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CTR Holdings Limited

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

(Stock Code: 1416)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 AUGUST 2022

The board (the “**Board**”) of directors (the “**Directors**”) of CTR Holdings Limited (the “**Company**”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 31 August 2022, together with comparative figures for the corresponding period in 2021 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | For the six months ended 31 August | |
|------------------------------|--------------|---|-------------|
| | <i>Notes</i> | 2022 | 2021 |
| | | S\$'000 | S\$'000 |
| | | (Unaudited) | (Unaudited) |
| Revenue | 4 | 39,585 | 43,968 |
| Construction costs | | (32,890) | (38,109) |
| Gross profit | | 6,695 | 5,859 |
| Other income | 5 | 1,453 | 1,397 |
| Administrative expenses | | (5,466) | (4,545) |
| Finance costs | 6 | (5) | – |
| Profit before tax | 7 | 2,677 | 2,711 |
| Income tax expense | 9 | (447) | (471) |
| Profit for the period | | 2,230 | 2,240 |

| | | For the six months ended 31 August | |
|---|--------------|---|---------------------|
| | | 2022 | 2021 |
| | <i>Notes</i> | S\$'000 | <i>S\$'000</i> |
| | | (Unaudited) | (Unaudited) |
| Other comprehensive expense: | | | |
| Other comprehensive expense that may be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of foreign operations | | <u>243</u> | <u>(206)</u> |
| Other comprehensive income/(expense) for the period, net of tax | | <u>243</u> | <u>(206)</u> |
| Total comprehensive income for the period | | <u><u>2,473</u></u> | <u><u>2,034</u></u> |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | <u><u>2,473</u></u> | <u><u>2,034</u></u> |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | | | |
| – Basic and diluted (<i>SGD cents</i>) | 10 | <u><u>0.2</u></u> | <u><u>0.2</u></u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at 31 August 2022 <i>S\$'000</i> (Unaudited) | As at 28 February 2022 <i>S\$'000</i> (Audited) |
|---|--------------|--|--|
| | <i>Notes</i> | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 2,464 | 2,612 |
| Investment properties | 12 | 4,256 | 4,317 |
| Right-of-use assets | 13 | 314 | 360 |
| Contract assets | 14 | 15,103 | 13,020 |
| Fixed deposit pledged to a bank | 18 | 706 | – |
| | | 22,843 | 20,309 |
| Total non-current assets | | | |
| Current assets | | | |
| Contract assets | 14 | 4,118 | 7,183 |
| Inventories | | 54 | 52 |
| Trade receivables | 15 | 9,200 | 10,320 |
| Prepayments, other receivables and deposits | 16 | 962 | 1,564 |
| Amount due from related parties | 17 | 153 | 150 |
| Time deposits with original maturity over three months | 18 | 16,068 | 16,068 |
| Cash and cash equivalents | 18 | 17,034 | 9,141 |
| | | 47,589 | 44,478 |
| Total current assets | | | |
| | | 70,432 | 64,787 |
| Total assets | | | |
| Current liabilities | | | |
| Contract liabilities | 14 | 10,109 | 2,500 |
| Trade payables | 19 | 9,916 | 16,611 |
| Other payables and accruals | 20 | 3,979 | 2,029 |
| Amount due to related parties | 17 | – | – |
| Lease liabilities | 21 | 94 | 91 |
| Income tax payable | | 746 | 408 |
| | | 24,844 | 21,639 |
| Total current liabilities | | | |
| | | 22,745 | 22,839 |
| Net current assets | | | |
| | | 45,588 | 43,148 |
| Total assets less current liabilities | | | |

| | | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|--|----|---|--|
| Non-current liability | | | |
| Lease liabilities | | 104 | 137 |
| Deferred tax liabilities | 22 | 82 | 82 |
| | | <hr/> | <hr/> |
| Total non-current liability | | 186 | 219 |
| | | <hr/> | <hr/> |
| Total liabilities | | 25,030 | 21,858 |
| | | <hr/> | <hr/> |
| Net assets | | 45,402 | 42,929 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Equity attributable to owners of the Parent | | | |
| Share capital | 23 | 190 | 190 |
| Reserves | 24 | 45,212 | 42,739 |
| | | <hr/> | <hr/> |
| Total equity | | 45,402 | 42,929 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Total equity and liabilities | | 70,432 | 64,787 |
| | | <hr/> <hr/> | <hr/> <hr/> |

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

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

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

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

| Company name | Place and date of incorporation/ registration and place of operations | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|----------------------------------|---|---|--|------------|---|
| | | | Direct % | Indirect % | |
| Held by the Company | | | | | |
| Pinnacle Shine Ltd | British Virgin Islands 20 August 2018 | US\$10 | 100 | – | Investment holding |
| Held through a subsidiary | | | | | |
| Chian Teck Realty Pte Ltd | Singapore 30 March 2009 | S\$6,500,000 | – | 100 | Provision of structural engineering works and wet architectural works |
| Chian Teck Development Pte Ltd | Singapore 22 March 2006 | S\$100,000 | – | 100 | Provision of structural engineering works and wet architectural works |

2.1 BASIS OF PRESENTATION

The interim condensed consolidated financial information for the six months ended 31 August 2022 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and International Accounting Standards (“IAS”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the “IASB”). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 28 February 2022.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 28 February 2022, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

| | |
|--|---|
| Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 | <i>Interest Rate Benchmark Reform – Phase 2</i> |
| Amendments to IFRS 16 | <i>Covid-19-related Rent Concessions</i> |

The directors do not anticipate that the application of the revised IFRSs above will have a material effect on the Group’s interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

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

Information about major customers

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

| | For the six months ended 31 August | |
|------------------|---------------------------------------|--------------------------------|
| | 2022 S\$’000 (Unaudited) | 2021 S\$’000 (Unaudited) |
| Customer A | 922 | 4,030 |
| Customer Group B | 5,188 | 33,705 |
| Customer K | 18,424 | 4,306 |
| Customer P | 4,638 | – |

Geographical information

During the six months ended 31 August 2022, 100% of the Group's total revenue was generated in Singapore (for the six months ended 31 August 2021: 100%).

4. REVENUE

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

| | For the six months ended 31 August | |
|---|---------------------------------------|--------------------------------|
| | 2022 S\$'000 (Unaudited) | 2021 S\$'000 (Unaudited) |
| Type of goods or services | | |
| Structural engineering works | 36,888 | 38,586 |
| Wet architectural works | 2,697 | 5,382 |
| | <hr/> | <hr/> |
| Total revenue from contracts with customers | 39,585 | 43,968 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Timing of transfer of goods or services | | |
| Over time | 39,585 | 43,968 |
| | <hr/> <hr/> | <hr/> <hr/> |

(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:

| | For the six months ended 31 August | |
|---|---------------------------------------|--------------------------------|
| | 2022 S\$'000 (Unaudited) | 2021 S\$'000 (Unaudited) |
| Amounts expected to be recognised as revenue: | | |
| Within one year | 41,340 | 64,784 |
| After one year | 8,052 | 722 |
| | <hr/> | <hr/> |
| | 49,392 | 65,506 |
| | <hr/> <hr/> | <hr/> <hr/> |

5. OTHER INCOME

| | For the six months ended 31 August | |
|-----------------------|---------------------------------------|--------------------------------|
| | 2022 S\$'000 (Unaudited) | 2021 S\$'000 (Unaudited) |
| Government grants* | 462 | 873 |
| Rendering of services | 165 | 274 |
| Rental income | 664 | 55 |
| Scrap sales | 78 | 83 |
| Interest income | 77 | 112 |
| Others | 7 | – |
| | <u>1,453</u> | <u>1,397</u> |

* Government grants relates to Foreign Worker Levy Rebate and Jobs Growth Incentive. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

| | For the six months ended 31 August | |
|-------------------------------|---------------------------------------|--------------------------------|
| | 2022 S\$'000 (Unaudited) | 2021 S\$'000 (Unaudited) |
| Interest on lease liabilities | 5 | – |
| | <u>5</u> | <u>–</u> |

7. PROFIT BEFORE TAX

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

| | For the six months ended 31 August | |
|--|---------------------------------------|--------------------------------|
| | 2022 S\$'000 (Unaudited) | 2021 S\$'000 (Unaudited) |
| Construction costs (a) (b) | 32,890 | 38,109 |
| Depreciation of property, plant and equipment | 213 | 196 |
| Depreciation of investment properties | 61 | 65 |
| Depreciation of right-of-use assets | 62 | – |
| Gain on disposal of property, plant and equipment | (5) | (66) |
| Loss on foreign exchange, net | 220 | 82 |
| Employee benefit expense (including directors' remuneration) | | |
| – Salaries and bonuses | 2,544 | 2,442 |
| – Central Provident Fund contributions | 246 | 189 |
| | <u>2,544</u> | <u>2,442</u> |
| | <u>246</u> | <u>189</u> |

(a) Construction costs includes S\$4,902,000 of wages for the six months ended 31 August 2022 (for the six months ended 31 August 2021: S\$4,567,000).

(b) Construction costs includes S\$1,356,000 of rental expenses of short-term leases for the six months ended 31 August 2022 (for the six months ended 31 August 2021: S\$936,000).

8. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

| | For the six months ended 31 August | |
|--------------------------------------|---------------------------------------|--------------------------------|
| | 2022 S\$'000 (Unaudited) | 2021 S\$'000 (Unaudited) |
| Salaries | 180 | 180 |
| Directors' fees | 165 | 159 |
| Central Provident Fund contributions | 24 | 24 |
| | <u>369</u> | <u>363</u> |

On 24 October 2018, Mr. Xu Xuping and Mr. Xu Tiancheng were appointed as executive directors of the Company. Dr. Kung Wai Chiu Marco, Mr. Tang Chi Wang and Ms. Wang Yao were appointed as independent non-executive directors of the Company on 22 November 2019.

There were no fees or emoluments payable by the Company to the executive directors during the period ended 31 August 2022. The executive directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors or officers of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below.

(a) Independent non-executive directors

| Directors' fees | For the six months ended 31 August | |
|--------------------------------------|---------------------------------------|--------------------------------|
| | 2022 S\$'000 (Unaudited) | 2021 S\$'000 (Unaudited) |
| Independent non-executive directors: | | |
| Dr. Kung Wai Chiu Marco | 15 | 13 |
| Mr. Tang Chi Wang | 15 | 13 |
| Ms. Wang Yao | 15 | 13 |
| | <u>45</u> | <u>39</u> |

(b) **Executive directors**

| For the six months ended 31 August 2022 | Salaries S\$'000 | Directors' fees S\$'000 | Central Provident Fund contributions S\$'000 | Total S\$'000 |
|--|-----------------------------|--|---|--------------------------|
| Executive directors: | | | | |
| Mr. Xu Xuping | 90 | 60 | 12 | 162 |
| Mr. Xu Tiancheng | 90 | 60 | 12 | 162 |
| | <u>180</u> | <u>120</u> | <u>24</u> | <u>324</u> |

| For the six months ended 31 August 2021 | Salaries S\$'000 | Directors' fees S\$'000 | Central Provident Fund contributions S\$'000 | Total S\$'000 |
|--|-----------------------------|--|---|--------------------------|
| Executive directors: | | | | |
| Mr. Xu Xuping | 90 | 60 | 12 | 162 |
| Mr. Xu Tiancheng | 90 | 60 | 12 | 162 |
| | <u>180</u> | <u>120</u> | <u>24</u> | <u>324</u> |

There was no arrangement under which a director waived or agreed to waive any remuneration for the six months ended 31 August 2022 and 31 August 2021. During the six months ended 31 August 2022 and 31 August 2021, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

No discretionary performance related bonuses were made to the directors during the six months ended 31 August 2022 and 31 August 2021.

9. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands. Singapore profits tax has been provided at the rate of 17% on the estimated assessable profits arising in Singapore for the six months ended 31 August 2022 and 2021.

| | For the six months ended 31 August | |
|---------------------------------|---|--------------------|
| | 2022 | 2021 |
| | S\$'000 | S\$'000 |
| | (Unaudited) | (Unaudited) |
| Current – Singapore | | |
| Charge for the period | <u>447</u> | <u>471</u> |
| Total tax charge for the period | <u>447</u> | <u>471</u> |

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries (or jurisdictions) in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

| | For the six months ended 31 August | |
|--|---|--------------|
| | 2022 | 2021 |
| | S\$'000 | S\$'000 |
| | (Unaudited) | (Unaudited) |
| Profit before tax from continuing operations | <u>2,677</u> | <u>2,711</u> |
| Tax at the statutory tax rate of 17% | 477 | 461 |
| Adjustments: | | |
| Non-deductible expenses | 250 | 195 |
| Income not subject to taxation | (242) | (94) |
| Effect of tax exemption* | (38) | (91) |
| Tax charge at the Group's effective rate | <u>447</u> | <u>471</u> |

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

The tax exemption for the Year of Assessment of 2022 and 2023 is computed based on 75% of the chargeable income cap at S\$10,000 and the next 50% of the chargeable income cap at S\$190,000.

10. EARNINGS PER SHARE

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

| | For the six months ended 31 August | |
|--|---|------------------|
| | 2022 | 2021 |
| | S\$'000 | S\$'000 |
| | (Unaudited) | (Unaudited) |
| Profit for the year, attributable to owners of the Company used in the computation of basic and diluted earnings per share (S\$'000) | <u>2,230</u> | <u>2,240</u> |
| Number of shares ('000) | | |
| Weighted average number of ordinary shares for basic earnings per share computation | <u>1,400,000</u> | <u>1,400,000</u> |

No adjustment has been made to basic earnings per share as the Group had no potential dilutive ordinary shares in issue during the period ended 31 August 2022 and 31 August 2021.

11. PROPERTY, PLANT AND EQUIPMENT

| Group | Office units S\$'000 | Computers S\$'000 | Furniture and fixtures S\$'000 | Office equipment S\$'000 | Motor vehicles S\$'000 | Renovation S\$'000 | Total S\$'000 |
|---|----------------------------|----------------------|---|--------------------------------|------------------------------|-----------------------|------------------|
| 31 August 2022 | | | | | | | |
| At 1 March 2022: | | | | | | | |
| Cost | 1,837 | 149 | 35 | 419 | 2,021 | 96 | 4,557 |
| Accumulated depreciation | (207) | (104) | (31) | (297) | 1,217 | (89) | (1,945) |
| Net carrying amount | <u>1,630</u> | <u>45</u> | <u>4</u> | <u>122</u> | <u>804</u> | <u>7</u> | <u>2,612</u> |
| At 1 March 2022, net of accumulated depreciation | 1,630 | 45 | 4 | 122 | 804 | 7 | 2,612 |
| Additions | - | - | - | 3 | 62 | - | 65 |
| Depreciation provided during the period | (16) | (16) | (2) | (26) | (148) | (5) | (213) |
| At 31 August 2022, net of accumulated depreciation | <u>1,614</u> | <u>29</u> | <u>2</u> | <u>99</u> | <u>718</u> | <u>2</u> | <u>2,464</u> |
| At 31 August 2022: | | | | | | | |
| Cost | 1,837 | 149 | 35 | 422 | 2,042 | 96 | 4,582 |
| Accumulated depreciation | (223) | (120) | (33) | (323) | (1,324) | (94) | (2,118) |
| Net carrying amount (Unaudited) | <u>1,614</u> | <u>29</u> | <u>2</u> | <u>99</u> | <u>718</u> | <u>2</u> | <u>2,464</u> |
| 31 August 2021 | | | | | | | |
| At 1 March 2021: | | | | | | | |
| Cost | 1,837 | 149 | 35 | 377 | 1,687 | 96 | 4,181 |
| Accumulated depreciation | (174) | (72) | (27) | (233) | (1,083) | (80) | (1,669) |
| Net carrying amount | <u>1,663</u> | <u>77</u> | <u>8</u> | <u>144</u> | <u>604</u> | <u>16</u> | <u>2,512</u> |
| At 1 March 2021, net of accumulated depreciation | 1,663 | 77 | 8 | 144 | 604 | 16 | 2,512 |
| Additions | - | - | - | 22 | 579 | - | 601 |
| Depreciation provided during the period | (16) | (17) | (2) | (29) | (127) | (5) | (196) |
| At 31 August 2021, net of accumulated depreciation | <u>1,647</u> | <u>60</u> | <u>6</u> | <u>137</u> | <u>1,056</u> | <u>11</u> | <u>2,917</u> |
| At 31 August 2021: | | | | | | | |
| Cost | 1,837 | 149 | 35 | 399 | 2,125 | 96 | 4,641 |
| Accumulated depreciation | (190) | (89) | (29) | (262) | (1,069) | (85) | (1,724) |
| Net carrying amount (Unaudited) | <u>1,647</u> | <u>60</u> | <u>6</u> | <u>137</u> | <u>1,056</u> | <u>11</u> | <u>2,917</u> |

The office units held by the Group are as follows:

| Description and location | Existing use | Remaining useful lives | |
|--|--------------|-------------------------------|---------------------------------|
| | | As at 31 August 2022 Years | As at 28 February 2022 Years |
| 21 Woodlands Close #08-10 Primz Bizhub | Office | 48 | 49 |
| 21 Woodlands Close #08-11 Primz Bizhub | Office | 48 | 49 |
| 21 Woodlands Close #08-12 Primz Bizhub | Office | 48 | 49 |
| 21 Woodlands Close #08-29 Primz Bizhub | Warehouse | 48 | 49 |

12. INVESTMENT PROPERTIES

| | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|--|--|--|
| At the beginning of the year | 4,317 | 4,632 |
| Depreciation provided during the period/year | (61) | (130) |
| Provision of impairment provided during the year | – | (185) |
| At the end of the period/year | <u>4,256</u> | <u>4,317</u> |

The investment properties held by the Group are as follows:

| Description and location | Existing use | Remaining unexpired lease term | |
|----------------------------------|--------------|--------------------------------|---------------------------------|
| | | As at 31 August 2022 Years | As at 28 February 2022 Years |
| 25 Mandai Estate #06-09* | Office/Shop | * | * |
| 98 Kaki Bukit Industrial Terrace | Industrial | 32 | 33 |

| Description and location | Estimated fair value | |
|----------------------------------|--|--|
| | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
| 25 Mandai Estate #06-09* | 780 | 780 |
| 98 Kaki Bukit Industrial Terrace | 3,600 | 3,600 |

* Tenure – Freehold

Valuation of investment properties

The Group's investment properties are stated at cost less accumulated depreciation and accumulated impairment. The fair value of the investment properties as at 31 August 2022 and 2021 are disclosed above. The valuations were performed by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties valued.

The fair values of the investment properties are determined using the comparison method by making references to comparable sale evidence as available in the relevant market. Comparable properties of similar size, character and location are analysed and selected for each investment property in order to arrive at a fair comparison of their fair values. The fair value measurement is positively correlated to the market unit sale rate. There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

13. RIGHT-OF-USE ASSETS

| | Leasehold land and buildings S\$'000 | Motor vehicle S\$'000 | Office equipment S\$'000 | Total S\$'000 |
|---|---|--------------------------------------|---|--------------------------|
| Cost: | | | | |
| At 1 March 2022 | 125 | 297 | – | 422 |
| Addition | – | – | 16 | 16 |
| At 31 August 2022 | 125 | 297 | 16 | 438 |
| Accumulated depreciation: | | | | |
| At 1 March 2022 | 31 | 31 | – | 62 |
| Depreciation provided during the period | 31 | 30 | 1 | 62 |
| At 31 August 2022 | 62 | 61 | 1 | 124 |
| Net carrying amount: | | | | |
| At 31 August 2022 | 63 | 236 | 15 | 314 |
| At 31 August 2022 (Unaudited) | 63 | 236 | 15 | 314 |

| | Leasehold land and buildings S\$'000 | Motor vehicle S\$'000 | Office equipment S\$'000 | Total S\$'000 |
|---------------------------------------|---|-----------------------------|--------------------------------|------------------|
| Cost: | | | | |
| At 1 March 2021 | – | – | – | – |
| Addition | 125 | 297 | – | 422 |
| At 28 February 2022 | 125 | 297 | – | 422 |
| Accumulated depreciation: | | | | |
| At 1 March 2021 | – | – | – | – |
| Depreciation provided during the year | 31 | 31 | – | 62 |
| At 28 February 2022 | 31 | 31 | – | 62 |
| Net carrying amount: | | | | |
| At 28 February 2022 | 94 | 266 | – | 360 |
| At 28 February 2022 | 94 | 266 | – | 360 |

The lease agreements do not impose any covenants other than security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

14. CONTRACT ASSETS/LIABILITIES

(a) Contract assets

| | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|--|--|--|
| Unbilled revenue (<i>note (i)</i>) | 3,272 | 7,293 |
| Retention receivables (<i>note (ii)</i>) | 16,507 | 13,471 |
| | 19,779 | 20,764 |
| Less: Loss allowance provision | (558) | (561) |
| | 19,221 | 20,203 |
| Represented by: | | |
| Contract assets | | |
| – Non-current | 15,103 | 13,020 |
| – Current | 4,118 | 7,183 |
| | 19,221 | 20,203 |

Notes:

- (i) Unbilled revenue is initially recognised for revenue earned from the provision of construction work as the receipt of consideration is conditional on successful completion of construction. Upon completion of construction and acceptance by the customer, the amounts recognised as unbilled revenue are reclassified to trade receivables.
- (ii) Retention receivables included in contract assets represents the Group's right to consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over the maintenance period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically after the expiry date of the maintenance period.

As at 1 March 2021, contract assets amounted to approximately S\$12,977,000.

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

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

| | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|--|---|---|
| At the beginning of the year | 561 | 358 |
| (Reversal) of loss allowance provision | <u>(3)</u> | <u>203</u> |
| At the end of the period/year | <u>558</u> | <u>561</u> |

(b) Contract liabilities

| | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|------------------------|---|---|
| Construction contracts | <u>10,109</u> | <u>2,500</u> |

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

As at 1 March 2021, contract liabilities amounted to approximately S\$566,000.

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

| | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|--|---|---|
| Revenue recognised in the year from the amounts included in the contract liabilities at the beginning of the year | <u>2,500</u> | <u>566</u> |

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

Construction contracts

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

15. TRADE RECEIVABLES

| | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|--------------------------------|---|---|
| Trade receivables | 9,486 | 10,606 |
| Less: Loss allowance provision | <u>(286)</u> | <u>(286)</u> |
| | <u>9,200</u> | <u>10,320</u> |

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 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|----------------|---|---|
| Within 1 month | 4,792 | 8,278 |
| 1 to 2 months | 4,095 | 1,904 |
| 2 to 3 months | 108 | 7 |
| Over 3 months | <u>205</u> | <u>131</u> |
| | <u>9,200</u> | <u>10,320</u> |

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

| | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|--|---|--|
| At the beginning of the year | 286 | 151 |
| Loss allowance provision for the year/period | <u>–</u> | <u>135</u> |
| At the end of the period/year | <u>286</u> | <u>286</u> |

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

16. PREPAYMENTS, OTHER RECEIVABLES AND DEPOSITS

| | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|---|---|--|
| Other receivables | 32 | 12 |
| Less: Loss allowance provision | <u>–</u> | <u>–</u> |
| | 32 | 12 |
| Deposits | 569 | 799 |
| Prepayments | 361 | 513 |
| Grant receivables | – | 180 |
| Net Good and Services Tax (“GST”) receivables | <u>–</u> | <u>60</u> |
| | <u>962</u> | <u>1,564</u> |

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

| | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|-------------------------------|---|--|
| At the beginning of the year | – | 3 |
| Loss allowance reversal | <u>–</u> | <u>(3)</u> |
| At the end of the period/year | <u>–</u> | <u>–</u> |

17. AMOUNT DUE FROM/(TO) RELATED PARTIES

| | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|--|--|--|
| Amount due from ultimate holding company | <u>153</u> | <u>150</u> |

The amount was non-trade in nature, unsecured, interest-free and have no fixed term of repayment.

18. FIXED DEPOSIT PLEDGED TO A BANK, CASH AND CASH EQUIVALENTS/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

The cash and cash equivalents carry interest at floating rates based on daily bank deposit rates. The time deposits carried market interest rates of 0.60% – 2.00% (2022: 0.50% – 0.60%) per annum with original maturity over three months.

Fixed deposit of S\$706,000 was pledged to a bank as security for a construction project for the period ended 31 August 2022 (28 February 2022: Nil).

19. 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 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|-----------------|--|--|
| Trade payables: | | |
| Within 1 month | 3,708 | 14,534 |
| 1 to 2 months | 2,922 | 1,955 |
| 2 to 3 months | 752 | 120 |
| Over 3 months | <u>2,534</u> | <u>2</u> |
| | <u>9,916</u> | <u>16,611</u> |

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

20. OTHER PAYABLES AND ACCRUALS

| | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
|---|--|--|
| Other payables and accruals | 2,520 | 910 |
| Accrued staff cost | 875 | 1,100 |
| Deposits received | 19 | 19 |
| Net Goods and Services Tax (“GST”) payables | <u>565</u> | <u>–</u> |
| | <u>3,979</u> | <u>2,029</u> |

Other payables are non-interest bearing and are repayable on demand.

21. LEASE LIABILITIES

As at 31 August 2022, the Group leases various motor vehicles, office equipment, leasehold land and buildings for a period of time through lease arrangements with lease terms ranging from 2 to 5 years. These liabilities were measured at the net present value of the lease payments during the lease terms that are not yet paid.

The interest rates are 4.96% (2021: Nil) per annum.

The total future minimum lease payments under lease arrangements and their present value were as follows:

| | Minimum lease payments as at 31 August 2022 S\$'000 (Unaudited) | Present value of minimum lease payments as at 31 August 2022 S\$'000 (Unaudited) | Minimum lease payments as at 28 February 2022 S\$'000 (Audited) | Present value of minimum lease payments as at 28 February 2022 S\$'000 (Audited) |
|--|--|---|--|---|
| With 1 year | 103 | 95 | 99 | 91 |
| After 1 year but not exceeding 2 years | 37 | 33 | 66 | 62 |
| After 2 year but not exceeding 5 years | <u>72</u> | <u>70</u> | <u>79</u> | <u>75</u> |
| | 212 | 198 | 244 | 228 |
| Less: Total future interest expenses | <u>(14)</u> | | <u>(16)</u> | |
| Present value of lease liabilities | <u><u>198</u></u> | | <u><u>228</u></u> | |
| Less: Amount due for settlement within one year | | <u>(94)</u> | | <u>(91)</u> |
| Amount due for settlement after one year | | <u><u>104</u></u> | | <u><u>137</u></u> |
| Analysed by: | | | | |
| | | | As at 31 August 2022 S\$'000 (Unaudited) | As at 28 February 2022 S\$'000 (Audited) |
| Leasehold land and buildings | | | 64 | 95 |
| Motor vehicle | | | 119 | 133 |
| Office equipment | | | <u>15</u> | <u>–</u> |
| | | | <u><u>198</u></u> | <u><u>228</u></u> |

22. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

| | Depreciation in excess of related depreciation allowance <i>S\$'000</i> | Total <i>S\$'000</i> |
|---|---|--------------------------------|
| At 1 March 2021 and 31 August 2021 | 31 | 31 |
| Deferred tax credited to profit or loss during the period | 51 | 51 |
| | <hr/> | <hr/> |
| At 28 February 2022, 1 March 2022 and 31 August 2022 | 82 | 82 |
| | <hr/> <hr/> | <hr/> <hr/> |

23. SHARE CAPITAL

| | <i>Number of shares in issue</i> | <i>S\$'000</i> |
|--|--------------------------------------|----------------|
| Ordinary shares of US\$0.0001 | | |
| Authorised: | | |
| At 1 March 2021, 28 February 2022 and 31 August 2022 | 5,000,000,000 | 678 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Issued and fully paid: | | |
| At 1 March 2021, 28 February 2022 and 31 August 2022 | 1,400,000,000 | 190 |
| | <hr/> <hr/> | <hr/> <hr/> |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

24. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the period ended 31 August 2022 and period ended 31 August 2021 are presented in the consolidated statements of changes in equity.

Share premium

Share premium represents the difference between the nominal value and the issuing value of the shares.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Merger reserve

For the purposes of the preparation of the consolidated statements of financial position, the balance of merger reserve at the financial period ended 31 August 2022 and period ended 31 August 2021 represents the aggregate of the paid up share capital of the subsidiaries now comprising the Group attributable to the Controlling Shareholders prior to the Reorganisation.

25. OPERATING LEASE ARRANGEMENTS

As lessor

The Group has entered into leases on its investment properties. These non-cancellable leases have remaining lease terms ranging from one to two years.

Future minimum rental receivable under non-cancellable operating leases are as follows:

| | As at 31 August 2022 S\$'000 | As at 28 February 2022 S\$'000 |
|--------------------|---|---|
| Within one year | 118 | 110 |
| In the second year | 33 | 85 |
| | <u>151</u> | <u>195</u> |

As lessee

The Group leases dormitories under operating lease arrangements. The leases are negotiated for one year term. The Group applies the short-term lease recognition exemption to its short-term leases of dormitories (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Future minimum rental payments under non-cancellable operating leases are as follows:

| | As at 31 August 2022 S\$'000 | As at 28 February 2022 S\$'000 |
|-----------------|---|---|
| Within one year | 688 | 311 |

26. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group did not have transactions with related parties during the period.

Outstanding balances with related parties

As at 31 August 2022, the Group had a net outstanding balance due to directors (non-trade) of S\$6 (28 February 2021: S\$6). Details of the balances are disclosed in Note 17 of the interim condensed consolidated financial statements.

Personal guarantees by directors

During the period ended 31 August 2022 and year ended 28 February 2022, performance bonds issued by insurance companies that were secured by corporate guarantee provided by a subsidiary.

Compensation of key management personnel of the Group

| | For the six months ended 31 August | |
|--------------------------------------|---------------------------------------|--------------------------------|
| | 2022 S\$'000 (Unaudited) | 2021 S\$'000 (Unaudited) |
| Salaries | 180 | 180 |
| Central Provident Fund contributions | <u>24</u> | <u>24</u> |
| | <u>204</u> | <u>204</u> |

Further details of the directors' emoluments as disclosed in Note 8 to the financial statements.

27. DIVIDENDS

No dividend has been declared by the Company or group entities during the six months ended 31 August 2022 and 2021 or subsequent to the period end.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Business Review

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 31 August 2022, the Group had a total of 30 (28 February 2022: 20) projects on hand (including projects in progress and projects which are yet to commence) including 22 (28 February 2022: 15) structural engineering projects and 8 (28 February 2022: 5) wet architectural projects. The aggregated contract sum of the above projects is approximately S\$245 million, of which approximately S\$196 million has been recognised as revenue up to 31 August 2022. The remaining balance will be recognised as Group's revenue in accordance with the respective stage of completion.

Prospects

Looking ahead, the construction sector continues to operate at below pre-pandemic level due to labour shortages. While the labour shortage issue was slightly mitigated by the government's worker retention scheme, the high cost of recruiting migrant workers and increased cost of materials, machinery transport, and other construction related cost would lead to higher construction costs. We will focus on ensuring the smooth operational progress of our projects.

With manpower and materials cost expected to remain high due to inflation, we will continue to stay competitive and enhance productivity through skills upgrading and the adoption of innovation and technology to enhance our efficiency.

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:

| | For the six months ended 31 August | |
|------------------------------|---|-------------|
| | 2022 | 2021 |
| | S\$'000 | S\$'000 |
| | (Unaudited) | (Unaudited) |
| Structural engineering works | 36,888 | 38,586 |
| Wet architectural works | 2,697 | 5,382 |
| | 39,585 | 43,968 |

The revenue of the Group decreased by approximately S\$4.4 million or 10.0% from approximately S\$44.0 million for the six months ended 31 August 2021 to approximately S\$39.6 million for the six months ended 31 August 2022. The decrease was mainly due to the completion of contracts in hand in prior year resulting in a decrease in outstanding contracts brought forward from the beginning of the reporting period.

Construction Costs

The Group's construction costs decreased by approximately S\$5.2 million or 13.4% from approximately S\$38.1 million for the six months ended 31 August 2021 to approximately S\$32.9 million for the six months ended 31 August 2022. The less-than-proportionate decrease in construction cost for the six months ended 31 August 2022 was mainly due to reduce in subcontracting charges while labour shortage issue was slightly mitigated.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately S\$0.8 million or 14.3% from approximately S\$5.9 million for the six months ended 31 August 2021 to approximately S\$6.7 million for the six months ended 31 August 2022. The Group's gross profit margin also increased from approximately 13.3% for the six months ended 31 August 2021 to approximately 16.9% for the six months ended 31 August 2022. The significant increases were both primarily due to the decrease in revenue and the less-than-proportionate decrease in construction costs as discussed above.

Other Income

The Group's other income increased by approximately S\$0.1 million from approximately S\$1.4 million for the six months ended 31 August 2021 to approximately S\$1.5 million for the six months ended 31 August 2022, mainly attributable to increase in rental income which is partially offset by decrease in government grant during the six months ended 31 August 2022.

Administrative Expenses

The Group's administrative expenses increased by approximately S\$0.9 million or 20.3% from approximately S\$4.5 million for the six months ended 31 August 2021 to approximately S\$5.4 million for the six months ended 31 August 2022, mainly due to the increase in legal and professional fees, transportation and foreign exchange difference during the six months ended 31 August 2022.

Finance Cost

The Group's finance cost increased by approximately S\$5,000 or 100% for the six months ended 31 August 2022, mainly due to increase in the Group's lease liabilities.

Income Tax Expenses

The Group's income tax expense remained relatively stable for the six months ended 31 August 2021 and the six months ended 31 August 2022, which amounted to approximately S\$0.4 million in both periods, respectively.

Profit for the Period

As a result of the foregoing, the profit for the period amounted to approximately S\$2.2 million (six months ended 31 August 2021: approximately S\$2.2 million).

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 approximately S\$0.2 million as at 31 August 2022.

The Group's sources of funding comprise of its cash and cash equivalents and time deposits. As at 31 August 2022, the Group's cash and cash equivalents recorded a increase by 87.2% from approximately S\$9.1 million as at 28 February 2022 to approximately S\$17.0 million, which was mainly due to net cash flows generated from operating activities during the period.

The cash and cash equivalents of the Group, mainly denominated in SGD and HKD, are generally deposited with authorised financial institutions. As at 31 August 2022, 96.8% (28 February 2022: 96.8%) of the Group's cash and cash equivalents was denominated in Singapore dollar and 3.2% (28 February 2022: 3.2%) was denominated in Hong Kong dollar.

As at 31 August 2022, the Group had bank facilities with credit limit amounting to approximately S\$1.0 million (28 February 2022: S\$1.0 million), of which approximately S\$1.0 million (28 February 2022: 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, net off cash and cash equivalents) divided by the capital plus net debt as at the end of respective period.

As at 31 August 2022, the gearing ratio of the Group was negative, which was mainly due to the significant amount of Group's cash and cash equivalents from the listing proceeds (28 February 2022: negative).

Treasury Policy

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

Use of Proceeds

The net proceeds from the Share Offer were approximately HK\$82.0 million (equivalent to approximately S\$14.3 million). Details of the proposed applications of such net proceeds are as disclosed in “Future Plans and Use of Proceeds” of the prospectus of the Company dated 30 December 2019 (the “**Prospectus**”). The below table sets out the proposed applications and actual usage of the net proceeds from the date of listing to 31 August 2022:

| | Planned use of proceeds <i>HK\$'000</i> | Actual use of proceeds from Listing Date to 31 August 2022 <i>HK\$'000</i> | Unutilised balance as at 31 August 2022 <i>HK\$'000</i> | Expected timeline for utilisation of the unutilised net proceeds |
|---------------------------------------|---|--|---|---|
| Payment of upfront costs for projects | 61,040 | 61,040 | – | – |
| Strengthen the workforce | 21,003 | 21,003 | – | N/A |
| | <u>82,043</u> | <u>82,043</u> | <u>–</u> | |

As at 31 August 2022, the Group had fully utilised the net proceeds in accordance with the intentions previously disclosed.

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 six months ended 31 August 2022.

Future Plans for Material 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 31 August 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 has certain bank balances denominated in Hong Kong dollars amounting to approximately HK\$6.1 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 31 August 2022, a fixed deposit of approximately S\$0.7 million (28 February 2022: nil) was pledged to the banks to secure the bank facilities granted to the Group.

Contingent Liabilities

As at 31 August 2022, the Group had no contingent liabilities (28 February 2022: nil).

Capital Commitments

The Group had no capital commitments as at 31 August 2022 (28 February 2022: nil).

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

Capital Expenditures

For six months ended 31 August 2022, the Group's capital expenditure in respect of the acquisition of properties, plant and equipment amounting to approximately S\$65,000 (FY2021/2022: S\$0.8 million).

Employees and Remuneration Policy

As at 31 August 2022, the Group had a total of 469 (28 February 2022: 485) 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 the six months ended 31 August 2022 amounted to approximately S\$7.7 million (the six months ended 31 August 2021: S\$7.2 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 and eligible employees of the Group.

Events after the Reporting Period

Save as disclosed in this announcement, there is no material subsequent event undertaken by the Group after 31 August 2022 and up to the date of this announcement.

Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 31 August 2022 (the six months ended 31 August 2021: nil).

CORPORATE GOVERNANCE

During the six months ended 31 August 2022, the Company complied with the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange except for the following deviation:

Under the code provision C.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.

SHARE OPTION SCHEME

The shareholders of the Company approved and conditionally adopted a share option scheme on 22 November 2019 (the “**Share Option Scheme**”) to enable the Company to grant options to the eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which any member of the Group holds any equity interest. No share options have been granted, exercised, lapsed or cancelled under the Share Option Scheme since then and up to the date of this announcement.

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 six months ended 31 August 2022.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed the Group’s unaudited interim results for the six months ended 31 August 2022 and discussed with the management of the Company on the accounting principles and policies adopted by the Group with no disagreement by the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This unaudited interim results announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at <http://www.ctrholdings.com>. The interim report of the Company for the six months ended 31 August 2022 will be dispatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
CTR Holdings Limited
Xu Xuping

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 28 October 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 Dr. Kung Wai Chiu Marco, Mr. Tang Chi Wang and Ms. Wang Yao.