



CTR Holdings Limited

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

(Stock Code: 1416)



2020 Interim Report



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Xuping
(Chairman and Chief Executive Officer)
Mr. Xu Tiancheng

Independent Non-Executive Directors

Mr. Kung Wai Chiu Marco
Mr. Tang Chi Wang
Ms. Wang Yao

AUDIT COMMITTEE

Mr. Kung Wai Chiu Marco *(Chairman)*
Mr. Tang Chi Wang
Ms. Wang Yao

REMUNERATION COMMITTEE

Ms. Wang Yao *(Chairman)*
Mr. Kung Wai Chiu Marco
Mr. Tang Chi Wang

NOMINATION COMMITTEE

Mr. Tang Chi Wang *(Chairman)*
Mr. Kung Wai Chiu Marco
Ms. Wang Yao

COMPANY SECRETARY

Ms. Leung Hoi Yan

AUTHORISED REPRESENTATIVES

Mr. Xu Xuping
Ms. Leung Hoi Yan

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

21 Woodlands Close #08-11
12 Primz Bizhub
Singapore 737854

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 17/F, United Centre
95 Queensway, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F
148 Electric Road
North Point
Hong Kong

COMPLIANCE ADVISER

Grande Capital Limited
(A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO)
Room 2701, 27/F
Tower One, Admiralty Centre
18 Harcourt Road
Admiralty
Hong Kong

PRINCIPAL BANKERS

Malayan Banking Berhad
United Overseas Bank Limited

AUDITOR

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

COMPANY'S WEBSITE

www.chianteck.com

STOCK CODE

1416



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 2020

| | Notes | For the six months ended 31 August | |
|----------------------------------------------------------------------------------------------|-------|------------------------------------|--------------------------------|
| | | 2020 S\$'000 (Unaudited) | 2019 S\$'000 (Unaudited) |
| Revenue | 4 | 6,300 | 27,063 |
| Construction costs | | (6,221) | (19,454) |
| Gross profit | | 79 | 7,609 |
| Other income | 5 | 2,040 | 764 |
| Administrative expenses | | (6,482) | (4,616) |
| (Loss)/profit before tax | 6 | (4,363) | 3,757 |
| Income tax expense | 8 | (12) | (746) |
| (Loss)/profit for the period | | (4,375) | 3,011 |
| Other comprehensive income: | | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of foreign operations | | (317) | 1 |
| Other comprehensive income for the period, net of tax | | (317) | 1 |
| Total comprehensive income for the period | | (4,692) | 3,012 |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | | (4,692) | 3,012 |
| (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | |
| – Basic and diluted (SGD cents) | 9 | (0.3) | 0.3 |



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2020

| | Notes | As at 31 August 2020 S\$'000 (Unaudited) | As at 29 February 2020 S\$'000 (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 |
| Total non-current assets | | 14,496 | 14,663 |
| 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 |
| Total current assets | | 35,374 | 44,432 |
| 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 |
| Total current liabilities | | 7,340 | 11,873 |
| Net current assets | | 28,034 | 32,586 |
| Total assets less current liabilities | | 42,530 | 47,222 |
| Non-current liability | | | |
| Deferred tax liabilities | 19 | 61 | 61 |
| Total non-current liability | | 61 | 61 |
| Total liabilities | | 7,401 | 11,934 |
| Net assets | | 42,469 | 47,161 |
| Equity attributable to owners of the Parent | | | |
| Share capital | 20 | 190 | 190 |
| Reserves | 21 | 42,279 | 46,971 |
| Total equity | | 42,469 | 47,161 |
| Total equity and liabilities | | 49,870 | 59,095 |



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 August 2020

| | Share capital S\$'000 | Share premium S\$'000 | Foreign currency translation reserve S\$'000 | Merger reserve S\$'000 | Retained profits S\$'000 | Total S\$'000 |
|------------------------------------------------|-----------------------------|-----------------------------|----------------------------------------------------------|------------------------------|--------------------------------|------------------|
| At 29 February 2020 and 1 March 2020 (Audited) | 190 | 17,739 | 366 | 1,100 | 27,766 | 47,161 |
| Loss for the period | – | – | – | – | (4,375) | (4,375) |
| Other comprehensive income for the period | | | | | | |
| Foreign currency translation | – | – | (317) | – | – | (317) |
| Total comprehensive income for the period | – | – | (317) | – | (4,375) | (4,692) |
| At 31 August 2020 (Unaudited) | 190 | 17,739 | 49 | 1,100 | 23,391 | 42,469 |

| | Share capital S\$'000 | Share premium S\$'000 | Foreign currency translation reserve S\$'000 | Merger reserve S\$'000 | Retained profits S\$'000 | Total S\$'000 |
|------------------------------------------------|-----------------------------|-----------------------------|----------------------------------------------------------|------------------------------|--------------------------------|------------------|
| At 28 February 2019 and 1 March 2019 (Audited) | 67 | – | – | 1,100 | 20,381 | 21,548 |
| Profit for the period | – | – | – | – | 3,011 | 3,011 |
| Other comprehensive income for the period | | | | | | |
| Foreign currency translation | – | – | 1 | – | – | 1 |
| Total comprehensive income for the period | – | – | 1 | – | 3,011 | 3,012 |
| At 31 August 2019 (Unaudited) | 67 | – | 1 | – | 28,882 | 24,560 |



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 August 2020

| | Notes | For the six months ended 31 August | |
|-----------------------------------------------------------------------------------|-------|------------------------------------|--------------------------------|
| | | 2020 S\$'000 (Unaudited) | 2019 S\$'000 (Unaudited) |
| Cash flows from operating activities | | | |
| (Loss)/Profit before tax | | (4,363) | 3,757 |
| Adjustments for: | | | |
| Bad debts written off | 6 | 1 | – |
| Depreciation of property, plant and equipment | 6 | 218 | 197 |
| Depreciation of investment properties | 6 | 63 | 66 |
| Loss on disposal of property, plant and equipment | 6 | – | 48 |
| Interest income | 5 | (20) | (20) |
| Operating cash flows before changes in working capital | | (4,101) | 4,048 |
| Increase in inventories | | – | (7) |
| Decrease/(increase) in contract assets | | 5,174 | (4,155) |
| Decrease/(increase) in trade receivables | | 4,499 | (2,256) |
| Increase in other receivables and deposits | | (1,534) | (96) |
| (Increase)/decrease in prepayments | | (1,568) | 831 |
| Decrease in contract liabilities | | (209) | (267) |
| Decrease in trade payables and retention payables | | (2,982) | (269) |
| (Decrease)/increase in other payables and accruals | | (849) | 10 |
| Cash flows used in operations | | (1,570) | (2,161) |
| Interest received | | 11 | 10 |
| Income taxes paid | | (504) | (688) |
| Net cash flows used in operating activities | | (2,063) | (2,839) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (90) | (456) |
| Proceeds from disposal of property, plant and equipment | | – | 22 |
| Interest received from fixed deposits | | 9 | – |
| Net cash flows used in investing activities | | (81) | (434) |
| Cash flows from financing activities | | | |
| Decrease in amount due to directors | 15 | (2) | – |
| Net cash flows used in financing activities | | (2) | – |
| Net decrease in cash and cash equivalents | | (2,146) | (3,273) |
| Cash and cash equivalents at beginning of financial period | | 30,088 | 9,319 |
| Effect of exchange rate changes on the balance of cash held on foreign currencies | | (314) | – |
| Cash and cash equivalents at end of financial period | 16 | 27,628 | 6,046 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 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 | 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 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

3. OPERATING SEGMENT INFORMATION (Continued)

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 |
| Total revenue from contracts with customers | 6,300 | 27,063 |
| Timing of transfer of goods or services | | |
| Over time | 6,300 | 27,063 |

(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 |
| | 68,740 | 113,798 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

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 |

(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).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

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 |
| | 276 | 288 |

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 |
| | 42 | 42 |

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

7. DIRECTORS' REMUNERATION (Continued)

(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 |
| | 98 | 120 | 16 | 234 |

| 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 |
| | 162 | 106 | 20 | 288 |

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 S\$'000 (Unaudited) | 2019 S\$'000 (Unaudited) |
| Current – Singapore | | |
| Charge for the period | 12 | 762 |
| Over provision in prior periods | – | (16) |
| Total tax charge for the period | 12 | 746 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

8. INCOME TAX EXPENSE (Continued)

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 S\$'000 (Unaudited) | 2019 S\$'000 (Unaudited) |
| (Loss)/Profit before tax from continuing operations | (4,363) | 3,757 |
| 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 | – | (16) |
| Tax charge at the Group's effective rate | 12 | 746 |

* 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

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 S\$'000 (Unaudited) | 2019 S\$'000 (Unaudited) |
| (Loss)/Profit for the year, attributable to owners of the Company used in the computation of basic and diluted (loss)/earnings per share (S\$'000) | (4,692) | 3,012 |
| Number of shares ('000) | | |
| Weighted average number of ordinary shares for basic (loss)/earnings per share computation | 1,400,000 | 1,050,000 |

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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

10. PROPERTY, PLANT AND EQUIPMENT

| Group | Office units S\$'000 | Computers S\$'000 | Furniture and fixtures S\$'000 | Office equipment S\$'000 | Motor vehicles S\$'000 | Renovation S\$'000 | Total S\$'000 |
|------------------------------------------------------|-------------------------|----------------------|--------------------------------------|--------------------------------|------------------------------|-----------------------|------------------|
| 31 August 2020 | | | | | | | |
| 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 | 1,696 | 6 | 12 | 196 | 869 | 25 | 2,804 |
| 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 | 1,680 | 82 | 10 | 169 | 715 | 20 | 2,676 |
| 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) | 1,680 | 82 | 10 | 169 | 715 | 20 | 2,676 |
| Group | Office units S\$'000 | Computers S\$'000 | Furniture and fixtures S\$'000 | Office equipment S\$'000 | Motor vehicles S\$'000 | Renovation S\$'000 | Total S\$'000 |
| 29 February 2020 | | | | | | | |
| 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 | 1,276 | 14 | 15 | 264 | 564 | 43 | 2,176 |
| 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 | 1,696 | 6 | 12 | 196 | 869 | 25 | 2,804 |
| 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 | 1,696 | 6 | 12 | 196 | 869 | 25 | 2,804 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

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 | 4,583 | 4,646 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

11. INVESTMENT PROPERTIES (Continued)

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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

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 |
| | 8,204 | 13,170 |
| Less: Loss allowance provision | (220) | (220) |
| | 7,984 | 12,950 |
| Represented by: | | |
| Contract assets | | |
| – Non-current | 7,237 | 7,213 |
| – Current | 1,911 | 7,109 |
| Contract liabilities | 9,148 | 14,322 |
| | (1,164) | (1,372) |
| | 7,984 | 12,950 |

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 | 1,017 | 352 |

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 | – | 159 |
| At the end of the period/year | 220 | 220 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

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 | (85) | (85) |
| | 1,065 | 5,564 |

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 S\$'000 (Unaudited) | As at 29 February 2020 S\$'000 (Audited) |
|----------------|---------------------------------------------------|---------------------------------------------------|
| Within 1 month | 806 | 4,783 |
| 1 to 2 months | 223 | 766 |
| Over 2 months | 36 | 15 |
| | 1,065 | 5,564 |

The movements in loss allowance provision of trade 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 | 85 | 26 |
| Loss allowance provision | – | 59 |
| At the end of the period/year | 85 | 85 |

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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

14. OTHER RECEIVABLES AND DEPOSITS

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

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 |
| At the end of the period/year | 9 | 9 |

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 |
| Amount due to directors | * | * |
| Amount due to a related party | – | (2) |
| | * | (2) |

* 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

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 | – |
| Cash and cash equivalents as stated in the consolidated statement of cash flows | 27,628 | 30,088 |

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 S\$'000 (Unaudited) | As at 29 February 2020 S\$'000 (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 |
| | 1,749 | 4,731 |

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

18. OTHER PAYABLES AND ACCRUALS

| | As at 31 August 2020 S\$'000 (Unaudited) | As at 29 February 2020 S\$'000 (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 |
| | 1,533 | 2,382 |

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) |
| At 29 February 2020 and 31 August 2020 | 61 | 61 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

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>) | 350,000,000 |
| At 29 February 2020 and 31 August 2020 | 1,400,000,000 |

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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

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 |
| | 137 | 199 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

22. OPERATING LEASE ARRANGEMENTS (Continued)

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 | 407 | 1,073 |

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:

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

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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2020

23. RELATED PARTY TRANSACTIONS (Continued)

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 |
| | 114 | 182 |

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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

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 report, 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 report, the assessment is still in progress.

Dividend

The Directors do not recommend the payment of an interim period for FY20/21 (FY19/20: nil).



OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 August 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") were as follows:

(a) Long positions in the shares of US\$0.0001 each of the Company ("Shares")

| Name of Director | Nature of interest | Number of Shares held | Percentage of issued share capital |
|---------------------------------------|------------------------------------|-----------------------|------------------------------------|
| Mr. Xu Xuping ("Mr. XP Xu") (Note) | Interest in controlled corporation | 1,050,000,000 | 75% |
| Mr. Xu Tiancheng ("Mr. TC Xu") (Note) | Interest in controlled corporation | 1,050,000,000 | 75% |

Note: 1,050,000,000 Shares are held by Brave Ocean Limited ("Brave Ocean") which is beneficially owned as to 40% by Mr. XP Xu, 40% by Mr. TC Xu and 20% by Ms. Gou Shuzhen ("Ms. Gou"). Mr. XP Xu, Mr. TC Xu and Ms. Gou are regarded as a group of controlling shareholders of the Company under the Listing Rules acting in concert to exercise their voting rights in the Company and they together are interested in a total of 75% of the issued share capital of the Company. Mr. XP Xu and Mr. TC Xu are deemed to be interested in the Shares held by Brave Ocean pursuant to the SFO.

(b) Long positions in the shares of associated corporations

| Name of Director | Name of associated corporation | Nature of interest | Number of shares held | Percentage of interest in associated corporation |
|------------------|--------------------------------|--------------------|-----------------------|--------------------------------------------------|
| Mr. XP Xu (Note) | Brave Ocean | Beneficial owner | 4 | 40% |
| Mr. TC Xu (Note) | Brave Ocean | Beneficial owner | 4 | 40% |

Note: The Company is owned as to 75% by Brave Ocean. Brave Ocean is beneficially owned as to 40% by Mr. XP Xu, 40% by Mr. TC Xu and 20% by Ms. Gou. Mr. XP Xu, Mr. TC Xu and Ms. Gou are regarded as a group of controlling shareholders of the Company under the Listing Rules acting in concert to exercise their voting rights in the Company and they together are interested in a total of 75% of the issued share capital of the Company.

Save as disclosed above, as at 31 August 2020, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.



OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 August 2020, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

| Name of shareholder | Nature of Interest | Number of Shares held | Percentage of issued share capital |
|------------------------------|-------------------------------------|-----------------------|------------------------------------|
| Brave Ocean (Note 1) | Beneficial owner | 1,050,000,000 | 75% |
| Mr. XP Xu (Note 1) | Interest in controlled corporation | 1,050,000,000 | 75% |
| Mr. TC Xu (Note 1) | Interest in controlled corporation | 1,050,000,000 | 75% |
| Ms. Le Thi Minh Tam (Note 2) | Interest of spouse | 1,050,000,000 | 75% |
| Ms. Lin Qingling (Note 3) | Interest of spouse | 1,050,000,000 | 75% |
| Ms. Gou (Note 4) | Interests held jointly with another | 1,050,000,000 | 75% |
| Mr. Xu Junjie (Note 5) | Interest of spouse | 1,050,000,000 | 75% |

Notes:

- 1,050,000,000 Shares are held by Brave Ocean which is beneficially owned as to 40% by Mr. XP Xu, 40% by Mr. TC Xu and 20% by Ms. Gou. Mr. XP Xu, Mr. TC Xu and Ms. Gou are regarded as a group of controlling shareholders of the Company under the Listing Rules acting in concert to exercise their voting rights in the Company and they together are interested in a total of 75% of the issued share capital of the Company. Mr. XP Xu and Mr. TC Xu are deemed to be interested in the Shares held by Brave Ocean pursuant to the SFO.
- Ms. Le Thi Minh Tam is the spouse of Mr. XP Xu. Under the SFO, Ms. Le Thi Minh Tam is deemed to be interested in the same number of Shares in which Mr. XP Xu is interested.
- Ms. Lin Qingling is the spouse of Mr. TC Xu. Under the SFO, Ms. Lin Qingling is deemed to be interested in the same number of Shares in which Mr. TC Xu is interested.
- Mr. XP Xu and Mr. TC Xu are sons of Ms. Gou. Mr. XP Xu, Mr. TC Xu and Ms. Gou hold their interest in the Group through Brave Ocean. Mr. XP Xu, Mr. TC Xu and Ms. Gou are persons acting in concert pursuant to the confirmation and undertaking (the "Acting In Concert Confirmation And Undertaking") entered into among Mr. XP Xu, Mr. TC Xu and Ms. Gou dated 28 November 2018 and accordingly each of them is deemed to be interested in the Shares held by the others. By the Acting In Concert Confirmation And Undertaking, each of Mr. XP Xu, Mr. TC Xu and Ms. Gou confirmed that, since 17 June 2011, they have been parties acting in concert with one another in respect of all major affairs concerning each member of the Group, adopted a consensus building approach to reach decisions on a unanimous basis, voted as a group (by themselves and/or through companies controlled by them) in respect of all corporate matters relating to the financials and operations of the Group at the shareholder level of each member company within the Group (where applicable), and will continue to do so.
- Mr. Xu Junjie is the spouse of Ms. Gou. Under the SFO, Mr. Xu Junjie is deemed to be interested in the same number of Shares in which Ms. Gou is interested.

Save as disclosed above, as at 31 August 2020, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.



OTHER INFORMATION

UPDATES ON DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the profile of the Director of the Company has been updated as follows:

Independent non-executive director

Mr. Kung Wai Chiu Marco (孔維釗) ("Mr. Kung"), aged 46, was appointed as the independent non-executive Director on 22 November 2019. He also serves as the chairman of the audit committee of the Company and a member of remuneration committee and nomination committee of the Company. Mr. Kung is responsible for providing independent advice to the Board.

Mr. Kung has over 24 years of experience in the business advisory and auditing field in Hong Kong. Mr. Kung has been a director and Cofounder of WinPark CPA Company Limited, Certified Public Accountants (Practising) (永栢和豐會計師事務所有限公司), a company incorporated in Hong Kong, where he is primarily responsible for the overall management of its business since March 2020.

Mr. Kung also possesses experience in compliance, company secretary and financial management for listed companies. He worked at Sanai Health Industry Group Company Limited (previously known as Wuyi International Pharmaceutical Company Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 1889), from August 2006 to June 2016, in which he was once the financial controller and his last position was company secretary and authorised representative. He was the chief financial officer of Alpha Professional Holdings Limited (previously known as Z-Obee Holdings Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 948), from April 2017 to January 2019 and has been appointed as the company secretary and authorised representative of the same company from November 2017 to January 2020. Mr. Kung was appointed as the company secretary and authorized representative of Hailan Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 2278) from September 2018 to March 2019.

Mr. Kung graduated from Lingnan College (currently known as the Lingnan University) in Hong Kong with a Bachelor of Business Administration degree in November 1997. He further obtained a Master's degree in Business Administration from The University of Wollongong in Australia, in August 2005 and a Master's degree in Corporate Governance from The Hong Kong Polytechnic University in October 2008. Mr. Kung has been a student of Doctor's degree in Business Administration from The Hong Kong Polytechnic University since 2019. Mr. Kung was admitted as a fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong in September 2005, February 2008 and July 2010, respectively. In addition, Mr. Kung was admitted as an associate of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries in February 2009. Mr. Kung was registered as a Certified Public Accountant (Practising) in January 2007 and was also registered as a Certified Tax Adviser (Non-Practising) in Hong Kong in July 2010. In September 2018, Mr. Kung became a Chartered Governance Professional of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code as the codes of conduct regarding securities transactions by Directors and by relevant employees of the Company. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding directors' securities transactions throughout the six months period ended 31 August 2020.



OTHER INFORMATION

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 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 report.

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.

By Order of the Board

CTR Holdings Limited

Mr. Xu Xuping

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 30 October 2020