Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

CTR Holdings Limited

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

(Stock Code: 1416)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 28 FEBRUARY 2021 AND CONTINUED SUSPENSION OF TRADING

Reference is made to the announcements of CTR Holdings Limited (the "**Company**") dated 31 May 2021, 11 June 2021, 7 July 2021, 8 July 2021, 6 August 2021, 31 August 2021, 29 October 2021, 30 November 2021 and 1 March 2022 (the "**Announcements**") in relation to the delay in publication of the audited annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 28 February 2021 (the "**2021 Annual Results**"). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Announcements.

The board (the "**Board**") of directors (the "**Directors**") of the Company announces that as at the date of this announcement, the Company's external auditors, HLB Hodgson Impey Cheng Limited, has completed its audit of the 2021 Annual Results and the audited 2021 Annual Results were approved by the Board on 2 March 2022. The audited 2021 Annual Results together with comparative figures for the corresponding period in 2020 is presented as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 28 February 2021

	Notes	**Year ended 28 February 2021** *S$'000*	Year ended 29 February 2020 *S$'000*
Revenue	4	**35,806**	65,599
Construction costs		**(30,215)**	(46,071)
Gross profit		**5,591**	19,528
Other income and gain, net	5	**4,531**	1,392
Administrative expenses		**(11,740)**	(11,253)
Impairment loss on intangible asset	6	**(1,472)**	–
Loss allowance provision on financial assets and contract assets, net	6	**(198)**	(225)
(Loss)/profit before tax	6	**(3,288)**	9,442
Income tax expense	7	**(116)**	(2,057)
(Loss)/profit for the year		**(3,404)**	7,385

	Notes	**Year ended 28 February 2021** **_S$'000_**	Year ended 29 February 2020 _S$'000_
Other comprehensive (expense)/income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(631)**	366
Other comprehensive (expense)/income for the year, net of tax		**(631)**	366
Total comprehensive (expense)/income for the year		**(4,035)**	7,751
(Loss)/profit attributable to:			
Owners of the Company		**(3,404)**	7,385
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(4,035)**	7,751
(Loss)/earnings per share			
– Basic and diluted *(SGD cents)*	9	**(0.24)**	0.67

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

28 February 2021

	Notes	**As at 28 February 2021**	As at 29 February 2020
		S$'000	*S$'000*
Non-current assets			
Property, plant and equipment		**2,512**	2,804
Investment properties		**4,632**	4,646
Intangible asset	10	**–**	–
Contract assets	11	**6,351**	7,213
Total non-current assets		**13,495**	14,663
Current assets			
Inventories		**84**	–
Contract assets	11	**6,626**	7,109
Trade receivables	12	**5,427**	5,564
Prepayments, other receivables and deposits		**2,915**	1,524
Amounts due from related parties		**145**	147
Cash and cash equivalents		**25,900**	30,088
Total current assets		**41,097**	44,432
Total assets		**54,592**	59,095
Current liabilities			
Contract liabilities	11	**566**	1,372
Trade payables	13	**8,049**	4,731
Other payables and accruals		**2,612**	2,382
Amounts due to related parties		**16**	2
Income tax payable		**192**	3,386
Total current liabilities		**11,435**	11,873
Net current assets		**29,662**	32,559
Total assets less current liabilities		**43,157**	47,222

	As at 28 February 2021 *S$'000*	As at 29 February 2020 *S$'000*
Non-current liability		
Deferred tax liabilities	**31**	61
Total non-current liability	**31**	61
Total liabilities	**11,466**	11,934
Net assets	**43,126**	47,161
Equity attributable to owners of the Company		
Share capital	**190**	190
Reserves	**42,936**	46,971
Total equity	**43,126**	47,161
Total equity and liabilities	**54,592**	59,095

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 February 2021

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 head office and principal place of business of the Group is at 21 Woodlands Close #08–11, 12 Primz Bizhub, Singapore 737854.

The Company is an investment holding company. The principal activities of its subsidiaries are 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, 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 Direct %	Indirect %	Principal activities
Held by the Company					
Pinnacle Shine Ltd	British Virgin Islands 20 August 2018	US$10	100	–	Investment holding
Held through a subsidiary					
Chian Teck Realty Pte Ltd	Singapore 30 March 2009	S$3,000,000	–	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	Sales and distribution of foaming cement
Hong Kong Integrated Sport Therapy Centre Limited	Hong Kong 3 March 2014	HK$1,000	–	100	Dormant

2.1 BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by Hong Kong Companies Ordinance.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 APPLICATION OF AMENDMENTS TO IFRSs

The Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB and International Financial Reporting Interpretations Committee ("**IFRIC**") for the first time, which are mandatorily effective for the current year for the preparation of the consolidated financial statements:

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

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRS Standards in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 NEW AND AMENDMENTS TO IFRSs ISSUED BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to IFRSs, that have been issued but are not yet effective:

IFRS 17	*Insurance Contracts and the related Amendments*[1]
Amendments to IFRS 16	*Covid-19-Related Rent Concessions*[4]
Amendments to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*[6]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[5]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Amendments to IFRS Standards	*Annual Improvements to IFRS Standards 2018–2020*[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 June 2020
5 Effective for annual periods beginning on or after 1 January 2021
6 Effective for annual periods beginning on or after 1 April 2021

The directors of the Company anticipate that the application of all new and amendments to IFRS Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. OPERATING SEGMENT INFORMATION

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

Information about major customers

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

	Year ended 28 February 2021	Year ended 29 February 2020
	S$'000	*S$'000*
Customer A	**4,367**	7,142
Customer B	**25,427**	29,736
Customer C	**3,913**	16,821

Geographical information

During the year, 100% of the Group's total revenue was generated in Singapore (2020: 100%) and 100% (2020: 100%) of the Group's total non-current assets were derived from and located in Singapore.

4. REVENUE

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

	Year ended 28 February 2021	Year ended 29 February 2020
	S$'000	*S$'000*
Structural engineering works	**34,901**	59,232
Wet architectural works	**905**	6,367
Total revenue from contracts with customers	**35,806**	65,599
Timing of transfer of goods or services		
Over time	**35,806**	65,599

(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:

	Year ended 28 February 2021	Year ended 29 February 2020
	S$'000	*S$'000*
Amounts expected to be recognised as revenue:		
Within one year	**53,033**	65,415
After one year	**6,116**	40,857
	59,149	106,272

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. OTHER INCOME AND GAIN, NET

	Year ended 28 February 2021	Year ended 29 February 2020
	S$'000	*S$'000*
Foreign exchange gain, net	**403**	18
Government grants*	**3,183**	75
Rendering of services	**639**	1,077
Rental income	**95**	97
Interest income	**80**	52
Others	**131**	73
	4,531	1,392

* Government grants relate to the Jobs Support Scheme and the Foreign Worker Levy Rebate. There are no unfulfilled conditions or contingencies relating to these grants.

6. (LOSS)/PROFIT BEFORE TAX

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

	Year ended 28 February 2021 *S$'000*	Year ended 29 February 2020 *S$'000*
Auditors' remuneration *(note c)*	**608**	185
Construction costs *(note a & b)*	**30,215**	46,071
Bad debts written off	**1**	–
Depreciation of property, plant and equipment	**432**	412
Depreciation of investment properties	**126**	132
(Reversal of impairment loss)/impairment loss on investment properties	**(112)**	218
Amortisation of intangible asset	**647**	–
Impairment loss on intangible asset	**1,472**	–
Loss on disposal of property, plant and equipment	**–**	49
Written-off of property, plant and equipment	**3**	–
Loss allowance provision/(reversal of):		
– Contract assets	**138**	159
– Trade receivables	**66**	59
– Other receivables	**(6)**	7
Listing expenses		
– Current year	**–**	1,875
– Under-provision	**530**	–
Employee benefit expense (including Directors' remuneration)		
– Salaries and bonuses	**5,959**	6,007
– Central Provident Fund contributions	**371**	401
Gross rental income from investment properties	**(95)**	(97)
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	**15**	17
	(80)	(80)

Notes:

(a) Construction costs included S$6,177,000 of wages during the year (2020: S$9,875,000).

(b) Construction costs included S$1,958,000 of rental expenses of short-term leases during the year (2020: S$1,839,000).

(c) Excluded services for the listing of the Company.

7. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Singapore Corporate Income Tax ("**CIT**") has been provided at the rate of 17% (2020: 17%) on the estimated assessable profits arising in Singapore during the year.

Hong Kong Profits Tax is calculated at the rate of 16.5% (2020: 16.5%). No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising in Hong Kong for the years.

	Year ended 28 February 2021 *S$'000*	Year ended 29 February 2020 *S$'000*
Current – Singapore CIT		
Charge for the year	**140**	2,012
Under-provision in respect of prior years	**6**	68
Deferred tax		
Origination and reversal of temporary differences	**(30)**	(23)
Total tax charge for the year	**116**	2,057

8. DIVIDENDS

The directors of the Company do not declare or propose any payment of final dividend for the years ended 28 February 2021 and 29 February 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:

	Year ended 28 February 2021	Year ended 29 February 2020
(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)*	**(3,404)**	7,385
Number of shares *('000)*		
Weighted average number of ordinary shares for basic (loss)/earnings per share computation	**1,400,000**	1,094,110

No adjustment has been made to basic (loss)/earnings per share as the Group had no potentially dilutive ordinary shares in issue during the years ended 28 February 2021 and 29 February 2020.

10. INTANGIBLE ASSET

	License rights
	S$'000
Cost:	
At 1 March 2019, 29 February 2020 and 1 March 2020	–
Addition during the year	2,119
Exchange differences	(64)
At 28 February 2021	2,055
Accumulated amortisation and impairment:	
At 1 March 2019, 29 February 2020 and 1 March 2020	–
Amortisation charge for the year	647
Impairment for the year	1,472
Exchange differences	(64)
At 28 February 2021	2,055
Net carrying amount:	
At 28 February 2021	–
At 29 February 2020	–

The license rights represented the exclusive rights to sell the cement products in the territory of Cameroon, Africa for 3 years commencing on 30 April 2020 acquired during the year ended 28 February 2021.

Impairment assessment

In view of the continuity of the outbreak of COVID-19 in Africa and worldwide, the management of the Group had been unable to travel to Cameroon, Africa and as at 28 February 2021, the Group had not yet carried out the business development activities for the operation of sale of foam cement products in Cameroon, Africa. Subsequent to the financial year ended 28 February 2021, the directors of the Company have determined that the Group was unable to commence this new business and decided to cease the business development and operation of sale of foam cement products in Cameroon, Africa and thus fully impaired the license rights with net carrying amount of S$nil.

11. CONTRACT ASSETS/LIABILITIES

(a) Contract assets

	As at 28 February 2021	As at 29 February 2020
	S$'000	*S$'000*
Unbilled revenue *(note (i))*	**6,682**	7,057
Retention receivables *(note (ii))*	**6,653**	7,485
	13,335	14,542
Less: Loss allowance provision	**(358)**	(220)
	12,977	14,322
Represented by:		
Contract assets		
– Non-current	**6,351**	7,213
– Current	**6,626**	7,109
	12,977	14,322

Notes:

(i) Unbilled revenue is initially recognised for revenue earned from the provision of construction work as the receipt of consideration is conditional on successful completion of construction. Upon completion of construction and acceptance by the customer, the amounts recognised as unbilled revenue are reclassified to trade receivables.

(ii) Retention receivables included in contract assets represents the Group's right to consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over the maintenance period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically after the expiry date of the maintenance period.

As at 1 March 2019, contract assets amounted to approximately S$9,811,000.

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

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

	As at 28 February 2021	As at 29 February 2020
	S$'000	*S$'000*
At the beginning of the year	**220**	61
Loss allowance provision for the year	**138**	159
At the end of the year	**358**	220

The loss allowance provision for contract assets is determined as follows:

	As at 28 February 2021	As at 29 February 2020
	S$'000	*S$'000*
Contract assets	**13,335**	14,542
Expected credit loss rate	**2.71%**	1.51%
Loss allowance provision	**358**	220

(b) Contract liabilities

	As at 28 February 2021	As at 29 February 2020
	S$'000	*S$'000*
Construction contracts	**566**	1,372

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

As at 1 March 2019, contract liabilities amounted to approximately S$1,724,000.

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

	As at 28 February 2021	As at 29 February 2020
	S$'000	*S$'000*
Revenue recognised in the year from the amounts included in the contract liabilities at the beginning of the year	**1,372**	352

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Construction contracts

In recognising the construction revenue, the Group adjusts the amount of payment received for the effect of the time value of money of the goods and services transferred to the customers. In certain circumstances, the adjustment will result the amount of payment received in excess of the revenue recognised to date. Such difference will be recorded as contract liabilities.

12. TRADE RECEIVABLES

	As at 28 February 2021	As at 29 February 2020
	S$'000	*S$'000*
Trade receivables	**5,578**	5,649
Less: Loss allowance provision	**(151)**	(85)
	5,427	5,564

The credit period is generally 30 to 90 days.

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

	As at 28 February 2021	As at 29 February 2020
	S$'000	*S$'000*
Within 1 month	**5,069**	4,783
1 to 2 months	**140**	766
2 to 3 months	**132**	15
Over 3 months	**86**	–
	5,427	5,564

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

	As at 28 February 2021	As at 29 February 2020
	S$'000	*S$'000*
At the beginning of the year	**85**	26
Loss allowance provision for the year	**66**	59
At the end of the year	**151**	85

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

The loss allowance provision for trade receivables is determined as follows:

	As at 28 February 2021	As at 29 February 2020
	S$'000	*S$'000*
Trade receivables	**5,578**	5,649
Expected credit loss rate	**2.71%**	1.51%
Loss allowance provision	**151**	85

13. 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 28 February 2021	As at 29 February 2020
	S$'000	*S$'000*
Within 1 month	**7,170**	2,800
1 to 2 months	**439**	568
2 to 3 months	**39**	256
Over 3 months	**401**	1,107
	8,049	4,731

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

MATERIAL DIFFERENCES BETWEEN UNAUDITED ANNUAL RESULTS AND AUDITED ANNUAL RESULTS

Since the financial information contained in the announcement of the Unaudited Annual Results was neither audited nor agreed with the then auditor, HLB Hodgson Impey Cheng Limited, as at the date of its publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the Unaudited Annual Results and Audited Annual Results. Set forth below are the principal details and reasons for the material differences in such financial information.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 28 February 2021

	Audited annual results *S$'000*	**Unaudited annual results** *S$'000*	**Difference** *S$'000*	*Notes*
Other income and gain, net	4,531	4,643	(112)	1
Impairment loss on intangible asset	(1,472)	–	(1,472)	2
Administrative expenses	(11,740)	(12,094)	354	3
Loss before tax	(3,288)	(2,058)	(1,230)	
Income tax expense	(116)	(124)	8	4
Loss for the year	(3,404)	(2,182)	(1,222)	
Other comprehensive expense:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	(631)	(681)	50	5
Other comprehensive expense for the year, net of tax	(631)	(681)	50	
Total comprehensive expense for the year	(4,035)	(2,863)	(1,172)	
Profit attributable to:				
Owners of the Company	(3,404)	(2,182)	(1,222)	
Total comprehensive expense attributable to:				
Owners of the Company	(4,035)	(2,863)	(1,172)	
Loss per share				
– Basic and diluted *(SGD cents)*	(0.24)	(0.16)	(0.08)	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2021

	Audited annual results *S$'000*	**Unaudited annual results** *S$'000*	**Difference** *S$'000*	*Notes*
Non-current assets				
Intangible asset	–	1,427	(1,427)	6
Total non-current assets	13,495	14,922	(1,427)	
Current assets				
Prepayments, other receivables and deposits	2,915	2,303	612	7
Total current assets	41,097	40,485	612	
Total assets	54,592	55,407	(815)	
Current liabilities				
Other payables and accruals	2,612	2,247	365	7
Income tax payable	192	200	(8)	4
Total current liabilities	11,435	11,078	357	
Net current assets	29,662	29,407	255	
Total assets less current liabilities	43,157	44,329	(1,172)	
Total liabilities	11,466	11,109	357	
Net assets	43,126	44,298	(1,172)	
Equity attributable to owners of the Company				
Reserves	42,936	44,108	(1,172)	
Total equity	43,126	44,298	(1,172)	
Total equity and liabilities	54,592	55,407	(815)	

Notes:

1. The change mainly resulted from the reclassification of other income and gain, net to administrative expenses.

2. The change mainly result from the impairment of intangible asset during the year.

3. The change mainly resulted from the aggregate effect on (i) the overstatement of expenses of approximately S$621,000; (ii) the understatement of accrued audit fee of approximately S$379,000; and (iii) the reclassification as stated in note 1 during the year.

4. The change mainly resulted from the over-provision of income tax expenses during the year.

5. The change mainly resulted from exchange differences have been identified in relation to the effect as stated in notes 2 and 3.

6. The change represented the effect as stated in notes 2 and 5.

7. The change represented the effect as stated in notes 3 and 5.

Save as disclosed in this announcement and the corresponding adjustments related to the above differences, there is no material change in other information of the consolidated financial statements contained in the announcement of the Unaudited Annual Results.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

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

The Group participates in 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 residential estates, office buildings and data centres which are driven by property developers.

As at 28 February 2021, the Group had a total of 12 (29 February 2020: 12) projects on hand (including projects in progress and projects which are yet to commence), including 8 (29 February 2020: 11) structural engineering projects and 4 (29 February 2020: 1) wet architectural projects. The aggregated contract sum of the above projects is approximately S$132.5 million, of which approximately S$73.3 million has been recognised as revenue up to 28 February 2021. The remaining balance will be recognised as Group's revenue in accordance with the respective stage of completion of the projects.

Prospects

The operating conditions in the construction sector remain challenging due to the COVID-19 pandemic. The pace of resumption of the construction activity in Singapore has been slow and is expected to continue to be limited by manpower deployment challenges, and higher cost and more time resources are needed to comply with precautionary restrictive measures such as border entry approval for foreign employees, rostered routine swab testing, staggered rest days, safe accommodation and transportation arrangement. Amid the evolving COVID-19 situation in the region, the supply chain for materials and manpower may be disrupted. All construction and project worksites are required to adhere to application to resume work and fulfilling safe worksite requirements. The delay in progress of the Group's ongoing projects and unforeseen additional costs incurred due to the impact of the COVID-19 pandemic led to a decrease in Group's revenue and gross profit margin on ongoing projects for the year ended 28 February 2021 when compared to the year ended 29 February 2020.

The Group expects a gradual recovery of business operations and financial performance in 2021 when the COVID-19 pandemic becomes stable. The Group continues to prioritise cash conservation and cost control, and will exercise caution when exploring business opportunities in the upcoming year.

FINANCIAL REVIEW

Revenue

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

	FY2020/2021	FY2019/2020
	S$'000	*S$'000*
Structural engineering works	**34,901**	59,232
Wet architectural works	**905**	6,637
Total revenue	**35,806**	65,599

The Group's revenue decreased by approximately S$29.8 million or 45.4% from approximately S$65.6 million for the year ended 29 February 2020 ("**FY2019/2020**") to approximately S$35.8 million for the year ended 28 February 2021 ("**FY2020/2021**"). Such decrease was mainly due to the decrease in construction activities in Singapore during 2020. In particular, due to the Circuit Breaker (the "**Circuit Breaker**"), the majority of the Group's projects were halted during the Circuit Breaker period and the operations of the Group did not immediately resume to its normal level even after the Circuit Breaker was lifted.

Construction Costs

The Group's construction costs decreased by approximately S$15.9 million or 34.5% from approximately S$46.1 million for FY2019/2020 to approximately S$30.2 million for FY2020/2021. Such decrease was mainly due to the net effect of (i) the Group had to pay wages for its direct labours during the Circuit Breaker period while such costs could not generate any corresponding project revenue during the Circuit Breaker period; (ii) additional costs were incurred in the adoption and implementation of additional safe and controlled restart measures for the Group's employees before resumption of the Group's operating activities; (iii) the increase of overall labour costs and subcontracting costs due to the labour shortage in Singapore under the weak manpower supply under the anti-epidemic policies and the global lockdown; (iv) the decrease in direct material costs that is generally in-line with the decrease of revenue; and (v) foreign workers' levy waiver in certain months and levy rebates provided by the Singapore government to partially support the upkeep and well-being of foreign workers.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately S$13.9 million or 71.3% from approximately S$19.5 million for FY2019/2020 to approximately S$5.6 million for FY2020/2021. The Group's gross profit margin also decreased from approximately 29.8% for FY2019/2020 to approximately 15.6% for FY2020/2021. The decrease in gross profit was primarily driven by the decrease of revenue as discussed above. The decrease in gross profit margin was mainly because the extent of decrease in revenue outweighed the extent of decrease in construction costs.

Other Income

The Group's other income increased by approximately S$3.1 million from approximately S$1.4 million for FY2019/2020 to approximately S$4.5 million for FY2020/2021, mainly attributable to the government grants received, such as (i) the Jobs Support Scheme, which provides wage support to help employers retain local employees; and (ii) the Construction Restart Booster and Foreign Worker Levy for supporting the development of construction industry.

Administrative Expenses

The Group's administrative expenses increased by approximately S$0.5 million or 4.3% from approximately S$11.3 million for FY2019/2020 to approximately S$11.7 million for FY2020/2021, mainly due to increase in audit fee in regards of change of auditors during the year; the increase in legal and professional fees in relation to additional compliance cost incurred after the shares of Company were listed on the Main Board of the Stock Exchange; and the effect of which is partially offset by the decrease in the Listing expenses.

Income Tax Expense

The Group's income tax expense decreased by approximately S$2.0 million from approximately S$2.1 million for FY2019/2020 to approximately S$0.1 million for FY2020/2021, which was generally due to the decrease in taxable profit for this year.

(Loss)/Profit for the Year

As a result of the foregoing, the Group recorded a loss of approximately S$3.4 million for FY2020/2021 as compared to profit of approximately S$7.4 million for FY2019/2020, represented a decrease of approximately S$10.8 million.

Capital Structure, Liquidity and Financial Resources

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 15 January 2020 (the "**Listing Date**") by way of share offer (the "**Share Offer**") and there has been no change in capital structure of the Group since then. The capital of the Group comprises issued ordinary share capital and capital reserves. The Group does not have any bank borrowings, debt securities or indebtedness as at 28 February 2021.

The Group's sources of funding comprise cash and cash equivalents, cash flows generated from operations, and net proceeds from the Share Offer. As at 28 February 2021, the Group's cash and cash equivalents amounted to approximately S$25.9 million.

The Group's cash and cash equivalents, mainly denominated in SGD and HKD, are generally deposited with authorised financial institutions. As at 28 February 2021, 96.8% (29 February 2020: 41.8%) of the Group's cash and cash equivalents was denominated in Singapore dollar and 3.2% (29 February 2020: 58.2%) was denominated in Hong Kong dollar.

As at 28 February 2021, the Group had banking facilities with credit limit amounting to approximately S$1.0 million (29 February 2020: S$5.0 million), of which approximately S$1.0 million (29 February 2020: S$5.0 million) was unutilised.

Gearing Ratio

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

As at 28 February 2021, the gearing ratio of the Group was negative as the Group's cash and cash equivalent exceeded its debt (29 February 2020: negative).

Treasury Policy

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

Use of Proceeds

The net proceeds from the Share Offer were approximately HK$82.0 million (equivalent to approximately S$14.3 million). Details of the proposed applications of such net proceeds are as disclosed in "Future Plans and Use of Proceeds" of the prospectus of the Company dated 30 December 2019 (the "**Prospectus**"). The below table sets forth the proposed applications and actual usage of the net proceeds from the Listing Date to 28 February 2021:

	Planned use of proceeds *HK$'000*	**Actual use of proceeds from Listing Date to 28 February 2021** *HK$'000*	**Unutilised balance as at 28 February 2021** *HK$'000*	**Expected timeline for utilisation of the unutilised net proceeds**
Payment of upfront costs for projects	61,040	36,043	24,997	Fully utilised on or before 28 February 2022
Strengthen the workforce	21,003	2,653	18,350	On or before 28 February 2023
	82,043	38,696	43,347	

As at 28 February 2021, all the use of net proceeds was in accordance with the intentions previously disclosed in the Prospectus. The remaining unutilised net proceeds as at 28 February 2021 is placed on short-term interest-bearing deposits or treasury products with authorised financial institutions. The delay in utilisation of the proceeds in the abovementioned items were mainly due to the outbreak of the COVID-19 pandemic, which led to delay in commencement of certain new projects resulting in fewer additional staff required than planned, which resulted in the Group delaying in the application of the net proceeds allocated for strengthening the work force; and the difficulty in recruiting suitable candidates with the relevant project management experience, the required qualifications and industry knowledge.

The Group intends to utilise the unutilised portion allocated for FY2020/2021 during the coming year ending 28 February 2023. The Group will continue to apply the net proceeds in accordance with the disclosure in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Foreign Exchange Exposure

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

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

Pledge of Assets

As at 28 February 2021, no assets (29 February 2020: the Group pledged its two properties with an aggregate carrying amount of approximately S$0.8 million) was pledged to the banks to secure the banking facilities granted to the Group.

Contingent Liabilities

As at 28 February 2021, the Group had no contingent liabilities (29 February 2020: nil).

Capital Commitments

The Group had no capital commitments as at 28 February 2021 (29 February 2020: nil).

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

Capital Expenditures

For FY2020/2021, the Group's capital expenditure in respect of the acquisition of properties, plant and equipment amounting to approximately S$0.1 million (FY2019/2020: S$0.7 million).

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

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the year ended 28 February 2021.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus, the Group did not have any future plans relating to material investment or capital assets as at 28 February 2021.

Employees and Remuneration Policy

As at 28 February 2021, the Group had a total of 417 (29 February 2020: 559) employees in Singapore, of which approximately 13.7% and 86.3% were Singapore citizens and foreign workers, respectively. With a view to mitigate the impact of shortage of foreign workers arising from changes in relevant laws, rules and regulations in Singapore and/or other countries where the foreign workers originated, the management has adopted a policy of employing foreign workers from more than one country, including the PRC, Bangladesh, India, Myanmar and the Philippines during the year.

Total staff costs, including Directors' emoluments, salaries, wages and contributions, for FY2020/2021 amounted to approximately S$12.5 million (FY2019/2020: S$16.3 million). The Group reviews the performance of its employees on a periodical basis and make salary adjustment if necessary. In addition, the Group is required to make monthly Central Provident Fund contributions in respect of its employees who are either citizens or permanent residents of Singapore. Moreover, the employees receive training depending on the department they worked for and the scope of work they dealt with from time to time.

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

Events after the Reporting Period

a) In view of the continuity of the outbreak of COVID-19 in Africa and worldwide, the management of the Group had been unable to travel to Cameroon, Africa and as at 28 February 2021 and subsequently, the Group had not yet carried out the business development activities for carrying out the operation of sale of foam cement products in Cameroon, Africa. Subsequent to 28 February 2021, the directors of the Company have determined that the Group was unable to commence this new business and decided to cease the business development and operation of sale of foam cement products in Cameroon, Africa. Simultaneously, the Group had negotiated with the Licensor to seek for a refund of the acquisition cost of the license rights and the deposits paid for minimum purchase amount. During the year ended 28 February 2022, the Licensor agreed to refund sums of approximately S$1,740,000 (equivalent to HK$10,050,000) for the acquisition cost and the deposits paid, respectively. Up to the date of this announcement, the foresaid refundable amounts were settled to the Group.

b) Subsequent to 28 February 2021, Pinnacle Shine Limited, a direct wholly-owned subsidiary of the Company, as vendor entered into a sale and purchase agreement with the director of Promontory as purchaser to dispose of the 100% equity interest in Promontory Company Limited ("**Promontory**"), at a total consideration of HK$1,000. The completion of disposal took place on 28 February 2022.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of a final dividend for FY2020/2021 (FY2019/2020: nil).

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the year ended 28 February 2021, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, Grande Capital Limited (the "**Compliance Adviser**"), as at 28 February 2021, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for the shares of the Company as required under the Listing Rules since the Listing Date and up to the date of this announcement.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange 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 the Directors' securities transactions during the year.

CORPORATE GOVERNANCE

The Company complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules during the year except for the following deviation:

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 28 February 2021.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the audited 2021 Annual Results and discussed with the management and the auditor of the Company on the accounting principles and policies adopted by the Group with no disagreement by the audit committee of the Company.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 28 February 2021.

Disclaimer Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Scope limitation – recognition of the intangible asset and the deposits relating to a distribution agreement

As disclosed in note 15 to the consolidated financial statements, the Group recognised intangible asset represented by license rights of gross carrying amount of approximately S$2,119,000 (equivalent to HK$12,000,000) (the "**Intangible Asset**") during the year ended 28 February 2021. The gross carrying amount of the Intangible Asset represents its cost of acquisition, being the license fee paid by Promontory Company Limited ("**Promontory**"), an indirect wholly-owned subsidiary of the Company, purportedly for obtaining from a licensor (the "**Licensor**") the distribution rights, for a period of three years commencing from 16 April 2020, for the sale in Cameroon, Africa, of foam cement products to be sourced by the Licensor from a third party producer in the People's Republic of China (the "**PRC Manufacturer**"). In addition, as disclosed in note 19 to the consolidated financial statements, deposits of approximately S$1,236,000 (equivalent to HK$7,000,000) were paid by Promontory during the year ended 28 February 2021 purportedly for the purpose of guaranteeing the procurement of the minimum purchase amounts (the "**Deposits**") from the Licensor, of which an amount of approximately S$195,000 (equivalent to HK$905,000) was refunded by the Licensor during the year. During the year ended 28 February 2021, the Group recognised expense in consolidated profit or loss for amortisation of the Intangible Asset of approximately S$647,000 (equivalent to approximately HK$3,667,000) in consolidated profit or loss.

As disclosed in notes 15 and 35 to the consolidated financial statements, the Group has determined that it would cease the business development and operation of sale of foam cement products in Cameroon, Africa and recognised impairment loss in consolidated profit or loss in respect of the Intangible Asset of approximately S$1,472,000 (equivalent to approximately HK$8,333,000) to fully write down the carrying amounts of the Intangible Asset during the year ended 28 February 2021. No impairment loss was recognised by the Group in relation to the recoverability of the carrying amount of the Deposits of approximately S$1,041,000 (equivalent to approximately HK$6,095,000) as at 28 February 2021 as management of the Group considered that the carrying amount was fully recoverable as at 28 February 2021 as the outstanding amounts have purportedly been fully recovered subsequent to the end of the reporting period up to the date of this announcement.

Regarding the above mentioned payments, which amounted to approximately S$3,355,000 (equivalent to HK$19,000,000) in aggregate and were paid by Promontory pursuant to the agreement entered into between Promontory and the Licensor dated 25 March 2020 (the "**Agreement**") and led to the initial recognition by the Group of the Intangible Asset and the Deposits, approximately S$2,649,000 (equivalent to HK$15,000,000) of the payments were made to a third party ("**Company A**"), which was not a contracting party under the Agreement or transactions entered into under the Agreement, instead of being made directly to the Licensor, purportedly in accordance with a separate payment instruction issued by the Licensor to Promontory. According to management, the Group was advised by the Licensor that Company A was its business partner and had been asked by the Licensor to receive these payments on behalf of the Licensor.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence and occurrence, rights and obligations and accuracy and valuation of the Intangible Assets and the Deposits and the validity, business rationale, commercial substance and legitimacy of the payment transactions that led to the recognition by the Group of the Intangible Asset and Deposits, because (i) there was inadequate supporting documentary evidence made available to us to substantiate the rights of the Licensor in relation to the sale and distribution of the PRC Manufacturer's foam cement products and sub-licensing of the distribution rights to Promontory for the sale and distribution of the foam cement products in Cameroon, Africa. In addition, there was no supporting documentary evidence that show that the PRC Manufacturer has consented to the Licensor's sub-licensing to Promontory to conduct the sales and distribution of its manufactured foam cement products in Africa; (ii) we were unable to ascertain the relationship between the Licensor and Company A and the underlying reason or reasons for the payment instruction for Promontory to make payments of approximately S$2,649,000 (equivalent to HK$15,000,000) to Company A instead of being made directly to the Licensor; and (iii) we were unable to carry out effective confirmation procedures with Company A in relation to the payments made by the Group under the Agreement for the purposes of our audit. Consequently, we were unable to satisfy ourselves as to whether the accounting treatment of recognising the Intangible Asset and the Deposits in respect of the payments of approximately S$3,355,000 (equivalent to HK$19,000,000) paid by Promontory under the Agreement was appropriate. There were no alternative audit procedures that we could perform to satisfy ourselves as whether the Intangible Asset and Deposits were free from material misstatement and have been properly accounted for and disclosed. Any adjustments found necessary in respect of these matters would also affect the presentation and classification of the related expenses and losses for the year ended 28 February 2021, which are presented and classified in the consolidated financial statements as impairment loss and amortisation expenses in respect of the Intangible Asset and the appropriateness of not recognising any impairment or other loss in respect of the Deposits for the year ended 28 February 2021, and the related elements making up, and disclosures in, the consolidated financial statements of the Group for the year ended 28 February 2021.

Scope limitation – recognition of marketing expenses

During the year ended 28 February 2021, Promontory entered into two marketing services contracts with a third-party service provider (the "**Service Provider**") purportedly for the provision of marketing research and marketing promotion services with contract amount of HK$1,600,000 and HK$2,500,000 respectively. The amounts paid by Promontory under these marketing services contracts during the year ended 28 February 2021 amounted to approximately S$618,000 (equivalent to HK$3,500,000) in aggregate, of which approximately S$177,000 (equivalent to HK$1,000,000) was paid to a non-contracting party ("**Company B**") and approximately S$441,000 (equivalent to HK$2,500,000) was paid to another non-contracting party ("**Company C**") instead of being made directly to the Service Provider, purportedly in accordance with the marketing services contracts.

Subsequent to 28 February 2021, the marketing promotion was terminated and an amount of approximately S$336,000 (equivalent to HK$1,900,000) was refunded to Promontory, which was received by Promontory from Company C. The remaining balance of approximately S$105,000 (equivalent to HK$600,000) paid by Promontory under the marketing promotion services contract was treated by Promontory as settlement of the outstanding balance under the marketing research services contract. As a result, the Group recognised an amount of approximately S$282,000 (equivalent to HK$1,600,000) as marketing research expenses included in the administrative expenses in consolidated profit or loss and an amount of approximately S$336,000 (equivalent to HK$1,900,000) as prepayment for marketing promotion in consolidated statement of financial position as disclosed in note 19 to the consolidated financial statements.

According to management, the Group was advised by the Service Provider that Company B and Company C were its business partners and these companies had been asked by the Service Provider to receive these payments on its behalf.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the validity, commercial substance, business rational, legitimacy, occurrence, completeness, accuracy and classification of the above mentioned payment transactions because (i) there was inadequate supporting documentary evidence made available to us to substantiate the nature and value of the services provided or to be provided by the Service Provider under the marketing research and marketing promotion services contracts; (ii) we were unable to ascertain the relationship between the Services Provider and Company B and Company C and the underlying reason or reasons for the arrangement for the Group to make payments of approximately S$618,000 (equivalent to HK$3,500,000) to Company B and Company C instead of being made directly to the Service Provider; and (iii) we were unable to carry out effective confirmation procedures with Company B and Company C in relation to the payments made by the Group under the marketing research and marketing promotion services contracts for the purposes of our audit. Consequently, we were unable to satisfy ourselves as to whether the accounting treatment adopted in the consolidated financial statements of recognising the payments, net of the refund, of approximately S$283,000 (equivalent HK$1,600,000) as marketing research expenses in administrative expenses and an amount of approximately S$336,000 (equivalent to HK$1,900,000) as prepayment for marketing promotion of the Group was appropriate. There were no alternative audit procedures that we could perform to satisfy ourselves as whether the marketing research expenses in administrative expenses and the prepayment for marketing promotion and other elements making up the consolidated financial statements were free from material misstatements and have been properly accounted for and disclosed in these regards. Any adjustments found necessary in respect of these matters would affect the presentation and classification of the related expenses and losses for the year ended 28 February 2021, which are presented and classified in the consolidated financial statements as marketing research expenses in administrative expenses and the prepayment for marketing promotion, and the related elements making up, and disclosures in, the consolidated financial statements of the Group for the year ended 28 February 2021.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 28 February 2021 of the Group as set out in the announcement have been agreed by the Company's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited 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 HLB Hodgson Impey Cheng Limited on the announcement.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 1 June 2021 and will remain suspended until further notice.

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

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

Hong Kong, 2 March 2022

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