

The Group’s construction costs decreased by approximately S\$13.3 million or 68.0% from approximately S\$19.5 million for FY19/20 to approximately S\$6.2 million for FY20/21. Such significant decrease was mainly due to the material adverse impact from the outbreak of the coronavirus global pandemic that took place in early 2020, while the less-than-proportionate decrease in construction costs when compared to the revenue was mainly due to the Group had to afford costs for the direct labours which include wages and rental expenses for dormitories during the Circuit Breaker period while such costs could not generate any corresponding project revenue during the Circuit Breaker period.

Gross Profit and Gross Profit Margin

The Group’s gross profit decreased by approximately S\$7.5 million or 99.0% from approximately S\$7.6 million for FY19/20 to approximately S\$0.1 million for FY20/21. The Group’s gross profit margin also decreased from approximately 28.1% for FY19/20 to approximately 1.2% for FY20/21. The significant decreases were both primarily due to the decrease in revenue and the less-than-proportionate decrease in construction costs as discussed above.

Other Income

The Group’s other income increased by approximately S\$1.2 million from approximately S\$0.8 million for FY19/20 to approximately S\$2.0 million for FY20/21, mainly attributable to various job support schemes and/or rebates granted by the Singaporean Government during FY20/21 due to the outbreak of the COVID-19.

Administrative Expenses

The Group's administrative expenses increased by approximately S\$1.9 million or 40.4% from approximately S\$4.6 million for FY19/20 to approximately S\$6.5 million for FY20/21, mainly due to the increase in legal and professional fees, license and subscription fees which constituted a total of S\$2.4 million for FY20/21, comparing to less than S\$0.1 million for FY19/20.

Income Tax Expenses

The Group's income tax expense decreased by approximately S\$0.7 million from approximately S\$0.8 million for FY19/20 to approximately S\$0.1 million, which was mainly due to the decrease of profit before tax due to the outbreak of the COVID-19 during the period.

Loss for the Period

As a result, the loss for the period was approximately S\$4.4 million as compared to approximately profit of S\$3.0 million for the same period last year, represented a decrease of S\$7.4 million. The decrease was due to the combined effect of (i) the material adverse impact from the outbreak of the coronavirus global pandemic that took place in early 2020 on our project revenues; (ii) our Group had to afford costs for our direct labours including wages and rental expense for dormitories during the lockdown period in which such costs could not generate any corresponding project revenues during the period; and (iii) the administrative expenses incurred to maintain the Company's operation such as administration staff costs even when majority of the Group's projects were halted during the Circuit Breaker period and generate significantly less income to the Company.

Capital Structure, Liquidity and Financial Resources

Since the shares of the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 January 2020, there has been no change in capital structure of the Group. 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 31 August 2020.

The Group's sources of funding comprise of its cash and cash equivalents. As at 31 August 2020, the Group's cash and cash equivalents recorded a decrease by 8.2% from approximately S\$30.1 million as at 29 February 2020 to approximately S\$27.6 million, which was mainly due to net cash flows used in operating activities during the period.

The cash and cash equivalents of the Group, mainly denominated in SGD and HKD, are generally deposited with authorised financial institutions. As at 31 August 2020, 96.1% (29 February 2020: 41.8%) of the Group's cash and cash equivalents was denominated in Singapore dollar and 3.9% (29 February 2020: 58.2%) was denominated in Hong Kong dollar.

As at 31 August 2020, the Group had bank facilities with credit limit amounting to approximately S\$5.0 million (29 February 2020: S\$5.0 million), of which approximately S\$5.0 million (29 February 2020: 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 period.

As at 31 August 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 (29 February 2020: negative).

Use of Proceeds

The below table sets out the proposed applications and actual usage of the net proceeds from the date of listing to 31 August 2020:

	Planned use of proceeds <i>HK\$'000</i>	Actual use of proceeds from Listing Date to 31 August 2020 <i>HK\$'000</i>	Unutilised balance as at 31 August 2020 <i>HK\$'000</i>
Payment of upfront costs for projects	61,040	19,774	41,266
Strengthen the workforce	21,003	718	20,285
	<u>82,043</u>	<u>20,492</u>	<u>61,551</u>

As at 31 August 2020, all use of net proceeds were in accordance with the intentions previously disclosed. The remaining unutilised net proceeds as at 31 August 2020 is placed on short-term interest-bearing deposits of treasury products with the authorised financial institutions and are expected to be used in the manner consistent with the proposed allocations as set out in the prospectus.

Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the six months ended 31 August 2020.

Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed “Use of Proceed” in this announcement, the Group did not have other future plans for material investments or capital assets as at 31 August 2020.

Foreign Exchange Exposure

The headquarters and principle place of business of the Group is in Singapore with its revenue and cost of sales mainly denominated in Singapore dollar, which is the functional currency of most of 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 period.

However, the Group retains most of the listing proceeds from denominated in Hong Kong dollars amounting to approximately HK\$6.1 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 Asset

As at 31 August 2020, the Group pledged two properties with an aggregate carrying amount of approximately S\$0.8 million (29 February 2020: S\$0.8 million) to the banks to secure the bank facilities granted to the Group.

As at 31 August 2020, no fixed deposits (29 February 2020: nil) 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 31 August 2020, the Group had no contingent liabilities (29 February 2020: nil).

Capital Commitments

The Group had no capital commitments as at 31 August 2020 (29 February 2020: nil).

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

Capital Expenditures

For FY20/21, the Group’s capital expenditure in respect of the acquisition of properties, plant and equipment amounting to approximately S\$0.1 million (FY19/20: S\$0.7 million).

Employees and Remuneration Policy

As at 31 August 2020, the Group had a total of 419 (29 February 2020: 559) employees in Singapore, of which comprising 15% was Singapore citizens and 85% 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 period.

Total staff costs, including Directors' emoluments, salaries, wages and contributions, for the FY20/21 amounted to approximately S\$4.1 million (FY19/20: S\$7.5 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.

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 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 an interim dividend for FY20/21 (FY19/20: nil).

CORPORATE GOVERNANCE

During the six months ended 31 August 2020, the Company complied with the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix 14 of Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) 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.

SHARE OPTION SCHEME

The shareholders of the Company approved and conditionally adopted a share option scheme on 22 November 2019 (the “**Share Option Scheme**”) to enable the Company to grant options to the eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which any member of the Group holds any equity interest. No share options have been granted, exercised, lapsed or cancelled under the Share Option Scheme since then and up to the date of this announcement.

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 during the six months ended 31 August 2020.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed the Group’s unaudited interim results for the six months ended 31 August 2020 and discussed with the management on the accounting principles and practices adopted by the Group with no disagreement by the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at <http://www.chianteck.com>. The interim report of the Company for the six months ended 31 August 2020 will be dispatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
CTR Holdings Limited
Xu Xuping

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 30 October 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.