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CT Vision S.L. (International) Holdings Limited

中天順聯(國際)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 994)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

ANNUAL RESULTS

The Board (the “**Board**”) of directors (the “**Directors**”) of CT Vision S.L. (International) Holdings Limited (the “**Company**”) announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021, together with comparative figures for the year ended 31 December 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3	355,524	250,889
Cost of revenue		<u>(365,010)</u>	<u>(281,259)</u>
Gross loss		(9,486)	(30,370)
Other income	5	3,514	6,148
Other (losses)/gains, net		(3,142)	858
Net (impairment losses)/reversal of impairment loss on trade receivables and contract assets		(741)	32,153
Selling and administrative expenses		<u>(89,292)</u>	<u>(58,625)</u>
Operating loss		(99,147)	(49,836)
Finance costs		<u>(2,479)</u>	<u>(5,224)</u>
Loss before income tax		(101,626)	(55,060)
Income tax expense	6	<u>(1,424)</u>	<u>(1,104)</u>
Loss for the year		<u>(103,050)</u>	<u>(56,164)</u>
Other comprehensive income			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>3,721</u>	<u>2,750</u>
Total comprehensive loss for the year		<u>(99,329)</u>	<u>(53,414)</u>
Loss for the year attributable to:			
Owners of the Company		(100,827)	(55,459)
Non-controlling interest		<u>(2,223)</u>	<u>(705)</u>
		<u>(103,050)</u>	<u>(56,164)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(97,041)	(52,669)
Non-controlling interest		<u>(2,288)</u>	<u>(745)</u>
		<u>(99,329)</u>	<u>(53,414)</u>
Loss per share for loss attributable to owners of the Company			
Basic and diluted (HK cents)	8	<u>(13.25)</u>	<u>(8.35)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets			
Non-current assets			
Property, plant and equipment		2,272	2,276
Right-of-use assets		8,761	11,845
Goodwill		23,355	22,607
Deposits	9	1,740	1,897
Deferred tax assets		380	2,303
		<u>36,508</u>	<u>40,928</u>
Current assets			
Trade receivables, deposits and other receivables	9	165,030	246,068
Contract assets		238,721	191,957
Other assets		–	23,546
Cash and bank balances		20,911	33,694
		<u>424,662</u>	<u>495,265</u>
Total assets		<u>461,170</u>	<u>536,193</u>
Equity			
Share capital		7,608	7,608
Reserves		190,935	287,976
Capital and reserves attributable to owners of the Company		198,543	295,584
Non-controlling interest		(3,033)	(745)
Total equity		<u>195,510</u>	<u>294,839</u>

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Lease liabilities		4,082	5,229
Borrowings		<u>–</u>	<u>9,000</u>
		4,082	14,229
Current liabilities			
Trade and other payables	<i>10</i>	203,282	128,639
Contract liabilities		7,393	15,090
Current tax liabilities		10,168	12,090
Amount due to the immediate holding company		28,358	4,581
Lease liabilities		3,377	6,647
Borrowings and bank overdrafts		<u>9,000</u>	<u>60,078</u>
		261,578	227,125
Total liabilities		<u>265,660</u>	<u>241,354</u>
Total equity and liabilities		<u>461,170</u>	<u>536,193</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL

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

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

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

2. BASIS OF PREPARATION

- (a) *Compliance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and Hong Kong Companies Ordinance (“**HKCO**”)*

The consolidated financial statements have been prepared in accordance with HKFRSs and disclosure requirements of the HKCO Cap. 622.

- (b) *Historical cost convention*

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

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

In the current year, the Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

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

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

3. REVENUE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from construction contracts		
– foundation works and ancillary services	135,723	114,786
– general building works	12,657	9,579
– renewable energy systems	176,551	121,723
E-commerce-related services	25,732	2,960
Building information modelling services	4,214	1,189
	<hr/>	<hr/>
Revenue from contracts with customers	354,877	250,237
Rental income	647	652
	<hr/>	<hr/>
	355,524	250,889

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

4. SEGMENT INFORMATION

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

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

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

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

	Building construction business <i>HK\$'000</i>	Renewable energy business <i>HK\$'000</i>	E-commerce business <i>HK\$'000</i>	Other <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2021						
Segment revenue	<u>148,380</u>	<u>177,198</u>	<u>25,732</u>	<u>4,214</u>	<u>–</u>	<u>355,524</u>
Segment (loss)/profit	(60,759)	1,076	2,607	(4,234)	(40,316)	(101,626)
Income tax expense						<u>(1,424)</u>
Loss for the year						<u>(103,050)</u>
	Building construction business <i>HK\$'000</i>	Renewable energy business <i>HK\$'000</i>	E-commerce business <i>HK\$'000</i>	Other <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2020						
Segment revenue	<u>124,365</u>	<u>122,375</u>	<u>2,960</u>	<u>1,189</u>	<u>–</u>	<u>250,889</u>
Segment (loss)/profit	(25,522)	632	344	(2,508)	(28,006)	(55,060)
Income tax expense						<u>(1,104)</u>
Loss for the year						<u>(56,164)</u>

5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Rental income from lease of machinery	42	1,583
Bank interest income	87	29
Interest income from Dr. Kan Hou Sek, Jim (“ Dr. Kan ”)	1,602	–
Government grants (<i>Note</i>)	437	4,234
Others	1,346	302
	<u>3,514</u>	<u>6,148</u>

Note:

Government grants included receipts of Employment Support Scheme from Hong Kong government and electricity subsidy from local government in the PRC of approximately HK\$nil and HK\$437,000 (2020: HK\$3,793,000 and HK\$441,000) respectively. There are no unfulfilled conditions or other contingencies attaching to these grants.

6. INCOME TAX EXPENSE

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

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

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax – Hong Kong profit tax		
Over-provision in prior year	(2,144)	–
Current income tax – the PRC corporate income tax		
Provision for the year	1,628	1,348
Under-provision in prior year	17	–
	<u>(499)</u>	1,348
Deferred income tax	1,923	(244)
	<u>1,424</u>	<u>1,104</u>

7. DIVIDENDS

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

8. LOSS PER SHARE

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

	2021	2020
Loss attributable to owners of the Company (in HK\$'000)	(100,827)	(55,459)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (in thousands)	760,830	663,932
Basic loss per share (HK cents per share)	<u>(13.25)</u>	<u>(8.35)</u>

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the year (2020: same).

9. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables (<i>Note a</i>)	90,772	98,754
Loss allowance	<u>(154)</u>	<u>(12)</u>
	<u>90,618</u>	<u>98,742</u>
Deposits	20,535	11,088
Prepayments (<i>Note b</i>)	49,216	135,067
Other receivables	<u>6,401</u>	<u>3,068</u>
	<u>76,152</u>	<u>149,223</u>
	166,770	247,965
Less: Amounts due within one year shown under current assets	<u>(165,030)</u>	<u>(246,068)</u>
Non-current portion	<u>1,740</u>	<u>1,897</u>

Notes:

- (a) As at 31 December 2021, gross trade receivables of approximately HK\$44,441,000 (2020: gross trade receivables of approximately HK\$62,280,000) was due from a customer which Dr. Kan is one of the beneficial owners.
- (b) As at 31 December 2021, it mainly represented prepaid subcontracting charges of HK\$41,899,000 (2020: HK\$71,899,000) and prepaid material costs of HK\$nil (2020: HK\$32,320,000) made by the Group for the resumption of the Saipan Project. During the year ended 31 December 2020, prepaid material costs of approximately HK\$32,320,000 have been made to a supplier which Dr. Kan is one of the directors of the intermediate holding company of that supplier.

The Group's credit terms granted to customers range from 0 to 60 days.

As at the end of reporting period, the ageing analysis of the trade receivables (before loss allowance), based on date of certificate, were as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Up to 1 month	31,318	14,626
1 to 2 months	864	9,813
2 to 3 months	–	10,888
3 to 6 months	–	713
Over 6 months	58,590	62,714
	<u>90,772</u>	<u>98,754</u>

10. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade and retention payables	91,899	97,135
Other payables	1,701	2,068
Accrued subcontracting charges	91,515	13,313
Accrued employee benefits	10,877	4,440
Accrued operating expenses	7,151	7,076
Accrued interest	139	139
Amount due to Dr. Kan	–	4,468
	<u>203,282</u>	<u>128,639</u>

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	19,651	25,586
1 to 2 months	8,976	5,891
2 to 3 months	2,448	4,647
Over 3 months	42,147	36,902
	<u>73,222</u>	<u>73,026</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 year	952	4,406
Over 1 year	17,725	19,703
	<u>18,677</u>	<u>24,109</u>

11. CONTINGENT LIABILITIES

- (a) At 31 December 2021, the Group had contingent liabilities in respect of performance bonds to guarantee the due and proper performance of the obligations undertaken by the Group's subsidiaries for projects amounting to HK\$2,100,000 (2020: HK\$7,400,500).
- (b) At 31 December 2021, the Group had contingent liabilities in respect of potential liquidated and ascertained damages claims for two construction projects amounting to HK\$28,964,000 (2020: HK\$28,964,000). Management is of the opinion that no outflow of resources will be required to settle the claims as supported with an external legal opinion.

12. EVENT AFTER THE REPORTING PERIOD

On 7 January 2022, Win Win Way Construction Co. Ltd ("**Win Win Way**"), an indirectly wholly owned subsidiary of the Company, Dr. Kan, Mr. Lee Sai Man ("**Mr. Lee**") and Win Win Way Investment Limited ("**Win Win Way Investment**") entered into the formal deed of agreement in relation to the non-legally binding memorandum of understanding dated 2 November 2021 entered into between Win Win Way, Dr. Kan, Mr. Lee and Win Win Way Investment (the "**Deed of Agreement**"). Pursuant to the Deed of Agreement, each of Dr. Kan, Mr. Lee and Win Win Way Investment jointly and severally agree to provide certain security in favour of Win Win Way for the due performance of the repayment obligation of Customer A of the an outstanding amount of HK\$179,584,366 due to Win Win Way from Customer A in relation to the Saipan Project (the "**Outstanding Amounts**") under the proposed settlement schedule for the Outstanding Amounts provided by Customer A to Win Win Way which stated the proposed repayment dates of the different Outstanding Amounts (the "**Payment Schedule**"). Each of Dr. Kan, Mr. Lee and Win Win Way Investment acknowledges, confirms and agrees that if Customer A defaults in making any payment of the Outstanding Amounts under the Payment Schedule, Win Win Way can enforce any or all the above security at its sole and absolute discretion and without further notice. Details of the Deed of Agreement were disclosed in the Company's announcement dated 7 January 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

In October 2014, the Group entered into a construction contract in Saipan (the “**Contract**”) as a main contractor, providing foundation works and ancillary services and general building works (the “**Project**”), for a construction project. The foundation works commenced from May 2015 to October 2015. The general building works commenced in May 2016 and was preliminary expected to complete in or around February 2018. However, due to (i) the inclement weather; (ii) change of policy on workers visa application, such that a substantial amount of workers could not obtain the necessary work permit for carrying out the work at the site; (iii) change in design as instructed by the customer (“**Customer A**”); and permit for this work not having been obtained, the progress of the Project was hindered. On 19 March 2018, Customer A has issued a letter to us indicating its agreement to our application for extension of time and the completion date of the Project was extended to February 2019. As the aforementioned factors kept affecting the progress of the Project, the completion date of the Project was further delayed to 2020 financial year.

The outbreak of COVID-19 pandemic has posed significant impacts on global economy and business environment, as well as the progress of the Project. Certain countries and regions have implemented various travel restrictions and border controls against the COVID-19 pandemic in an effort to contain the spread of the pandemic, which are still in effect as at the date of this results announcement. Such inbound travel restrictions have also disrupted certain parts of construction-related supply chains, including the supply of construction materials and labor. The above factors led to a further delay of the progress of the Project which was originally scheduled to resume construction in the middle of 2020 financial year. The Project is expected to complete within 18 months upon the recommencement of construction work (depends on the easing of quarantine measures and travel restrictions, and the visa approval process by the local authorities).

After taking into account of (i) the prolonged delay and uncertainties of the Project; (ii) the financial position of the Customer A; (iii) the increased costs and expenses relating to the Project caused by the delay; and (iv) the burden of diverging further resources from other businesses of the Group, the Company has had further discussions with Customer A regarding the resumption of the Project and settlement of the outstanding amounts due to the Group in relation to the Project (the “**Outstanding Amounts**”), including proposed settlement schedule of the Outstanding Amounts (the “**Repayment Schedule**”) and assignment and novation of the Project.

Having taken into account the latest developments, inter alia, the latest timetable for the resumption of the Project and the Repayment Schedule, the Company will not proceed with the assignment and novation of the Project. To further ensure the recoverability of the Outstanding Amounts, Win Win Way Construction Co. Ltd (“**Win Win Way**”), an indirectly wholly owned subsidiary of the Company, Dr. Kan Hou Sek, Jim (“**Dr. Kan**”), Mr. Lee Sai Man (“**Mr. Lee**”) and Win Win Way Investment Limited (a company is owned by as to approximately 33.3% of each of Dr. Kan, Mr. Lee and Mr. Wong Siu Kwai) (“**Win Win Way Investment**”) entered into a non-legally binding memorandum of understanding (the “**MOU**”). Pursuant to the MOU, Dr. Kan, Mr. Lee and Win Win Way Investment agreed to provide certain security in favour of Win Win Way, for the due performance of the repayment obligation of Customer A under the Repayment Schedule. The parties to the MOU subsequently entered into a formal deed of agreement regarding the above on 7 January 2022.

Each of Dr. Kan, Mr. Lee and Win Win Way Investment acknowledges, confirms and agrees that if Customer A defaults in making any payment of the Outstanding Amounts under the Repayment Schedule, Win Win Way can enforce any or all the above security at its sole and absolute discretion and without further notice.

The Project has resumed in January 2022.

Building construction business

As at 31 December 2021, the Group had a total of 10 contracts (2020: 15 contracts) on hand (including contracts in progress and contracts yet to be commenced). The amount of contract sum yet to be recognised as at 31 December 2021 amounted to approximately HK\$383.4 million (2020: HK\$440.1 million).

Foundation Works and Ancillary Services

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

During the year ended 31 December 2021, there were 21 (2020: 19) foundation works and ancillary services projects contributing revenue of approximately HK\$135.7 million (2020: HK\$114.8 million) to this business stream.

General Buildings Works

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

During the year ended 31 December 2021, there were 2 (2020: 4) general building works projects contributing revenue of approximately HK\$12.7 million (2020: HK\$9.6 million) to this business stream.

Renewable energy business

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

During the year ended 31 December 2021, renewable energy business contributed approximately HK\$177.2 million revenue (2020: HK\$122.4 million) of the Group. As at the date of this results announcement, the Group had a total of 7 contracts (2020: 3 contracts) on hand (including contracts in progress and contracts yet to be commenced) and the relevant awarded contract sum of these contracts on hand amounted to approximately RMB200.2 million (2020: RMB141.5 million).

E-commerce business

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

During the year ended 31 December 2021, the e-commerce business contributed approximately HK\$25.7 million revenue (2020: HK\$3.0 million) to the Group.

Others

Building information modelling services

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

During the year ended 31 December 2021, the building information modelling business contributed approximately HK\$4.2 million revenue (2020: HK\$1.2 million) to the Group.

FINANCIAL REVIEW

For the year ended 31 December 2021, the Group’s revenue amounted to approximately HK\$355.5 million (2020: HK\$250.9 million). The increase was mainly attributable to (i) increase in revenue from building construction business of approximately HK\$24.0 million; (ii) increase in revenue from renewable energy business of approximately HK\$54.8 million; and (iii) increase in revenue from e-commerce business of approximately HK\$22.8 million.

Since (i) the increase in revenue from renewable energy business and e-commerce business by approximately HK\$54.8 million and approximately HK\$22.8 million respectively; (ii) increase in revenue from building construction business by only approximately HK\$24.0 million as only 5 new contracts for foundation works and ancillary services were awarded to the Group during the Year and 1 new contract for general building work projects was awarded due to the outbreak of COVID-19 pandemic, which has severely affected the construction industry and caused a decrease in the number of projects which are available for tender; and (iii) the increase in cost incurred in building construction projects as some building construction projects on hand were under suspension or at their ending phases, which has resulted in gross loss margin, the Group’s gross loss decreased from approximately HK\$30.4 million during the year ended 31 December 2020 to gross loss of approximately HK\$9.5 million during the year ended 31 December 2021. The Group’s gross loss margin decreased from approximately 12.1% during the year ended 31 December 2020 to gross loss margin of approximately 2.7% during the year ended 31 December 2021.

Selling and administrative expenses (the “S&A Expenses”) primarily comprise staff costs, business development expenses, transportation expenses, depreciation, bank charges, office expenses and professional charges. Since (i) decrease in net reversal of expected credit losses; (ii) increase of legal and professional fees due to resumption of trading; (iii) increase in staff salaries and selling expenses due to expansion of businesses; and (iv) increase in loss arising in change in fair value of financial asset at FVTPL, the S&A Expenses for the year increased by approximately HK\$30.7 million to approximately HK\$89.3 million, compared with approximately HK\$58.6 million in last year.

As a result, the Group recorded a loss for the year attributable to owners of the Company of approximately HK\$100.8 million as compared with the loss of approximately HK\$55.5 million in 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 December 2021	As at 31 December 2020
Current ratio ¹	1.6	2.2
Gearing ratio (%) ²	22.9	29.0
Net debt to equity ratio (%) ³	12.0	17.5
Interest coverage ratio ⁴	<u>(40.0)</u>	<u>(9.5)</u>

Notes:

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

EMPLOYEES

The Group had 120 employees as at 31 December 2021. The Group offers competitive remuneration package that is based on overall market rates and employee performance, as well as performance of the Group. Remuneration package is comprised of salary, performance-based bonus, and other benefits including training and provident funds.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 December 2021.

CHARGES ON GROUP ASSETS

As at 31 December 2020, bank deposits of HK\$Nil and a life insurance contract were pledged to secure the banking facilities granted to the Group. The related pledge was released in 2021. As at 31 December 2021, the lease liability of a solar power system granted to the Group was secured by the trade receivables of HK\$72,000 (31 December 2020: HK\$137,000) and registered capital of a wholly-owned subsidiary amounted to RMB10 million (31 December 2020: RMB10 million).

CONTINGENT LIABILITIES

- (a) At 31 December 2021, the Group had contingent liabilities in respect of performance bonds to guarantee the due and proper performance of the obligations undertaken by the Group's subsidiaries for projects amounting to HK\$2,100,000 (2020: HK\$7,400,500).
- (b) At 31 December 2021, the Group had contingent liabilities in respect of potential liquidated and ascertained damages claims for two construction projects amounting to HK\$28,964,000 (2020: HK\$28,964,000). Management is of the opinion that no outflow of resources will be required to settle the claims as supported with an external legal opinion.

FOREIGN EXCHANGE EXPOSURE

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

As at 31 December 2021, the Group does not have a foreign currency hedging policy in respect of its foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

SHARE OPTIONS

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

PROSPECTS

Building construction business

With the distribution of COVID-19 vaccine in early 2021, global economy has gradually recovered from the impact of COVID-19 pandemic, local construction industry has gradually returned to normal due to improved investor sentiment, and the revenue from building construction business of the Group has also improved. The Saipan project, which resumed in January 2022, will also contribute to the Group's results in the coming year.

Renewable energy business

Since in the second half of last year President Xi Jinping announced at the 75th Session of the United Nations General Assembly that China will step up its efforts in striving to reach peak carbon emissions by 2030 and achieve carbon neutrality by 2060, and announced when attending the 12th meeting of the leaders of BRICS that China will raise its contributions, and that China will adopt more effective policies and measures for striving to reach peak carbon emissions by 2030 and achieve carbon neutral by 2060, commencing from the beginning of 2021, various policies have been constantly implemented to further promote the development of clean and low-carbon energy, so as to achieve the objective of “Carbon Peak, Carbon Neutrality” (“**Dual Carbon**”).

The national policy objective of “Dual Carbon” was introduced in October last year, in which there is a guideline promulgated by the State Council on the implementation of relevant objectives, which clearly stated that the “Dual Carbon” objective should be incorporated into the social and economic development. Moreover, it also set forth the by-phase objectives, which require that the carbon peak should be reached by 2030 and the carbon neutrality be achieved by 2060.

The objective of “Dual Carbon” provides a new opportunity for the development of the renewable energy business of the Group. It is expected that the successive formulation of relevant policies will accelerate the pace of transformation to clean and low-carbon operation, which will bring more opportunities to the renewable energy business.

E-commerce business

The Group operates its e-commerce business through its subsidiary CT Shunlian. In 2021, the Group further strengthened its business expansion in e-commerce. In addition to enlarging its strategic cooperation with advanced merchants, the Group is also working on establishing its industry-recognised self-branded merchandise, and expects to establish and incubate self-branded core merchandises through CT Shunlian in the coming three years. In order to seize the ever-growing opportunities of e-commerce platform business in China, the Company intends to arrange for a practical control of the operations of Zhejiang Shunlian Network Technology Company Limited* (浙江順聯網絡科技有限公司) (“**Zhejiang Shunlian**”), and all of its economic interests and benefits through a variable interest entity arrangement (the “**VIE**”). Given the potentials of the e-commerce platform business, the Company believes that the VIE will further strengthen the Group’s position in the industry.

Leveraging the platform of Zhejiang Shunlian, the Group will develop more business opportunities in various new economic segments and actively expand its e-commerce business, so as to diversify its business risks.

Building information modelling services

The Group operates building information modelling services through its subsidiaries Nanjing CT Vision Smart City Technology Limited* (南京中天宏信智慧城市發展有限公司), which provides information management platform such as digital parks, smart construction, and smart cities based on building information modelling (BIM), Internet of Things, blockchain and other technologies to governments and enterprises. In 2021, the Group has completed the related product research and development and optimization, and has worked with governments and relevant enterprises by entering into contracts including “Xiongan Integrated Pipeline Corridor BIM Technical Services”, “Suzhou Financial Evaluation Center Management Platform” and “Suzhou Qizi Mountain Tunnel Smart Construction Management Platform”.

On the basis of the above cases, the Group expects to promote building information modelling technologies to the relevant government authorities and clients in the parks for achieving intelligent project operation management with a view to supporting decision-making in operation and saving costs.

In conclusion, alongside with the continued development of its existing building construction business and renewable energy business, the Group will continue to capture opportunities in the e-commerce industry. The Group will continue to submit tenders for suitable potential projects to maximise the Group’s profits in relation to construction.

Since the beginning of the second half of 2021, the Delta and Omicron variants have started to spread out rapidly, so that some countries have imposed lockdown measures again in an effort to contain the spread of the pandemic, which cast shadows on the initial recovery of the economy. Such inbound travel restrictions have also affected certain parts of the construction-related supply chains, including the supply of construction materials and the mobility of labour force.

As of the date of this announcement, more than one million confirmed cases caused by the Omicron variant virus were recorded in the fifth wave of pandemic in Hong Kong. Since a large number of working population have been infected and the close contacts derived from the confirmed cases are required to take home isolation, the mobility of personnel is further tightened that coupled with the social distancing measures imposed by the Government, a severe blow has been dealt on the Hong Kong economy, thus directly and indirectly affecting the Group's operations. It is expected that it will still bring negative impacts upon the construction business in the first half of 2022.

Looking ahead, the recovery pace of the global economy in 2022 will still be affected by those factors such as the spread of the COVID-19 pandemic, the Sino-American relations and the Russia-Ukraine conflict. The Group will continue to assess the aforesaid factors and the latter's impacts on the operations and financial performance of the Group, and make further announcements to the Group's various stakeholders when appropriate.

EVENT AFTER THE REPORTING PERIOD

On 7 January 2022, Win Win Way Construction Co. Ltd ("**Win Win Way**"), an indirectly wholly owned subsidiary of the Company, Dr. Kan Hou Sek, Jim ("**Dr. Kan**"), Mr. Lee Sai Man ("**Mr. Lee**") and Win Win Way Investment Limited ("**Win Win Way Investment**") entered into the formal deed of agreement in relation to the non-legally binding memorandum of understanding dated 2 November 2021 entered into between Win Win Way, Dr. Kan, Mr. Lee and Win Win Way Investment (the "**Deed of Agreement**"). Pursuant to the Deed of Agreement, each of Dr. Kan, Mr. Lee and Win Win Way Investment jointly and severally agree to provide certain security in favour of Win Win Way for the due performance of the repayment obligation of Customer A of the an outstanding amount of HK\$179,584,366 due to Win Win Way from Customer A in relation to the Saipan Project (the "**Outstanding Amounts**") under the proposed settlement schedule for the Outstanding Amounts provided by Customer A to Win Win Way which stated the proposed repayment dates of the different Outstanding Amounts (the "**Payment Schedule**"). Each of Dr. Kan, Mr. Lee and Win Win Way Investment acknowledges, confirms and agrees that if Customer A defaults in making any payment of the Outstanding Amounts under the Payment Schedule, Win Win Way can enforce any or all the above security at its sole and absolute discretion and without further notice. Details of the Deed of Agreement were disclosed in the Company's announcement dated 7 January 2022.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

CORPORATE GOVERNANCE

The Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the “**Code on CGP**”) as set out in Appendix 14 of the Listing Rules as its own code on corporate governance practices. During the year ended 31 December 2021, the Company was in compliance with all code provisions set out in the Code on CGP except for the following deviation.

1. Following the appointment of Mr. Lu Qiwei as a non-executive Director on 25 January 2021, the Board comprises four executive Directors, three non-executive Directors and three independent non-executive Directors. As a result, the independent non-executive Directors do not represent at least one-third of the Board as required under Rule 3.10A of the Listing Rules.

The aforesaid non-compliance is rectified upon the resignation of Mr. Lee Kai Lun as executive Director on 6 July 2021.

2. Following the appointment of Mr. Wong Kee Chung as an executive Director on 23 August 2021, the Board comprises four executive Directors, three non-executive Directors and three independent non-executive Directors. As a result, the independent non-executive Directors do not represent at least one-third of the Board as required under Rule 3.10A of the Listing Rules.

The aforesaid non-compliance is rectified upon the appointment of Mr. Ng Kwun Wan as independent non-executive Director on 3 December 2021.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the Code on CGP during the year ended 31 December 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules upon the Listing. All the Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2021 and up to the date of this results announcement in response to the specific enquiry made by the Company.

The Board has established written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the securities of the company as required under the CG Code. No incident of non-compliance of such guidelines by the relevant employees was noted by the Company during the year ended 31 December 2021 and up to the date of this results announcement.

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

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary announcement have been agreed by the Group’s auditor, ZHONGHUI, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2021. The work performed by ZHONGHUI in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

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

“Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Revenue and profit recognition of construction service and contract assets

Reversal of impairment on trade receivables, impairment on contract assets, reversal of revenue and cost of revenue in related to the aforesaid contract assets of approximately HK\$65,647,000, HK\$34,644,000, HK\$18,489,000 and HK\$6,725,000 respectively, were recorded for the year ended 31 December 2020. As mentioned in our auditor’s report of the Group’s consolidated financial statements for the year ended 31 December 2020, we have been unable to obtain sufficient appropriate audit evidence to ascertain the carrying amount of these accounts’ balance brought forward from 31 December 2019, and thus there is a consequential effect on these items recorded for the year ended 31 December 2020.

Any adjustments to the figures as described above might have a consequential effect on the Group’s financial performance and cash flows for the year ended 31 December 2020, and the related disclosures thereof in the consolidated financial statements.”

AUDIT COMMITTEE REVIEW

The Audit Committee consists of four independent non-executive Directors and has reviewed the Group’s consolidated financial statements for the year ended 31 December 2021.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.ctvision994.com and the Stock Exchange's website at www.hkexnews.hk. The 2021 Annual Report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Hong Kong, 25 March 2022

** For identification purpose only*

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