CTR Holdings Limited

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

(Stock Code: 1416)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 28 FEBRUARY 2022 AND CONTINUED SUSPENSION OF TRADING

The board (the "**Board**") of directors (the "**Directors**") of CTR Holdings Limited (the "**Company**") hereby announces the audited results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 28 February 2022 together with comparative figures for the corresponding period in 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 28 February 2022

	Notes	**Year ended 28 February 2022** ***S$'000***	Year ended 28 February 2021 *S$'000*
Revenue	4	**105,678**	35,806
Construction costs		**(97,102)**	(30,215)
Gross profit		**8,576**	5,591
Other income and gain, net	5	**3,340**	4,531
Administrative expenses		**(11,454)**	(11,740)
Impairment loss on intangible asset	6	**–**	(1,472)
Loss allowance provision on financial assets and contract assets, net	6	**(335)**	(198)
Finance costs		**(6)**	–
Profit/(loss) before tax	6	**121**	(3,288)
Income tax expense	7	**(427)**	(116)
Loss for the year		**(306)**	(3,404)

	Notes	**Year ended 28 February 2022** **_S$'000_**	Year ended 28 February 2021 _S$'000_
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**162**	(631)
Release of reserve upon disposal of subsidiaries		**(53)**	–
Other comprehensive income/(expense) for the year, net of tax		**109**	(631)
Total comprehensive expense for the year		**(197)**	(4,035)
Loss attributable to:			
Owners of the Company		**(306)**	(3,404)
Total comprehensive expense attributable to:			
Owners of the Company		**(197)**	(4,035)
Loss per share			
– Basic and diluted (SGD cents)	9	**(0.02)**	(0.24)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

28 February 2022

	Notes	As at 28 February 2022 S$'000	As at 28 February 2021 S$'000
Non-current assets			
Property, plant and equipment		**2,612**	2,512
Investment properties		**4,317**	4,632
Right-of-use assets		**360**	–
Contract assets	11	**13,020**	6,351
Total non-current assets		**20,309**	13,495
Current assets			
Inventories		**52**	84
Contract assets	11	**7,183**	6,626
Trade receivables	12	**10,320**	5,427
Prepayments, other receivables and deposits		**1,564**	2,915
Amounts due from related parties		**150**	145
Time deposits with original maturity over three months		**16,068**	19,044
Cash and cash equivalents		**9,141**	6,856
Total current assets		**44,478**	41,097
Total assets		**64,787**	54,592
Current liabilities			
Contract liabilities	11	**2,500**	566
Trade payables	13	**16,611**	8,049
Other payables and accruals		**2,029**	2,612
Amounts due to related parties		**–**	16
Lease liabilities		**91**	–
Income tax payable		**408**	192
Total current liabilities		**21,639**	11,435
Net current assets		**22,839**	29,662
Total assets less current liabilities		**43,148**	43,157

	As at 28 February 2022 S$'000	As at 28 February 2021 S$'000
Non-current liabilities		
Lease liabilities	**137**	–
Deferred tax liabilities	**82**	31
Total non-current liabilities	**219**	31
Total liabilities	**21,858**	11,466
Net assets	**42,929**	43,126
Equity attributable to owners of the Company		
Share capital	**190**	190
Reserves	**42,739**	42,936
Total equity	**42,929**	43,126
Total equity and liabilities	**64,787**	54,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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.

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 incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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.

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 16	*Covid-19-Related Rent Concessions*
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "**Committee**") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance 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*[3]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[3]
Amendments to IAS 8	*Definition of Accounting Estimates*[3]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[3]
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	*Annual Improvements to IFRS Standards 2018–2020*[2]

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

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 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 2022	Year ended 28 February 2021
	S$'000	*S$'000*
Customer A	**N/A***	4,367
Customer B	**52,291**	25,427
Customer C	**–**	3,913
Customer D	**41,302**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Geographical information

All of the Group's total revenue was generated in Singapore and all 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 2022	Year ended 28 February 2021
	S$'000	*S$'000*
Structural engineering works	**91,841**	34,901
Wet architectural works	**13,837**	905
Total revenue from contracts with customers	**105,678**	35,806
Timing of transfer of goods or services		
Over time	**105,678**	35,806

(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 2022	Year ended 28 February 2021
	S$'000	*S$'000*
Amounts expected to be recognised as revenue:		
Within one year	**53,241**	53,033
After one year but within two years	**187**	6,116
	53,428	59,149

The amounts disclosed above do not include variable consideration which is constrained.

5. OTHER INCOME AND GAIN, NET

	Year ended 28 February 2022	Year ended 28 February 2021
	S$'000	*S$'000*
Foreign exchange (loss)/gain, net	**(158)**	403
Government grants*	**1,728**	3,183
Rendering of services	**573**	639
Rental income	**113**	95
Interest income	**193**	80
Gain on derecognition of intangible asset	**685**	–
Gain on disposal of subsidiaries	**66**	–
Others	**140**	131
	3,340	4,531

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

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	**Year ended 28 February 2022** ***S$'000***	Year ended 28 February 2021 *S$'000*
Auditors' remuneration		**260**	608
Construction costs	(a), (b)	**97,102**	30,215
Bad debts written off		**–**	1
Depreciation of property, plant and equipment		**417**	432
Depreciation of investment properties		**130**	126
Depreciation of right-of-use assets		**62**	–
Provision/(reversal) of impairment loss on investment properties		**185**	(112)
Amortisation of intangible asset	10	**–**	647
Impairment loss on intangible asset	10	**–**	1,472
Gain on disposal of property, plant and equipment		**(66)**	–
Written-off of property, plant and equipment		**–**	3
Loss allowance provision on/(reversal of provision on):			
– Contract assets	11	**203**	138
– Trade receivables	12	**135**	66
– Other receivables		**(3)**	(6)
Listing expenses			
– Under provision in prior year		**–**	530
Employee benefit expense (including directors' remuneration)			
– Salaries and bonuses		**6,767**	5,959
– Central provident fund contributions		**440**	371
Gross rental income from investment properties		**(113)**	(95)
Less:			
Direct operating expenses incurred for investment properties that generated rental income during the year		**30**	15
		(83)	(80)

Notes:

(a) Construction costs included approximately S$9,077,000 of wages during the year (2021: S$6,177,000).

(b) Construction costs included approximately S$1,922,000 of rental expenses of short-term leases during the year (2021: S$1,958,000).

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 Corporate Income Tax ("**CIT**") has been provided at the rate of 17% (2021: 17%) on the estimated assessable profits arising in Singapore during the year.

Hong Kong Profits Tax is calculated at the rate of 16.5% (2021: 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 2022 *S$'000*	Year ended 28 February 2021 *S$'000*
Current – Singapore CIT		
Charge for the year	**390**	140
(Over)/under-provision in respect of prior years	**(14)**	6
Deferred tax		
Origination and (reversal) of temporary differences	**51**	(30)
Total tax charge for the year	**427**	116

8. DIVIDENDS

The directors of the Company do not declare or propose any payment of a dividend for the years ended 28 February 2022 and 2021.

9. LOSS PER SHARE

Basic loss per share is calculated as loss 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 2022	Year ended 28 February 2021
Loss for the year, attributable to owners of the Company used in the computation of basic and diluted loss per share *(S$'000)*	**(306)**	(3,404)
Number of shares *('000)*		
Weighted average number of ordinary shares for basic loss per share computation	**1,400,000**	1,400,000

No diluted loss per share were presented as the Group had no potentially dilutive ordinary shares in issue during the years ended 28 February 2022 and 2021.

10. INTANGIBLE ASSET

	License rights
	S$'000
Cost:	
At 1 March 2020	–
Addition during the year	2,119
Exchange differences	(64)
At 28 February 2021 and 1 March 2021	2,055
Derecognition	(2,055)
At 28 February 2022	–
Accumulated amortisation and impairment:	
At 1 March 2020	–
Amortisation charge for the year	647
Impairment for the year	1,472
Exchange differences	(64)
At 28 February 2021 and 1 March 2021	2,055
Derecognition	(2,055)
At 28 February 2022	–
Net carrying amount:	
At 28 February 2022	–
At 28 February 2021	–

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. As at 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. During the year ended 28 February 2022, 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 and the licensor refunded sums of approximately S$1,740,000 (equivalent to HK$10,050,000) for the acquisition cost and the deposits paid. As a result, a gain on derecognition of the intangible assets of approximately S$685,000 (equivalent to HK$3,955,000) was recognised during the year ended 28 February 2022.

11. CONTRACT ASSETS/LIABILITIES

(a) Contract assets

	As at 28 February 2022	As at 28 February 2021
	S$'000	*S$'000*
Unbilled revenue *(note (a))*	**7,293**	6,682
Retention receivables *(note (b))*	**13,471**	6,653
	20,764	13,335
Less: Loss allowance provision	**(561)**	(358)
	20,203	12,977
Represented by:		
Contract assets		
– Non-current	**13,020**	6,351
– Current	**7,183**	6,626
	20,203	12,977

Notes:

(a) 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.

(b) 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.

(b) Contract liabilities

	As at 28 February 2022	As at 28 February 2021
	S$'000	*S$'000*
Construction contracts	**2,500**	566

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

12. TRADE RECEIVABLES

	As at 28 February 2022 *S$'000*	As at 28 February 2021 *S$'000*
Trade receivables	**10,606**	5,578
Less: Loss allowance provision	**(286)**	(151)
	10,320	5,427

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 2022 *S$'000*	As at 28 February 2021 *S$'000*
Within 1 month	**8,278**	5,069
1 to 2 months	**1,904**	140
2 to 3 months	**7**	132
Over 3 months	**131**	86
	10,320	5,427

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 2022 *S$'000*	As at 28 February 2021 *S$'000*
Within 1 month	**14,534**	7,170
1 to 2 months	**1,955**	439
2 to 3 months	**120**	39
Over 3 months	**2**	401
	16,611	8,049

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

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 sectors in Singapore. Public sector projects include the building of hospitals and MRT stations which are initiated by the Singapore Government departments, statutory bodies or Government-controlled entities. Private sector projects include the building of office buildings and data centres which are driven by property developers.

As at 28 February 2022, the Group had a total of 20 (2021: 12) projects on hand (including projects in progress and projects which are yet to commence) including 15 (2021: 8) structural engineering projects and 5 (2021: 4) wet architectural projects. The aggregated contract sum of the above projects is approximately S$228 million, of which approximately S$175 million has been recognised as revenue up to 28 February 2022. The remaining balance will be recognised as Group's revenue in accordance with the respective stage of completion.

Prospects

Despite the increase in the Group's revenue during the year ended 28 February 2022, tender pricings for new projects remained competitive and challenging in anticipation for the potential construction costs driven by labour shortages, increase in costs of key construction materials, availability of contracting resources and the mandatory compliance with the safety management measures imposed by the relevant authorities.

In view of the market headwinds, the Group will continue to prudently manage the costs in the year ahead. As Singapore seeks to bring the COVID-19 situation under control, and effect a gradual economic recovery, the Group continues to prioritise cash conservation and will exercise caution when exploring business opportunities in the upcoming year.

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 period indicated:

	FY2021/2022	FY2020/2021
	S$'000	*S$'000*
Structural engineering works	**91,841**	34,901
Wet architectural works	**13,837**	905
	105,678	35,806

The revenue of the Group increased by approximately S$69.9 million or 195% from approximately S$35.8 million for the year ended 28 February 2021 ("**FY2020/2021**") to approximately S$105.7 million for the year ended 28 February 2022 ("**FY2021/2022**"). Such significant increase was mainly due to commencement of some projects during the year ended 28 February 2022, which were previously delayed due to the impact of COVID-19 outbreak.

Construction Costs

The Group's construction costs increased by approximately S$66.9 million or 221% from approximately S$30.2 million for FY2020/2021 to approximately S$97.1 million for FY2021/2022. Such significant increase in construction cost for the year ended 28 February 2022 was mainly due to the increase in costs of construction materials, subcontracting services and labour shortages despite the gradual easing of COVID-19 restrictions on the Group's construction works.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately S$3.0 million or 53.4% from approximately S$5.6 million for FY2020/2021 to approximately S$8.6 million for FY2021/2022. The Group's gross profit margin decreased from approximately 15.6% for the year ended 28 February 2021 to approximately 8.1% for the year ended 28 February 2022. The significant decreases was mainly due to (i) decreasing margins of on-going projects attributed to increase in construction costs; (ii) loss-making positions of certain projects during the year as there was an unanticipated increase in the costs incurred in the Group's projects; and (iii) relatively lower margins of newly awarded projects during the year.

Other Income

The Group's other income decreased by approximately S$1.2 million from approximately S$4.5 million for FY2020/2021 to approximately S$3.3 million for FY2021/2022, mainly attributable to decrease in various job support schemes and/or rebates granted by the Singaporean Government during the year ended 28 February 2022.

Administrative Expenses

The Group's administrative expenses decreased by approximately S$0.2 million or 2.4% from approximately S$11.7 million for FY2020/2021 to approximately S$11.5 million for FY2021/2022, mainly due to the decrease in legal and professional fees, license and subscription fees which constituted a total of S$0.7 million for FY2020/2021, comparing to S$2.1 million for FY2021/2022.

Finance Cost

The Group's finance cost increased by approximately S$6,000 or 100% for the FY2021/2022, mainly due to increase in interest expense incurred for the Group's lease liabilities.

Income Tax Expense

The Group's income tax expense increased by approximately S$0.3 million from approximately S$0.1 million for FY2020/2021 to approximately S$0.4 million for FY2021/2022, which was mainly due to the increase in profit before tax due to the gradual resumption of operations during FY2021/2022.

Loss for the Year

As a result, the loss for FY2021/2022 was approximately S$0.3 million as compared to approximately S$3.4 million for FY2020/2021, represented a decrease of S$3.1 million. The decrease was due to the gradual resumption of operations from the outbreak of the coronavirus global pandemic that took place in early 2020 on our project revenues.

Capital Structure, Liquidity and Financial Resources

Since the shares of the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 January 2020, there has been no change in capital structure of the Group. The capital of the Group comprises of issued ordinary share capital and capital reserves. The Group had of approximately S$0.2 million as at 28 February 2022.

The Group's sources of funding comprise of its cash and cash equivalents and time deposits. As at 28 February 2022, the Group's cash and cash equivalents and time deposits recorded a decrease by 2.7% from approximately S$25.9 million as at 28 February 2021 to approximately S$25.2 million, which was mainly due to net cash flows used in operating activities during the period.

The cash and cash equivalents and time deposits of the Group, mainly denominated in SGD and HKD, are generally deposited with authorised financial institutions. As at 28 February 2022, 96.8% (2021: 96.8%) of the Group's cash and cash equivalents and time deposits was denominated in Singapore dollar and 3.2% (2021: 3.2%) was denominated in Hong Kong dollar.

As at 28 February 2022, the Group had bank facilities with credit limit amounting to approximately S$1.0 million (2021: S$1.0 million), of which approximately S$1.0 million (2021: S$1.0 million) was unutilised.

Gearing Ratio

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

As at 28 February 2022, the gearing ratio of the Group was negative, which was mainly due to the significant amount of Group's cash and cash equivalents and time deposits from the listing proceeds (2021: 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 ("**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 2022:

	Planned use of proceeds	**Actual use of proceeds from Listing Date to 28 February 2022**	**Unutilised balance as at 28 February 2022**	**Expected timeline for utilisation of the unutilised net proceeds**
	HK$'000	*HK$'000*	*HK$'000*	
Payment of upfront costs for projects	61,040	61,040	–	–
Strengthen the workforce	21,003	13,491	7,512	On or before 28 February 2023
	82,043	74,531	7,512	

As at 28 February 2022, 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 2022 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 FY2021/2022 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.

Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the year ended 28 February 2022.

Investments or Capital Assets

Save as disclosed under the section headed "Use of Proceed" in this announcement, the Group did not have other future plans for material investments or capital assets as at 28 February 2022.

Foreign Exchange Exposure

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

However, the Group retains most of the listing proceeds from denominated in Hong Kong dollars amounting to approximately HK$12.3 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 Asset

As at 28 February 2022, no assets (2021: nil) was pledged to the banks to secure the bank facilities granted to the Group.

Contingent Liabilities

As at 28 February 2022, the Group had no contingent liabilities (2021: nil).

Capital Commitments

The Group had no capital commitments as at 28 February 2022 (2021: nil).

Capital Expenditures

For FY2021/2022, the Group's capital expenditure in respect of the acquisition of properties, plant and equipment and right-of-use assets amounting to approximately S$0.5 million and S$0.4 million (2021: S$0.1 million and S$nil) respectively.

Employees and Remuneration Policy

As at 28 February 2022, the Group had a total of 485 (2021: 417) employees in Singapore, of which comprising 12% was Singapore citizens and 88% 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, Vietnam and the Philippines during the period.

Total staff costs, including Directors' emoluments, salaries, wages and contributions, for FY2021/2022 amounted to approximately S$16.3 million (2021: S$12.5 million). The Group reviews the performance of its employees on a periodical basis and make salary adjustment if necessary. In addition, the Group is required to make monthly Central provident fund contributions in respect of its employees who are either citizens or permanent residents of Singapore.

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

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of a final dividend for FY2021/2022 (2021: nil).

THE VIEWS OF THE MANAGEMENT AND THE AUDIT COMMITTEE ON THE DISCLAIMER OPINION

As stated in the section headed "BASIS FOR DISCLAIMER OPINION" in the extract of the Independent Auditors' Report on the consolidated financial statements of the Group for the year ended 28 February 2022 (the "**Independent Auditors' Report**") below, the auditors of the Company ("**HLB**") do not express an opinion on the consolidated financial statements of the Group for the year ended 28 February 2022 (the "**2022 Disclaimer Opinion**").

The management and the Audit Committee of the Company have given careful consideration to the 2022 Disclaimer Opinion and the bases of the 2022 Disclaimer Opinion and had ongoing discussion with HLB when preparing the Group's consolidated financial statements.

The 2022 Disclaimer Opinion essentially arises from:

(a) the Group's recognition of the Intangible Assets and the Deposits relating to a distribution agreement entered into between Promontory and the Licensor in the consolidated financial statements of the Group for the year ended 28 February 2021;

(b) the Group's recognition of the Marketing Expenses paid by Promontory under two marketing services contracts entered into between Promontory and the Service Provider in the consolidated financial statements of the Group for the year ended 28 February 2021; and

(c) the determination of the gain on disposal of Promontory on 28 February 2022 ("**Disposal**").

The directors consider that all the issues giving rise to the 2022 Disclaimer Opinion have been satisfactorily addressed as follows:

(a) During the year ended 28 February 2022, the Group negotiated with the Licensor for refund of the payments made for the acquisition of the Intangible Assets and for the Deposits, and eventually the Licensor refunded in aggregate the sum of approximately S$1,740,000 (equivalent to HK$10,050,000). As a result, the Group derecognised the Intangible Assets and the Deposits during the year ended 28 February 2022 and recognised a gain on derecognition of the Intangible Assets and the Deposits.

(b) On 28 February 2022, the completion of the Disposal took place. As a result, the financial results, cash flows, assets and liabilities of Promontory were no longer consolidated into the Group's consolidated financial statements from the date of the Disposal (i.e., 28 February 2022) onwards.

(c) Except for the audit modification on the comparative figures to be stated in the consolidated financial statements of the Group for the forthcoming financial year, there would not be other audit modifications in respect of the matters referred to above.

    (i) In respect of the Group's consolidated financial statement for the year ending 28 February 2023, any audit modifications should solely relate to the comparability of 2022 figures.

    (ii) Accordingly, the issues giving rise to the 2022 Disclaimer Opinion should not have any continuing effect on the Group's consolidated financial statements for the year ended 28 February 2024 and the subsequent years.

(d) As disclosed in the Annual Report 2021, the Company engaged Baker Tilly Consultancy (Singapore) Pte. Ltd. to carry out an internal control review on processes relating to investment management. The internal control review was completed in May 2022. The Company has taken steps to rectify the deficiencies identified in the internal control review. Enhanced internal control procedures on investments and payments are currently in place.

The Audit Committee has reviewed and is in agreement with the aforementioned management's views.

THE AUDITOR'S VIEWS ON THE 2022 DISCLAIMER OPINION

Based on the information available, HLB concur with the aforesaid management's views stated above in relation to the matters stated in 2022 Disclaimer Opinion that have been addressed by the Company.

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 2022, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

EVENTS AFTER THE REVIEW YEAR

There have been no other material events occurring after 28 February 2022 and up to the date of this announcement.

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 of Hong Kong Limited (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 of the Board (the "**Chairman**"). 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 2022.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's audited financial results for the year ended 28 February 2022 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 AUDITORS' 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 2022.

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

1. ***Scope limitation – recognition of the intangible assets and the deposits relating to a distribution agreement***

   As disclosed in notes 17 and 21 to the consolidated financial statements, the Group recognised intangible assets and deposits paid in relation to a distribution agreement during the year ended 28 February 2021 as follows:

   – Intangible assets of gross carrying amount of approximately S$2,119,000 (equivalent to HK$12,000,000) (the "**Intangible Assets**"), which represented the cost of acquisition of license rights, 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**"). During the year ended 28 February 2021, the Group recognised in consolidated profit or loss (i) amortisation expense in respect of the Intangible Assets of approximately S$647,000 (equivalent to HK$3,667,000); and (ii) impairment loss of the Intangible Assets of approximately S$1,472,000 (equivalent to HK$8,333,000) to fully write down the carrying amount of the Intangible Assets.

   – Deposits of approximately S$1,236,000 (equivalent to HK$7,000,000), which represented the payments made by Promontory 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 ended 28 February 2021.

   During the year ended 28 February 2022, the directors of the Company determined that the Group was unable to commence the new business and decided to cease the business development and operation of sale of foam cement products in Cameroon, Africa. The Group negotiated with the Licensor for refund of the payments made for the acquisition of the Intangible Assets and for the Deposits, and eventually the Licensor refunded in aggregate the sum of approximately S$1,740,000 (equivalent to HK$10,050,000). As a result, the Group derecognised the Intangible Assets and Deposits in the year ended 28 February 2022 and recognised a gain on derecognition of the Intangible Assets of S$685,000 (equivalent to HK$3,955,000) as other income and gain in consolidated profit or loss for the year ended 28 February 2022.

   Regarding the above mentioned payments made by Promontory in the year ended 28 February 2021, 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 Assets 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 in the year ended 28 February 2021 that led to the recognition by the Group of the Intangible Assets and the 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 had 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) in the year ended 28 February 2021 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 in the year ended 28 February 2021 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 Assets 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 in the year ended 28 February 2021 was appropriate. There were no alternative audit procedures that we could perform to satisfy ourselves as whether the Intangible Assets and the Deposits were free from material misstatement and had been properly accounted for and disclosed in the consolidated financial statements. Any adjustments found necessary in respect of these matters would also affect the presentation and classification of the related expenses, losses and income for the years ended 28 February 2021 and 2022, which were presented and classified in the consolidated financial statements as impairment loss and amortisation expenses in respect of the Intangible Assets for the year ended 28 February 2021 and gain on derecognition of the Intangible Assets included in other income and gain, net for the year ended 28 February 2022, 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 in respect of the current year's figures for the year ended 28 February 2022 and the comparative figures as at and for the year ended 28 February 2021.

As disclosed in note 31 to the consolidated financial statements, a gain on disposal of subsidiaries of S$66,000 was recognised in consolidated profit or loss for the year ended 28 February 2022 in relation to the disposal of Promontory and its subsidiary ("**Promontory Group**") on 28 February 2022. The financial performance and cash flows of Promontory Group for the year ended 28 February 2022 were included in consolidated profit or loss, other comprehensive income and cash flows of the Group for the year ended 28 February 2022 up until the date of disposal and the carrying amounts of the assets and liabilities of Promontory Group as at 28 February 2022 were included in the determination of the gain on disposal of Promontory Group.

The opening balances of the assets of Promontory Group as at 1 March 2021 entered into the determination of the financial performance and cash flows of the Group for the year ended 28 February 2022 and might have carry-over effects on the carrying amounts of the assets and liabilities of Promontory Group as at 28 February 2022 which were included in the determination of the gain of disposal of Promontory Group for the year ended 28 February 2022. Hence any adjustments found necessary in respect of the matters described above in relation to the Intangible Assets and the Deposits as at 28 February 2021 would also affect the financial performance and cash flows of the Group for the year ended 28 February 2022 and the related elements making up, and disclosures in, the consolidated financial statements of the Group for the year ended 28 February 2022.

2. 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.

During the year ended 28 February 2022, 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 for the year ended 28 February 2021 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 at 28 February 2021 as disclosed in note 21 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 in the year ended 28 February 2021, net of the refund in the year ended 28 February 2022, of approximately S$283,000 (equivalent to HK$1,600,000) as marketing research expenses in administrative expenses for the year ended 28 February 2021 and an amount of approximately S$336,000 (equivalent to HK$1,900,000) as prepayment for marketing promotion services in consolidated statement of financial position of the Group as at 28 February 2021 was appropriate. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the marketing research expenses in administrative expenses and the prepayment for marketing promotion for the year ended and as at 28 February 2021 were free from material misstatements and had been properly accounted for and disclosed in the consolidated financial statements in these regards.

Any adjustments found necessary in respect of the matters described above in relation to the marketing research expenses and prepayment for marketing promotion would also affect the presentation and classification of the related expenses and losses for the year ended 28 February 2021, which were presented and classified in the consolidated financial statements as marketing research expenses in administrative expenses, and the elements related to these expenses and losses and the prepayment for marketing promotion, and disclosures in, the consolidated financial statements of the Group in respect of the comparative figures for the year ended 28 February 2021. In addition, as opening balances of the assets as at 1 March 2021 entered into the determination of the financial performance and cash flows of the Group for the year ended 28 February 2022 and might have carry-over effects on the carrying amounts of the assets and liabilities of Promontory Group as at 28 February 2022 which were included in the determination of the gain of disposal of Promontory Group for the year ended 28 February 2022, any adjustments found necessary in respect of the matters described above in relation to the prepayment for marketing promotion would affect the financial performance and cash flows of the Group for the year ended 28 February 2022 and the related elements making up, and disclosures in, the consolidated financial statements of the Group for the year ended 28 February 2022.

SCOPE OF WORK OF AUDITORS

The figures in respect of the Group's 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 2022 as set out in the preliminary announcement have been agreed by HLB. The work performed by HLB 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 on the preliminary 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, 31 May 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.