CTR Holdings Limited

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

(Stock Code: 1416)

2020

Annual Report

CONTENTS

2	Corporate Information
3	Chairman's Statement
4	Management Discussion and Analysis
9	Biography of the Directors and Senior Management
13	Corporate Governance Report
20	Report of the Directors
31	Environmental, Social and Governance Report
44	Independent Auditor's Report
49	Consolidated Statements of Profit or Loss and Other Comprehensive Income
50	Consolidated Statements of Financial Position
51	Consolidated Statements of Changes in Equity
52	Consolidated Statements of Cash Flows
53	Notes to Financial Statements
94	Summary of Financial Information

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Xuping
(Chairman and Chief Executive Officer)
Mr. Xu Tiancheng

Independent Non-Executive Directors

Mr. Kung Wai Chiu Marco
Mr. Tang Chi Wang
Ms. Wang Yao

AUDIT COMMITTEE

Mr. Kung Wai Chiu Marco *(Chairman)*
Mr. Tang Chi Wang
Ms. Wang Yao

REMUNERATION COMMITTEE

Ms. Wang Yao *(Chairman)*
Mr. Kung Wai Chiu Marco
Mr. Tang Chi Wang

NOMINATION COMMITTEE

Mr. Tang Chi Wang *(Chairman)*
Mr. Kung Wai Chiu Marco
Ms. Wang Yao

COMPANY SECRETARY

Ms. Leung Hoi Yan

AUTHORISED REPRESENTATIVES

Mr. Xu Xuping
Ms. Leung Hoi Yan

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

21 Woodlands Close #08-11
12 Primz Bizhub
Singapore 737854

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 17/F, United Centre
95 Queensway, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F
148 Electric Road
North Point
Hong Kong

COMPLIANCE ADVISER

Grande Capital Limited
(A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO)
Room 2701, 27/F
Tower One, Admiralty Centre
18 Harcourt Road
Admiralty
Hong Kong

PRINCIPAL BANKS

Malayan Banking Berhad
United Overseas Bank Limited

AUDITOR

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

COMPANY'S WEBSITE

www.chianteck.com

STOCK CODE

1416

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of CTR Holdings Limited (the "Company"), I am pleased to present the first annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 29 February 2020.

2020 has been an eventful year in the Group's history as we marked a significant milestone – our successful listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 January 2020. The Group has accumulated over 10 years of experience specialising in structural engineering works and wet architectural works in Singapore.

Looking ahead, the Group expects that the demand in construction industry in Singapore will continue to grow. The outlook for the construction industry in Singapore remains optimistic. Despite the fact that the outbreak of the COVID-19 epidemic may exert pressure on the Group's operations, the Group will continue to carefully evaluate the potential costs and seek for suitable projects. The management is confident that we will be able to continue to provide the best services and support to our customers during this difficult time. We will adhere to the Group's strategy to reinforce the Group's existing business, while exploring synergistic opportunities in other areas to grow our businesses and bring greater profits to the shareholders. We are confident that the Group will continue to stay relevant and remain competitive in the local climate.

We would like to express our heartfelt appreciation for the hard work and commitment that the management and employees have given to the Group as well as special thanks to our business partners and Shareholders for their continuous support for the Group.

CTR Holdings Limited
Xu Xuping
Chairman, Chief Executive Officer and Executive Director

30 June 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

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

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

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

Prospects

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

The construction projects are being suspended temporarily from 7 April 2020 to 1 June 2020 (the "Circuit Breaker Period"). It leads to slowdown the progress of projects during the Circuit Breaker Period while the Group is still responsible for relevant costs in order to maintain and upkeep the staffs and foreign workers. Under the COVID-19 (Temporary Measures) Act 2020 and the COVID19 (Temporary Measures) (Control Order) Regulations 2020, all construction projects which have been suspended during the Circuit Breaker Period shall remain so even after 1 June 2020, until such time when the Building and Construction Authority's approval on behalf of the Ministry of Trade and Industry is obtained for the relevant works to be restarted. Overall, construction activities in Singapore are slowly resuming. As at the date of this report, our construction projects remain suspended. The Directors expect that two of the Group's projects to gradually resume work in July 2020. The Board has been closely monitoring the market conditions and reviewing the Group's operation.

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

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

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

Construction Costs

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

Gross Profit and Gross Profit Margin

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

Other Income

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

Administrative Expenses

The Group's administrative expenses increased by approximately S$1.5 million or 15.4% from approximately S$9.8 million for FY2018/2019 to approximately S$11.3 million for FY2019/2020, mainly due to the combined effect of (i) the increase in staff costs of approximately S$1.0 million as a result of increase in number of employees and annual salary adjustment; and (ii) the impairment loss on investment properties of approximately S$0.2 million for FY2019/2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expense

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

Profit for the Year

As a result, the profit for FY2019/2020 was approximately S$7.4 million as compared to approximately S$6.5 million for FY2018/2019, represented an increase of approximately S$0.9 million or 13.4%. If the non-recurring listing expenses of approximately S$2.1 million and S$1.9 million for FY2018/2019 and FY2019/2020 respectively and the non-recurring impairment loss on investment properties of approximately S$0.2 million for FY2019/2020 were excluded, the adjusted profits for FY2018/2019 and FY2019/2020 of the Group would have been approximately S$8.6 million and S$9.5 million respectively, represented the increase of profit of approximately S$0.9 million or 9.8%. The increase of the adjusted profit for the year was mainly due to the increase in gross profit as discussed above.

Capital Structure, Liquidity and Financial Resources

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

The Group's sources of funding comprise of its cash and cash equivalents, cash flows generated from operations, and net proceeds from the share offer. As at 29 February 2020, the Group's cash and cash equivalents recorded an increase by 222.9% from approximately S$9.3 million as at 28 February 2019 to approximately S$30.1 million, which was mainly due to the proceeds received from the Listing.

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

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

Gearing Ratio

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

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

Treasury Policy

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

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Proceeds

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

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

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

Foreign Exchange Exposure

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

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

Pledge of Assets

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

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

Contingent Liabilities

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Commitments

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

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

Capital Expenditures

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

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

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

Future Plans for Material Investments or Capital Assets

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

Employees and Remuneration Policy

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

Total staff costs, including Directors' emoluments, salaries, wages and contributions, for FY2019/2020 amounted to approximately S$16.3 million (FY2018/2019: S$14.5 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 to make monthly Central Provident Fund contributions in respect of its employees who are either citizens or permanent residents of Singapore. Moreover, the employees receives training depending on the department they worked for and the scope of work they dealt with from time to time.

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

Events after the Reporting Period

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

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

Dividend

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

BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Xu Xuping (許旭平) ("Mr. XP Xu"), aged 35, was appointed as a director (the "Director") of the Company on 24 October 2018 and was designated as the chief executive officer of the Group, the chairman of the Board and an executive Director on 1 November 2018. He is responsible for formulating and implementing company policy and business strategies of the Group. Mr. XP Xu has over 13 years of experience in the construction industry in Singapore and in managing companies. He was appointed as a director of the subsidiaries of the Company, Chian Teck Development Pte. Ltd. ("CTD") and Chian Teck Realty Pte. Ltd. ("CTR"), in January 2007 and in June 2010, respectively, and was appointed as a director of the investment holding company, Pinnacle Shine Limited, in August 2018. Mr. XP Xu has been the managing director of CTR since March 2009. He is also a director of Brave Ocean Limited, the controlling shareholder of the Company. His main responsibilities as managing director of CTR include, among others, liaising with existing customers, meeting with potential customers and overseeing the management of projects. Mr. XP Xu is one of the controlling shareholders of the Company and the brother of Mr. TC Xu, an executive Director and one of the controlling shareholders of the Company. Mr. XP Xu is also the cousin of Mr. Xu Kunfu ("Mr. KF Xu"), a member of the senior management.

Mr. XP Xu obtained a Diploma in Building & Property Management from Singapore Polytechnic in Singapore in May 2005 and a Bachelor of Applied Science degree in Construction Management with first class honours from the Royal Melbourne Institute of Technology in Australia (through distance learning) in August 2009.

Mr. Xu Tiancheng (許添城) ("Mr. TC Xu"), aged 33, was appointed as a Director on 24 October 2018 and was designated as an executive Director on 1 November 2018. He is responsible for overseeing the accounts, information technology and operational matters of the Group. He was appointed as a director of the subsidiaries of the Company, CTR and CTD, in March 2009 and in June 2011, respectively. Mr. TC Xu has over 11 years of experience in the construction industry in Singapore. Since March 2009, Mr. TC Xu has been a director of the subsidiary, CTR, and is mainly responsible for overseeing the management of wet architectural projects of CTR. His duties include conducting site visits from time to time, planning the allocation of resources, and participating in the tender of projects involving wet architectural works. He is also responsible for accounts, information technology and operational matters of CTR. Mr. TC Xu is one of the controlling shareholders of the Company and the brother of Mr. XP Xu, the chief executive officer of the Group, the chairman of the Board, an executive Director and one of the controlling shareholders of the Company. Mr. TC Xu is also the cousin of Mr. KF Xu, a member of the senior management.

Mr. TC Xu obtained a Diploma in Business Information Technology from Singapore Polytechnic in Singapore in March 2007. Mr. TC Xu also obtained a Bachelor of Science degree in Accounting and Finance with Honours from the University of London in the United Kingdom (through distance learning) in August 2011 while concurrently serving as directors of CTR and CTD.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kung Wai Chiu Marco (孔維釗) ("Mr. Kung"), aged 46, was appointed as the independent non-executive Director on 22 November 2019. He also serves as the chairman of the audit committee of the Company and a member of remuneration committee and nomination committee of the Company. Mr. Kung is responsible for providing independent advice to the Board.

Mr. Kung has over 23 years of experience in the accounting and auditing field in Hong Kong. Mr. Kung has been a director and Cofounder of WinPark CPA Company Limited, Certified Public Accountants (Practising) (永栢和豐會計師事務所有限公司), a company incorporated in Hong Kong, where he is primarily responsible for the overall management of its business since March 2020.

Mr. Kung also possesses experience in compliance, company secretary and financial management for listed companies. He worked at Sanai Health Industry Group Company Limited (previously known as Wuyi International Pharmaceutical Company Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 1889), from August 2006 to June 2016, in which he was once the financial controller and his last position was company secretary and authorised representative. He was the chief financial officer of Alpha Professional Holdings Limited (previously known as Z-Obee Holdings Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 948), from April 2017 to January 2019 and has been appointed as the company secretary and authorised representative of the same company from November 2017 to January 2020. Mr. Kung was appointed as the company secretary and authorized representative of Hailan Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 2278) from September 2018 to March 2019.

BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Kung graduated from Lingnan College (currently known as the Lingnan University) in Hong Kong with a Bachelor of Business Administration degree in November 1997. He further obtained a Master's degree in Business Administration from The University of Wollongong in Australia, in August 2005 and a Master's degree in Corporate Governance from The Hong Kong Polytechnic University in October 2008. Mr. Kung has been a student of Doctor's degree in Business Administration from The Hong Kong Polytechnic University since 2019. Mr. Kung was admitted as a fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong in September 2005, February 2008 and July 2010, respectively. In addition, Mr. Kung was admitted as an associate of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries in February 2009. Mr. Kung was registered as a Certified Public Accountant (Practising) in January 2007 and was also registered as a Certified Tax Adviser (Non-Practising) in Hong Kong in July 2010. In September 2018, Mr. Kung became a Chartered Governance Professional of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

Mr. Tang Chi Wang (鄧智宏) ("Mr. Tang"), aged 42, was appointed as an independent non-executive Director on 22 November 2019. He also serves as the chairman of nomination committee of the Company and a member of audit committee and remuneration committee of the Company. He is responsible for providing independent advice to the Board.

Mr. Tang has over 23 years of experience in building construction in Hong Kong. From September 1996 to July 1999, Mr. Tang worked at the Housing Department of the Government of Hong Kong, with his last position as works supervisor I. From September 2000 to September 2007, Mr. Tang worked at a surveyor company and other companies in the private sector and held various positions including assistant building surveyor, senior maintenance officer and projects manager. From September 2007 to September 2010, from September 2010 to March 2011 and from March 2011 to November 2011, Mr. Tang was a project manager of ISG Asia (Hong Kong) Limited, Green Solution Interior Design and Decoration Company Limited and S&techs (Hong Kong) Limited, respectively. Since April 2012, Mr. Tang has been a director of Adwise Building Consultancy Limited, a company incorporated in Hong Kong, where he is primarily responsible for the overall management of its business operation. In addition, Mr. Tang has been an independent non-executive director of Thelloy Development Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1546), since September 2015.

Mr. Tang was admitted as a fellow of The Chartered Institute of Arbitrators, Hong Kong Institute of Arbitrators, Hong Kong Institute of Construction Managers, The Chartered Association of Building Engineers and The Hong Kong Institute of Surveyors in July 2007, July 2008, December 2012, February 2014 and November 2015, respectively. In January 2003 and October 2008, he was also respectively admitted as a member of The Chartered Institute of Building and the Royal Institution of Chartered Surveyors.

Mr. Tang obtained a Diploma in Building Studies from the Morrison Hill Technical Institute (now renamed the Hong Kong Institute of Vocational Education (Morrison Hill)) in Hong Kong in August 1996, a Higher Diploma in Surveying from the City University of Hong Kong in Hong Kong in November 1999, a Bachelor of Science (Honours) degree in Building Surveying from the University of Northumbria at Newcastle in the United Kingdom in June 2000, a Postgraduate Diploma in Arbitration from The College of Estate Management in the United Kingdom (through distance learning) in January 2005, a Bachelor of Laws (Honours) from the University of London in the United Kingdom in August 2008 and a Master of Public Administration degree from the Hong Kong Baptist University in Hong Kong in November 2011.

Ms. Wang Yao (王瑤) ("Ms. Wang"), aged 54, was appointed as an independent non-executive Director on 22 November 2019. She also serves as the chairman of remuneration committee of the Company and a member of audit committee and nomination committee of the Company. She is responsible for providing independent advice to the Board.

Ms. Wang has over 26 years of experience in the construction industry in Singapore and in the PRC. Ms. Wang worked at Shenyang Designing Institute of Building from May 1992 to February 1998 with her last position as structural (civil) engineer, where she participated in construction and structural design projects. Ms. Wang worked at Lee Yuen Engineering Pte. Ltd. (Singapore) from February 1998 to February 2007 with her last position as production manager. Subsequently, Ms. Wang worked as a project manager at United Reliance Engineering Pte. Ltd. from October 2008 to April 2009 where her duties included design development, sourcing and supervising subcontractors and ensuring the implementation of proper quality assurance and quality control plan. Since November 2009 and October 2014, Ms. Wang has been a senior project manager at Wellbuilt Pte. Ltd. and Wellbuilt Construction Pte. Ltd., respectively. Wellbuilt Pte. Ltd. principally engages in the business of installation of structure steel, manufacture of steel structural component and fabrication of steel parts while the principal activities of Wellbuilt Construction Pte. Ltd. include the erection of steel structure. She was also a director at Wellbuilt Pte. Ltd. from November 2009 to January 2011 and has been a chief executive officer at Wellbuilt Construction Pte. Ltd. since October 2014.

Ms. Wang obtained a Bachelor's degree in Engineering, majoring in Agricultural Construction in July 1989 from Shenyang Agricultural University (瀋陽農業大學) in the PRC.

BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Xu Kunfu (許坤福) ("Mr. KF Xu"), aged 35, joined the Group in December 2011 as manager and was later appointed as a director of CTR, the subsidiary of the Company, in February 2013. He is also the head of human resources and health, safety and environmental matters of the Group, responsible for supervising the human resources and health, safety, environmental, and operational matters of the Group.

Mr. KF Xu has over seven years of experience in the construction industry in Singapore. Prior to joining the Group, Mr. KF Xu worked as management trainee at Tractors Singapore Pte. Ltd. from June 2011 to December 2011.

Mr. KF Xu obtained a Diploma in Engineering Informatics from Nanyang Polytechnic in Singapore in March 2006 and a Bachelor of Science degree in Business Administration (magna cum laude) from the State University of New York at Buffalo in the United States in February 2011.

Mr. KF Xu is the cousin of Mr. XP Xu and Mr. TC Xu, the executive Directors and the controlling shareholders of the Company.

Ms. Yap Hui Yan (葉慧妍) ("Ms. Yap"), aged 31, joined the Group as the chief financial officer in July 2018. She is primarily responsible for overseeing the financial reporting and management, internal control and compliance matters of the Group.

Ms. Yap has over eight years of experience in audit and financial management in Singapore. Prior to joining the Group, she worked at Zee 2 Zee Corporate Services Pte. Ltd. between April 2010 and May 2013 where she had taken up positions including accounts and administrative assistant and accounts executive. She then joined Paul Go & Co, a public accounting firm, from July 2013 to August 2015 with her last position as semi audit senior. Subsequently, she worked as an audit senior at Reanda Adept PAC, from December 2015 to January 2018. She was then employed as an project manager at One Investment & Consultancy Limited from January 2018 to June 2018.

Ms. Yap obtained a certificate issued by the Association of Chartered Certified Accountants for completing the Fundamentals Level of the Association of Chartered Certified Accountants examinations in December 2009. She further obtained a certificate issued by the Association of Chartered Certified Accountants for completing the Professional Level of the Association of Chartered Certified Accountants examinations in February 2013. Ms. Yap was admitted as a member of the Institute of Singapore Chartered Accountants in November 2017 and is qualified as a Chartered Accountant of Singapore.

Mr. Liu Jianzhong (劉建忠) ("Mr. JZ Liu"), aged 49, joined the Group as a project manager in August 2010 and was later promoted to the position of general manager in August 2017. Mr. JZ Liu is responsible for overseeing the general management of projects and operation of the Group.

Mr. JZ Liu has over 17 years of experience in site management in the construction industry in Singapore. Prior to joining the Group, Mr. JZ Liu worked as a project engineer at Eng Lim Construction Co. (Pte) Ltd. from July 2002 to December 2008, with his last position as structural site manager. From February 2009 to February 2010, Mr. JZ Liu worked as a carpenter supervisor at SD Construction Pte. Ltd. He then worked as a building construction supervisor and general foreman at ZhongYu Construction Group Co., Ltd. (Singapore branch) from January 2010 to January 2011.

Mr. JZ Liu has attended and completed various courses in relation to supervision and safety in the construction workplace. He obtained a Certificate of Completion of the "Formwork Safety Course for Supervisors" from Absolute Kinetics Consultancy Pte. Ltd., a course which is approved by the MOM, in August 2008. In June 2016, he obtained a certificate of successful completion of the "Construction Safety Course for Project Managers" from Ever Safe Consultants Pte. Ltd., a course which is approved by the Singapore Accreditation Council (SAC) for Construction Safety Course for Project Managers. He also obtained a certificate of successful completion of the "CET for CoreTrade Supervisor (Structural) course" issued by the Building and Construction Authority in Singapore in May 2018.

Mr. JZ Liu graduated from Chanxing Hongxingqiao Junior High School in the PRC in June 1986. He was also awarded a certificate of competence in January 1995 by the Ministry of Construction of PRC for passing the relevant training courses organised by Zhejiang Provincial Association for Construction Industry for project managers of construction enterprises in China.

BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu Honggeng (劉洪耕) ("Mr. HG Liu"), aged 53, has been the project director of the Group since September 2016. Mr. HG Liu is responsible for overseeing the management of projects of the Group, including the planning and execution of projects from commencement until completion.

Mr. HG Liu has over 19 years of experience in project management in the construction industry in Singapore. Prior to joining the Group, Mr. HG Liu worked as a site engineer at Wee Hur Construction Pte. Ltd. between June 1997 and September 2005 and he rejoined Wee Hur Construction Pte. Ltd. as a project manager from March 2008 to September 2016.

Mr. HG Liu obtained his Bachelor's degree of Engineering from the Shanghai Institute of Railway Technology (上海鐵道學院) (currently known as Tongji University (同濟大學) in the PRC) majoring in industrial and civil building in July 1988.

Mr. Tan Chooi Ing (陳水榮) ("Mr. Tan"), aged 58, has been the senior project manager of the Group since August 2017. Mr. Tan is responsible for overseeing the management of the Group's operation from business development to project execution, including the procurement of contracts as well as value engineering the projects of the Group.

Mr. Tan has over 26 years of experience in the construction industry in Singapore. Mr. Tan was the director of Tian Fu Construction & Engineering Pte. Ltd., a building construction company in Singapore, from November 1991 to November 2016.

Mr. Tan obtained a Diploma in Business Administration from Singapore Chinese Chamber Institute of Business in Singapore in October 2001.

Mr. Tan obtained a certificate of successful completion of the "Supervise Construction Work for WSH" from the AA International Consultancy Pte. Ltd. in September 2017.

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and enhance its corporate value. The Company adopted all the code provisions in the Corporate Governance Code (the "CG Code") in Appendix 14 of Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") as its own code on corporate governance practices.

Throughout the period from the date of listing of the shares of the Company on the Stock Exchange on 15 January 2020 (the "Listing Date") to 29 February 2020, the Company had complied with the code provisions in the CG Code with the exception of the code provision A.2.1. Details of such deviation is explained below.

BOARD OF DIRECTORS

The Company is governed by the Board which is responsible for formulating and implementing company policy and business strategies of the Group; overseeing the accounts, information technology and operational matters of the Group; and providing independent advice to the Board. The Board sets the overall strategy and directions for the Group with a view to developing its business and enhancing the shareholder value.

The Board meets regularly throughout the year to formulate overall strategy, monitor business development as well as the financial performance of the Group. The Board has delegated certain duties and authorities to the management of the Company for supervising the human resources and health, safety, environmental, and operational matters of the Group; overseeing the financial reporting and management, internal control and compliance matters of the Group; overseeing the general management of projects and operation of the Group; overseeing the management of projects of the Group, including the planning and execution of projects from commencement until completion; and overseeing the management of the Group's operation from business development to project execution, including the procurement of contracts as well as value engineering the projects of the Group.

The Board is responsible for determining the appropriate corporate governance practices applicable to the Company's circumstances and ensuring systems, processes and procedures in place to achieve the Company's corporate governance objectives; reviewing and monitoring the training and continuous professional development of directors and senior management and the Company's policies, practices and guidelines on compliance with legal and regulatory requirements; and etc. The Board may discharge its corporate governance duties by establishment of board committees and delegation of certain management and administration functions to the management. During the year up to the date of this report, the Board reviewed the compliance with the CG Code, the disclosure in the corporate governance report and the effectiveness of the risk management and internal controls systems of the Group.

The Board currently comprises two executive Directors, namely Mr. Xu Xuping (chairman and chief executive officer) and Mr. Xu Tiancheng and three independent non-executive Directors (the "INED"), namely Mr. Kung Wai Chiu Marco, Mr. Tang Chi Wang and Ms. Wang Yao. Mr. Xu Xuping and Mr. Xu Tiancheng are also the cousin of Mr. Xu Kunfu, a member of the senior management of the Company. Mr. Xu Xuping is the brother of Mr. Xu Tiancheng.

No regular board meeting and general meeting was held during the year ended 29 February 2020 due to the short span of time after the Listing Date. As at the date of this report, two regular board meetings have already been held to, among other things, consider and approve the unaudited and the audited annual results of the Company for the year ended 29 February 2020 and convene the annual general meeting of the Company. The Company expects to convene at least four regular board meetings in each financial year at approximately quarterly intervals in accordance with code provision A.1.1 of the CG Code.

During the year ended 29 February 2020, trainings have been attended by all Directors, Mr. Xu Xuping, Mr. Xu Tiancheng, Mr. Kung Wai Chiu Marco, Mr. Tang Chi Wang and Ms. Wang Yao, covering a wide range of topics including directors' duties, continuing obligations after listing, notifiable transactions and connected transactions.

In compliance with the Listing Rules, the Company appointed INEDs with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. The INEDs, together with the executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. The Company has received an annual confirmation of independence under Rule 3.13 of the Listing Rules from each of the INEDs and believes that their independence is in compliance with the Listing Rules.

CORPORATE GOVERNANCE REPORT

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 of the Group and the chairman of the Board. In view of Mr. Xu Xuping has been operating and managing the Group since January 2007, the Directors believe that the vesting of the roles of chairman and chief executive officer 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 chief executive officer and chairman.

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The term of appointment pursuant to the letter of appointment of Mr. Kung Wai Chiu Marco, Mr. Tang Chi Wang and Ms. Wang Yao is for a period of three years till January 2023. The non-executive directors of the Company are subject to the requirement that one-third of all the Directors shall retire from office by rotation at each annual general meeting pursuant to the amended and restated articles of association ("Articles of Association") of the Company.

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 the Listing Rules 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 directors' securities transactions throughout the period from the Listing Date to the date of this report.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve a higher level of diversity and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Company aims to build and maintain a Board with a diversity of Directors, in terms of, amongst other things, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of services, and any other factors that the Board may consider relevant and applicable from time to time, such as independence. These differences will be taken into account in determining the optimum composition of the Board.

In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, independence and length of service, and any other factors that the Board may consider relevant and applicable from time to time.

The nomination committee of the Company (the "NC") will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. Emphasis should be placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenge that enable the Board to discharge its duties and responsibilities effectively and support good decision making in view of the core businesses and strategy of the Company and its subsidiaries.

The NC will discuss and agree annually measurable objectives that the Board has set for implementing the Board Diversity Policy for nomination of directors to the Board and recommend them to the Board for adoption. The NC monitors the implementation of the Board Diversity Policy, reviews and assesses annually the composition of the Board under diversified perspectives and makes recommendations to the Board on appointment of new directors of the Company. The NC also oversees the conduct of the annual review of the effectiveness of the Board.

REMUNERATION COMMITTEE

The Company established a remuneration committee in November 2019 with written terms of reference in compliance with the CG Code of the Listing Rules. The remuneration committee comprises three INEDs, namely Ms. Wang Yao, Mr. Kung Wai Chiu Marco and Mr. Tang Chi Wang. The committee is chaired by Ms. Wang Yao.

The primary duties of the remuneration committee are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; reviewing and approving the management's remuneration proposals and make recommendations to the Board on the remuneration of non-executive Directors. The Directors are remunerated with reference to their respective duties and responsibility with the Company, the Company's performance and current market situation. The remuneration committee adopted the model under the CG Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

No remuneration committee meeting was held during the year ended 29 February 2020 due to the short span of time after the Listing Date.

As at the date of this report, two remuneration committee meetings have already been held, among other things, to review and approve all disclosure statements in unaudited and audited annual results announcement, annual report and circular in relation to the remuneration committee of the Company.

Details of emoluments of the Directors for the year are disclosed in Note 8 to the financial statements.

NOMINATION COMMITTEE

The Company established a NC in November 2019 with written terms of reference in compliance with the CG Code of the Listing Rules. The NC comprises three INEDs, namely Mr. Tang Chi Wang, Mr. Kung Wai Chiu Marco and Ms. Wang Yao. The committee is chaired by Mr. Tang Chi Wang.

The primary duties of the NC are to review the structure, size and composition of the Board, identify individuals suitably qualified to become members of the Board, assess the independence of INED's and make recommendation to the Board on the appointment or reappointment of Directors.

NC shall nominate suitable candidates to the Board for it to consider and make recommendations to shareholders for election as Directors at general meetings of the Company or appoint as Directors to fill casual vacancies. The factors used as reference by the NC in assessing the suitability of a proposed candidate are as follows:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- accomplishment and experience business from time to time conducted, engaged in or invested in by any member of the Group;
- commitment in respect of available time and relevant interest;
- requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- board diversity policy and any measurable objectives adopted by the NC for achieving diversity on the Board; and
- such other perspectives appropriate to the Company's business.

CORPORATE GOVERNANCE REPORT

For filling a casual vacancy, the NC shall make recommendations for the Board's consideration and approval.

For proposing candidates to stand for election at a general meeting of the Company, the NC shall make nominations to the Board for its consideration and recommendation. The NC shall review the overall contribution and service to the Company of the retiring director including his/her attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board. The NC shall also review and determine whether the retiring director continues to meet the criteria as set out above. The NC and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of director at general meetings.

For any person that is nominated by a shareholder for election as a director at the general meeting of the Company pursuant to its constitutional documents, the NC shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship and where appropriate, the NC and/or the Board shall make recommendation to shareholders in respect of the proposed election of director at the general meeting.

The NC shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. If the process yields one or more desirable candidates, the NC shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable). The NC shall then recommend to appoint the appropriate candidate for directorship. The Board shall have the ultimate responsibility for selection and appointment of Directors.

Each of executive Director and INED entered into service agreement and letter of appointment respectively for their appointment with the Company for a term of three years commencing from January 2020 and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

According to Articles 84(1)–(2) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

According to Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

No NC meeting was held during the year ended 29 February 2020 due to the short span of time after the Listing Date.

As at the date of this report, two nomination committee meetings have already been held, among other things, to review and approve including all disclosure statements in unaudited and audited annual results announcement, annual report and circular in relation to the NC; review the structure, size, composition and efficiency of the Board and the board diversity policy; review the INEDs' annual confirmations on independence; and assess the independence of INEDs.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company established an audit committee of the Company in November 2019 with written terms of reference in compliance with the CG Code of the Listing Rules. The audit committee comprises three INEDs, namely Mr. Kung Wai Chiu Marco, Mr. Tang Chi Wang and Ms. Wang Yao. The committee is chaired by Mr. Kung Wai Chiu Marco.

The primary duties of the audit committee are to review the risk management and internal control systems and the financial information, including accounting policies and practices and financial reporting, of the Company; to review the financial statements and reports of the Group; and to review the terms of engagement and the scope of audit work of the auditor.

No audit committee meeting was held during the year ended 29 February 2020 due to the short span of time after the Listing Date.

As at the date of this report, two audit committee meetings have already been held, among other things, to review the accounting principles and policies adopted by the Group with the management and the Company's auditor; discuss auditing, internal control and financial reporting matters including the unaudited and the audited financial statements; and review and approve all disclosure statements in unaudited and audited annual results announcement, annual report and circular in relation to the audit committee of the Company.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS OF THE COMPANY AND THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Directors acknowledge their responsibility for overseeing the preparation of the financial statements of the Company which give a true and fair view of the financial position of the Company on a going concern basis and which are in compliance with the relevant accounting standard and principles, applicable laws and disclosure provisions of the Listing Rules. The Directors also acknowledge their responsibility for overseeing the preparation of the Consolidated Financial Statements in accordance with the basis of presentation and preparation set out in Note 2 to the Consolidated Financial Statements on a going concern basis and which are in compliance with the relevant accounting standard and principles, applicable laws and disclosure provisions of the Listing Rules. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's and the Group's ability to continue as a going concern.

AUDITOR AND THEIR REMUNERATION

For the year ended 29 February 2020, Ernst & Young was engaged as the Group's independent auditor. Apart from the provision of annual audit services, Ernst & Young and its foreign member firm provided the audit services in connection with the listing of the Company's Shares on the Stock Exchange. The statement of the auditor of the Company and the Group about their reporting responsibilities on the financial statements of the Company and the Consolidated Financial Statements for the year ended 29 February 2020 is set out in the section "Independent Auditor's Report" of this report. During the year, remuneration paid and payable to the Group's independent auditor and its foreign member firm in respect of the year ended 29 February 2020 are approximately S$185,000 for annual audit fee and approximatley S$86,000 for audit services in connection with the listing of the Company and S$nil for non-audit services.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Company is aiming to develop a sound and good internal control system and build risk awareness and control responsibility into the Group. The Board acknowledges its responsibility for maintaining a sound and effective risk management and internal control systems in order to safeguard the interests of the shareholders and the assets of the Company against unauthorized use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations. The Board is responsible for reviewing the effectiveness and adequacy of the Group's risk management and internal control systems.

The objectives of risk management and internal control systems are to maintain the highest possible integrity and continuity for services provided by the Company; safeguard the assets, including people, property and financial resources; ensure the uninterrupted availability of resources for the Company to perform continuously the critical business functions to support its critical objectives; ensure to appropriately deal with disruption; demonstrate responsible business continuity management processes to align with applicable accepted best practice standards and methods; and ensure the accurate and timely provision of information to staff, business partners, stakeholders and other relevant levels of government during an outage event.

The Board is responsible to identify, analyse, evaluate and monitor risks associated with any activity, function or process within their relevant scope of responsibility and authority for all activities and processes associated with the normal operation. The Company has established a risk management policy and procedures for the Group setting out the risk management process, risk assessment matrix and risk register risk.

The main elements of the risk management process are to communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole; establish the external, internal and risk management context and the criteria against which risk to be evaluated; identify where, when, why and how events to prevent, degrade, delay or enhance the achievement of the objectives; determine consequences and likelihood of the level of risk by analysing the range of potential consequences to be occurred; compare estimated levels of risk against the pre-established criteria and consider the balance between potential benefits and adverse outcomes; develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs; and monitor the effectiveness of all steps of the risk management process. Risks are effectively managed by the Group through the effective implementation of various controls including board approved risk management framework; maintenance of risk register; and regular review of risks and controls, particularly as the business changes. The Board would, at least annually, review the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational and compliance controls.

The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The procedures and internal controls of the Company for handling and dissemination of inside information includes conducting the affairs of the Company with close regard to the Guidelines on Disclosure of Inside Information published by Securities and Futures Commission and the Listing Rules and reminding the Directors and employees of the Group regularly about due compliance with all polices regarding the inside information.

During the year, the Board reviewed the effectiveness of the Group's risk management and internal control systems. The Company considered the Group's risk management and internal control systems are effective and adequate.

The Group does not have an internal audit function within the Group. The Company engaged an external consultant to carry out internal audit function to review the effectiveness of the Group's risk management and internal control systems on annual basis.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

The Company engages Ms. Leung Hoi Yan, who has been working with BPO Global Services Limited, as its company secretary. Its primary corporate contact person at the Company is Ms. Yap Hui Yan, the chief financial officer of the Company.

SHAREHOLDERS' RIGHTS

Pursuant to the Articles of Association of the Company, any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner.

Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph. The written requisition should be signed by the requisitionists and deposited at the Company's principal place of business in Hong Kong, specifying the shareholders' contact details and the resolution intended to be put forward at general meeting.

For including a resolution to propose a person for election as a Director at general meeting, shareholders are requested to follow the Articles of Association of the Company. A written notice signed by a shareholder of the Company (other than the person to be proposed) duly qualified to attend and vote at the general meeting of the Company for which such notice is given of his intention to propose such person for election and also a written notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong provided that the minimum length of the period, during which such notices are given, shall be at least seven days and that the period for lodgment of such notices shall commence on the day after the despatch of the notice of the general meeting of the Company appointed for such election and end no later than seven days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as a Director are posted on the Company's website.

INVESTOR RELATIONS

The objective of shareholders' communication is to ensure timely, transparent and accurate communications between the shareholders of the Company and the Company.

Information is communicated to the shareholders mainly through the Company's half-year reports, annual reports and where applicable, quarterly reports, general meetings, as well as the corporate communications and publications published on the website of the Stock Exchange and on the Company's website (www.chianteck.com).

Shareholders should direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also make enquiries to the Board by writing to the company secretary of the Company at the Company's principal place of business in Hong Kong at Unit B, 17/F, United Centre, 95 Queensway, Hong Kong.

CONSTITUTIONAL DOCUMENTS

The amended and restated memorandum and articles of association of the Company was conditionally adopted on 22 November 2019 with effect from the Listing Date. There had been no significant change in the Company's constitutional documents since the Listing Date.

REPORT OF THE DIRECTORS

The Board is pleased to present the first annual report together with the audited consolidated financial statements of the Group for the year ended 29 February 2020 ("Consolidated Financial Statements").

CORPORATE REORGANISATION

The Company is a limited liability company incorporated in the Cayman Islands on 24 October 2018. The Company completed the corporate reorganisation (the "Reorganisation") on 22 November 2019 in preparation for the Listing, pursuant to which the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" in the Prospectus.

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its operating subsidiaries are the provision of structural engineering works and wet architectural works. The principal activities of the subsidiaries of the Group are set out in Note 1 to the Consolidated Financial Statements. There were no significant changes to Group's principal activities during the year ended 29 February 2020.

BUSINESS REVIEW AND FUTURE PROSPECT

The business review and future prospect of the Group for the year ended 29 February 2020 are set out in the section headed "Management Discussion and Analysis" on pages 4 to 8 of this report. The discussion therein forms part of the report of Directors.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last four financial years is set out on page 94 of this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The business operations of the Group are subject to the laws and regulations in Singapore. Sufficient resources and training have been allocated and provided to ensure the on-going compliance with applicable laws and regulations.

The Group is principally engaged in the provision of structural engineering works and wet architectural works in Singapore and is thus subject to the rules and regulations implemented by Building and Construction Authority, which regulate activities of contractors. The Company confirmed that the Group had obtained all the registrations and certifications required for its business and operations in Singapore, and had complied with the applicable laws and regulations in Singapore in all material respects during the year ended 29 February 2020.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met. Detailed information on the environmental, social and governance practices adopted by the Group is set out in the sections headed "Environmental, Social and Governance Report" ("ESG Report") on pages 31 to 43 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 29 February 2020 are set out in Note 12 to the Consolidated Financial Statements in this report.

REPORT OF THE DIRECTORS

INVESTMENT PROPERTY

Details of movements in the investment property of the Group during the year ended 29 February 2020 are set out in Note 13 to the Consolidated Financial Statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries during the year ended 29 February 2020 are set out in Note 1 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 29 February 2020 are set out in Note 22 to the Consolidated Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group for the year ended 29 February 2020 are set out in the "Consolidated Statement of Changes in Equity" on page 51 of this report.

As at 29 February 2020, the Group has reserves amounting to approximately S$27.8 million available for distribution (2019: approximately S$20.4 million).

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial position, results of operations and business prospects may be affected by a number of risks and uncertainties directly and indirectly. The key risks and uncertainties relating to the business are as follows:

– The Group's revenue was primarily generated from contracts awarded by the top five customers and the Group's financial condition could be adversely affected should there be any decrease in projects secured from any of them;

– Majority of workforce is made up of foreign workers and inability in recruiting and/or retaining foreign workers could materially affect the Group's operations and financial performance; and

– As the Group from time to time engages subcontractors in the works, the Group may bear responsibilities for any non-performance, delayed performance, sub-standard performance or non-compliance of the Group's subcontractors.

A detailed discussion of the risk factors is set forth in the section headed "Risk Factors" in the Prospectus.

DIRECTORS

The directors of the Company during the financial year and up to the date of this report were:

Executive Directors:

Mr. Xu Xuping *(Chairman and Chief Executive Officer)*	(appointed on 24 October 2018)
Mr. Xu Tiancheng	(appointed on 24 October 2018)

Independent Non-Executive Directors:

Mr. Kung Wai Chiu Marco	(appointed on 22 November 2019)
Mr. Tang Chi Wang	(appointed on 22 November 2019)
Ms. Wang Yao	(appointed on 22 November 2019)

REPORT OF THE DIRECTORS

In accordance with articles 83–84 of the Articles of Association, all the Directors will retire by rotation and, being eligible, will offer themselves for election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from each of the independent non-executive Directors as required under Rule 3.13 of Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company considered all independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical information of the directors of the Company and the senior management of the Group are set out on pages 9 to 12 of this report.

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 15 January 2020 (the date of listing of the shares of the Company on the Main Board of the Stock Exchange) (the "Listing Date"). The term of service shall be renewed automatically for successive terms of one year each commencing from the next day after the expiry of the then current term of the appointment, unless terminated by giving to the other party not less than three months' notice in writing or otherwise in accordance with the terms of the service agreement.

Each of the independent non-executive Directors has entered into letter of appointment with the Company for a fixed term of three years commencing from the Listing Date. The term of service shall be renewed automatically for a successive term of three years each commencing from the expiry of the then current term of the appointment, unless terminated by either party giving to the other party not less than three months' notice in writing.

None of the Directors, including those to be re-elected at the annual general meeting, has a service contract or appointment letter with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 29 February 2020.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and the five highest paid individuals are set out in Notes 8 and 9 to the Consolidated Financial Statements respectively.

EMOLUMENT POLICY OF THE GROUP

The emolument policy for the employees of the Group is set up by the human resource department on the basis of their merit, qualifications and competence.

The emoluments of the Directors and senior management are formulated and recommended by the remuneration committee of the Company to the Board, having regards to the Company's operating results, individual performance and current market situation.

The Company has adopted the Share Option Scheme as a long-term incentive scheme to the Directors and eligible employees of the Group, details of which are set out in the section headed "Share Option Scheme" above.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director or other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. Such permitted indemnity provision is currently in force and was in force throughout the year ended 29 February 2020.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Apart from the contracts relating to the Reorganisation of the Group in relation to the Listing and save for the related party transactions disclosed in Note 27 to the Consolidated Financial Statements, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries, or its holding company was a party, and in which a Director or an entity connected with a Director had a material interests, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 29 February 2020.

NON-COMPETITION UNDERTAKING

Mr. Xu Xuping, Mr. Xu Tiancheng and Ms. Gou Shuzhen (collectively, the "Covenantors") entered into a deed of non-competition dated 26 November 2019 in favour of the Company (for itself and as trustee for and on behalf of its subsidiaries) (the "Deed of Non-Competition"). Pursuant to the Deed of Non-Competition, each of the Covenantors jointly, severally, unconditionally and irrevocably undertakes that, from the Listing Date and ending on the occurrence of the earliest of (i) the day on which the Shares cease to be listed on the Main Board; (ii) the day on which the Covenantors and their close associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of the Company directly or indirectly, or cease to be deemed as a Controlling Shareholder of the Company and cease to have power to control the Board; or (iii) the day on which the Covenantors beneficially own or become interested jointly or severally in the entire issued share capital of the Company, he/she/it will not, and will use his/her/its best endeavours to procure his/her/its close associates (excluding the Group) (together with the Covenantors, the "Controlled Persons") not to, either on his/her/its own or in conjunction with any person, body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, whether profit or not, among other things, carry on, participate in, hold, engage in, be interested in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of the Group) , in any business or activity which, directly or indirectly, in competition with or likely to be in competition with the existing business activity of any member of the Group or any business activity to be conducted by any member of the Group from time to time, or take any action which interferes with or disrupts or may interfere with or may disrupt the business carried on or contemplated to be carried on by the Company or any of its subsidiaries in Singapore and such other places as the Company or any of its subsidiaries may conduct or carry on business from time to time, including but not limited to the solicitation of any of the customers, suppliers or employees of any member of the Group.

Each of the Controlled Persons further undertakes that if any business investment or other commercial opportunity (the "new business opportunity") which may compete with the business of the Group is identified by or offered to him/her/it, he/she/it shall promptly notify the Company in writing within 10 days and refer the same to the Company for consideration. The Company shall issue a non-acceptance notice or within 30 days after the receipt of the proposal of the new business opportunity without issuing non-acceptance notice, to notify the Covenantors whether the Group will exercise the right of refusal.

All independent non-executive Directors have reviewed the compliance of the Deed of Non-Competition entered into by the controlling shareholders of the Company as to whether the Covenantors had abided by the Deed of Non-Competition. All independent non-executive Directors also confirmed that the Covenantors had not been in breach of the Deed of Non-Competition during the year ended 29 February 2020.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The principal terms of the Share Option Scheme conditionally adopted under the written resolutions of the sole Shareholder passed on 22 November 2019 are set out below:

(1) Purpose

The purpose of the Share Option Scheme is 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 (the "Invested Entity").

(2) Eligible Participants

The Directors shall, subject to and in accordance with the provisions of the Share Option Scheme and the Listing Rules, grant options to:

(i) any employee (whether full-time or part-time, including the directors (including any non-executive Director and independent non-executive Director)) of the Company, any of its subsidiaries (within the meaning of the Companies Ordinance) or any Invested Entity (an "eligible employee");

(ii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iii) any customer of any member of the Group or any Invested Entity;

(iv) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vi) any adviser (professional or otherwise), consultant, individual or equity who in the opinion of the Directors has contributed or will contribute to the growth and development of the Group; and

(vii) any other groups or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purpose of the Share Option Scheme, the offer for the grant of an option may be made to any company wholly owned by one or more eligible participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of eligible participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the eligible participants to an offer under the Share Option Scheme shall be determined by the Directors from time to time on the basis of the Directors' opinion as to such eligible participant's contribution to the development and growth of the Group.

(3) Total Number of Shares Available for Issue

A maximum of 140,000,000 Shares, being 10% of the total number of Shares in issue as at the date of this report, may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group.

REPORT OF THE DIRECTORS

(4) Maximum Entitlement of Each Eligible Participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Group (including both exercised or outstanding options) to each eligible participant who accepts the offer for the grant of an option under the Share Option Scheme (a "grantee") in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

Where any further grant of options under the Share Option Scheme to a grantee would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the share capital of the Company in issue, such further grant shall be separately approved by the Shareholders of the Company in general meeting with such grantee and his close associates (or his associates if the eligible participant is a connected person) abstaining from voting.

(5) Option Period

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of (i) the date on which such option lapses under the relevant provisions of the Share Option Scheme; and (ii) the date falling 10 years from the offer date of that option.

(6) Minimum Vesting Period

There is no minimum period for which an option must be held before the exercise of any option save as otherwise imposed by the Board in the relevant offer of options.

(7) Payment on Acceptance of the Option

An offer shall have been accepted by an eligible participant in respect of all Shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

(8) Basis of Determining the Exercise Price

The subscription price in respect of any option granted under the Share Option Scheme shall be at the discretion of the Directors, provided that it shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date (the "offer date"), which shall be a business day, on which an offer of grant of an option to eligible participant shall be approved by the Shareholders of the Company in general meeting;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and

(iii) the nominal value of a Share.

(9) Remaining Life

Subject to any prior termination by the Company in a general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme is adopted. Options granted and remaining unexercised prior to the termination of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

REPORT OF THE DIRECTORS

Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme. Therefore, no option was exercised or cancelled or has lapsed during the year ended 29 February 2020 and there was no outstanding option as at 29 February 2020.

RETIREMENT SCHEME

The Group participates in the central provident fund, which is a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement. Save as the aforesaid, the Group did not participate in any other pension schemes during the year ended 29 February 2020.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 29 February 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long positions in the shares of US$0.0001 each of the Company ("Shares")

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Xu Xuping ("Mr. XP Xu") *(Note)*	Interest in controlled corporation	1,050,000,000	75%
Mr. Xu Tiancheng ("Mr. TC Xu") *(Note)*	Interest in controlled corporation	1,050,000,000	75%

Note: 1,050,000,000 Shares are held by Brave Ocean Limited ("Brave Ocean") which is beneficially owned as to 40% by Mr. XP Xu, 40% by Mr. TC Xu and 20% by Ms. Gou Shuzhen ("Ms. Gou"). Mr. XP Xu, Mr. TC Xu and Ms. Gou are regarded as a group of controlling shareholders of the Company under the Listing Rules acting in concert to exercise their voting rights in the Company and they together are interested in a total of 75% of the issued share capital of the Company. Mr. XP Xu and Mr. TC Xu are deemed to be interested in the Shares held by Brave Ocean pursuant to the SFO.

(b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Percentage of interest in associated corporation
Mr. XP Xu *(Note)*	Brave Ocean	Beneficial owner	4	40%
Mr. TC Xu *(Note)*	Brave Ocean	Beneficial owner	4	40%

Note: The Company is owned as to 75% by Brave Ocean. Brave Ocean is beneficially owned as to 40% by Mr. XP Xu, 40% by Mr. TC Xu and 20% by Ms. Gou. Mr. XP Xu, Mr. TC Xu and Ms. Gou are regarded as a group of controlling shareholders of the Company under the Listing Rules acting in concert to exercise their voting rights in the Company and they together are interested in a total of 75% of the issued share capital of the Company.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 29 February 2020, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 29 February 2020, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

Name of shareholder	Nature of Interest	Number of Shares held	Percentage of issued share capital
Brave Ocean *(Note 1)*	Beneficial owner	1,050,000,000	75%
Mr. XP Xu *(Note 1)*	Interest in controlled corporation	1,050,000,000	75%
Mr. TC Xu *(Note 1)*	Interest in controlled corporation	1,050,000,000	75%
Ms. Tam Le Thi Minh *(Note 2)*	Interest of spouse	1,050,000,000	75%
Ms. Lin Qingling *(Note 3)*	Interest of spouse	1,050,000,000	75%
Ms. Gou *(Note 4)*	Interests held jointly with another	1,050,000,000	75%
Mr. Xu Junjie *(Note 5)*	Interest of spouse	1,050,000,000	75%

Notes:

1. *1,050,000,000 Shares are held by Brave Ocean which is beneficially owned as to 40% by Mr. XP Xu, 40% by Mr. TC Xu and 20% by Ms. Gou. Mr. XP Xu, Mr. TC Xu and Ms. Gou are regarded as a group of controlling shareholders of the Company under the Listing Rules acting in concert to exercise their voting rights in the Company and they together are interested in a total of 75% of the issued share capital of the Company. Mr. XP Xu and Mr. TC Xu are deemed to be interested in the Shares held by Brave Ocean pursuant to the SFO.*

2. *Ms. Tam Le Thi Minh is the spouse of Mr. XP Xu. Under the SFO, Ms. Tam Le Thi Minh is deemed to be interested in the same number of Shares in which Mr. XP Xu is interested.*

3. *Ms. Lin Qingling is the spouse of Mr. TC Xu. Under the SFO, Ms. Lin Qingling is deemed to be interested in the same number of Shares in which Mr. TC Xu is interested.*

4. *Mr. XP Xu and Mr. TC Xu are sons of Ms. Gou. Mr. XP Xu, Mr. TC Xu and Ms. Gou hold their interest in the Group through Brave Ocean. Mr. XP Xu, Mr. TC Xu and Ms. Gou are persons acting in concert pursuant to the confirmation and undertaking (the "Acting In Concert Confirmation And Undertaking") entered into among Mr. XP Xu, Mr. TC Xu and Ms. Gou dated 28 November 2018 and accordingly each of them is deemed to be interested in the Shares held by the others. By the Acting In Concert Confirmation And Undertaking, each of Mr. XP Xu, Mr. TC Xu and Ms. Gou confirmed that, since 17 June 2011, they have been parties acting in concert with one another in respect of all major affairs concerning each member of our Group, adopted a consensus building approach to reach decisions on a unanimous basis, voted as a group (by themselves and/or through companies controlled by them) in respect of all corporate matters relating to the financials and operations of the Group at the shareholder level of each member company within the Group (where applicable), and will continue to do so.*

5. *Mr. Xu Junjie is the spouse of Ms. Gou. Under the SFO, Mr. Xu Junjie is deemed to be interested in the same number of Shares in which Ms. Gou is interested.*

REPORT OF THE DIRECTORS

Save as disclosed above, as at 29 February 2020, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

DEBENTURES ISSUED

The Company did not have any debentures in issue during the year ended 29 February 2020.

RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in Note 27 to the Consolidated Financial Statements. Certain related parties transactions constituted exempted continuing connected transactions as a de minimis transaction under Rule 14A.76(1) of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme (as defined below), the Company did not enter into any equity-linked agreement during the year or subsisted at the end of the year ended 29 February 2020.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 29 February 2020, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers (including the subcontractors) in aggregate accounted for approximately 11.3% and 38.0% (FY2018/2019: approximately 12.4% and 36.1%) respectively of the Group's total purchases.

For the year ended 29 February 2020, revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for approximately 45.3% and 92.7% (FY2018/2019: approximately 39.2% and 86.0%) respectively of the Group's total revenue.

To the best of the Directors' knowledge, none of the Directors and none of the Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) and none of their respective close associates had any material beneficial interest in the Group's five largest customers or suppliers during the year.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

Customers

The Group has maintained good relationships with its major customers and suppliers. The Group values the relationships with its customers as it believes that maintaining good relationships with them is crucial to the success of the business, some of its major customers have established ranging from 2 to 7 years of working relationship with the Group. The long-term working relationship can help the Group to understand the demands of its customers in a timely manner and also increase its visibility in the construction industry in Singapore. Directors consider that maintaining good relationships with its customers would increase the chance of being invited to tender or quote for the forthcoming projects, which is conducive to securing a steady stream of projects for the Group. The Group strives to monitor manpower, machinery and material distribution in all projects in response to the customers' demands.

REPORT OF THE DIRECTORS

Suppliers

The Group has established stable business relationships with its suppliers which is essential to the smooth operation of the Group's business, as the Directors consider that timely delivery of construction materials and provision of labour assistance can enable the Group to meet the schedules of its customers. The Group had maintained business relationships with some of its major suppliers (including subcontractors) for over 5 years. The Group has also maintained a list of approved suppliers which is periodically reviewed and updated based on the internal assessment of their performance, to ensure that all works performed by the suppliers must satisfy the requirements of the relevant contract.

Employees

The Group maintains a cooperative and good relationship with its management and employees in providing competitive remuneration, staff welfare and benefits. In general, the Group reviews and determines the remuneration packages of its employees on a periodical basis by reference to, among other things, the market level of salaries paid by comparable companies, the respective responsibilities of its employees and the performance of the employees and the Group.

TAX RELIEF

The Company is not aware of any relief on taxation available to the shareholders by reason of their holdings of the shares. If the shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the shares, they are advised to consult their professional advisers.

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 its shares as required under the Listing Rules since the Listing Date up to the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

EVENTS AFTER REPORTING PERIOD

Details of the events after reporting report are set out on page 8 of this report.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 13 to 19 in this report.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on 12 August 2020 and the notice convening such meeting will be published and despatched to the shareholders of the Company in the manner as required by Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange in due course.

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

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

REPORT OF THE DIRECTORS

DIVIDEND POLICY

The Company considers stable and sustainable returns to shareholders of the Company to be its goal. The Company has adopted a dividend policy, in declaring or recommending a payment of dividends, to allow shareholders of the Company (the "Shareholders") to participate in the Company's profits and for the Company to retain adequate reserves for future growth.

The Company in general meeting may from to time declare dividends in any currency to be paid to Shareholders but no dividend shall be declared in excess of the amount recommended by the Board. The Board may from time to time pay to Shareholders such interim dividends as appear to be justified by the profits of the Company. The payment of dividend is also subject to applicable laws and regulations and the Company's constitutional documents. The dividend policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

In deciding whether to recommend the payment of dividend to Shareholders, the Board will take into account factors such as general business conditions and other internal or external factors, financial condition, expected capital requirements, future expansion plans and future prospects of the Group.

The declaration of or recommendation of declaration of dividends is subject to the absolute discretion of the Board. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 29 February 2020 and the Group's financial position at that date are set out in the financial statements on pages 49 to 50.

The Board has resolved not to recommend the declaration of a final dividend for the year ended 29 February 2020 (FY2018/2019: nil).

AUDIT COMMITTEE

The audit committee of the Company has reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the Consolidated Financial Statements.

AUDITORS

The Consolidated Financial Statements for the year ended 29 February 2020 have been audited by Ernst & Young, who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company. There has been no change in Company's auditors since the Listing Date.

On behalf of the Board
Mr. Xu Xuping
Chairman, Chief Executive Officer and Executive Director

30 June 2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORT OVERVIEW

About this Report

CTR Holdings Limited (together with its subsidiaries referred to as the "Group" or "We" and "us") is a Singapore-based contractor specialising in structural engineering works and wet architectural works for both public and private sectors. Our structural engineering works comprising (i) reinforced concrete works which include steel reinforcement works, formwork erection and concrete works; and (ii) precast installation works. We also engaged in our wet architectural works, comprising (i) masonry building works; (ii) plastering and screeding works; (iii) tiling works; and (iv) waterproofing works. The Group recognises that it is of importance to share the common goals in supporting of sustainable development through our efforts in responsible business operations, caring of our people and the environment and creating positive impacts to our community.

We are pleased to publish our first environmental, social and governance ("ESG") report (the "Report"), outlined our ESG management approaches, practices and environmental and social performance during the period from 1 March 2019 to 29 February 2020 (the "Reporting Period" or "2019/20"), unless otherwise stated.

The Report was prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The scope of the Report includes our core business in structural engineering works and wet architectural works. The environmental key performance indicators ("KPIs") disclosure is included our office operation in headquarter, warehouse, employee accommodation, investment properties and the available environmental performance data of our twelve on-hand contract works[1] in Singapore during the Reporting Period. For information regarding the governance section, please refer to the section of Corporate Governance Report as incorporated in our Annual Report.

PROTECTING OUR ENVIRONMENT

The Group is committed to the minimising negative impact on the environment and utilising the natural resources in a responsible manner in our business activities. The Group has implemented an environmental management system certified with ISO 14001:2015 international standard, with the objective to systematically manage the potential environmental risks and opportunities and the associate environmental impacts with mitigation measures along our business activities as well as complying with the applicable environmental protection laws and regulations, including but not limited to the Environmental Public Health Act (Chapter 95 of Singapore), the Environmental Protection and Management Act (Chapter 94A of Singapore), the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations and the Control of Vectors and Pesticides Act, Chapter 59 of Singapore). With regular management review on the environmental risks and the effectiveness of the environmental management system, this enables us to make continual improvement on our control practices and environmental performance.

During the Reporting Period, the Group was not aware of any non-compliance case with the relevant environmental laws and regulations relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

1 *During the Reporting Period, the Group had continued to engage in structural engineering works and wet architectural works as a subcontractor. For the contract works that acted as subcontractors, the electricity consumption, water consumption, waste handling and wastewater discharge are mainly undertaken by the main contractors and no separate meter/measurement to quantify our electricity and water consumption as well as the amount of waste generation at construction sites. Hence, the Group only discloses the available environmental KPIs data that we can collect and quantify from our twelve on-hand contract works in the ESG Report.*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Emission Management

Dust emission and the exhausted gas from diesel-powered mechanical machinery equipment and mobile vehicles at the construction sites are the major types of air emission arising from our contract works. We have taken various control measures and followed the practices required by the main contractors to minimise and mitigate the air emission at our construction sites. For instance, we spray water on the working areas prior to, during or after the drilling and/or grinding process and wash the vehicle wheels to remove the dusty materials when leaving the site to reduce the emission of fugitive dust. We also cover up the dusty material or stockpile to prevent construction dust dispersion out of the site area and cause nuisance to the neighbours. In order to reduce the air pollutant emission to the atmosphere, the Group strives to opt for fuels with lower sulphur content for all fuel-driven equipment and machinery and carries out routine maintenance of powered mechanical equipment and mobile vehicles to avoid the emission of excessive dark smoke.

The main source of the Group's greenhouse gas ("GHG") emissions are derived from fuel combustion from fuel-powered machinery and mobile vehicles owned or controlled by the Group ("Scope 1 emission"), the indirect emission of the purchased electricity from local power companies ("Scope 2 emission") in headquarter of our business operations and the other indirect GHG emission from employee business travel ("Scope 3"). During the Reporting Period, the Group generated in total of 457.34 tonne of carbon dioxide equivalent ("tCO_2e") of GHG emission.

All the wastewater generated at construction sites is centralised collected and treated by the on-site wastewater treatment facility installed by the main contractors before effluent discharge to ensure the discharge standard is met the statutory requirement.

Waste Management

Construction waste is the major type of waste generated from our construction works. The Group has applied of 4R principles (Reduce, Reuse, Replace and Recycle) in the hierarchy of waste management to minimise the waste production and direct waste disposal. Our project teams review the construction design, works methods and the project programmes of the project lifecycle before material ordering, with an objective to prevent material overstocking and reduce waste at source. Besides, we have allocated onsite waste segregation area to properly sort the construction waste from site work in order to recover the waste for reuse as many as possible. Recycling facilities are installed at our offices and construction sites to segregate the waste into recyclable and non-recyclable waste. The recyclables such as waste metals, timber and plastic are centrally collected by the main contractors for further handling or sent to licensed recycling contractors for recycling. In addition, precast concrete and reusable steel metal formwork are applied in our construction work to reduce on-site material consumption and wastage. Very limited hazardous waste is generated at the construction sites of our contract works and thus no data is quantified. During the Reporting Period, the Group generated 209.53 tonne of non-hazardous waste.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy Use

Diesel, gasoline and electricity are the main types of energy consumed in the business operations of the Group. In order to reduce the energy consumption and thus cutting down our carbon footprint, the Group has applied different measures and practices to optimise the energy efficiency. The key measures are summarised as follows:

– Inspect fuel-driven mechanical equipment and machines monthly to ensure they are working in optimal conditions to reduce wastages of fuel and electricity;

– Switch off all computer terminals, lights and electrical installations when leaving the office or not in use;

– Select the electricity appliances and office equipment with energy saving and green label;

– Maintain constant room temperature at an energy-efficient level 24–26 degree Celsius;

– Post the energy saving signage on office equipment and at workplace to further remind our employees and subcontractor workers about the importance of energy saving;

– Retrofit lights to more energy efficient lights such as LED and T5 fluorescent lighting.

The below table is set out the Group’s energy use during the Reporting Period:

Type of energy	Unit	2019/20
Fuel		
– Diesel	Litre (“L”)	143,519.42
	megawatt-hour (“MWh”)	1,536.12
– Gasoline	L	11,066.62
	MWh	107.25
Electricity	MWh	82.70
Total	MWh	1,726.08
Energy Intensity		
Fuel		
– Contract Works	MWh/million Singapore dollars of project revenue	22.00
– Others	MWh/company vehicle	37.80
Electricity		
– Others	MWh/square metre (“sq.m”)	0.06

Notes:

1. *The project revenue covers the total project revenue of our twelve on-hands contracts works which were obtained available environmental KPIs data during the Reporting Period. The total project revenue was 57.51 million of Singapore dollars. This intensity unit is also applied in the calculation of other intensity data under contract works in this Report.*

2. *The data of “Others” covers the consumption of headquarter, warehouse, employee accommodation and investment properties.*

3. *The data of electricity consumption and electricity intensity only cover the consumption of headquarter, warehouse, employee accommodation and investment properties. The electricity consumption of our twelve on-hands contract works was mainly borne by the main contractors or generated by our gensets. Thus, there was no available data for purchased electricity data and intensity data under the contract works.*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Water Use

The water consumption of the Group is mainly from our office, employee accommodation, investment properties and contract works acted as main contractor. The Group has taken measures to save the water use in daily business operation. For instance, we opt for the water faucets and fittings in washrooms and showering facilities with water efficiency labels. Promotional posters and signages in water-saving are posted in our toilets, pantry and cleaning facilities, to remind our employees about the significance of water conservation. Regular maintenance on the water pipefittings to prevent water dripping and leakage. We reuse the treated wastewater for dust suppression, boot washing and tipper truck wheels washing to reduce the amount of freshwater consumption at our construction sites.

The below table is summarised the Group's water use during the Reporting Period:

	Unit	2019/20
Water	cubic metre ("m^3")	2,764
Water Intensity		
– Contract Works	m^3/million Singapore dollars of project revenue	13.63
– Others	m^3/sq.m	1.36

The Environment and Natural Resources

The Group conducts environmental impact assessment and identifies potential and foreseeable environmental risks before the commencement of contract works, with an aim to devise corresponding mitigation measures to minimise the negative impacts on the environment at the earlier stage and conform with the legal requirements. Our project management teams determine the significant environmental aspects, including air emission, effluent discharge, waste and noise control, visual impact as well as other statutory requirements and their impacts associated with the different construction stages where appropriate. Relevant emergency preparedness plans are formulated in response to any emergency occurrence during the project execution.

Our construction works results in construction noise which can cause noise nuisance to the surrounding neighbourhood. In order to control noise level at our construction sites in line with the statutory requirement prescribed in relevant regulations, the Group carries out the building work under non-restricted hours to minimise the effect of emanates noise or vibration from our works towards the surroundings. Sound proofing canvas, noise barrier or enclosure for noisy plants and fence are set up to reduce the noise impact on the surrounding environment.

We also provide relevant environmental training and toolbox meetings with the topics related to energy and water saving, waste segregation and recycling and mosquitoes breeding prevention to increase our employees' awareness on environmental conservation and public health. We also have regular onsite inspection with monitoring the site condition regarding to waste sorting and storage, site housekeeping and stagnant water, in order to maintain a good housekeeping at construction sites and prevent flies or mosquitoes breeding during summer season.

CARING FOR OUR EMPLOYEE

The Group values our employees and their contributions in which can thrive our successful business development and growth. We endeavour to create a collaborative, inclusive and diverse working environment for employees, as well as offering the opportunities of professional development and personal growth for building up our strong workforce. The Group has human resources management policies in place, with the coverage of remuneration and benefits, anti-discrimination, equal opportunities and staff recruitment management, and comply with all relevant labour laws and regulations in Singapore (i.e. The Employment Act, Chapter 91 of Singapore, the Employment of Foreign Manpower Act, Chapter 91A of Singapore, The Central Provident Fund Act and The Employment of Foreign Manpower (Work Passes) Regulations 2012). During the Reporting Period, the Group was not aware of any breaches of relevant employment laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employment and Labour Standard

We offer competitive remuneration package to our eligible employees including basic wages, leaves, fixed working hours, allowances, medical and dental benefits, annual wage supplement, discretionary bonus, monthly Central Provident Fund contributions and life insurance plans. Apart from statutory holidays and annual leaves, our employees are entitled to compassionate leave, maternity leave, paternity leave, childcare leave, parent-care leave pursuant to the Employment Act. The Group conducts annual performance appraisal and evaluates the individual performance of our employees, which is functioned as an indicator, and make annual salary increment to ensure the employees are rewarded in a fair mean.

Overtime work is not encouraged in workplace excepted to the occurrence of emergency, accident and the sever interruption of works. Employees must obtain prior approval from the Head of Department and authorise by the immediate supervisor before performing overtime work and overtime compensation will be granted to eligible staff in conformance with the Employment Act.

As the recruitment of foreign workers is the general practice in construction sector in Singapore due to the shortage of local construction workers, the Group employs foreign workers from Malaysia, the People's Republic of China (the "PRC"), non-traditional sources countries and North Asian sources countries or regions in supporting our construction works. Our human resources and health, safety and environment department mainly sources and recruits the foreign workers through recruiting agency and requires candidates to provide a list of recruitment documents, including but not limited to the identification documents, the workers' past employment details, copy of employment pass or work permit issued by the Ministry of Manpower of Singapore and the copy of Passport, Entry and Reentry Permit (for Non-Singaporeans) and medical certificate, for validation in order to ensure all our recruited foreign workers are eligible to work at site, not child and/or illegitimate foreign workers, as well as complying with the relevant Singapore laws and regulations. Meanwhile, we offer medical insurance, accommodation and insurance for security bonds for each non-Malaysian foreign workers and levies pursuant to the relevant Singapore laws and regulations.

With the commitment in the principles of equal opportunities and diversity, we solely take into account the individual experience, qualifications and competencies implied in our operations in the process of recruitment, job rotation, promotion and dismissal, regardless of nationality, age, gender, religion, sexual orientation, gender identity, ethnicity, disability, pregnancy, political inclination, union membership and/or other forms of difference that is unrelated to job requirements. The Group also strictly forbidden any harassment in our workplace. All employees have their obligations to follow the Group's policies in equal opportunity, diversity and anti-discrimination. The Group only terminates the employment contract due to the fair reason such as breaches of employee code of conduct, improprieties, committed criminal offence or redundancy.

Occupational Health and Safety

Occupational health and safety ("OHS") is the priority of the Group's business operations. We have formulated Workplace Safety and Health Policy and implemented an OHS management system accredited with OHSAS 18001:2007 standard, to identify, manage and mitigate the potential related safety risks and hazards in our entire project lifecycle and daily construction operations. Our human resources and health, safety and environment departments are responsible for the overall implementation of the OHS management system, review of safety programmes and safety performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We have introduced a series of safety management procedures and corresponding measures, including 1) risk management; 2) in-house safety rules and guidelines; 3) emergency preparedness and response; and 4) accident/incident investigation and reporting to evaluate the risk levels of the work tasks, eliminate and minimise foreseeable risks exposure to our workers. For each of our construction projects, the Group has assigned site safety coordination team to take charge of the safety issues and overseen the execution of the safety practices at the works site. Besides, we conduct regular safety inspections at works site to ensure the safety measure are properly maintained as well as continually identifying any potential safety risks in a proactive manner for accident prevention. For the projects which we act as subcontractors, we abide by the workplace safety and health management procedures and practices requested by the main contractors and submit risk assessment and safe work procedures which outlined our assessment on the risk levels of the work tasks, as well as precautionary measures to prevent injuries and accidents. Our safety supervisors mandatorily attends the regular safety inspections with main contractors in order to identify and mitigate the potential onsite safety hazards at earlier stage, improve the workplace safety conditions and prevent work-related incidents or injuries. Regarding to the office safety, all the office staff members are required to keep good housekeeping of their workstation and office areas and exercise care when using office equipment. Smoking is strictly prohibited in the office to prevent fire hazards. Regular fire drills are conducted to increase the staff safety awareness in potential fire hazards and fire escape.

The Group recognises that it is significant to foster the safety-centre culture at works site and enhance the safety ownership of our employees and subcontractor workers, through providing safety awareness training programmes. Daily toolbox meeting and pre-start analysis is arranged to our employees and subcontractor workers prior to work to enhance the workman knowledge in proper safe work practices at construction sites. Billboards and Notice boards are also displayed posters related to safety-related topics to alert workman towards good safety practices. Regular emergency drills (e.g. fire drills and chemical leakage drills) are conducted by our own project teams or by the main contractors to equip the necessary knowledge and skills of the workers onsite to handle the emergency.

Notwithstanding the Group has taken in place of adequate safety preventive measures, accident may still occur at our construction sites. In event of any accident occurs, the injured worker (including our employees and our subcontractor's employees) or the person who witnessed the accident is required to immediately report their direct supervisor or department manager in-charge. The department manager in-charge will investigate into the accident and will submit an incident report form to our safety officer within two working days. For serious incidents such as fatal accidents, amputation cases or dangerous occurrences, our safety officer will form an incident investigation team to carry comprehensive accident investigation so as to identify the root causes of the incident and propose and implement effective preventative and corrective measures based on the investigation findings to prevent the recurrence of the incident. We will notify any reportable cases to the Ministry of Manpower of the Singapore Government within ten days after the accident occurred.

During the Reporting Period, the Group has complied with all the relevant health and safety laws and regulations (e.g. the Workplace Safety and Health Act, Chapter 354A of Singapore, the Work Injury Compensation Act, Chapter 354 of Singapore, The Workplace Safety and Health (Construction) Regulations 2007, Workplace Safety and Health (Scaffolds) Regulations 2011 and Workplace Safety and Health (Risk Management) Regulations. We were not aware of any non-compliance case with the relevant laws and regulations.

Development and Training

The Group strives to provide training opportunities to our people at different career stages in advancing their professional skills and experience to nurture our talent pool and strengthen our position in the industry.

In order to maintain the career ladder and recognise the employees' potentials, we give priority to internal promotion for the existing staff who meet the required standards of higher position. All employees undergo an annual performance appraisal to review their individual performance and determine personal and professional development goals, which are in line with the corporate business development goals, to foster the mutual growth with the Group as a whole.

Our employees receive on-site safety induction training before commencement of work, as well as regular training in daily toolbox meeting. We also review the scope of work that employees handle with and offer external training and refresher training related to environmental and OHS management, such as formwork safety supervisor course, work-at-height course and first aid course, to the relevant workers, employees and managerial staff. Our basic-skilled workers are encouraged to complete the advanced course accredited by the Building and Construction Authority of Singapore to enhance their skillset and competence.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PURSUIT IN SERVICE EXCELLENCE

Supply Chain Management

The Group believes that maintaining close collaboration with a wide range of business partners, such as subcontractors and suppliers in our business operations can uphold our high quality of service and maintain our competitive advantage in our sector.

The Group has set up stringent policy in supplier selection and performance assessment. Before engaging a new supplier (including subcontractors), we fill in the pre-acceptance assessment form and evaluate the background and track records of the suppliers, including 1) the type(s) and quality of material or service to be provided, 2) purchasing from Accounting and Corporate Regulatory Authority, 3) the registration grade of the Building and Construction Authority of Singapore ("BCA") and BCA contractor licensing information, 4) previous track records in compliance with safety and statutory requirements, 5) previous building works experience and 6) delivery time and reputation. Only supplier who can fulfil our requirements can qualify as approved suppliers and include in our approved subcontractor and supplier list. Our existing approved suppliers undergo annual performance assessment based on a range of factors, including but not limited to quality of materials or services provided, price quotation and timeliness of delivery, to ensure their performance standard up to our requirements and contract specifications.

The Group also outlines our expectations and requirements to our subcontractors in the course of a construction project to enhance the mutual sustainability performance during our operations. For example, our procurement decision is made not only based on the best price, but also taking other considerations into account such as the quality, timeliness, supplier reputation, ethical production and resourcing and terms of trade. We also require our contractors to employ workers with at least one year of working experience in Singapore, provide personal protective equipment and safety rests to workers, participate in our on-site toolbox meetings for understanding potential workplace safety and health issues and project-related matters and aligning with the standards set by our projects department. This is to ensure the subcontractors can jointly shoulder the responsibility on workplace safety. On the other hand, the Group has adopted several measures to mitigate the risk of engaging illegal workers under our subcontracted works. For example, we conduct preliminary background check on new subcontractors prior to our engagement to ascertain whether they had been involved in any incident of hiring illegal workers in the past. We also request our subcontractors to provide copies of the valid work passes for the suspects illegal workers as prove, before allowing them to continue to work at our construction sites.

Product Responsibility

In order to provide quality building and engineering services that consistently meet legal requirements, safety standards and our customers' expectations, the Group has obtained bizSAFE Level 3 certificate since 2010 and implemented a quality management system accredited with ISO 9001:2015 standard across our operations to continually improve our service quality in various aspects, including operational planning, control on production and service provision and customer satisfaction.

To smoothen the completion of the works, the Group forms a project team for each committed project, which is responsible for the preparation of project schedule and planning, the deployment of manpower, allocation of resources and engagement of subcontractors and suppliers for each stage of project lifecycle – from initiation, planning and design, construction and execution, monitoring and control to completion, to ensure the project execution with its deliverables is fulfilled the contract specifications and requirements.

Our project teams conduct rigorous quality assurance inspections periodically to ensure the building engineering works are constructed in conformance with the approved design drawings and method statements, as well as the statutory building requirements to safeguard the quality and safety of the building works. Regular progress meetings with our subcontractors are arranged to follow up the project progress and the quality of construction works. This enable us to address the potential and foreseeable quality and safety risks during the construction and the customers' concerns, as well as timely rectifying the identified defects at the earlier stage so as to fulfil the customer expectations and demands.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to protect the privacy of our customers, we require our employees to treat the collected customer data in strict confidentiality. The Group exercises access control and data encryption to safeguard the data privacy and the customer information is only be assessed by responsible departments and/or designated personnel on "need-to-know" basis. Any copy, transfer or disclosure of such information shall obtain prior approval by the Group and customer in order to prevent unnecessary information leakage to unauthorised parties.

During the Reporting Period, the Group was not aware of any non-compliance with all the relevant laws and regulations (e.g. the Building Control Act, Chapter 29 of Singapore, the Building and Construction Industry Security of Payment Act, the Data Protection Act 2014 and other legislations) regarding quality and safety of building engineering works and privacy matter.

Integrity in Business

The Group is committed to upholding the highest degree of integrity and fairness in our business activities and exacting zero tolerance to any form of bribery, extortion, fraud and money laundering. Our Corporate Governance Policies and Procedure Handbook and the code of conduct stipulated in our employee handbook have outlined the standard of behaviours on anti-corruption, handling of conflict of interest and data privacy and confidentiality that employees shall abide by in our business dealings. The Group is strictly forbidden our board members and employees to accept any advantages (e.g. gifts and entertainment etc.) which may undermine their impartiality or result in undue influence of the Group. All the board members and employees required to complete the written declaration of conflict of interest and disclose any such relationship, activity or interest that could possibly involve an actual or potential conflict of interest.

With the increasing public concerns about cybersecurity and data privacy, the Group has established information technology policies with management procedures to govern the access, usage and storage of corporate confidential and sensitive information, including but limited to, budget plans and accounting data, employee personal data, to prevent unauthorised access, leakage of confidential information and impairment of data integrity. The Group have adopted appropriate administrative, physical and technical measures such as up-to-date antivirus protection, encryption and the use of privacy filters to secure all storage and transmission of corporate information. All employees must follow the obligations as stated in the employment contract and employee handbook and do not disclose any information, documents or materials comprising any data and information relating to corporate business activities which may come within their knowledge or possession during the term, in the course of their employment and after the end of their employment without the consent of the Group. Employees who breaches the regulations may result in disciplinary actions and legal liability.

The Group has whistle blowing policy in place with clear reporting channels for employees to report any suspected malpractice or impropriety in good faith. All disclosures are treated in a confidential and sensitive manner and the identity of the whistle blower is kept in confidential to protect against any reprisal, harassment and unfair treatment. In event of any reporting case received, the Group will undergo internal investigation or engage an external consultant for case investigation depending on the resources required and impact of the concern to verify the reporting issue. The outcomes of the investigation will be reported to the board for further consideration and resolution and transferred to relevant judicial authorities for further handling when applicable.

During the Reporting Period, the Group was not aware of any material breach of relevant laws and regulations in Singapore regarding to corruption, bribery, money laundering and extortion.

CARING FOR OUR COMMUNITY

As a socially responsible citizen, the Group is committed to caring for the underprivileged in the society in contribution to the development of harmonious community through actively engaging in the community programmes and encouraging our employees to take part in voluntary services and charitable activities.

Our team of 20 volunteers arranged a nursing home visit on 13 September 2019 and celebrated mid-autumn festival together with the elderly. During the visit, we played some games and origami and distributed the festive foods such as mooncakes and grapefruits to share our warmth and care for the senior citizens.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PERFORMANCE TABLE

	Unit	2019/20[1]
GHG emissions[2]		
Direct GHG emission (Scope 1)	tCO_2e	414.24
Energy indirect GHG emission (Scope 2)	tCO_2e	34.64
Other indirect GHG emission (Scope 3)	tCO_2e	8.46
Total GHG emission	tCO_2e	457.34
GHG emission intensity[3]		
– Contract works	tCO_2e/million Singapore dollars project revenue	5.55
– Others	tCO_2e/sq.m	0.09
Air emission[4]		
Sulphur oxide (SO_x)	kg	1.22
Type of waste		
Non-hazardous waste	Tonne	209.53
Type of resource use		
Energy		
Fuel		
– Diesel	L	143,519.42
	MWh	1,536.12
– Gasoline	L	11,066.62
	MWh	107.25
– Electricity[5]	MWh	82.70
Total energy consumption	MWh	1,726.08
Energy intensity		
Fuel		
– Contract works	MWh/million Singapore dollars project revenue	22.00
– Others	MWh/company vehicle	37.80
Electricity	MWh/sq.m	0.06
Water	m^3	2,764.00
Water Intensity		
– Contract Works	m^3/million Singapore dollars of project revenue	13.63
– Others	m^3/sq.m	1.36
Paper[6]	Tonne	3.04

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Notes:

1. *Due to the business nature of structural engineering works and wet architectural works, no packaging material is consumed in the business operation. The air emission, GHG emission, energy and water use, and waste generated includes the headquarter, warehouse, employee accommodation, investment properties and the twelve on-hand contract works which were able to obtain available environmental KPIs data during the Reporting Period.*

2. *The direct GHG emission (Scope 1) covers the emission from the fuel combustion of stationary and mobile sources. The indirect emission (Scope 2) covers the emission from the purchased electricity from local power companies. The other indirect GHG emission (Scope 3) covers the emission from the business travel of employees only. For the calculation of GHG emissions, we made reference to GHG Protocol guidelines, the Electricity Grid Emissions Factors and Upstream Fugitive Methane Emission Factor published by Energy Market Authority under the Ministry of Trade and Industry of Singapore government and the Greenhouse Gas Reporting: Conversion Factors published by the UK Department for Business, Energy & Industrial Strategy in 2019.*

3. *The GHG emission intensity is the sum of Scope 1 and Scope 2 emission, divided by the total project revenue of the twelve on-hand contract works and the total gross floor area of the headquarter, warehouse, employee accommodation and investment properties respectively.*

4. *The figure only covers the emission from mobile vehicles. We will review the data collection system and enhance the data disclosure in the future.*

5. *The data of electricity consumption and electricity intensity cover the consumption of headquarter, warehouse, employee accommodation and investment properties only. Since the electricity consumption at construction sites was mainly borne by the main contractors or generated by the gensets on-site, hence, there was no available data of purchased electricity for contract works.*

6. *The figure covers the consumption of our office operation in headquarter only.*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HKEX ESG REPORTING GUIDE INDEX

ESG Reporting Guide		Section/Explanation
A. Environmental		
Aspect A1: Emission		
A1	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Protecting Our Environment – Emission Management Protecting Our Environment – Waste Management
A1.1	The types of emissions and respective emission data.	Performance Table
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Table
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Table
A1.4	Total non-hazardous waste produced (in tonnes and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Table
A1.5	Description of measures to mitigate emissions and results achieved.	Protecting Our Environment – Emission Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Protecting Our Environment – Waste Management
Aspect A2: Use of Resources		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Protecting Our Environment – Energy Use Protecting Our Environment – Water Use
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	Performance Table
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Table
A2.3	Description of energy use efficiency initiatives and results achieved.	Protecting Our Environment – Energy Use
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Protecting Our Environment – Water Use
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Performance Table
Aspect A3: The Environment and Natural Resources		
A3	General Disclosure Policies on minimising the issuer’s significant impact on the environment and natural resources.	Protecting Our Environment – The Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Protecting Our Environment – The Environment and Natural Resources

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Reporting Guide		Section/Explanation
B. Social		
Aspect B1: Employment		
B1	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Caring for Our Employees – Employment and Labour Standard
Aspect B2: Health and Safety		
B2	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Caring for Our Employees – Occupational Health and Safety
Aspect B3: Development and Training		
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Caring for Our Employees – Development and Training
Aspect B4: Labour Standard		
B4	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Caring for Our Employees – Employment and Labour Standard
Aspect B5: Supply Chain Management		
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	Pursuit in Service Excellence – Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Reporting Guide		Section/Explanation
B. Social		
Aspect B6: Product Responsibility		
B6	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Pursuit in Service Excellence – Product Responsibility
Aspect B7: Anti-corruption		
B7	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Pursuit in Service Excellence – Integrity in Business
Aspect B8: Community Investment		
B8	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Caring for Our Community

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report
To the directors of CTR Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of CTR Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 49 to 93, which comprise the consolidated statement of financial position as at 29 February 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 29 February 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group and of the Company as at 29 February 2020, and of its consolidated financial performance and its consolidated cash flows for the year ended 29 February 2020 in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Accounting for construction contracts

Contract revenue comprises the initial amount of revenue agreed in the contracts, including variation orders. The Group recognises contract revenue over time, based on the contract costs incurred to date as a proportion of the estimated total contract costs to be incurred ("cost-based input method"). A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advance payments from the customer. During the year, the Group recognised $65,599,000 of revenue from its construction contracts. As at year end, the Group has recorded $14,322,000 of contract assets and $1,372,000 of contract liabilities. Significant management assumptions including labour cost, raw material cost, sub-contractor cost and duration of contract period, are required in estimating the total contract costs and the recoverable amount of variation works that affect the completion progress and the amount of revenue. Any changes in the assumptions used could have a significant impact on the results of the Group. As such, we determined this to be a key audit matter.

Refer to the disclosures in Note 5 and Note 14 to the financial statements.

As part of our audit, we, amongst others:

- Obtained an understanding of internal controls with respect to project management, project results estimation process and accounting for project contract.

- Discussed the status of projects under construction with the management and project managers to assess the reasonableness of the forecasted results of the projects, including the effect of variation orders.

- Assessed the mathematical accuracy of the revenue calculation.

- Evaluated assumptions used by management in determining completion progress of the projects, revenue, costs, and provisions for projects with expected losses and liquidated damages, where applicable.

- Obtained an understanding of the progress of the construction contracts by reviewing payment certificate approved by the main contractor, supplier invoices and correspondences between the Group and the main contractors.

- Evaluated the presentation and disclosure of construction contracts.

Impairment of trade receivables and contract assets

The Group's trade receivables and contract assets were significant as they represented 9 % and 24% of the total assets as at 29 February 2020, respectively.

Total trade receivables and related allowance for impairment of trade receivables amounted to $5,649,000 and $85,000 respectively. Total contract assets and related allowance for impairment of contract assets amounted to $14,542,000 and $220,000 respectively.

The Group uses a provision matrix to calculate the expected credit loss for trade receivables and contract assets, which is determined based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. As trade receivables and contract assets impairment assessment requires significant management judgement and estimation, we determined that this is a key audit matter.

Refer to the disclosures in Note 14 and Note 15 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Impairment of trade receivables and contract assets (Continued)

As part of our audit, we, amongst others:

- Obtained an understanding of the Group's processes and controls relating to the monitoring of trade receivables and contract assets and review of credit risks of customers.
- On a sample basis, obtained trade receivable confirmations and evidence of receipts from the customers subsequent to the year end.
- Evaluated management's assumptions and estimates used to determine the trade receivables impairment amount through testing of the accuracy of ageing of the trade receivables.
- Where applicable, review customers' payment history and correspondences between the Group and the customers on expected settlement dates.
- Assessed the adequacy of the Group's disclosures on the trade receivables and contract assets.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements, that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is LAW Kwok Kee.

Certified Public Accountants
Hong Kong
30 June 2020

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 29 February 2020

	Notes	Year ended 29 February 2020 S$'000	Year ended 28 February 2019 S$'000
Revenue	5	**65,599**	64,353
Construction costs		**(46,071)**	(47,728)
Gross profit		**19,528**	16,625
Other income	6	**1,392**	1,596
Administrative expenses		**(11,253)**	(9,752)
(Loss allowance provision)/write-back of loss allowance provision on financial assets and contract assets	7	**(225)**	25
Profit before tax	7	**9,442**	8,494
Income tax expense	10	**(2,057)**	(1,983)
Profit for the year		**7,385**	6,511
Other comprehensive income:			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**366**	–
Other comprehensive income for the year, net of tax		**366**	–
Total comprehensive income for the year		**7,751**	6,511
Profit attributable to:			
Owners of the parent		**7,385**	6,511
Total comprehensive income attributable to:			
Owners of the parent		**7,751**	6,511
Earnings per share attributable to ordinary equity holders of the parent			
– Basic and diluted (SGD cents)	11	**0.67**	0.62

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

29 February 2020

	Notes	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Non-current assets			
Property, plant and equipment	12	**2,804**	2,176
Investment properties	13	**4,646**	5,449
Contract assets	14	**7,213**	7,121
Total non-current assets		**14,663**	14,746
Current assets			
Contract assets	14	**7,109**	2,690
Trade receivables	15	**5,564**	4,240
Other receivables and deposits	16	**1,069**	418
Prepayments		**455**	874
Amount due from related parties	17	**147**	67
Fixed deposits pledged to a bank	18	**–**	956
Cash and cash equivalents	18	**30,088**	9,319
Total current assets		**44,432**	18,564
Total assets		**59,095**	33,310
Current liabilities			
Contract liabilities	14	**1,372**	1,724
Trade payables	19	**4,731**	5,693
Other payables and accruals	20	**2,382**	2,298
Amount due to related parties	17	**2**	–*
Income tax payable		**3,386**	1,963
Total current liabilities		**11,873**	11,678
Net current assets		**32,559**	6,886
Total Assets Less Current Liabilities		**47,222**	21,632
Non-current liability			
Deferred tax liabilities	21	**61**	84
Total non-current liability		**61**	84
Total liabilities		**11,934**	11,762
Net assets		**47,161**	21,548
Equity attributable to owners of the Parent			
Share capital	22	**190**	67
Reserves	23	**46,971**	21,481
Total equity		**47,161**	21,548
Total equity and liabilities		**59,095**	33,310

* *Less than S$1,000*

Xu Xuping
Director

Xu Tiancheng
Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 29 February 2020

	Share capital S$'000 (Note 22)	Share premium* S$'000 (Note 23)	Foreign currency translation reserve* S$'000 (Note 23)	Merger reserve* S$'000 (Note 23)	Retained profits* S$'000	Total S$'000
At 1 March 2018	–	–	–	1,100	13,870	14,970
Profit for the year, representing total comprehensive income for the year	–	–	–	–	6,511	6,511
Issuance of shares	67	–	–	–	–	67
At 28 February 2019 and 1 March 2019	67	–	–	1,100	20,381	21,548
Profit for the year	–	–	–	–	7,385	7,385
Other comprehensive income for the year:						
Foreign currency translation	–	–	366	–	–	366
Total comprehensive income for the year	–	–	366	–	7,385	7,751
Issuance of shares	75	–	–	–	–	75
Issuance of new shares in connection with initial public offering	48	22,040	–	–	–	22,088
Share issue expenses	–	(4,301)	–	–	–	(4,301)
At 29 February 2020	190	17,739*	366*	1,100*	27,766*	47,161

* *These reserve accounts comprise the consolidated reserves of S$46,971,000 (28 February 2019: S$21,481,000) in the consolidated statements of financial position.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended 29 February 2020

	Notes	Year ended 29 February 2020 S$'000	Year ended 28 February 2019 S$'000
Cash flows from operating activities			
Profit before tax		9,442	8,494
Adjustments for:			
Bad debts written off	7	–	4
Depreciation of property, plant and equipment	7	412	337
Depreciation of investment properties	7	132	142
Impairment loss on investment properties	7	218	–
Loss on disposal of property, plant and equipment	7	49	8
Loss allowance provision:			
– Contract assets	7	159	–
– Trade receivables	7	59	–
– Other receivables	7	7	2
Write-back of loss allowance provision:			
– Contract assets	7	–	(13)
– Trade receivables	7	–	(14)
Interest income	6	(52)	(101)
Foreign exchange gain, net		(18)	–
Operating cash flows before changes in working capital		10,408	8,859
(Increase)/decrease in contract assets		(4,670)	742
(Increase)/decrease in trade receivables		(1,383)	1,511
Increase in other receivables and deposits		(658)	(31)
Decrease/(increase) in prepayments		419	(820)
Decrease in contract liabilities		(352)	(719)
Decrease in trade payables		(962)	(1,889)
Increase/(decrease) in other payables and accruals		84	(864)
Effect of exchange rate changes on the balances in foreign currencies		(5)	–
Cash flows from operations		2,881	6,789
Interest received		42	96
Income taxes paid		(657)	(1,426)
Net cash flows from operating activities		2,266	5,459
Cash flows from investing activities			
Purchase of property, plant and equipment		(668)	(281)
Proceeds from disposal of property, plant and equipment		32	39
Proceeds from disposal of investment in an associate		–	55
Interest received from fixed deposits pledged to a bank		10	5
Receipt of fixed deposits pledged to a bank		956	–
Net cash flows from/(used in) investing activities		330	(182)
Cash flows from financing activities			
Proceeds from issuance of shares		22,088	–
Share issuance expenses		(4,301)	–
Dividends paid to the then shareholders		–	(3,000)
Increase/(decrease) in amount due to related parties	24	2	(5,296)
Net cash flows from/(used in) financing activities		17,789	(8,296)
Net increase/(decrease) in cash and cash equivalents		20,385	(3,019)
Cash and cash equivalents at beginning of financial year		9,319	12,338
Effect of exchange rate changes on the balance of cash held in foreign currencies		384	–
Cash and cash equivalents at end of financial year	18	30,088	9,319

NOTES TO FINANCIAL STATEMENTS

29 February 2020

1. CORPORATE AND GROUP INFORMATION

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

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

The shares of the Company were listed (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 Island 20 August 2018	US$10	100	–	Investment holding
Held through a subsidiary					
Chian Teck Realty Pte Ltd	Singapore 30 March 2009	S$1,000,000	–	100	Provision of structural engineering works and wet architectural works
Chian Teck Development Pte Ltd	Singapore 22 March 2006	S$100,000	–	100	Provision of structural engineering works and wet architectural works
Promontory Company Limited *(a)*	Hong Kong 25 February 2020	HK$10,000	–	100	Dormant
Hong Kong Integrated Sport Therapy Centre Limited *(a)*	Hong Kong 30 March 2014	HK$1,000	–	100	Dormant

(a) New subsidiaries in the year.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

2.1 BASIS OF PRESENTATION

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

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

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

29 February 2020

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has early adopted IFRS 16 "Leases" in previous years as disclosed in the Prospectus in connection with the Listing.

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015–2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*

The adoption of the above new and revised standards has no significant financial effect on these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Definition of a Business*[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-Current*[3]

1 *Effective for annual periods beginning on or after 1 January 2020*
2 *Effective for annual periods beginning on or after 1 January 2021*
3 *Effective for annual periods beginning on or after 1 January 2022*
4 *No mandatory effective date yet determined but available for adoption*

Further information about the IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The Group expects to adopt the amendments prospectively from 1 March 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 March 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 March 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/ a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

	Useful lives
Office units	39 to 60 years
Computers	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Motor vehicles	5 years
Renovation	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year/period of the retirement or disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in future lease payments from change in an index or rate, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amount due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Warranty provisions

Provisions for warranty-related costs are recognised when the construction is completed. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of sales tax except, where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and receivables and payables that are stated with the amount of sales tax included.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Construction services

Revenue from the provision of construction services is recognised over time. As soon as the outcome of a construction contract can be estimated reliably, revenue from the provision of construction services is recognised in profit or loss in proportion to the stage of completion, as the entity's performance creates or enhances the asset (for example, work in progress) that the customer controls as the asset is created or enhanced. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is measured by the proportion of costs incurred to date over the estimated total costs of the project. The total budgeted cost used by the project is derived from budgets approved on the contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss. Progress billings to customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Other income

(a) *Rendering of services*

Rendering of services relates to revenue derived from the provision of labour. Revenue is recognised when the performance obligation in relation to the services is completed.

(b) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial assets.

(c) *Rental income*

The Group generates rental income from the lease of its office units. Rental income is recognised on a time proportion basis over the lease terms.

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

Employee benefits

Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the companies incorporated in Singapore in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the contribution become payable in accordance with the rules of the Central scheme.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Group's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in Singapore dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the year. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively). In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the Singapore dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Singapore dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Singapore dollar at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition for construction contracts

The Group adopts the input method and recognises revenue using the "Percentage of Completion" method. In making this judgement, the Group evaluates the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of the performance obligation.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Accounting for construction contracts

The Group recognises contract revenue to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, revenue from contracts is recognised in the profit or loss in proportion to the stage of completion, using the input measurement method. In applying the stage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on the proportion of total contract costs incurred to date and estimated costs to complete. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Income taxes

The Group's exposure to income taxes mainly arises from Singapore. The Group recognises liabilities for expected amount to be paid to the tax authorities. Where the final tax outcome is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the Relevant Periods in which such determination is made. As at 29 February 2020, the carrying amount of the Group's income tax payable was $3,386,000 (28 February 2019: $1,963,000) and deferred tax liabilities was $61,000 (28 February 2019: $84,000).

Useful lives of property, plant and equipment

The Group's property, plant and equipment are depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 60 years. Changes in the expected level of usage and technological developments could impact the estimated useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of these property, plant and equipment at the end of the years are disclosed in Note 12 to the financial statements.

Impairment of non-financial assets

The Group assess whether there are any indicators of impairment for all non-financial assets at the year ended 29 February 2020. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of trade and other receivables and contract assets

The Group recognises lifetime expected credit loss ("ECL") for trade and other receivables and contract assets, based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise. The Group's trade receivables, other receivables and contract assets at the end of the year are disclosed in Note 14, Note 15 and Note 16 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

4. OPERATING SEGMENT INFORMATION

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

Information about major customers

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

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

* *Less than 10% of the Group's revenue*

Geographical information

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

5. REVENUE

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

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

NOTES TO FINANCIAL STATEMENTS
29 February 2020

5. REVENUE (Continued)

(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 29 February 2020 S$'000	Year ended 28 February 2019 S$'000
Amounts expected to be recognised as revenue:		
Within one year	**65,415**	83,407
After one year	**40,857**	59,289
	106,272	142,696

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

6. OTHER INCOME

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

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

NOTES TO FINANCIAL STATEMENTS

29 February 2020

7. PROFIT BEFORE TAX

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

	Notes	**Year ended 29 February 2020 S$'000**	Year ended 28 February 2019 S$'000
Construction costs *(a) (b)*		**46,071**	47,728
Bad debts written off		**–**	4
Depreciation of property, plant and equipment	12	**412**	337
Depreciation of investment properties	13	**132**	142
Impairment loss on investment properties	13	**218**	–
Loss on disposal of property, plant and equipment		**49**	8
(Gain)/loss on foreign exchange, net		**(18)**	19
Loss allowance provision:			
– Contract assets	14	**159**	–
– Trade receivables	15	**59**	–
– Other receivables	16	**7**	2
Write-back of loss allowance provision:			
– Contract assets	14	**–**	(13)
– Trade receivables	15	**–**	(14)
Listing expenses		**1,875**	2,122
Employee benefit expense (including directors' remuneration)			
– Salaries and bonuses		**6,007**	5,166
– Central Provident Fund contributions		**401**	281

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

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

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:

	Year ended 29 February 2020 S$'000	Year ended 28 February 2019 S$'000
Salaries	**348**	328
Directors' fees	**240**	204
Central Provident Fund contributions	**45**	41
	633	573

8. DIRECTORS' REMUNERATION (Continued)

On 24 October 2018, Mr. Xu Xuping and Mr. Xu Tiancheng were appointed as executive directors of the Company. Mr. 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 year (the year ended 28 February 2019: Nil). The executive directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors or officers of these subsidiaries. The independent non-executive directors received remuneration from the Company for their appointment as directors of the Company. The remuneration of each of these directors as recorded in the financial statements of the Group is set out below.

(a) Independent non-executive directors

Year ended 29 February 2020	Directors' fees S$'000	Total S$'000
Independent non-executive directors:		
Mr. Kung Wai Chiu Marco	3	3
Mr. Tang Chi Wang	3	3
Ms. Wang Yao	3	3
	9	9

There were no fees or other emoluments payable to independent non-executive directors during the financial year ended 28 February 2019.

(b) Executive directors

Year ended 29 February 2020	Salaries S$'000	Directors' fees S$'000	Central Provident Fund contributions S$'000	Total S$'000
Executive directors:				
Mr. Xu Xuping	159	120	22	301
Mr. Xu Tiancheng	189	120	23	332
	348	240	45	633

Year ended 28 February 2019	Salaries S$'000	Directors' fees S$'000	Central Provident Fund contributions S$'000	Total S$'000
Executive directors:				
Mr. Xu Xuping	150	130	20	300
Mr. Xu Tiancheng	178	74	21	273
	328	204	41	573

There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 29 February 2020 (the year ended 28 February 2019: Nil). During the year ended 29 February 2020, 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 (the year ended 28 February 2019: Nil).

NOTES TO FINANCIAL STATEMENTS

29 February 2020

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors (Continued)

No discretionary performance related bonuses were made to the directors during the year ended 29 February 2020 (year ended 28 February 2019: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (the year ended 28 February 2019: two), details of whose remuneration are set out in Note 8 above. Details of the remuneration of the remaining three non-director (the year ended 28 February 2019: three), highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 29 February 2020 S$'000	Year ended 28 February 2019 S$'000
Salaries and bonuses	627	491
Central Provident Fund contributions	61	56
	688	547

The number of the non-director, highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 29 February 2020	Year ended 28 February 2019
Nil to HK$1,000,000	–	3
HK$1,000,001 to HK$1,500,000	2	–
HK$1,500,001 to HK$2,000,000	1	–

During the year and in prior year, no emoluments were paid by the Group to any of the non-director, highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. 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% (the year ended 28 February 2019: 17%) on the estimated assessable profits arising in Singapore during the year.

	Year ended 29 February 2020 S$'000	Year ended 28 February 2019 S$'000
Current – Singapore		
Charge for the year	2,012	1,802
Under provision in prior years	68	181
Deferred – Singapore		
Origination and reversal of temporary differences *(Note 21)*	(23)	–
Total tax charge for the year	2,057	1,983

NOTES TO FINANCIAL STATEMENTS

29 February 2020

10. INCOME TAX EXPENSE (Continued)

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:

	Year ended 29 February 2020 S$'000	Year ended 28 February 2019 S$'000
Profit before tax	9,442	8,494
Tax at domestic rates applicable to profits in the countries where the Group operates	1,690	1,444
Adjustments:		
Non-deductible expenses	335	398
Income not subject to taxation	–	(3)
Effect of tax exemption*	(36)	(37)
Under provision of income tax in respect of prior years	68	181
	2,057	1,983

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

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

11. 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:

	Year ended 29 February 2020	Year ended 28 February 2019
Profit for the year, attributable to owners of the Company used in the computation of basic and diluted earnings per share (S$'000)	7,385	6,511
Number of shares ('000)		
Weighted average number of ordinary shares for basic earnings per share computation	1,094,110	1,050,000

Basic earnings per share for the year ended 29 February 2020 is 0.67 cents (2019: 0.62 cents). As at 29 February 2020, the Company had 1,400,000,000 ordinary shares in issue. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 15 January 2020 by way of placing of 350,000,000 new shares and capitalisation of 1,050,000,000 shares resulting in 1,400,000,000 ordinary shares in issue. The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been retrospectively adjusted, assuming the reorganization had been effective on 1 March 2018.

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

NOTES TO FINANCIAL STATEMENTS

29 February 2020

12. PROPERTY, PLANT AND EQUIPMENT

Group 29 February 2020	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
At 1 March 2019:							
Cost	1,363	192	37	443	1,203	104	3,342
Accumulated depreciation	(87)	(178)	(22)	(179)	(639)	(61)	(1,166)
Net carrying amount	1,276	14	15	264	564	43	2,176
At 1 March 2019, net of accumulated depreciation	1,276	14	15	264	564	43	2,176
Additions	–	3	3	57	605	–	668
Transfer from investment properties *(Note 13)*	453	–	–	–	–	–	453
Disposal	–	–	–	(57)	(24)	–	(81)
Depreciation provided during the year	(33)	(11)	(6)	(68)	(276)	(18)	(412)
At 29 February 2020, net of accumulated depreciation	1,696	6	12	196	869	25	2,804
At 29 February 2020:							
Cost	1,837	54	35	373	1,657	96	4,052
Accumulated depreciation	(141)	(48)	(23)	(177)	(788)	(71)	(1,248)
Net carrying amount	1,696	6	12	196	869	25	2,804

Group 28 February 2019	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
At 1 March 2018:							
Cost	1,363	187	34	316	1,199	104	3,203
Accumulated depreciation	(63)	(158)	(16)	(108)	(537)	(42)	(924)
Net carrying amount	1,300	29	18	208	662	62	2,279
At 1 March 2018, net of accumulated depreciation	1,300	29	18	208	662	62	2,279
Additions	–	5	3	128	145	–	281
Disposal	–	–	–	(1)	(46)	–	(47)
Depreciation provided during the year	(24)	(20)	(6)	(71)	(197)	(19)	(337)
At 28 February 2019, net of accumulated depreciation	1,276	14	15	264	564	43	2,176
At 28 February 2019:							
Cost	1,363	192	37	443	1,203	104	3,342
Accumulated depreciation	(87)	(178)	(22)	(179)	(639)	(61)	(1,166)
Net carrying amount	1,276	14	15	264	564	43	2,176

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

The office units held by the Group are as follows:

		Useful lives	
Description and location	**Existing use**	**As at 29 February 2020 Years**	As at 28 February 2019 Years
21 Woodlands Close #08-10 Primz Bizhub	Office	**51**	52
21 Woodlands Close #08-11 Primz Bizhub	Office	**51**	52
21 Woodlands Close #08-12 Primz Bizhub	Office	**51**	52
21 Woodlands Close #08-29 Primz Bizhub	Warehouse	**51**	–

13. INVESTMENT PROPERTIES

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
At the beginning of the year	**5,449**	5,591
Depreciation provided during the year	**(132)**	(142)
Impairment provided during the year	**(218)**	–
Transfer to property, plant and equipment *(Note 12)*	**(453)**	–
At the end of the year	**4,646**	5,449

The investment properties held by the Group are as follows:

		Unexpired lease term	
Description and location	**Existing use**	**As at 29 February 2020 Years**	As at 28 February 2019 Years
25 Mandai Estate #06-09	Office/Shop	*	*
98 Kaki Bukit Industrial Terrace	Industrial	**35**	36
21 Woodlands Close #08-29 Primz Bizhub	Warehouse	**–**	52

* *Tenure – Freehold*

NOTES TO FINANCIAL STATEMENTS

29 February 2020

13. INVESTMENT PROPERTIES (Continued)

Description and location	Estimated fair value As at 29 February 2020 S$'000	 As at 28 February 2019 S$'000
25 Mandai Estate #06-09*	**780**	780
98 Kaki Bukit Industrial Terrace	**3,900**	4,360
21 Woodlands Close #08-29 Primz Bizhub	**N/A**	520

Valuation of investment properties

The Group's investment properties are stated at cost less depreciation. The fair value of the investment properties as at the Relevant Periods are disclosed above. The valuations were performed by GB Global Pte Ltd, 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.

14. CONTRACT ASSETS/LIABILITIES

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Cost incurred and attributable profits	**90,318**	83,155
Less: Progress billings	**(84,633)**	(82,466)
Add: Retention receivables	**7,485**	7,459
	13,170	8,148
Less: Loss allowance provision	**(220)**	(61)
	12,950	8,087
Represented by:		
Contract assets		
– Non-current	**7,213**	7,121
– Current	**7,109**	2,690
	14,322	9,811
Contract liabilities	**(1,372)**	(1,724)
	12,950	8,087

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

14. CONTRACT ASSETS/LIABILITIES (Continued)

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

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Revenue recognised in the year from the amounts included in the contract liabilities at the beginning of the year	352	1,937

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 29 February 2020 S$'000	As at 28 February 2019 S$'000
At the beginning of the year	61	74
Loss allowance provision	159	–
Write-back of loss allowance provision	–	(13)
At the end of the year	220	61

The loss allowance provision for contract assets as at 2020 and 2019 are determined as follows:

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Contract assets	14,542	9,872
Expected credit loss rate	1.51%	0.62%
Loss allowance provision	220	61

15. TRADE RECEIVABLES

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Trade receivables	5,649	4,266
Loss allowance provision	(85)	(26)
	5,564	4,240

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

NOTES TO FINANCIAL STATEMENTS

29 February 2020

15. TRADE RECEIVABLES (Continued)

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

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Within 1 month	4,783	3,905
1 to 2 months	766	335
Over 2 months	15	–
	5,564	4,240

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

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

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

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

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Trade receivables	5,649	4,266
Expected credit loss rate	1.51%	0.62%
Loss allowance provision	85	26

NOTES TO FINANCIAL STATEMENTS

29 February 2020

16. OTHER RECEIVABLES AND DEPOSITS

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Other receivables	**115**	76
Loss allowance provision	**(9)**	(2)
	106	74
Deposits	**963**	344
	1,069	418

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

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
At the beginning of the year	**2**	*
Loss allowance provision	**7**	2
At the end of the year	**9**	2

The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit loss, and has assessed that the expected credit losses are as follows:

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Other receivables	**115**	76
Expected credit loss rate	**7.8%**	2.6%
Loss allowance provision	**9**	2

* *Less than S$1,000*

NOTES TO FINANCIAL STATEMENTS

29 February 2020

17. AMOUNT DUE FROM/(TO) RELATED PARTIES

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Amount due from holding company	**147**	67
Amount due to directors	*****	*
Amount due to a related party	**(2)**	–
	(2)	*

* *Less than S$1,000*

The amounts due from holding company, due to directors and due to a related party were non-trade in nature, unsecured, interest-free and have no fixed term of repayment.

The Group has assessed that the credit risk due from holding company has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit loss.

18. FIXED DEPOSITS PLEDGED TO A BANK AND CASH AND CASH EQUIVALENTS

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Cash and bank balances	**30,088**	9,319
Fixed deposits pledged to a bank	**–**	956
	30,088	10,275
Less: Pledged Fixed deposits to a bank	**–**	(956)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**30,088**	9,319

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits earn interest rates of 0.55% per annum during the year (the year ended 28 February 2019: 0.55%). The bank balances and fixed deposits are deposited with creditworthy banks with no recent history of default.

At 29 February 2020, no fixed deposits was pledged to a bank as security for a construction project (28 February 2019: S$956,000).

NOTES TO FINANCIAL STATEMENTS

29 February 2020

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 29 February 2020 S$'000	As at 28 February 2019 S$'000
Trade payables:		
Within 1 month	2,800	3,301
1 to 2 months	568	1,234
2 to 3 months	256	1,096
Over 3 months	1,107	62
	4,731	5,693

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

20. OTHER PAYABLES AND ACCRUALS

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Other payables and accruals	1,661	1,784
Deposits received	19	20
Deferred government grants	52	–
Net Goods and Services Tax ("GST") payables	650	494
	2,382	2,298

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

Deposits received relate to rental deposits received for the lease of office units to third parties. The deposits received are refundable upon termination of the lease period.

Deferred government grants relate to job support scheme where the government will co-fund 8% of the gross monthly wages for local employee.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

21. DEFERRED TAX LIABILITIES

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

	Note	Depreciation in excess of related depreciation allowance S$'000	Total S$'000
At 1 March 2018, 28 February 2019 and 1 March 2019		84	84
Deferred tax credited to profit or loss during the period	10	(23)	(23)
At 29 February 2020		61	61

22. SHARE CAPITAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 October 2018 with authorised share capital of US$50,000 divided into 5,000,000 shares of US$0.01 each.

On 15 November 2019, every share of the Company of US$0.01 each was subdivided into 100 shares of US$0.0001 each following which the Company had an authorised share capital of US$50,000 divided into 500,000,000 shares with a par value of US$0.0001 each.

On 22 November 2019, the Company increased its authorized share capital from US$50,000 divided into 500,000,000 shares with a par value of US$0.0001 each to US$500,000 (equivalent to approximately S$670,000) divided into 5,000,000,000 shares with a par value of US$0.0001 each by creation of 4,500,000,000 new shares with a par value of US$0.0001 each.

As at 29 February 2020, the Company has 1,400,000,000 shares of US$0.0001 each in issue and fully paid (equivalent to approximately S$190,000).

A summary of movements in the Company's share capital is as follow:

	Number of Shares in issue
At 28 February 2019 and 1 March 2019	10,000
Capitalisation issue *(Note (a))*	1,049,990,000
Issue of shares under the initial public offering *(Note (b))*	350,000,000
At 29 February 2020	1,400,000,000

Notes:

(a) In preparation for the listing of the shares of the Company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group underwent the reorganisation and 1,050,000,000 shares of US$0.0001 each, were issued for a total consideration of S$142,000.

(b) In connection with the Company's initial public offering ("IPO"), 350,000,000 shares of US$0.0001 each, were issued at a price of US$0.0452 per share for a total cash consideration, before listing expenses, of S$22,088,000. Dealings of these shares on the Stock Exchange commenced on 15 January 2020.

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.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

23. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the year ended 29 February 2020 and 28 February 2019 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 year ended 28 February 2019 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.

24. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in liabilities arising from financing liabilities

	Year ended 29 February 2020 S$'000	Year ended 28 February 2019 S$'000
Amount due to directors		
At the beginning of the year	*****	8,296
Changes from financing cash flows	**2**	(5,296)
Dividend paid	**–**	(3,000)
At the end of the year *(Note 17)*	**2**	*

* *Less than S$1,000*

25. CONTINGENT LIABILITIES

At the end of the years, contingent liabilities not provided for in the consolidated financial statements were as follows:

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Fixed deposits pledged to a bank *(Note 18)*	**–**	956

As at 28 February 2019, the Group had pledged deposits in respect of performance bonds for a construction project.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

26. 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. Minimum lease payments recognised as rental income in profit or loss for the financial year ended 29 February 2020 amounted to S$97,000 (the year ended 28 February 2019: S$160,000).

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

	Year ended 29 February 2020 S$'000	Year ended 28 February 2019 S$'000
Within one year	**115**	84
In the second year	**84**	–
	199	84

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:

	Year ended 29 February 2020 S$'000	Year ended 28 February 2019 S$'000
Within one year	**1,073**	713

27. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	Year ended 29 February 2020 S$'000	Year ended 28 February 2019 S$'000
Associates:			
Sales of services	(a)	25	32
Purchases of services	(b)	6	6
Rental income	(c)	–	3

(a) Bimfinity International Pte Ltd ("Bimfinity") was an associate of Chian Teck Realty Pte Ltd. Bimfinity was sold to a third party on 27 September 2018 however Mr. Xu Xuping still remains as a director of Bimfinity. The sales of services to Bimfinity was made according to the published prices and conditions offered to the customers of the Group.

(b) The purchases of services from Bimfinity and Project Chef Pte Ltd which is managed by the brother of Mr. Xu Xuping were made according to the published prices and conditions offered by the related party to their major customers.

(c) The rental income received from Bimfinity and Project Chef Pte Ltd which is managed by the brother of Mr. Xu Xuping were made according to the published prices available in the market.

Outstanding balances with related parties

As at 29 February 2020, the Group had a net outstanding balance due to directors (non-trade) of S$6 (28 February 2019: S$6). Details of the balances are disclosed in Note 17 of the financial statements.

Personal guarantees by directors

As at 28 February 2019, one of the Group's subsidiary had performance bonds issued by insurance companies that were secured by personal guarantees by the directors. During the year ended 29 February 2020, performance bonds issued by insurance companies that were secured by personal guarantees by the directors were replaced by corporate guarantee provided by a subsidiary.

Compensation of key management personnel of the Group

	Year ended 29 February 2020 S$'000	Year ended 28 February 2019 S$'000
Salaries	348	328
Central Provident Fund contributions	45	41
	393	369

Further details of the directors' emoluments and discretionary performance related bonuses are disclosed in Note 8 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

28. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of the financial instruments as at the end of the years are as follows:

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Financial assets		
Financial asset at amortised cost		
Trade receivables	5,564	4,240
Other receivables and deposits	1,069	418
Amount due from related parties	147	67
Pledged deposits	–	956
Cash and cash equivalents	30,088	9,319
	36,868	15,000
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	4,731	5,693
Other payables and accruals	1,680	1,804
Amount due to related parties	2	*
	6,413	7,497

* *Less than S$1,000*

NOTES TO FINANCIAL STATEMENTS

29 February 2020

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values are as follows:

	As at 29 February 2020		As at 28 February 2019	
	Carrying amounts S$'000	**Fair values S$'000**	Carrying amounts S$'000	Fair values S$'000
Non-financial assets				
Investment properties	**4,646**	**4,680**	5,449	5,660

Management has assessed that the fair values of trade receivables, other receivables and deposits, amounts due from/(to) related parties, fixed deposits pledged to a bank, cash and cash equivalents, trade payables and other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of investment properties have been valued by using the direct comparison approach, assuming sale of the properties by making reference to comparable sales transactions as available in the relevant market.

Assets for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) S$'000	**Significant observable inputs (Level 2)** S$'000	**Significant unobservable inputs (Level 3)** S$'000	**Total** S$'000
As at 29 February 2020				
Investment properties	–	–	4,680	4,680
As at 28 February 2019				
Investment properties	–	–	5,660	5,660

During the years, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The Group has other various financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, other receivables and deposits and amount due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 15 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of funds generated from operations.

The maturity profile of the Group's financial liabilities as at the end of the years, based on the contractual undiscounted payments, is as follows:

	Within 1 year or on demand S$'000	**Total** S$'000
As at 29 February 2020		
Trade payables	4,731	4,731
Other payables and accruals	1,680	1,680
Amount due to related parties	2	2
	6,413	6,413
As at 28 February 2019		
Trade payables	5,693	5,693
Other payables and accruals	1,804	1,804
Amount due to related parties	*	*
	7,497	7,497

* *Less than S$1,000*

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 29 February 2020 and 28 February 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes trade payables, other payables and accruals and amount due to directors, less cash and cash equivalents. Capital represents the equity attributable to owners of the Parent. The gearing ratios as at the end of the years were as follows:

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
Trade payables	4,731	5,693
Other payables and accruals	2,382	2,298
Amount due to related parties	2	*
Less: Cash and cash equivalents	(30,088)	(9,319)
Net equity	(22,973)	(1,328)
Equity attributable to owners of the Parent	47,161	21,548
Capital and net debt	24,188	20,220
Gearing ratio	N/A	N/A

* *Less than S$1,000*

31. EVENTS AFTER THE REPORTING PERIOD

With widespread concerns about the ongoing COVID-19 pandemic outbreak, the global economy is expected to be adversely impacted subsequent to the year ended 29 February 2020. This may affect the financial performance of the Group as well as on the recoverable amount of the assets after the reporting period. As the COVID-19 situation is still evolving, there is a significant degree of uncertainty over the length and severity of the outbreak. Therefore, the estimate of the financial impact cannot be reasonably determined at this juncture.

NOTES TO FINANCIAL STATEMENTS

29 February 2020

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000
NON-CURRENT ASSET		
Investment in a subsidiary	*	*
Total non-current asset	*	*
CURRENT ASSET		
Other receivables and deposits	403	–
Prepayments	90	–
Due from holding company	147	67
Cash and cash equivalents	18,781	–
Total current asset	19,421	67
Total assets	19,421	67
CURRENT LIABILITY		
Other payables and accruals	405	–
Due to a subsidiary	1,665	*
Due to related party	*	–
Total liability	2,070	*
Net current asset	17,351	67
Net asset	17,351	67
EQUITY		
Share capital	190	67
Reserves	17,161	–
Total equity	17,351	67
Total equity and liabilities	19,421	67

* *Less than S$1,000*

Xu Xuping
Director

Xu Tiancheng
Director

33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 June 2020.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last four financial years, as extracted from the published financial statements, is set out as below:

COMBINED STATEMENT OF COMPREHENSIVE INCOME

	29 February 2020 S$'000	28 February 2019 S$'000	28 February 2018 S$'000	28 February 2017 S$'000
Revenue	**65,599**	64,353	54,481	26,453
Construction costs	**(46,071)**	(47,728)	(42,803)	(18,095)
Gross profit	**19,528**	16,625	11,678	8,358
Other income	**1,392**	1,596	1,041	1,027
Administrative expenses	**(11,253)**	(9,752)	(6,200)	(4,958)
(Loss allowance provision)/write-back of loss allowance provision on financial assets and contract assets	**(225)**	25	(26)	(28)
Profit before tax	**9,442**	8,494	6,493	4,399
Income tax expense	**(2,057)**	(1,983)	(1,060)	(596)
Profit and total comprehensive income for the year	**7,385**	6,511	5,433	3,803

ASSETS AND LIABILITIES

	As at 29 February 2020 S$'000	As at 28 February 2019 S$'000	As at 28 February 2018 S$'000	As at 28 February 2017 S$'000
Non-current assets	**14,663**	14,746	12,547	9,512
Current assets	**44,432**	18,564	25,396	14,673
Current liabilities	**11,873**	11,678	22,806	11,543
Net current assets	**32,559**	6,886	2,590	3,130