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CTR Holdings Limited

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

(Stock Code: 1416)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 29 FEBRUARY 2020

UNAUDITED CONSOLIDATED RESULTS

For the reasons explained in the paragraph headed “Review of Unaudited Annual Results” below, the auditing process for the annual results of CTR Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) has not been completed. In the meantime, the board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 29 February 2020, together with the comparative figures for the year ended 28 February 2019, as follows:

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 29 February 2020

		Year ended 29 February 2020 S\$'000 (Unaudited)	Year ended 28 February 2019 S\$'000 (Audited)
	<i>Notes</i>		
Revenue	4	65,599	64,353
Construction costs		<u>(46,071)</u>	<u>(47,728)</u>
Gross profit		19,528	16,625
Other income	5	1,392	1,596
Administrative expenses		(11,241)	(9,752)
(Loss allowance provision)/write-back of loss allowance provision on financial assets and contract assets	6	<u>(225)</u>	<u>25</u>
Profit before tax	6	9,454	8,494
Income tax expense	7	<u>(2,057)</u>	<u>(1,983)</u>
Profit for the year		<u>7,397</u>	<u>6,511</u>

	<i>Notes</i>	Year ended 29 February 2020 S\$'000 (Unaudited)	Year ended 28 February 2019 S\$'000 (Audited)
Profit for the year		7,397	6,511
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>366</u>	<u>–</u>
Other comprehensive income for the year, net of tax		<u>366</u>	<u>–</u>
Total comprehensive income for the year		<u><u>7,763</u></u>	<u><u>6,511</u></u>
Earnings per share attributable to owners of the Company			
– Basic and diluted (<i>SGD cents</i>)	8	<u><u>0.68</u></u>	<u><u>0.62</u></u>

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

29 February 2020

	<i>Notes</i>	As at 29 February 2020 <i>S\$'000</i> (Unaudited)	As at 28 February 2019 <i>S\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		2,804	2,176
Investment properties		4,646	5,449
Contract assets		7,225	7,121
		<hr/>	<hr/>
Total non-current assets		14,675	14,746
Current assets			
Contract assets		7,109	2,690
Trade receivables	9	5,564	4,240
Other receivables and deposits		1,069	418
Prepayments		455	874
Amount due from related parties		147	67
Fixed deposits pledged to a bank		–	956
Cash and cash equivalents		30,088	9,319
		<hr/>	<hr/>
Total current assets		44,432	18,564
		<hr/>	<hr/>
Total assets		59,107	33,310
		<hr/> <hr/>	<hr/> <hr/>
Current liabilities			
Contract liabilities		1,372	1,724
Trade payables	10	4,731	5,693
Other payables and accruals		2,382	2,298
Amount due to related parties		2	*
Income tax payable		3,386	1,963
		<hr/>	<hr/>
Total current liabilities		11,873	11,678
		<hr/>	<hr/>
Net current assets		32,559	6,886
		<hr/>	<hr/>

	As at 29 February 2020 S\$'000 (Unaudited)	As at 28 February 2019 S\$'000 (Audited)
Non-current liabilities		
Deferred tax liabilities	<u>61</u>	<u>84</u>
Total non-current liabilities	<u>61</u>	<u>84</u>
Total liabilities	<u>11,934</u>	<u>11,762</u>
Net assets	<u><u>47,173</u></u>	<u><u>21,548</u></u>
Equity attributable to owners of the Company		
Share capital	190	67
Reserves	<u>46,983</u>	<u>21,481</u>
Total equity	<u><u>47,173</u></u>	<u><u>21,548</u></u>
Total equity and liabilities	<u><u>59,107</u></u>	<u><u>33,310</u></u>

* Less than S\$1,000

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

29 February 2020

1. CORPORATE AND GROUP INFORMATION

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

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

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 January 2020.

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

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

Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Held by the Company					
Pinnacle Shine Ltd	British Virgin Island 20 August 2018	US\$10	100	–	Investment holding
Held through a subsidiary					
Chian Teck Realty Pte Ltd	Singapore 30 March 2009	S\$1,000,000	–	100	Provision of structural engineering works and wet architectural works
Chian Teck Development Pte Ltd	Singapore 22 March 2006	S\$100,000	–	100	Provision of structural engineering works and wet architectural works
Promontory Company Limited	Hong Kong 25 February 2020	HK\$10,000	–	100	Dormant
Hong Kong Integrated Sport Therapy Centre Limited	Hong Kong 28 February 2020	HK\$1,000	–	100	Dormant

2. BASIS OF PREPARATION

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

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

Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

3. OPERATING SEGMENT INFORMATION

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

Information about major customers

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

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

* Less than 10% of the Group's revenue

Geographical information

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

4. REVENUE

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

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

The remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	Year ended 29 February 2020 S\$'000 (Unaudited)	Year ended 28 February 2019 S\$'000 (Audited)
Expected to be satisfied within one year	65,415	83,407
Expected to be satisfied more than one year	<u>40,857</u>	<u>59,289</u>
	<u><u>106,272</u></u>	<u><u>142,696</u></u>

5. OTHER INCOME

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

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

6. PROFIT BEFORE TAX

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

	Year ended 29 February 2020 S\$'000 (Unaudited)	Year ended 28 February 2019 S\$'000 (Audited)
Construction costs ^{(a) (b)}	46,071	47,728
Bad debts written off	–	4
Depreciation of property, plant and equipment	412	337
Depreciation of investment properties	132	142
Impairment loss on investment properties	217	–
Loss on disposal of property, plant and equipment	49	8
(Gain)/loss on foreign exchange, net	(18)	19
Loss allowance provision:		
– Contract assets	159	–
– Trade receivables	59	–
– Other receivables	7	2
Write-back of loss allowance provision:		
– Contract assets	–	(13)
– Trade receivables	–	(14)
Listing expenses	1,875	2,122
Employee benefit expense (including directors' remuneration)		
– Salaries and bonuses	6,007	5,166
– Central Provident Fund contributions	401	281
	<u>46,071</u>	<u>47,728</u>

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

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

7. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands. Singapore profits tax has been provided at the rate of 17% on the estimated assessable profits arising in Singapore for the year ended 29 February 2020 and 28 February 2019.

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

A reconciliation of the tax expense applicable to profit before tax at the statutory rates is as follows:

	Year ended 29 February 2020 S\$'000 (Unaudited)	Year ended 28 February 2019 S\$'000 (Audited)
Profit before tax	<u>9,454</u>	<u>8,494</u>
Tax at domestic rates applicable to profits in the countries where the Group operates	1,690	1,444
Adjustments:		
Non-deductible expenses	335	398
Income not subject to taxation	–	(3)
Effect of tax exemption*	(36)	(37)
Under provision of income tax in respect of prior years	<u>68</u>	<u>181</u>
	<u>2,057</u>	<u>1,983</u>

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

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

8. EARNINGS PER SHARE

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

	Year ended 29 February 2020	Year ended 28 February 2019
Profit for the year, attributable to owners of the Company used in the computation of basic earnings per share (S\$'000)	<u>7,397</u>	<u>6,511</u>
Number of shares ('000)		
Weighted average number of ordinary shares for basic earnings per share computation	<u>1,094,110</u>	<u>1,050,000</u>

Basic earnings per share for the year ended 29 February 2020 is 0.68 cents (2019: 0.62 cents). As at 29 February 2020, the Company had 1,400,000,000 ordinary shares in issue. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 15 January 2020 by way of placing of 350,000,000 new shares and capitalisation of 1,050,000,000 shares resulting in 1,400,000,000 ordinary shares in issue. The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been retrospectively adjusted, assuming the reorganization had been effective on 1 March 2018.

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

9. TRADE RECEIVABLES

	As at 29 February 2020 S\$'000 (Unaudited)	As at 28 February 2019 S\$'000 (Audited)
Trade receivables	5,649	4,266
Loss allowance provision	(85)	(26)
	<u>5,564</u>	<u>4,240</u>

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

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

	As at 29 February 2020 S\$'000 (Unaudited)	As at 28 February 2019 S\$'000 (Audited)
Within 1 month	4,783	3,905
1 to 2 months	766	335
Over 2 months	15	–
	<u>5,564</u>	<u>4,240</u>

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 29 February 2020 S\$'000 (Unaudited)	As at 28 February 2019 S\$'000 (Audited)
Not past due	<u>5,564</u>	<u>4,240</u>

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

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

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

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

	As at 29 February 2020 S\$'000 (Unaudited)	As at 28 February 2019 S\$'000 (Audited)
Trade receivables	5,649	4,266
Expected credit loss rate	1.51%	0.62%
Loss allowance provision	85	26
	<hr/>	<hr/>

10. TRADE PAYABLES

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

	As at 29 February 2020 S\$'000 (Unaudited)	As at 28 February 2019 S\$'000 (Audited)
Trade payables:		
Within 1 month	2,800	3,301
1 to 2 months	568	1,234
2 to 3 months	256	1,096
Over 3 months	1,107	62
	<hr/>	<hr/>
	4,731	5,693

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

11. DIVIDENDS

No dividends has been declared by the Company or group entities during the year or subsequent to the year end (FY2018/2019: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

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

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

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

Prospects

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

The construction projects are being suspended temporarily from 7 April 2020 to 1 June 2020 (the “**circuit breaker period**”). It leads to slowdown the progress of projects during the circuit breaker period while the Group is still responsible for relevant costs in order to maintain and upkeep the staffs and foreign workers. The Board has been closely monitoring the market conditions and reviewing the Group's operation.

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

FINANCIAL REVIEW

Revenue

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

	FY2019/2020 <i>S\$’000</i> (Unaudited)	FY2018/2019 <i>S\$’000</i> (Audited)
Structural engineering works	59,232	54,887
Wet architectural works	6,367	9,466
	65,599	64,353

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

Construction Costs

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

Gross Profit and Gross Profit Margin

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

Other Income

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

Administrative Expenses

The Group's administrative expenses increased by approximately S\$1.4 million or 14.3% from approximately S\$9.8 million for FY2018/2019 to approximately S\$11.2 million for FY2019/2020, mainly due to the combined effect of (i) the increase in staff costs of approximately S\$1.0 million as a result of increase in number of employees and annual salary adjustment; and (ii) the impairment loss on investment properties of approximately S\$0.2 million for FY2019/2020.

Income Tax Expense

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

Profit for the Year

As a result, the profit for FY2019/2020 was approximately S\$7.4 million as compared to approximately S\$6.5 million for FY2018/2019, represented an increase of approximately S\$0.9 million or 13.8%. If the non-recurring listing expenses of approximately S\$2.1 million and S\$1.9 million for FY2018/2019 and FY2019/2020 respectively and the non-recurring impairment loss on investment properties of approximately S\$0.2 million for FY2019/2020 were excluded, the adjusted profits for FY2018/2019 and FY2019/2020 of the Group would have been approximately S\$8.6 million and S\$9.5 million respectively, represented the increase of profit of approximately S\$0.9 million or 10.5%. The increase of the adjusted profit for the year was mainly due to the increase in gross profit as discussed above.

Capital Structure, Liquidity and Financial Resources

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

The Group’s sources of funding comprise of its cash and cash equivalents, cash flows generated from operations, and net proceeds from the share offer. As at 29 February 2020, the Group’s cash and cash equivalents recorded an increase by 223.7% from approximately S\$9.3 million as at 28 February 2019 to approximately S\$30.1 million, which was mainly due to the proceeds received from the Listing.

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

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

Gearing ratio

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

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

Treasury Policy

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

Use of Proceeds

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

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

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

Foreign Exchange Exposure

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

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

Pledge of Assets

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

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

Contingent Liabilities

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

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

Capital Commitments

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

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

Capital Expenditures

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

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

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

Future Plans for Material Investments or Capital Assets

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

Employees and Remuneration Policy

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

The related staff costs, including Directors’ emoluments, salaries, wages and other staff benefits, contributions and retirement schemes, for FY2019/2020 amounted to approximately S\$20.1 million (FY2018/2019: S\$17.7 million). The Group reviews the performance of its employees on a periodical basis and make salary adjustment if necessary. In addition, the Group requires to make monthly Central Provident Fund contributions in respect of its employees who are either citizens or permanent residents of Singapore. Moreover, the employees receives training depending on the department they worked for and the scope of work they dealt with from time to time.

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

Event after the Reporting Period

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

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

Dividend

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

CORPORATE GOVERNANCE

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

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

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

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

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for FY2019/2020 has not been completed due to the outbreak of coronavirus disease and circuit breaker measure enforced by Singapore Government. The unaudited results contained herein have not been agreed by the Company's auditor under Rule 13.49(2) of the Listing Rules due to the delay in the auditing process. An announcement relating to the audited results will be made when the auditing process has been completed.

The unaudited annual results for FY2019/2020 (the “**Unaudited Annual Results**”) contained herein have been reviewed and agreed by the audit committee of the Company.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for FY2019/2020 as agreed by the Company's auditors and the material differences (if any) as compared with the Unaudited Annual Results contained herein.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
CTR Holdings Limited
Xu Xuping

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 27 May 2020

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