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CT Vision S.L. (International) Holdings Limited

中天順聯(國際)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 994)

**FURTHER ANNOUNCEMENT ON
AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020
AND
CONTINUED SUSPENSION OF TRADING**

References are made to (i) announcements of CT Vision S.L. (International) Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 31 March 2021 and 30 June 2021 (collectively, the “**Previous Unaudited Results Announcements**”) in relation to, among other things, the unaudited annual results of the Group for the year ended 31 December 2020 (the “**2020 Unaudited Results**”); (ii) an announcement dated 30 April 2021 in relation to, among other things, the delay in publication of the annual results of the Group for the year ended 31 December 2020 (the “**2020 Audited Annual Results**”) and despatch of the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”) (the “**Delay Announcement**”); and (iii) an announcement dated 30 June 2021 in relation to the guidance for the resumption of trading in the shares of the Company (the “**Shares**”) (the “**Resumption Guidance Announcement**”). Unless otherwise stated herein, the capitalised terms used herein shall have the same meanings as that ascribed to them in the Previous Unaudited Results Announcements, the Delay Announcement, and the Resumption Guidance Announcement.

AUDITED ANNUAL RESULTS

The board of directors (the “**Board**”) of the Company hereby announces that the Company’s auditor, ZHONGHUI ANDA CPA Limited (“**ZHONGHUI**”), has completed its audit of the consolidated financial statements of the Group for the year ended 31 December 2020 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The 2020 Audited Annual Results contained in this announcement remained unchanged as compared to the 2020 Unaudited Results disclosed in the Previous Unaudited Results Announcement dated 30 June 2021.

The financial information in respect of the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2020, as set out in this announcement, have been compared by ZHONGHUI to the amounts set out in the 2020 Audited Annual Results and the amounts were found to be in agreement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

		2020	2019
	Notes	HK\$'000	HK\$'000
Revenue	3	250,889	246,880
Cost of revenue		<u>(281,259)</u>	<u>(222,891)</u>
Gross (loss)/profit		(30,370)	23,989
Other income	5	6,148	5,712
Other gains/(losses), net		858	(397)
Net reversal of impairment loss/(impairment losses) on financial and contract assets		32,153	(88,297)
Selling and administrative expenses		<u>(58,625)</u>	<u>(45,570)</u>
Operating loss		(49,836)	(104,563)
Finance costs		<u>(5,224)</u>	<u>(4,805)</u>

		2020	2019
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before income tax		(55,060)	(109,368)
Income tax (expense)/credit	6	<u>(1,104)</u>	<u>1,230</u>
Loss for the year		<u>(56,164)</u>	<u>(108,138)</u>
Other comprehensive income/(loss)			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>2,750</u>	<u>(228)</u>
Total comprehensive loss for the year		<u>(53,414)</u>	<u>(108,366)</u>
Loss for the year attributable to:			
Owners of the Company		(55,459)	(108,138)
Non-controlling interest		<u>(705)</u>	<u>–</u>
		<u>(56,164)</u>	<u>(108,138)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(52,669)	(108,366)
Non-controlling interest		<u>(745)</u>	<u>–</u>
		<u>(53,414)</u>	<u>(108,366)</u>
Loss per share for loss attributable to owners of the Company			
Basic and diluted (HK cents)	8	<u>(8.35)</u>	<u>(17.67)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

		2020	2019
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Assets			
Non-current assets			
Property, plant and equipment		2,276	2,413
Right-of-use assets		11,845	15,857
Other assets		–	24,409
Goodwill		22,607	21,670
Deposits	9	1,897	1,970
Deferred tax assets		2,303	2,044
		40,928	68,363
Current assets			
Trade receivables, deposits and other receivables	9	246,068	169,027
Contract assets		191,957	239,009
Other assets		23,546	–
Pledged bank deposits		–	40,060
Cash and bank balances		33,694	1,283
		495,265	449,379
Total assets		536,193	517,742
Equity			
Share capital		7,608	6,120
Reserves		287,976	228,109
Capital and reserves attributable to owners of the Company		295,584	234,229
Non-controlling interest		(745)	–
Total equity		294,839	234,229

		2020	2019
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Lease liabilities		5,229	9,439
Borrowings		<u>9,000</u>	<u>—</u>
		<u>14,229</u>	<u>9,439</u>
Current liabilities			
Trade and other payables	10	128,639	137,701
Contract liabilities		15,090	17,000
Current tax liabilities		12,090	8,227
Amount due to the immediate holding company		4,581	17,847
Lease liabilities		6,647	7,647
Borrowings and bank overdrafts		<u>60,078</u>	<u>85,652</u>
		<u>227,125</u>	<u>274,074</u>
Total liabilities		<u>241,354</u>	<u>283,513</u>
Total equity and liabilities		<u>536,193</u>	<u>517,742</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL

CT Vision S.L. (International) Holdings Limited (formerly known as “**CT Vision (International) Holdings Limited**”) (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate holding company and ultimate holding company is CT Vision Investment Limited, a private company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company is Room Nos. 808-814, 8th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are (i) building construction business which mainly includes foundation works and ancillary services and general building works, (ii) renewable energy business, (iii) e-commerce business, and (iv) others which mainly include building information modelling services and sales of piles.

These consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Basis of preparation

(a) *Compliance with HKFRSs and HKCO*

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

(b) *Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis, except for financial asset measured at fair value.

(c) *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – HKAS 1 and HKAS 8 (Amendments)
- Definition of a Business – HKFRS 3 (Amendments)
- Interest Rate Benchmark Reform (Phase 1) – HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)
- Revised Conceptual Framework for Financial Reporting

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(d) *New and amended standards not yet adopted*

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting period beginning on or after
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions	1 June 2020
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform (Phase 2)	1 January 2021
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions	1 April 2021
HKAS 16 (Amendments)	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
Annual Improvements Projects	Annual Improvements 2018-2020 Cycle	1 January 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 (Amendments)	Amendments in relation to Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Amendments in relation to Disclosure of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Amendments in relation to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Management does not anticipate any significant impact on the Company's financial positions and results of operations upon adopting the above new standards, amendments to existing standards and interpretations.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2020 HK\$'000	2019 HK\$'000
Revenue from construction contracts		
– foundation works and ancillary services	114,786	143,548
– general building works	9,579	63,743
– renewable energy systems	121,723	36,086
E-commerce-related services	2,960	–
Building information modelling services	1,189	–
	250,237	243,377
Sales of piles		
	–	2,857
Revenue from contracts with customers	250,237	246,234
Rental income	652	646
	250,889	246,880

Other than e-commerce-related services and sales of piles which were recognised at a point in time, all the Group's revenue from contracts with customers were recognised over time.

4. SEGMENT INFORMATION

The Group manages its businesses by business lines in a manner consistent with the way in which information is reported internally to the chief operating decision maker (“CODM”), for the purposes of resource allocation and performance assessment. The Group's reportable and operating segments are as follows:

1. Building construction business: provision of foundation works and ancillary services and general building works to customers in Hong Kong and Saipan
2. Renewable energy business: provision of construction service of renewable energy systems (e.g. solar power systems and wind power systems) and rental income from lease of solar power system in the People's Republic of China (the “PRC”)
3. E-commerce business: provision of online merchant-related service in the PRC
4. Others: building information modelling services in the PRC and sales of piles to customers in Hong Kong

Segment results represent the loss before income tax from each segment except for the unallocated corporate expenses.

Information regarding the Group's reportable segments as provided to CODM for the purposes of resource allocation and assessment of segment performance for the year is set out below:

	Building construction business HK\$'000	Renewable energy business HK\$'000	E-commerce business HK\$'000	Others HK\$'000	Unallocated HK\$'000	Total HK\$'000
For the year ended 31 December 2020						
Segment revenue	<u>124,365</u>	<u>122,375</u>	<u>2,960</u>	<u>1,189</u>	<u>–</u>	<u>250,889</u>
Segment (loss)/profit	(25,522)	632	344	(2,508)	(28,006)	(55,060)
Income tax expense						<u>(1,104)</u>
Loss for the year						<u>(56,164)</u>
	Building construction business HK\$'000	Renewable energy business HK\$'000		Others HK\$'000	Unallocated HK\$'000	Total HK\$'000
For the year ended 31 December 2019						
Segment revenue	<u>207,291</u>	<u>36,732</u>		<u>2,857</u>	<u>–</u>	<u>246,880</u>
Segment (loss)/profit	(91,413)	229		(820)	(17,364)	(109,368)
Income tax credit						<u>1,230</u>
Loss for the year						<u>(108,138)</u>

5. OTHER INCOME

	2020 HK\$'000	2019 HK\$'000
Rental income from lease of machinery	1,583	2,531
Forfeiture income (<i>Note a</i>)	–	1,167
Bank interest income	29	583
Other payables written back	–	363
Government grants (<i>Note b</i>)	4,234	443
Others	302	625
	<u>6,148</u>	<u>5,712</u>

Notes:

- (a) It represented deposits forfeited due to the cancellation of construction of solar power systems by a customer.
- (b) Government grants included receipts of Employment Support Scheme from Hong Kong government and electricity subsidy from local government in the PRC of approximately HK\$3,793,000 and HK\$441,000 (2019: HK\$Nil and HK\$443,000) respectively. There are no unfulfilled conditions or other contingencies attaching to these grants.

6. INCOME TAX EXPENSE/(CREDIT)

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department of Hong Kong, the Group's first HK\$2 million of assessable profits under Hong Kong profits tax is subject to tax rate of 8.25%. The Group's remaining assessable profits above HK\$2 million will continue to be subject to a tax rate of 16.5%.

Under the Law of the PRC on Corporate Income Tax (the “**CIT Law**”) and Implementation Regulation of the CIT Law, the tax rate of the PRC subsidiaries is 25%.

No provision for income tax expense outside Hong Kong and the PRC has been made as the Group's subsidiaries outside Hong Kong and the PRC either did not have assessable profits or have tax credits in excess of assessable profits during the year in the relevant jurisdiction.

The amount of income tax expense/(credit) represents:

	2020 HK\$'000	2019 HK\$'000
Current income tax		
– Hong Kong profits tax	–	439
– the PRC corporate income tax	1,348	62
	1,348	501
Deferred income tax	(244)	(1,731)
	1,104	(1,230)

7. DIVIDENDS

No dividends were paid, declared or proposed for both years, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year (2019: same).

	2020	2019
Loss attributable to owners of the Company (in HK\$'000)	(55,459)	(108,138)
Weighted average number of ordinary shares for		
the purpose of basic and diluted loss per share (in thousands)	663,932	612,000
Basic loss per share (HK cent per share)	(8.35)	(17.67)

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the year (2019: same).

9. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables (<i>Note a</i>)	98,754	214,073
Loss allowance	(12)	(66,134)
	<u>98,742</u>	<u>147,939</u>
Deposits	11,088	7,622
Prepayments (<i>Note b</i>)	135,067	4,033
Other receivables	3,068	11,403
	<u>149,223</u>	<u>23,058</u>
	247,965	170,997
Less: Amounts due within one year shown under current assets	<u>(246,068)</u>	<u>(169,027)</u>
Non-current portion	<u>1,897</u>	<u>1,970</u>

Notes:

- (a) As at 31 December 2020, trade receivables of approximately HK\$62,280,000 was due from a customer which Dr. Kan Hou Sek, Jim (“**Dr. Kan**”) is one of the beneficial owners.
- (b) As at 31 December 2020, it mainly represented prepaid subcontracting charges of HK\$71,899,000 and prepaid material costs of HK\$32,320,000 made by the Group for the resumption of the Saipan Project. Prepaid material costs of approximately HK\$32,320,000 have been made to a supplier which Dr. Kan is one of the directors of the intermediate holding company of that supplier.

Further, HK\$102,056,000 was paid by the Group on behalf of the customer of Saipan Project. Such payments were related to the resumption of the Saipan Project and have been fully repaid by the customer during the year.

The Group’s credit terms granted to third-party customers range from 0 to 60 days.

As at the end of reporting period, the ageing analysis of the third-party trade receivables, based on date of certificate, were as follows:

	2020 HK\$'000	2019 HK\$'000
Up to 1 month	14,626	20,076
1 to 2 months	9,813	12,778
2 to 3 months	10,888	1,089
3 to 6 months	713	–
Over 6 months	<u>62,714</u>	<u>180,130</u>
	<u>98,754</u>	<u>214,073</u>

10. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade and retention payables	97,135	113,501
Other payables	2,068	897
Accrued subcontracting charges	13,313	10,438
Accrued employee benefits	4,440	4,421
Accrued operating expenses	7,076	8,444
Accrued interest	139	–
Amount due to Dr. Kan	4,468	–
	<u>128,639</u>	<u>137,701</u>

Trade payables are unsecured and are usually paid within credit periods which ranged from 30 to 60 days.

As at the end of the reporting period, the ageing analysis of the trade payables based on date of certificate were follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	25,586	42,747
1 to 2 months	5,891	8,165
2 to 3 months	4,647	3,449
Over 3 months	36,902	37,099
	<u>73,026</u>	<u>91,460</u>

In the consolidated statement of financial position, retention payables were classified as current liabilities. The ageing of the retention payables, based on the date of certificate, are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 year	4,406	839
Over 1 year	19,703	21,202
	<u>24,109</u>	<u>22,041</u>

11. CONTINGENT LIABILITIES

- (a) At 31 December 2020, the Group had contingent liabilities in respect of performance bonds to guarantee the due and proper performance of the obligations undertaken by the Group's subsidiaries for projects amounting to HK\$7,400,500 (2019: HK\$14,771,500).
- (b) At 31 December 2020, the Group had contingent liabilities in respect of potential liquidated and ascertained damages claims for two construction projects amounting to HK\$28,964,000. Management is of the opinion that no outflow of resources will be required to settle the claims as supported with an external legal opinion.

12. EVENTS AFTER THE REPORTING PERIOD

- (a) Pursuant to a shareholders' resolution passed on 23 February 2021, the authorised share capital of the Company was increased from HK\$10,000,000 divided into 1,000,000,000 shares of the Company of HK\$0.01 each to HK\$15,600,000 divided into 1,560,000,000 shares by the creation of 560,000,000 additional shares, which will, upon issue and being fully paid, rank pari passu in all respects with the Shares in issue.
- (b) Pursuant to a shareholders' resolution passed on 23 February 2021, the existing English name of the Company will be changed from "CT Vision (International) Holdings Limited" to "CT Vision S.L. (International) Holdings Limited" and the dual foreign name in Chinese of the Company be changed from "中天宏信(國際)控股有限公司" to "中天順聯(國際)控股有限公司" with effect from the date of the certificate of incorporation on change of name issued by the Registrar of Companies in the Cayman Islands. The change was effective from 25 March 2021.
- (c) On 23 August 2021, Win Win Way Constructions Co., Limited ("**WWWC**") and Well Famous International Investment Limited ("**Well Famous**") entered into an Agreement, pursuant to which WWWC has conditionally agreed to assign and novate all rights, titles, interests, benefits, covenants, liabilities, duties and obligations of WWWC in respect of Saipan Project contract and the subcontracts with effect from the Completion Date at the Consideration of HK\$179,584,366. The consideration was arrived after taking into account, among other things, (i) the aggregate amount of prepayments of HK\$113,543,812 made by WWWC pursuant to the Saipan Project; (ii) the aggregate receivable balance of HK\$51,441,232 to be received by WWWC; (iii) the retention deposit of HK\$18,299,322 paid by WWWC; and (iv) the aggregate payable balance of HK\$3,700,000 to be paid by WWWC.

The Consideration for the Assignment and Novation is HK\$179,584,366 which shall be paid by Well Famous to WWWC in the following manner: (a) HK\$30,000,000, being the non-refundable deposit, has been paid in cash by Well Famous to WWWC prior to the execution of the Agreement; and (b) HK\$149,584,366 shall be satisfied by the issue of the Promissory Note by Well Famous in favour of WWWC upon Completion. Details of the transaction were disclosed in the Company's announcement dated 23 August 2021.

- (d) On 2 November 2021, WWWC and Well Famous mutually agreed not to proceed with the Assignment and Novation. As such, on 2 November 2021, WWWC and Well Famous entered into a deed of termination (the "**Termination Deed**") to terminate the Agreement with immediate effect. With effect from the date of the Termination Deed, each of WWWC and Well Famous shall be fully released and discharged forthwith from their respective outstanding obligations (if any) under the Agreement and each of them has no further obligations or rights or any claims against the other under the Agreement. Details of the termination were disclosed in the Company's announcement dated 2 November 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activities of CT Vision S.L. (International) Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) are (i) building construction business which mainly includes foundation works and ancillary services and general building works, (ii) renewable energy business, (iii) e-commerce business, and (iv) others which mainly include building information modelling services and sales of piles.

In October 2014, the Group entered into a construction contract (the “**Contract**”) as the main contractor, providing foundation works and ancillary services and general building works (the “**Project**”), for a construction project. The foundation works lasted from May 2015 to October 2015. The general building works commenced in May 2016 and was preliminary expected to complete in or around February 2018. However, due to (i) the inclement weather; (ii) change of policy on worker visa application, such that a substantial amount of workers could not obtain the necessary work permit carry out the work at the site; (iii) change in design as instructed by the customer (“**Customer A**”), and permit for this work not having been obtained, the progress of the Project was hindered. On 19 March 2018, Customer A has issued a letter to us indicating its agreement to our application for extension of time and the completion date of the Project was extended to February 2019. Due to the changes of policy in worker visa application of the US Consulate, Customer A has issued a letter to us on 21 December 2019 agreeing our application for extension of time and the completion date of the Project was extended to 18 months after the recommencement of construction work. During the year ended 31 December 2020 and up to the date of this results announcement, the quarantine measures as well as the travel restrictions imposed by many countries due to novel coronavirus (“**COVID-19**”) pandemic, and the visa approval process by the local authorities are still affecting the progress of the Project.

The Project is now expected to complete in 18 months upon the recommencement of construction work, which depends on the easing of quarantine measures and travel restrictions, and the visa approval process by the local authorities. The Board will continue to closely monitor the progress of the Project.

The outbreak of COVID-19 pandemic and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. The Group stopped its construction activities from January 2020 to April 2020 due to mandatory government quarantine measures in an effort to contain the spread of the pandemic. On the other hand, the Hong Kong Special Administrative Region government has announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic. As such, the financial positions and performance of the Group were affected in different aspects, including reduction in revenue and government grants in respect of COVID-19-related subsidies as disclosed in the relevant notes.

Building construction business

As at 31 December 2020, the Group had a total of 15 contracts (2019: 12 contracts) on hand (including contracts in progress and contracts yet to be commenced). The amount of contract sum yet to be recognised as at 31 December 2020 amounted to approximately HK\$440.1 million (2019: HK\$469.6 million).

Foundation Works and Ancillary Services

Foundation works mainly include mini-piling, percussive piling, rock socketed in steel H-pile and bored pile, together with construction of pile caps. Ancillary services mainly include site formation and demolition works, for example, clearance of the site, excavation, demolition of a building or any substantial part of a building.

During the year ended 31 December 2020, there were 19 (2019: 18) foundation works and ancillary services projects contributing revenue of approximately HK\$114.8 million (2019: HK\$143.5 million) to this business stream.

General Building Works

General building works mainly include structural alteration and additional works, development of superstructures such as entire dwelling, office buildings, stores, public utility buildings, farm buildings, etc.

During the year ended 31 December 2020, there were 4 (2019: 8) general building works projects contributing revenue of approximately HK\$9.6 million (2019: HK\$63.7 million) to this business stream.

Renewable energy business

TIEN New Energy Development Limited is an investment holding company and its subsidiaries are principally engaged in engineering development and qualified form main engineering, procurement and construction (“EPC”) in electric power projects in the People’s Republic of China (“PRC”) with a focus in application of renewable in the construction sector of the PRC.

During the year ended 31 December 2020, renewable energy business contributed approximately HK\$122.4 million revenue (2019: HK\$36.7 million) of the Group. As at the date of this results announcement, the Group had a total of 3 contracts (2019: 3 contracts) on hand (including contracts in progress and contracts yet to be commenced) and the relevant awarded contract sum of these contracts on hand amounted to approximately RMB141.5 million (2019: RMB192.2 million).

E-commerce business

Zhejiang CT Shunlian Network Technology Company Limited* (浙江中宏順聯網絡科技有限公司) is principally engaged in the provision of procurement service and related online and offline consultation services to e-commerce companies.

During the year ended 31 December 2020, the e-commerce business contributed approximately HK\$3.0 million revenue (2019: HK\$Nil) to the Group.

Others

Building information modelling services

Nanjing CT Vision Smart City Technology Limited* (南京中天宏信智慧城市發展有限公司) is principally engaged in the provision of building information modelling services.

During the year ended 31 December 2020, the building information modelling business contributed approximately HK\$1.2 million revenue (2019: HK\$Nil) to the Group.

Sales of Piles

The piles are manufactured and supplied by 廣州羊城管樁有限公司 (“GZYC”). Win Win Way Materials Supply Limited, the indirect wholly owned subsidiary of the Company, has been granted the exclusive distribution right by GZYC for its pile products in Hong Kong from August 2010 to July 2020. The piles sourced from GZYC are “YANGCHENG” precast prestressed concrete piles.

During the year ended 31 December 2020, sales of piles contributed HK\$Nil (2019: HK\$2.9 million) revenue to the Group. The decrement is mainly due to decrease in the demand of concrete piles used for certain geological areas with different soil type.

FINANCIAL REVIEW

For the year ended 31 December 2020, the Group's revenue amounted to approximately HK\$250.9 million (2019: HK\$246.9 million). The increase was mainly attributable to decrease in revenue from building construction business of approximately HK\$82.9 million offset against increase in renewable energy business of approximately HK\$85.6 million.

Since (i) only seven new contracts for foundation works and ancillary services were awarded to the Group during the year ended 31 December 2020 and no new contract for general building work projects was awarded due to the outbreak of COVID-19 pandemic, which has severely affected the construction industry and caused a decrease in the number of projects which are available for tender; (ii) the decrease in revenue recognised from construction projects but increase in cost incurred as some construction projects on hand were under suspension or at their ending phases, which has resulted in negative gross profit margin; (iii) the demand of concrete piles used for certain geological areas with different soil types decreased, which has resulted in no sales recorded during the year ended 31 December 2020; and (iv) a deed of settlement was signed for two projects as a result of mediation with customers, which resulted in significant loss of contract assets, the Group's gross profit decreased from approximately HK\$24.0 million during the year ended 31 December 2019 to gross loss of approximately HK\$30.4 million during the year ended 31 December 2020. The Group's gross profit margin decreased significantly from approximately 9.7% during the year ended 31 December 2019 to gross loss margin of approximately 12.1% during the year ended 31 December 2020.

Selling and administrative expenses (the “**S&A Expenses**”) primarily comprise staff costs, business development expenses, transportation expenses, depreciation, bank charges, office expenses and professional charges. The S&A Expenses for the year increased by HK\$13.0 million to approximately HK\$58.6 million, compared with approximately HK\$45.6 million in last year, which was mainly due to salaries and consulting fee incurred.

As a result, the Group recorded a loss for the year attributable to owners of the Company of approximately HK\$55.5 million as compared with the loss of approximately HK\$108.1 million in 2019.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 December 2020	As at 31 December 2019
Current ratio ¹	2.2	1.6
Gearing ratio (%) ²	29.0	51.5
Net debt to equity ratio (%) ³	17.6	33.8
Interest coverage ratio ⁴	<u>(9.5)</u>	<u>(21.8)</u>

Notes:

1. Current ratio based on the total current assets divided by the total current liabilities.
2. Gearing ratio based on the total debt (which includes borrowings and bank overdrafts, lease liabilities and amount due to immediate holding company) divided by total equity and multiplied by 100%.
3. Net debt to equity ratios based on net debts (which include borrowings and bank overdrafts, lease liabilities and amount due to immediate holding company less pledged bank deposits and cash and bank balances) divided by total equity and multiplied by 100%.
4. Interest coverage based on the loss before tax and interest divided by the total interest expenses incurred.

USE OF NET PROCEEDS

Net proceeds from the subscription and placing under specific mandate

On 22 January 2020, the Company entered into a subscription and placing agreement with the controlling shareholder and a placing agent respectively in relation to the subscription of a maximum number of 77,000,000 new shares of the Company (the “**Subscription**”) and placing of 73,000,000 new shares of the Company (the “**Placing**”), respectively, at the price of HK\$0.80 per share. The completion of the Subscription took place on 14 July 2020 and a total of 77,000,000 new shares of the Company have been successfully subscribed by the controlling shareholder. The completion of the Placing took place on 21 July 2020 and an aggregate of 11,830,000 new shares of the Company have been placed by the placing agent to not less than six placees. The total net proceeds from the Subscription and the Placing amounted to approximately HK\$69.8 million. The table below sets out the proposed applications of the net proceeds and actual usage up to 31 December 2020:

	Proposed application <i>HK\$'million</i>	Actual usage up to 31 December 2020 <i>HK\$'million</i>	Remaining balance <i>HK\$'million</i>
Provision of construction service and development of business in relation to renewable energy	51.9	51.9	–
General working capital	17.9	17.9	–
	69.8	69.8	–

Net proceeds from the subscription under general mandate

On 12 October 2020 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber (an Independent Third Party), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 60,000,000 Subscription Shares at the Subscription Price of HK\$0.80 per Subscription Share. All conditions under the Subscription Agreement have been fulfilled and the completion of the Subscription took place on 28 October 2020. The table below sets out the proposed applications of the net proceeds and actual usage up to 31 December 2020:

	Proposed application <i>HK\$'million</i>	Actual usage up to 31 December 2020 <i>HK\$'million</i>	Remaining balance <i>HK\$'million</i>
Development of business in relation to renewable energy	34.0	34.0	–
General working capital	10.2	10.2	–
	44.2	44.2	–

EMPLOYEES

The Group had 99 employees as at 31 December 2020. The Group offers competitive remuneration package that is based on overall market rates and employee performance, as well as performance of the Group. Remuneration package is comprised of salary, performance-based bonus, and other benefits including training and provident funds.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 December 2020.

CHARGES ON GROUP ASSETS

As at 31 December 2020, bank deposits of HK\$Nil (2019: HK\$40.1 million) and a life insurance contract were pledged to secure the banking facilities granted to the Group. As at 31 December 2020, the lease liability of a solar power system granted to the Group was secured by the trade receivables of HK\$137,000 (2019: HK\$88,000) and registered capital of a wholly-owned subsidiary amounted to RMB10 million (2019: RMB10 million).

CONTINGENT LIABILITIES

- (a) At 31 December 2020, the Group had contingent liabilities in respect of performance bonds to guarantee the due and proper performance of the obligations undertaken by the Group's subsidiaries for projects amounting to HK\$7,400,500 (2019: HK\$14,771,500).
- (b) At 31 December 2020, the Group had contingent liabilities in respect of potential liquidated and ascertained damages claims for two construction projects amounting to HK\$28,964,000. Management is of the opinion that no outflow of resources will be required to settle the claims as supported with an external legal opinion.

FOREIGN EXCHANGE EXPOSURE

The Group has no significant exposure to foreign currency risk as substantially all of the Group's transactions are denominated in Hong Kong dollars, United States dollars ("USD") and Renminbi ("RMB"). In this respect, the only risk it is faced arose from exposure mainly to RMB and USD. These risks were mitigated as the Group held Hong Kong dollars, USD and RMB bank accounts to finance transactions denominated in these currencies respectively.

As at 31 December 2020, the Group does not have a foreign currency hedging policy in respect of its foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

SHARE OPTIONS

Written resolutions of the sole shareholder were passed on 23 June 2017 to adopt the share option scheme (the “**Scheme**”). No share options have been granted, exercised or cancelled under the Scheme since its adoption date and up to the date of this results announcement. The Scheme will remain in force for a period of 10 years after the date of adoption.

PROSPECTS

Since the worldwide outbreak of the COVID-19 pandemic in early 2020, all sectors have been severely affected with no exception to the construction industry. Coupled with the impact of the Sino-US trade disputes that began in mid-2019, the investment atmosphere in the construction industry has been greatly affected under the uncertain economic outlook. The reduced market risk appetite resulted in a sharp decline in the number of projects available for tender as well as a significant reduction in profit margin of construction projects. Therefore, only seven new contracts for the foundation works and ancillary services was awarded to the Group, and no new contract for general building works project was awarded during the current period.

The outbreak of the COVID-19 pandemic has also prompted many countries to adopt travel restrictions and lockdown measures to contain the spread of the pandemic, but the relevant inbound travel restrictions have also disrupted some construction-related supply chains, including the flow of construction materials and labor. Coupled with the impact of mandatory government quarantine measures, these also led to further delay in the progress of the Saipan project that was originally scheduled to resume work in the middle of 2020.

In response to the above-mentioned business risks arising from the COVID-19 pandemic in Hong Kong and overseas markets, the management takes a prudent step and seise the opportunities brought by the macroeconomic policy of the PRC. Furthermore, benefited from the introduction of various policies and measures by official authorities of the PRC to support the development of renewable energy industry in 2019, we decided to develop energy storage related projects of domestic grids (the “**Energy Storage Projects**”) based on the original clean energy business.

On 29 June 2020, the Company has entered into an cooperation framework agreement with State Power Investment Group (Beijing) New Energy Investment Co. Ltd* (國家電投集團(北京)新能源投資有限公司) (“**SPIC Beijing**”) and a cooperation agreement with Contemporary Amperex Technology Co., Limited* (寧德時代新能源科技股份有限公司) (“**CATL**”), respectively, in order to work together on the Energy Storage Projects. Such cooperation diversified the risks of revenues of the Group in different regions, and also enabled diversity of the Group’s renewable energy business. It is expected that the integration of the project resources of SPIC Beijing and the market-leading advantages of CATL in products and technical services can help the Company further develop the integrated energy service business on the basis of the renewable energy business.

In order to broaden the revenue base and diversify the Group’s source of income, the Company seised the huge potential in the e-commerce (“**e-commerce**”) industry of the PRC and established Zhejiang CT Shunlian Network Technology Company Limited* (浙江中宏順聯網絡科技有限公司) with Zhejiang Shunlian Network Technology Company Limited* (浙江順聯網絡科技有限公司) (“**Zhejiang Shunlian**”) and a senior management staff of Zhejiang Shunlian, who was responsible for procurement function for the e-commerce retail platform, to provide procurement service and related online and offline consultation services to e-commerce companies.

A majority of the construction activities of the Group have been resumed since April 2020, and the progress of projects have also gradually resumed normal. Also, the Group will continue to submit tenders for suitable potential projects to maximise the Group’s profits in relation to construction. It is expected that the construction business will be back on track step by step after the economic recovery. Together with the Group’s development plan on Energy Storage Projects and e-commerce business, the Board is confident with the outlook of the Group.

The Group will continue to assess the development of the COVID-19 pandemic and its impact on the operation and financial performance of the Group. We will make further announcement to our stakeholders as and when appropriate.

* These PRC entities do not have English names, the English names set out in this announcement are for identification purpose only.

EVENTS AFTER THE REPORTING PERIOD

- (a) Pursuant to a shareholders' resolution passed on 23 February 2021, the authorised share capital of the Company was increased from HK\$10,000,000 divided into 1,000,000,000 shares of the Company of HK\$0.01 each to HK\$15,600,000 divided into 1,560,000,000 shares by the creation of 560,000,000 additional shares, which will, upon issue and being fully paid, rank pari passu in all respects with the Shares in issue.
- (b) Pursuant to a shareholders' resolution passed on 23 February 2021, the existing English name of the Company will be changed from "CT Vision (International) Holdings Limited" to "CT Vision S.L. (International) Holdings Limited" and the dual foreign name in Chinese of the Company be changed from "中天宏信(國際)控股有限公司" to "中天順聯(國際)控股有限公司" with effect from the date of the certificate of incorporation on change of name issued by the Registrar of Companies in the Cayman Islands. The change was effective from 25 March 2021.
- (c) On 23 August 2021, WWWC and Well Famous International Limited ("**Well Famous**") entered into an Agreement, pursuant to which WWWC has conditionally agreed to assign and novate all rights, titles, interests, benefits, covenants, liabilities, duties and obligations of WWWC in respect of Saipan Project contract and the subcontracts with effect from the Completion Date at the Consideration of HK\$179,584,366. The consideration was arrived after taking into account, among other things, (i) the aggregate amount of prepayments of HK\$113,543,812 made by WWWC pursuant to the Saipan Project; (ii) the aggregate receivable balance of HK\$51,441,232 to be received by WWWC; (iii) the retention deposit of HK\$18,299,322 paid by WWWC; and (iv) the aggregate payable balance of HK\$3,700,000 to be paid by WWWC.

The Consideration for the Assignment and Novation is HK\$179,584,366 which shall be paid by Well Famous to WWWC in the following manner: (a) HK\$30,000,000, being the non-refundable deposit, has been paid in cash by Well Famous to WWWC prior to the execution of the Agreement; and (b) HK\$149,584,366 shall be satisfied by the issue of the Promissory Note by Well Famous in favour of WWWC upon Completion. Details of the transaction were disclosed in the Company's announcement dated 23 August 2021.

- (d) On 2 November 2021, WWWC and Well Famous mutually agreed not to proceed with the Assignment and Novation. As such, on 2 November 2021, WWWC and Well Famous entered into a deed of termination (the "**Termination Deed**") to terminate the Agreement with immediate effect. With effect from the date of the Termination Deed, each of WWWC and Well Famous shall be fully released and discharged forthwith from their respective outstanding obligations (if any) under the Agreement and each of them has no further obligations or rights or any claims against the other under the Agreement. Details of the termination were disclosed in the Company's announcement dated 2 November 2021.

DIVIDEND

The Directors do not propose the payment of a final dividend for the year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2020, the Company has complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules upon the Listing. All the Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2020 and up to the date of this results announcement in response to the specific enquiry made by the Company.

The Board has established written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the securities of the company as required under the CG Code. No incident of non-compliance of such guidelines by the relevant employees was noted by the Company during the year ended 31 December 2020 and up to the date of this results announcement.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED (“ZHONGHUI”)

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group’s auditor, ZHONGHUI, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2020. The work performed by ZHONGHUI in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI on the preliminary announcement.

AUDIT COMMITTEE REVIEW

The Audit Committee consists of four independent non-executive Directors and has reviewed the Group’s consolidated financial statements for the year ended 31 December 2020.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the Auditor:

“Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Revenue and profit recognition of construction service and contract assets

Impairment losses on trade receivables and contract assets of approximately HK\$65,647,000 and HK\$18,299,000, respectively, were recognised for the year ended 31 December 2019, and reversal of impairment on trade receivables and contract assets of approximately HK\$65,647,000 and HK\$18,299,000, respectively, were recognised for the year ended 31 December 2020, for a construction service contract in Saipan.

Included in the consolidated statement of financial position as at 31 December 2019 was contract assets with carrying amounts of approximately HK\$48,416,000, for certain construction service contracts in Hong Kong. In related to the aforesaid contract assets, revenue of approximately HK\$48,416,000 was recognised for the year ended 31 December 2019 and impairment losses on contract assets of approximately HK\$48,416,000 was recognised for the year ended 31 December 2020, respectively.

Included in the consolidated statement of financial position as at 31 December 2019 was contract assets with carrying amounts of approximately HK\$29,741,000, for a number of construction service contracts in Hong Kong. Impairment on contract assets, reversal of revenue and cost of revenue in related to the aforesaid contract assets of approximately HK\$4,527,000, HK\$18,489,000 and HK\$6,725,000 respectively, were recorded for the year ended 31 December 2020.

The management has been unable to provide sufficient evidence to support the calculation of the aforesaid balances and due to insufficient record, we have been unable to obtain sufficient appropriate audit evidence to ascertain the recoverable amount of aforesaid balances as at 31 December 2019. There were no other satisfactory audit procedures that we could perform to satisfy ourselves whether the aforesaid balances were fairly stated as at 31 December 2019. Consequently, we have been unable to obtain sufficient appropriate audit evidence on the impairment losses and revenue recorded in the year ended 31 December 2019 and thus the consequential effect on the impairment losses, revenue and cost of revenue recorded in the year ended 31 December 2020.

Any adjustments to the figures as described above might have a consequential effect on the Group's financial performance and cash flows for the years ended 31 December 2020 and 2019 and the financial position of the Group as at 31 December 2019, and the related disclosures thereof in the consolidated financial statements."

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.ctvision994.com and the Stock Exchange's website at www.hkexnews.hk. The 2020 Annual Report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the year.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in Shares was suspended from 9:00 a.m. on 3 May 2021 pending the publication of the 2020 Audited Annual Results and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By order of the Board
CT Vision S.L. (International) Holdings Limited
Ho Chun Kit Gregory
Chief executive officer and executive Director

Hong Kong, 15 December 2021

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Wu Rui, Dr. Ho Chun Kit Gregory, Mr. Guo Jianfeng and Mr. Wong Kee Chung, three non-executive Directors, namely Ms. Du Yi, Ms. Yip Man Shan and Mr. Lu Qiwei, and four independent non-executive Directors, namely Ms. Ng Yi Kum, Estella, Mr. Wong Wing Cheong Philip, Dr. Tang Dajie and Mr. Ng Kwun Wan.