CTR Holdings Limited

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

(Stock Code: 1416)

Annual Report 2021

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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

HEAD OFFICE 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 BANKERS

Malayan Banking Berhad
United Overseas Bank Limited

AUDITOR

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong SAR

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 annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 28 February 2021.

This year has been an extraordinarily challenging year for us, where the novel coronavirus ("COVID-19") has caused drastic disruptions to our supply chain and manpower resources. In Singapore, circuit breaker (the "Circuit Breaker") measures were imposed by the Singapore Government from 7 April 2020 to 1 June 2020 (both dates inclusive) (the "Circuit Breaker period") to combat the local transmission of COVID-19 in Singapore.

In addition, activities at construction worksites were weighed down by labour shortages due to border restrictions on the entry of migrant workers and safe management measures. Cost of construction is also rising due to high manpower cost and high material costs due to labour shortage and widespread disruption to global supply chain.

The Group expects operating conditions in the construction sector to remain challenging, as the pace of construction activities is likely to remain constrained by manpower shortage and deployment challenges. The Group will actively monitor the situation to ensure smooth progress and moderate any financial impact.

Lastly, I would like to take this opportunity to express our sincere gratitude to our shareholders, customers, business associates, management and staff for the continuing and unwavering support through the years.

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

2 March 2022

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 comprise (i) reinforced concrete works which include steel reinforcement works, formwork erection and concrete works; and (ii) precast installation works. Wet architectural works comprise (i) masonry building works; (ii) plastering and screeding works; (iii) tiling works; and (iv) waterproofing works.

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

As at 28 February 2021, the Group had a total of 12 (29 February 2020: 12) projects on hand (including projects in progress and projects which are yet to commence), including 8 (29 February 2020: 11) structural engineering projects and 4 (29 February 2020: 1) wet architectural projects. The aggregated contract sum of the above projects is approximately S$132.5 million, of which approximately S$73.3 million has been recognised as revenue up to 28 February 2021. The remaining balance will be recognised as Group's revenue in accordance with the respective stage of completion of the projects.

Prospects

The operating conditions in the construction sector remain challenging due to the COVID-19 pandemic. The pace of resumption of the construction activity in Singapore has been slow and is expected to continue to be limited by manpower deployment challenges, and higher cost and more time resources are needed to comply with precautionary restrictive measures such as border entry approval for foreign employees, rostered routine swab testing, staggered rest days, safe accommodation and transportation arrangement. Amid the evolving COVID-19 situation in the region, the supply chain for materials and manpower may be disrupted. All construction and project worksites are required to adhere to application to resume work and fulfilling safe worksite requirements. The delay in progress of the Group's ongoing projects and unforeseen additional costs incurred due to the impact of the COVID-19 pandemic led to a decrease in Group's revenue and gross profit margin on ongoing projects for the year ended 28 February 2021 when compared to the year ended 29 February 2020.

The Group expects a gradual recovery of business operations and financial performance in 2021 when the COVID-19 pandemic becomes stable. The Group continues to prioritise cash conservation and cost control, and will exercise caution when exploring business opportunities in the upcoming year.

FINANCIAL REVIEW

Revenue

The following table sets forth 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:

	FY2020/2021 S$'000	FY2019/2020 S$'000
Structural engineering works	**34,901**	59,232
Wet architectural works	**905**	6,637
Total revenue	**35,806**	65,599

The Group's revenue decreased by approximately S$29.8 million or 45.4% from approximately S$65.6 million for the year ended 29 February 2020 ("FY2019/2020") to approximately S$35.8 million for the year ended 28 February 2021 ("FY2020/2021"). Such decrease was mainly due to the decrease in construction activities in Singapore during 2020. In particular, due to the Circuit Breaker (the "Circuit Breaker"), the majority of the Group's projects were halted during the Circuit Breaker period and the operations of the Group did not immediately resume to its normal level even after the Circuit Breaker was lifted.

MANAGEMENT DISCUSSION AND ANALYSIS

Construction Costs

The Group's construction costs decreased by approximately S$15.9 million or 34.5% from approximately S$46.1 million for FY2019/2020 to approximately S$30.2 million for FY2020/2021. Such decrease was mainly due to the net effect of (i) the Group had to pay wages for its direct labours during the Circuit Breaker period while such costs could not generate any corresponding project revenue during the Circuit Breaker period; (ii) additional costs were incurred in the adoption and implementation of additional safe and controlled restart measures for the Group's employees before resumption of the Group's operating activities; (iii) the increase of overall labour costs and subcontracting costs due to the labour shortage in Singapore under the weak manpower supply under the anti-epidemic policies and the global lockdown; (iv) the decrease in direct material costs that is generally in-line with the decrease of revenue; and (v) foreign workers' levy waiver in certain months and levy rebates provided by the Singapore government to partially support the upkeep and well-being of foreign workers.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately S$13.9 million or 71.3% from approximately S$19.5 million for FY2019/2020 to approximately S$5.6 million for FY2020/2021. The Group's gross profit margin also decreased from approximately 29.8% for FY2019/2020 to approximately 15.6% for FY2020/2021. The decrease in gross profit was primarily driven by the decrease of revenue as discussed above. The decrease in gross profit margin was mainly because the extent of decrease in revenue outweighed the extent of decrease in construction costs.

Other Income

The Group's other income increased by approximately S$3.1 million from approximately S$1.4 million for FY2019/2020 to approximately S$4.5 million for FY2020/2021, mainly attributable to the government grants received, such as (i) the Jobs Support Scheme, which provides wage support to help employers retain local employees; and (ii) the Construction Restart Booster and Foreign Worker Levy for supporting the development of construction industry.

Administrative Expenses

The Group's administrative expenses increased by approximately S$0.5 million or 4.3% from approximately S$11.3 million for FY2019/2020 to approximately S$11.7 million for FY2020/2021, mainly due to increase in audit fee in regards of change of auditors during the year; the increase in legal and professional fees in relation to additional compliance cost incurred after the shares of Company were listed on the Main Board of the Stock Exchange; and the effect of which is partially offset by the decrease in the Listing expenses.

Income Tax Expense

The Group's income tax expense decreased by approximately S$2.0 million from approximately S$2.1 million for FY2019/2020 to approximately S$0.1 million for FY2020/2021, which was generally due to the decrease in taxable profit for this year.

(Loss)/Profit for the Year

As a result of the foregoing, the Group recorded a loss of approximately S$3.4 million for FY2020/2021 as compared to profit of approximately S$7.4 million for FY2019/2020, represented a decrease of approximately S$10.8 million.

Capital Structure, Liquidity and Financial Resources

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 15 January 2020 (the "Listing Date") by way of share offer (the "Share Offer") and there has been no change in capital structure of the Group since then. The capital of the Group comprises issued ordinary share capital and capital reserves. The Group does not have any bank borrowings, debt securities or indebtedness as at 28 February 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's sources of funding comprise cash and cash equivalents, cash flows generated from operations, and net proceeds from the Share Offer. As at 28 February 2021, the Group's cash and cash equivalents amounted to approximately S$25.9 million.

The Group's cash and cash equivalents, mainly denominated in SGD and HKD, are generally deposited with authorised financial institutions. As at 28 February 2021, 96.8% (29 February 2020: 41.8%) of the Group's cash and cash equivalents was denominated in Singapore dollar and 3.2% (29 February 2020: 58.2%) was denominated in Hong Kong dollar.

As at 28 February 2021, the Group had banking facilities with credit limit amounting to approximately S$1.0 million (29 February 2020: S$5.0 million), of which approximately S$1.0 million (29 February 2020: S$5.0 million) was unutilised.

Gearing Ratio

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

As at 28 February 2021, the gearing ratio of the Group was negative as the Group's cash and cash equivalent exceeded its debt (29 February 2020: negative).

Treasury Policy

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

Use of Proceeds

The net proceeds from the Share Offer were approximately HK$82.0 million (equivalent to approximately S$14.3 million). Details of the proposed applications of such net proceeds are as disclosed in "Future Plans and Use of Proceeds" of the prospectus of the Company dated 30 December 2019 (the "Prospectus"). The below table sets forth the proposed applications and actual usage of the net proceeds from the Listing Date to 28 February 2021:

	Planned use of proceeds HK$'000	**Actual use of proceeds from Listing Date to 28 February 2021** HK$'000	**Unutilised balance as at 28 February 2021** HK$'000	**Expected timeline for utilisation of the unutilised net proceeds**
Payment of upfront costs for projects	61,040	36,043	24,997	Fully utilised on or before 28 February 2022
Strengthen the workforce	21,003	2,653	18,350	On or before 28 February 2023
	82,043	38,696	43,347	

MANAGEMENT DISCUSSION AND ANALYSIS

As at 28 February 2021, all the use of net proceeds was in accordance with the intentions previously disclosed in the Prospectus. The remaining unutilised net proceeds as at 28 February 2021 is placed on short-term interest-bearing deposits or treasury products with authorised financial institutions. The delay in utilisation of the proceeds in the abovementioned items were mainly due to the outbreak of the COVID-19 pandemic, which led to delay in commencement of certain new projects resulting in fewer additional staff required than planned, which resulted in the Group delaying in the application of the net proceeds allocated for strengthening the work force; and the difficulty in recruiting suitable candidates with the relevant project management experience, the required qualifications and industry knowledge.

The Group intends to utilise the unutilised portion allocated for FY2020/2021 during the coming year ending 28 February 2023. The Group will continue to apply the net proceeds in accordance with the disclosure in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Foreign Exchange Exposure

The headquarters and principal place of business of the Group is in Singapore with its revenue and construction costs 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 28 February 2021, no assets (29 February 2020: the Group pledged its two properties with an aggregate carrying amount of approximately S$0.8 million) was pledged to the banks to secure the banking facilities granted to the Group.

Contingent Liabilities

As at 28 February 2021, the Group had no contingent liabilities (29 February 2020: nil).

Capital Commitments

The Group had no capital commitments as at 28 February 2021 (29 February 2020: nil).

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

Capital Expenditures

For FY2020/2021, the Group's capital expenditure in respect of the acquisition of properties, plant and equipment amounting to approximately S$0.1 million (FY2019/2020: S$0.7 million).

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

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the year ended 28 February 2021.

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 28 February 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policy

As at 28 February 2021, the Group had a total of 417 (29 February 2020: 559) employees in Singapore, of which approximately 13.7% and 86.3% were Singapore citizens and foreign workers, respectively. With a view to mitigate 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 FY2020/2021 amounted to approximately S$12.5 million (FY2019/2020: S$16.3 million). The Group reviews the performance of its employees on a periodical basis and make salary adjustment if necessary. In addition, the Group is required to make monthly Central Provident Fund contributions in respect of its employees who are either citizens or permanent residents of Singapore. Moreover, the employees receive 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

a) In view of the continuity of the outbreak of COVID-19 in Africa and worldwide, the management of the Group had been unable to travel to Cameroon, Africa and as at 28 February 2021 and subsequently, the Group had not yet carried out the business development activities for carrying out the operation of sale of foam cement products in Cameroon, Africa. Subsequent to 28 February 2021, the directors of the Company have determined that the Group was unable to commence this new business and decided to cease the business development and operation of sale of foam cement products in Cameroon, Africa. Simultaneously, the Group had negotiated with the Licensor to seek for a refund of the acquisition cost of the license rights and the deposits paid for minimum purchase amount. During the year ended 28 February 2022, the Licensor agreed to refund sums of approximately S$1,740,000 (equivalent to HK$10,050,000) for the acquisition cost and the deposits paid, respectively. Up to the date of this report, the foresaid refundable amounts were settled to the Group.

b) Subsequent to 28 February 2021, Pinnacle Shine Limited, a direct wholly-owned subsidiary of the Company, as vendor entered into a sale and purchase agreement with the director of Promontory as purchaser to dispose of the 100% equity interest in Promontory Company Limited ("Promontory"), at a total consideration of HK$1,000. The completion of disposal took place on 28 February 2022.

Final Dividend

The Board has resolved not to recommend the declaration of a final dividend for FY2020/2021 (FY2019/2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Auditors' Disclaimer Opinion

The auditors of the Company, HLB Hodgson Impey Cheng Limited ("HLB"), were unable to express an opinion on the consolidated financial statements of the Group for the year ended 28 February 2021. Detailed reasons of which were set out in the "Independent Auditor's Report" section of this report.

HLB were unable to satisfy themselves as to whether the following accounting treatments of the Company adopted in the consolidated financial statements of the Group for the year ended 28 February 2021 were appropriate:

(a) recognising the intangible assets of approximately S$2,119,000 (equivalent to HK$12,000,000) (the "Intangible Asset") and deposits of approximately S$1,236,000 (equivalent to HK$7,000,000) (the "Deposits") in respect of the payments paid by Promontory Company Limited ("Promontory"), an indirect wholly-owned subsidiary of the Company, to a licensor ("Licensor") pursuant to an agreement (the "Agreement"); and

(b) recognising the payments, net of the refund, of approximately S$283,000 (equivalent to HK$1,600,000) as marketing research expenses in administrative expenses and an amount of approximately S$336,000 (equivalent to HK$1,900,000) as prepayment for marketing promotion of the Group (collectively, the "Marketing Expenses") pursuant to two marketing services contracts (the "Marketing Contracts") between Promontory and a third-party service provider ("Service Provider").

Further, HLB were of the view that they were unable to obtain sufficient appropriate audit evidence to satisfy themselves as to:

(a) the existence and occurrence, rights and obligations and accuracy and valuation of the Intangible Assets and the Deposits and the validity, business rationale, commercial substance and legitimacy of the payment transactions that led to the recognition of the Intangible Asset and Deposits; and

(b) the validity, commercial substance, business rational, legitimacy, occurrence, completeness, accuracy and classification of the payment of the Marketing Expenses.

The Views of the Management and the Audit Committee on the Disclaimer Opinion

The management of the Company is of the view that the terms of the Agreement and the Marketing Contracts and the transactions contemplated thereunder are legitimate and on normal commercial terms.

(a) The Company's management considers that there are evidences to support the recognition of the Intangible Assets, the Deposits and the Marketing Expenses in the consolidated financial statements of the Group for the year ended 28 February 2021. The management noted that HLB were of the view that they required further evidence to satisfy themselves as to the aforesaid recognition.

(b) In this regard, the Company and Promontory have used their best endeavours to relay HLB's requests to the relevant parties and liaise with them accordingly. Despite the aforesaid efforts, the Company was not able to provide some of the requested documents to HLB. The Company's management is of the view that neither the Company nor Promontory has the power to compel the parties concerned to produce documents to HLB. The Company and Promontory have taken all reasonable steps to provide HLB with the documents requested.

MANAGEMENT DISCUSSION AND ANALYSIS

(c) With respect to the payments made by Promontory to the non-contracting parties (i.e., Company A, Company B and Company C as defined in the Independent Auditor's Report) under the Agreement and the Market Contacts, the Company's management considers that these payments were made in accordance with the written instructions issued by the Licensor and the terms of the Marketing Contracts respectively. Further, the Company's management understands that prior to making the payments, Promontory had calls with the Licensor and the Service Provider to confirm the payment instructions and conducted desktop searches against the payees.

(d) In hindsight, the Company's management acknowledges that Promontory should have raised more thorough enquiries with the Licensor and the Service Provider to ascertain the reasons for their instructions to make payments to non-contracting parties. Better control procedures on payments should be implemented by the Group.

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

The Company's Actions to Address the Disclaimer Opinion

The Company has taken a number of steps to address the audit modifications, which included (a) holding management meetings and Audit Committee meetings to discuss the matter, (b) engaged lawyers to demand the Licensor to repay all the amounts received from Promontory under the Agreement as a result of the lack of performance under the Agreement; and (c) had recovered part of the amounts from the Licensor.

With a view to enhancing the Group's internal control system, the Company has engaged Baker Tilly Consultancy (Singapore) Pte. Ltd. to carry out an internal control review on processes relating to investment management. The Company endeavours to take steps to rectify the deficiencies identified (if any) in the internal control review.

Further, as disclosed in the paragraph headed "Events after the Reporting Period" above, the completion of the disposal of Promontory took place on 28 February 2022 ("Disposal"). As such, the financial results, cash flows, assets and liabilities of Promontory will no longer be consolidated into the Group's consolidated financial statements with effect from the date of the Disposal.

Based on the above, the Board are of the view that any modifications in the auditor's report on the consolidated financial statements of the Group for the year ended 28 February 2022 (the "2022 Financial Statements") in respect of the matters that gave rise to the disclaimer of opinion on the consolidated financial statements of the Group for the year ended 28 February 2021 should only relate to:

(a) the results and cash flows of Promontory for the period from 1 March 2021 to the date of completion of the Disposal included in the consolidated results and cash flows of the Group for the 2022 Financial Statements;

(b) the carrying amounts of the assets and liabilities of Promontory at the date of disposal and hence also the determination of the gain or loss that arose on the Disposal recognised in consolidated profit or loss of the Group for the 2022 Financial Statements; and

(c) the results, cash flows and financial position of Promontory as at and for the year ended 28 February 2021 included in the results, cash flows and financial position of the Group as at and for the year ended 28 February 2021 that are presented as corresponding figures in the consolidated financial statements of the Group for the 2022 Financial Statements.

BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Xu Xuping (許旭平) ("Mr. XP Xu"), aged 36, was appointed as a Director 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 son of Ms. Gou Shuzhen ("Ms. Gou"), one of the controlling shareholders and 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 34, 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 12 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 son of Ms. Gou, one of the controlling shareholders and 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 48, was appointed as an 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. He is responsible for providing independent advice to the Board.

Mr. Kung has over 24 years of experience in the business advisory 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.

BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

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. Mr. Kung was appointed as the independent non-executive director of Quantong Holdings Limited (formerly known as Pak Wing Group (Holdings) Limited), a company listed on the GEM of the Stock Exchange (Stock Code: 8316) from January 2021.

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 candidate 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 Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Chartered Governance Institute (formerly known as 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 Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries).

Mr. Tang Chi Wang (鄧智宏) ("Mr. Tang"), aged 44, 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 24 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 has been an independent non-executive director of Silver Tide Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1943), since April 2021.

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.

BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

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 55, 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 29 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.

SENIOR MANAGEMENT

Mr. Xu Kunfu (許坤福) ("Mr. KF Xu"), aged 36, 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 10 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 33, 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 11 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 a project manager at One Investment & Consultancy Limited from January 2018 to June 2018.

BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

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 51, 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 20 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 Ministry of Manpower of Singapore Government, 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.

Mr. Liu Honggeng (劉洪耕) ("Mr. HG Liu"), aged 55, 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 22 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.

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 as its own code on corporate governance practices.

During the year, the Company had complied with the code provisions set out 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, 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 (the "CEO")) 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.

The attendance records of the Directors for the regular Board, Board committees and general meetings of the Company for the year are as follows:

	No. of meetings attended/No. of meetings held				
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Director					
Mr. Xu Xuping *(chairman and CEO)*	4/4	N/A	N/A	N/A	1/1
Mr. Xu Tiancheng	4/4	N/A	N/A	N/A	1/1
Independent Non-Executive Director					
Mr. Kung Wai Chiu Marco	4/4	3/3	3/3	3/3	1/1
Mr. Tang Chi Wang	4/4	3/3	3/3	3/3	1/1
Ms. Wang Yao	4/4	3/3	3/3	3/3	1/1

CORPORATE GOVERNANCE REPORT

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 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.

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 CEO and the chairman of the Board ("Chairman"). In view of Mr. Xu Xuping has been operating and managing the Group since January 2007, the Board believes that the vesting of the roles of the Chairman and the CEO in Mr. Xu Xuping is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. Accordingly, the Company has not segregated the roles of the CEO and the Chairman.

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 letters 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 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 of the Company ("Articles of Association").

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 the Directors' securities transactions during the year.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

During the year, according to the records provided by the Directors, the participation by each Director in the continuous professional development ("CPD") was recorded as follows:

The executive Directors, Mr. Xu Xuping and Mr. Xu Tiancheng, and the INED, Ms. Wang Yao, participated in CPD activities by way of reading materials covering topics including directors' legal responsibilities, the Model Code and inside information.

The INED, Mr. Kung Wai Chiu Marco, participated in CPD activities by way of attending training or reading materials covering topics including issues arising out of COVID-19 outbreak, anti-money laundering and counter-financing of terrorism and business administration.

The INED, Mr. Tang Chi Wang, participated in CPD activities by way of attending training or reading materials covering topics including corporate governance and environmental, social and governance reporting.

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.

CORPORATE GOVERNANCE REPORT

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 of the Company 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 of the Company (the "RC") 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; review and approve 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 RC adopted the model under the CG Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

During the year, the RC reviewed the Group's remuneration policy and structure; and the remuneration packages of the executive Directors and senior management of the Company; and reviewed and approved all disclosure statements in the unaudited and audited results announcements, the reports and the circular of the Company in relation to the RC.

Details of the Directors' remuneration for the year are disclosed in Note 8 to the consolidated financial statements and the retirement benefits plans is disclosed in Note 33 to the consolidated 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 INEDs and make recommendations to the Board on the appointment or re-appointment of Directors.

CORPORATE GOVERNANCE REPORT

The 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.

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 the executive Directors and INEDs 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. All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

CORPORATE GOVERNANCE REPORT

According to Articles 84(1)–(2) of the Articles of Association, at each annual general meeting of the Company 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 of the Company 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.

During the year, the NC reviewed and approved including all disclosure statements in the unaudited and audited results announcements, the reports and the circular of the Company in relation to the NC; reviewed the structure, size, composition and effectiveness of the Board, the board diversity policy of the Company and the INEDs' annual confirmations on independence; assessed the independence of INEDs; and recommended the Directors for re-election at the annual general meeting of the Company.

AUDIT COMMITTEE

The Company established an audit committee in November 2019 with written terms of reference in compliance with the CG Code of the Listing Rules. The audit committee of the Company 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 of the Company 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; review the financial statements and reports of the Group; and review the terms of engagement and the scope of audit work of the auditor.

During the year, the audit committee of the Company reviewed the accounting principles and policies adopted by the Group with the management and the Company's auditor, the terms of engagement of the auditor of the Company and the internal control and risk management systems of the Company; discussed the auditing, internal control and financial reporting matters including the unaudited and the audited financial statements; and reviewed and approved all disclosure statements in the unaudited and audited results announcements, the reports and the circular of the Company 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 of the Group in accordance with the basis of presentation and preparation set out in Note 2.1 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.

CORPORATE GOVERNANCE REPORT

AUDITOR AND THEIR REMUNERATION

For the year ended 28 February 2021, Ernst & Young ("EY") was engaged as the Group's independent auditor. With effect from the conclusion of the extraordinary general meeting of the Company held on 8 July 2021, EY was removed as the auditors of the Company and HLB Hodgson Impey Cheng Limited ("HLB") was appointed as the auditors of the Company in place of EY. 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 of the Group for the year ended 28 February 2021 is set out in the section "Independent Auditor's Report" of this report. During the year, remuneration paid and payable to the Group's current independent auditor, HLB, and its foreign member firm in respect of the year ended 28 February 2021 is approximately S$317,880 for annual audit fee and nil for non-audit services.

During the year, remuneration paid and payable to the Group's former auditor, EY, and its foreign member firm in respect of the year ended 28 February 2021 is approximately S$281,038 for annual audit fee and nil for non-audit services.

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.

CORPORATE GOVERNANCE REPORT

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 policies regarding the inside information.

During the year, the Board reviewed the effectiveness of the Group's risk management and internal control systems and 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.

COMPANY SECRETARY

The Company engages Ms. Leung Hoi Yan, who has been working with Acclime Corporate Services Limited which amalgamated 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, any one or more shareholders of the Company (the "Shareholder(s)") 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.

The 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, the Shareholders are requested to follow the Articles of Association. A written notice signed by the Shareholder (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 the Shareholders to propose a person for election as a Director are posted on the Company's website.

INVESTOR RELATIONS

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

CORPORATE GOVERNANCE REPORT

The Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong. The Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. The 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

During the year, there had been no significant change in the Company's constitutional documents since conditionally adoption of the amended and restated memorandum and articles of association of the Company on 22 November 2019.

REPORT OF THE DIRECTORS

The Board presents the annual report together with the audited consolidated financial statements of the Group for the year ended 28 February 2021 ("Consolidated Financial Statements").

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 28 February 2021.

BUSINESS REVIEW, FUTURE PROSPECT AND EVENTS AFTER THE REPORTING PERIOD

The business review, future prospect and events after the Reporting Period of the Group for the year ended 28 February 2021 are set out in the section headed "Management Discussion and Analysis" on pages 4 to 10 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 104 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 28 February 2021.

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 33 to 51 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 28 February 2021 are set out in Note 13 to the Consolidated Financial Statements in this report.

INVESTMENT PROPERTY

Details of movements in the investment property of the Group during the year ended 28 February 2021 are set out in Note 14 to the Consolidated Financial Statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries during the year ended 28 February 2021 are set out in Note 1 to the Consolidated Financial Statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 28 February 2021 are set out in Note 25 to the Consolidated Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group for the year ended 28 February 2021 are set out in the "Consolidated Statement of Changes in Equity" on page 58 of this report.

As at 28 February 2021, the Group has reserves amounting to approximately S$23.0 million available for distribution (2020: approximately S$27.8 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)*
Mr. Xu Tiancheng

Independent Non-Executive Directors:

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

In accordance with Article 84 of the Articles of Association, Mr. Xu Tiancheng and Mr. Kung Wai Chiu Marco had retired by rotation and been re-elected as the Directors at the adjourned annual general meeting of the Company held on 2 September 2021.

The Company received annual confirmation of independence from each of the INEDs as required under Rule 3.13 of the Listing Rules. The Company considered all INEDs to be independent.

REPORT OF THE DIRECTORS

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical information of the Directors and the senior management of the Group are set out on pages 11 to 14 of this report.

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors entered into a service agreement with the Company for an initial term of three years commencing from 15 January 2020. The term of service shall be renewable 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 entered into letter of appointment with the Company for a fixed term of three years commencing from the 15 January 2020. The term of service shall be renewable 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 re-elected at the adjourned annual general meeting of the Comapny, has a service contract or letter of appointment 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 28 February 2021.

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.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 28 February 2021, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers (including the subcontractors) in aggregate accounted for approximately 19.8% and 63.1% (FY2019/2010: approximately 11.3% and 38.0%) respectively of the Group's total purchases. For the year ended 28 February 2021, revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for approximately 69.6% and 98.8% (FY2019/2020: approximately 45.3% and 92.7%) 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.

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 28 February 2021.

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 29 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 28 February 2021. During the year, the Group did not enter into any connected transactions that are disclosable under Chapter 14A of the Listing Rules.

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 28 February 2021.

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.

REPORT OF THE DIRECTORS

(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.

(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.

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 28 February 2021 and there was no outstanding option as at 28 February 2021.

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 28 February 2021.

Details of the retirement benefits plans are disclosed in Note 33 to the consolidated financial statements.

REPORT OF THE DIRECTORS

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

As at 28 February 2021, the interests and short positions of the Directors and chief executives 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 as set out in Appendix 10 of the Listing Rules were as follows:

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

Save as disclosed above, as at 28 February 2021, none of the Directors or chief executives 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 as set out in Appendix 10 of the Listing Rules.

REPORT OF THE DIRECTORS

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

As at 28 February 2021, 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. Le Thi Minh Tam *(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. Le Thi Minh Tam is the spouse of Mr. XP Xu. Under the SFO, Ms. Le Thi Minh Tam 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.*

Save as disclosed above, as at 28 February 2021, 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.

REPORT OF THE DIRECTORS

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 28 February 2021.

DIVIDEND POLICY

The Company considers stable and sustainable returns to the Shareholders to be its goal. The Company adopted a dividend policy, in declaring or recommending a payment of dividends, to allow 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 the 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 the 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.

DIVIDEND

The Board has resolved not to recommend the declaration of a final dividend for the year ended 28 February 2021.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's 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.

RELIEF FROM TAXATION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares. Intending holders and investors of the Company's shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications (including tax relief) of subscribing for, purchasing, holding, disposing of or dealing in shares. It is emphasised that none of the Company or its Directors or officers will accept any responsibility for any tax effect on, or liabilities of, holders of shares in the Company resulting from their subscription for, purchase, holding, disposal of or dealing in such shares.

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

2 March 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORT OVERVIEW

About this Report

CTR Holdings Limited (the "Company") together with its subsidiaries (the "Group") is a Singapore-based contractor specialising in structural engineering works and wet architectural works for both public and private sectors. Structural engineering works comprise of (i) reinforced concrete works which include steel reinforcement works, formwork erection and concrete works; and (ii) precast installation works. Wet architectural works comprise of (i) masonry building works; (ii) plastering and screeding works; (iii) tiling works; and (iv) waterproofing works. To pursue a successful and sustainable business model, the Group recognises the importance of integrating environmental, social and governance (the "ESG") aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspective.

This environmental, social and governance report (the "ESG Report") summarises the ESG initiatives, plans, and performances of the Group and demonstrates its on-going commitment towards sustainable development.

SCOPE OF REPORTING

The ESG Report generally covers the Group's business activities in Singapore. The ESG key performance indicator ("KPI") data are gathered only from business activities under the Group's direct operational control. The Group did not operate as the main contractor for any construction projects during the financial year ended 28 February 2021. The Group will continue to assess the major ESG aspects of different businesses and extend the scope of disclosures when and where applicable.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange.

Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report of this annual report.

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges, and measures taken by the Group from 1 March 2020 to 28 February 2021 (the "Reporting Period" or "FY2020/21"), unless otherwise stated.

THE ESG GOVERNANCE STRUCTURE

The Group conducts a top-down management approach regarding its ESG issues. The board of directors (the "Board") supports the Group's commitments to fulfilling its ESG responsibilities, sets the overall direction of the Group's ESG strategies, and ensures the effectiveness of ESG risks control and internal monitoring mechanisms.

The Group has assigned designated personnel from various departments to systematically manage ESG issues. The designated personnel are responsible for collecting relevant information on ESG aspects for the preparation of the ESG Report. They periodically report to the Board, assist in identifying and assessing the Group's ESG risks, and evaluate the implementation and effectiveness of the internal control mechanism. They also examine and evaluate the performances in different aspects such as environment, labour practices, and other ESG issues.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. To understand and address their key concerns, the Group has been maintaining close communication with its key stakeholders through different channels. The Group will continue to increase the involvement of stakeholders via constructive conversation to chart a course for its long-term prosperity. The Group's communication channels with the key stakeholders and their respective expectations are summarised as follows:

Stakeholders	Expectations and Concerns	Communication Channels
Shareholders and investors	• Corporate governance system • Business strategies and performance • Financial results • Investment returns	• Annual general meeting and other shareholder meetings • Financial reports • Announcements and circulars • Company website and email
Employees	• Career development • Occupational safety and health • Remuneration and benefits	• Training, seminars, and briefing sessions • Intranet and emails • Regular performance reviews
Customers and business partners	• Privacy protection • Business integrity and ethics	• Meeting and conferences • Email
Suppliers and vendors	• Fair competition • Business ethics and reputation • Long-term partnership	• On-site inspections • Supplier management meetings and events • Tendering process • Review and assessment
Government and regulatory bodies	• Compliance with rules and laws	• Compliance officer
Media, non-governmental organisations, and the public	• Giving back to society • Environmental protection • Social welfare • Health and safety	• ESG reports • Media • Charity

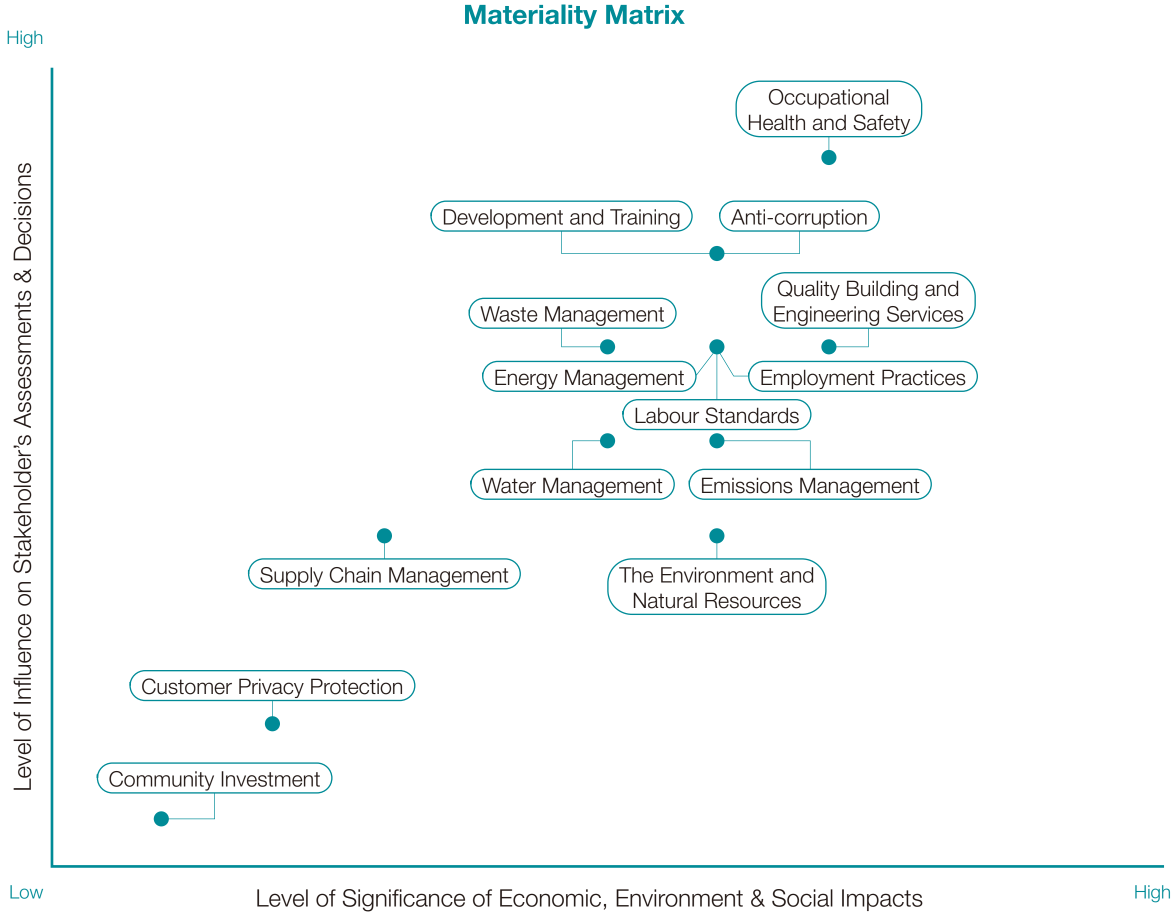
The Group aims to collaborate with its stakeholders to improve its ESG performance and create greater value for the wider community continuously.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The Group's management and staff from respective major operations have participated in the preparation of the ESG Report. They assist the Group in reviewing its operations, identify relevant ESG issues, and assess the importance of related matters to its businesses and stakeholders. The Group has compiled a survey based on the identified ESG issues to collect the information from relevant departments, business units, and stakeholders of the Group. The following matrix is a summary of the Group's material ESG issues:

Materiality Matrix



During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues, and confirmed that the disclosed contents comply with the requirements of the ESG Reporting Guide.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PROTECTING THE ENVIRONMENT

The Group is committed to minimising its negative impact on the environment and using the natural resources in a responsible manner in its business activities. The Group has implemented relevant environmental protection policies and 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 its business activities as well as comply with the applicable environmental protection laws and regulations. With regular management review on the environmental risks and an effectiveness environmental management system, the Group is able to make continual improvement on its control practices and environmental performance.

During the Reporting Period, the Group did not operate as the main contractor for any structural engineering works and wet architectural works ("contract works"). Since the electricity consumption, water consumption, waste handling and wastewater discharge of the contract works are mainly undertaken by the main contractors, and there are no separate meters/measurements to quantify the Group's electricity and water consumption as well as the amount of waste generated and wastewater discharged at the construction sites, the relevant data are therefore not available. However, the Group still discloses the available environmental data that the Group can collect and quantify from its contract works in the ESG reports in the future.

During the Reporting Period, the Group was not aware of any material non-compliance with environmental-related laws and regulations that would have a significant impact on the Group, 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).

A1. Emission Control

Exhaust Gas Emissions

The principal sources of emissions arising out of the Group's operation were gasoline and diesel consumed by vehicles and machineries at the construction sites. The Group has taken the following control measures and followed the practices required by the main contractors to minimise and mitigate the air emissions at the construction sites.

- 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 construction sites to reduce the emission of fugitive dust;
- Cover up the dusty material or stockpile to prevent construction dust dispersion out of the site area and cause nuisance to the neighbours;
- Select fuels with lower sulphur content for all fuel-driven equipment and machinery; and
- Carry out routine maintenance of powered mechanical equipment and mobile vehicles to avoid the emission of excessive dark smoke.

During FY2020/21, the sulphur oxides emissions has decreased by approximately 63.11%. The decrease was mainly resulted from the reduction of operation due to the outbreak of the novel coronavirus (the "COVID-19") and the circuit breaker (the "Circuit Breaker") measures being imposed by the Singapore Government.

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Summary of exhaust gas emissions performances:

Types of exhaust gas	Unit	FY2020/21	FY2019/20
Nitrogen oxides (NO_x)	kg	332.27	N/A
Sulphur oxides (SO_x)	kg	0.45	1.22
Particulate matter (PM)	kg	27.57	N/A

Greenhouse gas ("GHG") Emissions

The principal sources of the Group's GHG emissions were generated from gasoline and diesel consumption by vehicles and machineries at the construction sites (Scope 1), purchased electricity (Scope 2) and business air travel (Scope 3). The Group has adopted the following measures to reduce GHG emissions.

- Require employees to turn off their computers' power after work;
- Utilise teleconference or video meetings to prevent non-essential business travel;
- Actively adopt measures to reduce exhaust gas emissions which are described in the section headed "Exhaust Gas Emissions" under this aspect; and
- Actively adopt energy conservation measures which will be described in the section headed "Energy Management" under aspect A2.

During FY2020/21, the total GHG emissions has decreased by about 69.62%. The decrease was mainly resulted from the reduction of operation due to the outbreak of COVID-19 and the Circuit Breaker measures being imposed by the Singapore Government.

Summary of the GHG emissions performance:

Indicator[1]	Unit	FY2020/21	FY2019/20
Direct GHG emissions (Scope 1)			
• Fuel consumed by vehicles and machineries	tCO_2e	114.70	414.24
Indirect GHG emissions (Scope 2)			
• Purchased electricity[2]	tCO_2e	24.22	34.64
Other indirect GHG emissions (Scope 3)			
• Business air travel	tCO_2e	–	8.46
Total GHG emissions	**tCO_2e**	**138.92**	**457.34**
GHG emissions intensity[3]	**tCO_2e/million Singapore dollars of total revenue**	**3.88**	**6.97**

Notes:

1. *GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, the latest released emission factors of Singapore's power grid basis, "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, and "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5).*

2. *Since the Group did not operate as the main contractor for any construction projects during the Reporting Period, information on electricity consumption data of the construction sites was therefore not available.*

3. *For FY2020/21, the Group recorded a revenue of approximately S$35.8 million (FY2019/20: S$65.6 million). The data are also used for calculating other intensity data.*

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Wastewater Discharge

All the wastewater generated at the construction sites is centralised collected and treated by the on-site wastewater treatment facility installed by the main contractors before discharging effluent to ensure the effluent quality meets the statutory requirement. Since wastewater generated at office, warehouse, employee accommodation and investment properties is discharged into the municipal sewage pipe network, the amount of sewage discharge is therefore considered the same as the water consumed. The amount of water consumed and corresponding water-saving initiatives will be described in the section headed "Water Management" under aspect A2.

Waste Management

Construction waste is the major type of waste generated from the Group's contract works. The Group has applied the 4R principles (Reduce, Reuse, Replace and Recycle) in the waste management system to minimise the waste production and direct waste disposal. The Group's 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, the Group has allocated onsite waste segregation area for sorting the construction waste from site work properly in order to recover as much waste for reuse as possible. Recycling facilities are installed at the construction sites and offices 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 license recycling contractors for recycling. In addition, precast concrete and reusable steel metal formwork are applied in the construction work to reduce on-site material consumption and wastage.

In offices, the Group promotes the reduction of paper and stationery usage by adopting the following initiatives and assumes the responsibility for the overall waste management:

- Encourage double-sided printing;
- Collect single-side printed paper and computer accessories for reuse;
- Recycle rechargeable batteries and double-side-printing paper;
- Utilise electronic communication where applicable; and
- Reduce the use of single-use disposable items.

The amount of hazardous waste produced by the Group cannot be quantified accurately due to the limitation of the data collection system. Yet, all chemical waste was filtered and passed to a qualified hazardous waste collector to lawfully handle and dispose. The Group aims to continuously reduce its adverse impact due to the production of hazardous waste.

During FY2020/21, the non-hazardous waste disposal decreased by about 94.30%. The decrease was mainly resulted from the reduction of operation due to the outbreak of COVID-19 and the Circuit Breaker measures being imposed by the Singapore Government.

Summary of the non-hazardous waste disposal performance:

Types of non-hazardous waste	Unit	FY2020/21	FY2019/20
Construction waste	tonnes	10.96	206.49
Paper	tonnes	0.99	3.04
Total non-hazardous waste disposal	**tonnes**	**11.95**	**209.53**
Non-hazardous waste disposal intensity	**tonnes/million Singapore dollars of total revenue**	**0.33**	**3.19**

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A2. Use of Resources

The Group upholds and promotes the principle of effective use of resources and is committed to optimising the use of resources across its business operations. The Group promotes a green office and operation environment and continues with initiatives to introduce resource efficiency and eco-friendly measures to the Group's operations. The Group has paid attention to the potential environmental impacts brought by the consumption of resources and established related policies and initiatives, covering topics on better utilisation of resources like energy, water, and other natural resources.

Energy Management

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 carbon footprint of the Group, 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 that 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 when they are 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 the Group's employees and subcontractor workers about the importance of energy saving; and
- Retrofit lights with more energy efficient lights such as LED and T5 fluorescent lighting.

During FY2020/21, the Group's total energy consumption decreased by about 70.49%. The decrease was mainly resulted from the reduction of operation due to the outbreak of COVID-19 and the Circuit Breaker measures being imposed by the Singapore Government.

Summary of the energy consumption performance:

Types of energy	Unit	FY2020/21	FY2019/20
Direct energy consumption	**MWh**	**450.03**	**1,643.37**
• Diesel	MWh	382.85	1,536.12
• Gasoline	MWh	67.18	107.25
Indirect energy consumption	**MWh**	**59.28**	**82.70**
• Purchased electricity	MWh	59.28	82.70
Total energy consumption	**MWh**	**509.31**	**1,726.07**
Energy consumption intensity	**MWh/million Singapore dollars of total revenue**	**14.23**	**26.31**

Water Management

The water consumption of the Group is mainly used at office, employee accommodation, investment properties and construction sites. The Group has taken measures to save the water use in daily business operation. For instance, the Group uses the water faucets and fittings in washrooms and showering facilities with water efficiency labels. Promotional posters and signage in water-saving are posted in the toilets, pantry and cleaning facilities, to remind employees about the significance of water conservation. The Group schedules regular maintenance on the water pipefittings to prevent water dripping and leakage. The Group also reuses the treated wastewater for dust suppression, boot washing and tipper truck wheels washing to reduce the amount of freshwater consumption at the construction sites.

During FY2020/21, the Group's total water consumption decreased by about 80.27%. The decrease was mainly resulted from the reduction of operation due to the outbreak of COVID-19.

Summary of the water consumption performance:

Water consumption	Unit	FY2020/21	FY2019/20
Total water consumption[1]	**m^3**	**545.40**	**2,764.00**
Water consumption intensity	**m^3/million Singapore dollars of total revenue**	**15.23**	**42.13**

Notes:

1. *Since the Group did not operate as the main contractor for any construction projects during the Reporting Period, the information on water consumption data at construction sites was therefore not available.*

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

Use of Packaging Material

Due to the Group's business nature, the use of packaging material is not considered to be a material ESG issue of the Group.

A3. 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 devising corresponding mitigation measures to minimise the negative impacts on the environment at the earlier stage and comply with the legal requirements. The Group's project management teams determine the significant environmental aspects, including air emissions, wastewater discharge, waste disposal 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 occurs during the project execution.

The Group's construction works result in construction noise may cause noise nuisance to the surrounding neighbourhood. In order to control noise levels at the construction sites in line with the statutory requirement prescribed in relevant regulations, the Group carries out the construction works under non-restricted hours to minimise the effect of emanates noise or vibration from its 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.

The Group also provides relevant environmental training and toolbox meetings with topics related to energy and water saving, waste segregation and recycling and mosquitoes breeding prevention to increase its employees' awareness on environmental conservation and public health. The Group has also conducted regular onsite inspection for 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 the summer season.

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B1. Employment

Caring for the Employees

The Group values its employees and their contributions to the success of the Group's business development and growth. The Group endeavours to create a collaborative, inclusive and diverse working environment for employees, as well as offering the opportunities for professional development and personal growth for building a 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.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Act (Chapter 91 of Singapore), the Employment of Foreign Manpower Act (Chapter 91A of Singapore), the Central Provident Fund Act (Chapter 36 of Singapore) and The Employment of Foreign Manpower (Work Passes) Regulations 2012.

As at 28 February 2021, the Group had a total of 417 employees in Singapore, of which comprising 13.7% was Singapore citizens and 86.3% was foreigners. The distribution of employees according to gender, age group, employment category and employment type are as follows:

		Number of staff	Percentage (%)
By Gender	Male	373	89.45
	Female	44	10.55
By Age Group	30 years old or below	71	17.03
	31–50 years old	283	67.86
	51 years old or above	63	15.11
By Employee Category	Senior Management	17	4.08
	Middle Management	72	17.27
	General	328	78.66
By Employment Type	Full-time	417	100.00
	Part-time	–	–

During FY2020/21, the Group's overall employee turnover rate was approximately 47.07%. The following table shows the employee turnover rate by gender and age group.

	Turnover Rate (%)
By Gender	
Male	50.94
Female	6.82
By Age Group	
30 years old or below	39.44
31–50 years old	53.00
51 years old or above	23.81

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Employment Practices

Remuneration and Benefits

The Group offers competitive remuneration packages to its 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, the Group's employees are entitled to compassionate leave, maternity leave, paternity leave and childcare leave pursuant to the Employment Act (Chapter 91 of Singapore). Meanwhile, the Group offers medical insurance, accommodation, insurance for security bonds and levies for each non-Malaysian workers pursuant to the relevant laws and regulations in Singapore.

Recruitment, Promotion and Dismissal

The recruitment of foreign workers is a general practice in construction sector in Singapore due to the shortage of local construction workers. The Group employs foreign workers from other countries such as Malaysia and the People's Republic of China (the "PRC") in supporting its construction works. The Group's Human Resources Department and Health, Safety and Environment Department mainly sources and recruits the foreign workers through recruiting agencies 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, copy of passport, entry and re-entry permit (for non-Singaporeans) and medical certificate for validation in order to ensure all the foreign workers recruited by the Group are eligible to work at the Group's construction sites, not child and/or illegitimate foreign workers, as well as complying with the relevant laws and regulations in Singapore.

The Group conducts annual performance appraisal and evaluates the individual performance of its employees, which is functioned as an indicator, and make annual salary increment to ensure the employees are rewarded in a fair mean.

Besides, the Group does not tolerate the dismissal of employees under any unreasonable basis. Any termination of the employment contract would be based on reasonable and lawful grounds supported by internal policies of the Group.

Working Hours

Overtime work is not encouraged in the workplace excepted the occurrence of emergency, accident and the sever interruption of works. Employees must obtain prior approval from the head of department and authorisation by the immediate supervisor before performing overtime work and overtime compensation will be granted to eligible staff in conformance with the Employment Act (Chapter 91 of Singapore).

Diversity, Equal Opportunities and Anti-discrimination

With the commitment in the principles of equal opportunities and diversity, the Group solely takes into account the individual experience, qualifications and competencies implied in its 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 form of harassment in its 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 a fair reason such as breaches of employee code of conduct, improprieties, committed criminal offence or redundancy.

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B2. Health and Safety

Occupational Health and Safety

Occupational health and safety ("OHS") is the priority of the Group's business operations. The Group has 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 the entire project lifecycle and daily construction operations. The Group's Human Resources Department and Health, Safety and Environment Department are responsible for the overall implementation of the OHS management system, review of safety programmes and safety performance.

The Group has 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 its workers. For each of the Group's construction projects, the Group has assigned site safety coordination team to take charge of the safety issues and oversee the execution of the safety practices at the works site. Besides, the Group conducts regular safety inspections at construction sites 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 the Group acts as subcontractors, the Group abides by the workplace safety and health management procedures and practices requested by the main contractors and submits risk assessment and safe work procedures which outline its assessment on the risk levels of the work tasks, as well as precautionary measures to prevent injuries and accidents. The Group's safety supervisors are required to mandatorily attend 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. In regards to office safety, all office staff members are required to keep good housekeeping of their workstations 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-centred culture at construction sites and enhance the safety ownership of its employees and subcontractor workers through the provision of safety awareness training programmes. Daily toolbox meeting and pre-start analysis are arranged to employees and subcontractor workers prior to work to enhance the workman knowledge in proper work safety practices at the construction sites. On billboards and notice boards, posters related to safety-related topics are also displayed to alert workman on good safety practices. Regular emergency drills (e.g. fire drills and chemical leakage drills) are conducted by the Group's project teams or by the main contractors to the workers onsite have the necessary knowledge and skills to handle the emergency.

Although the Group has taken adequate preventive safety measures, accidents may still occur at the construction sites. In the event of any accident, the injured worker (including the Group's employees and subcontractor's employees) or the person who witnessed the accident is required to report immediately to their direct supervisor or department manager in-charge. The department manager in-charge will launch an investigation on the accident and will submit an incident report form to the Group's safety officer within two working days. For serious incidents such as fatal accidents, amputation cases or other dangerous occurrences, the Group's safety officer will form an incident investigation team to carry out a 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 such incident. The Group will notify any reportable cases to the Ministry of Manpower of the Singapore Government within ten days after the accident occurred.

In response to the outbreak of the COVID-19 pandemic, the Group has implemented a series of precautionary measures in accordance with guidelines from the Ministry of Health and Ministry of Manpower to ensure the health and safety of our employees. The Group also reminded employees of the importance of maintaining good personal hygiene through washing hands frequently with soap. Surgical masks were also provided to employees whenever necessary. The Group also provided COVID-19 safety training for all employees in order to raise employees' awareness of COVID-19 and provide information and guidance on how to protect themselves.

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During the Reporting Period, no work related fatalities or incidents resulted in permanent disability was reported. However, 1 work-related injury and 2 lost days due to the work-related injury were recorded. In the future, the Group will continue to raise employees' awareness on occupational health and safety.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety related laws and regulations that would have a significant impact on the Group, including but not limited to 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, the Workplace Safety and Health (Scaffolds) Regulations 2011 and the Workplace Safety and Health (Risk Management) Regulations.

B3. Development and Training

To nurture the talent pool and strengthen the Group's position in the industry, the Group strives to provide training opportunities to all its employees in advancing their professional skills and experience.

In order to maintain an appropriate career ladder and recognise employees' potential, the Group gives priority to internal promotion for the existing staff who meet the required standards of higher position. All employees are subjected to 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.

The Group's employees receive on-site safety induction training before commencement of work, as well as regular training in daily toolbox meeting. The Group also reviews the scope of work of each employees, 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. The Group's basic-skilled workers are also encouraged to complete the advanced course accredited by the Building and Construction Authority of Singapore to enhance their skillset and competence.

During FY2020/21, 98.32% of the Group's employees participated in training. The average training hours was 3.63.

	Percentage of employees trained (%)	Breakdown of employees trained (%)	Average training hours per employee (hours)
By gender			
Male	98.66	89.76	3.34
Female	95.45	10.24	6.05
By employee category			
Senior Management	70.59	2.93	2.29
Middle Management	97.22	17.07	6.81
General Staff	100.00	80.00	3.00

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B4. Labour Standards

The employment of child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and prohibits any child and forced labour employment. The Group's Human Resources Department is responsible to monitor and ensure compliance with the latest relevant laws and regulations prohibiting child labour and forced labour.

To avoid illegal employment of child labour, underage workers, and forced labour, personal data are collected during the recruitment process to assist in the selection of suitable candidates and to verify candidates' identity. The Human Resources Department also ensures identity documents are checked carefully. If violations are involved, they will be dealt with in the light of circumstances.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Act (Chapter 91 of Singapore).

B5. Supply Chain Management

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

The Group has set up a stringent supplier selection policy and a performance assessment to ensure suppliers can compete under an open and fair mechanism. Before engaging a new supplier (including subcontractors), the Group will fill in a pre-acceptance assessment form and evaluate the background and track records of the suppliers, including but not limited to:

- The type(s) and quality of material or service to be provided;
- The registration grade of the Building and Construction Authority of Singapore ("BCA") and BCA contractor licensing information;
- Previous track records in compliance with safety and statutory requirements;
- Previous building work experience; and
- Delivery time and reputation.

Only suppliers that can fulfil the Group's requirements are qualify as approved suppliers and include in its approved subcontractor and supplier list. Moreover, the Group's existing approved suppliers will 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 standards are up to the Group's requirements and contract specifications.

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Moreover, the Group outlines its expectations and requirements to its subcontractors in the course of a construction project to mutually enhance the sustainability performance during its operations. For example, the Group's procurement decision is made not only based on the best price, but also taking other considerations into account, such as quality, timeliness, supplier reputation, ethical production and procurement and terms of trade. The Group also requires its contractors to employ workers with at least one year of working experience in Singapore, provide personal protective equipment and sufficient rest periods to workers, participate in its on-site toolbox meetings to understand potential workplace safety and health issues and project-related matters and align with the standards set by its projects department. This is to ensure the subcontractors are jointly responsible for the workplace safety. Furthermore, the Group has adopted several measures to mitigate the risk of engaging illegal workers under its subcontracted works. For example, the Group conducts preliminary background checks on new subcontractors prior to its engagement to ascertain whether they had been involved in any incident of hiring illegal workers in the past. The Group also requests its subcontractors to provide copies of the valid work passes of the suspected illegal workers as proof, before allowing them to continue working at its construction sites.

During FY2020/21, the Group had a total of 129 suppliers, and the geographical distribution of the Group's suppliers is as follows:

Region	Number of suppliers
Singapore	128
Malaysia	1

B6. Product Responsibility

Achieving and maintaining a high-quality standard for projects is of the utmost importance for the Group's sustainable growth. The Group believes completing works that meet or exceed the client's requirements is crucial for job references and future business opportunities. The Group regularly controls and monitors the progress of each project to ensure that it delivers high-quality services and products.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations concerning advertising, labelling, and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group, including but not limited to the Building Control Act (Chapter 29 of Singapore), the Building and Construction Industry Security of Payment Act, the Data Protection Act 2014. Besides, the Group did not receive any cases of service-related complaints.

As a contractor specialising in structural engineering works and wet architectural works, the Group has limited activities in advertising and labeling matters. Nevertheless, the Group strives to ensure information disseminated such as company brochures and newsletters are complete, accurate, clear, and in compliance with relevant laws and regulations. Moreover, disclosure on the number of products sold or shipped subject to recalls for safety and health reasons was not applicable due to the Group's business nature.

Quality Building and Engineering Services

In order to provide quality building and engineering services that consistently meet legal requirements, safety standards and the Group's 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 its operations to continually improve its service quality in various aspects, including operational planning, control on production and service provision and customer satisfaction.

To ensure timely completion of the works, the Group forms a project team for each committed project. The project team 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 the project lifecycle – from initiation, planning and design, construction and execution, monitoring and control to completion. Therefore, the project team can ensure that the project execution and its deliverables satisfy the contract specifications and requirements.

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The Group's project teams periodically conducts rigorous quality assurance inspections to ensure that 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 the Group's subcontractors are arranged to follow up on the project progress and the quality of construction works. This enables the Group to address the potential and foreseeable quality and safety risks during the construction and absolve customers' concerns, as well as timely rectify the identified defects at the earlier stage so as to fulfil the customer expectations and demands.

Data Privacy Protection

With the increasing public concerns about cyber security 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 customer information, budget plans and accounting data, employee personal data. In order 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 allow to 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. For customer information, only responsible departments and/or designated personnel can assess the data on a "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. Employees who breach the regulations may result in disciplinary actions and legal liability.

B7. Anti-corruption

The Group is committed to upholding the highest degree of integrity and fairness in its business activities and exacting zero tolerance to any form of bribery, extortion, fraud and money laundering. The Group's Corporate Governance Policies and Procedure Handbook and the code of conduct stipulated in the Employee Handbook have outlined the standard of behaviours on anticorruption, handling of conflict of interest and data privacy and confidentiality that employees shall abide by in its business dealings. The Group strictly forbids its 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 are 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.

The Group has a whistle-blowing mechanism 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 the 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, there was no concluded legal cases regarding corrupt practices brought against the Group or its employees. The Group was also not aware of any material non-compliance with related laws and regulations concerning bribery, extortion, fraud, and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Corruption Act (Chapter 241 of Singapore) and the Penal Code (Chapter 224 of Singapore).

B8. Community Investment

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

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THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
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 Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Protecting the Environment
KPI A1.1	The types of emissions and respective emissions data.	Emission Control – Exhaust Gas Emissions, GHG Emissions, Wastewater Discharge, Waste Management
KPI A1.2	GHG emissions in total (in tonnes) and intensity.	Emission Control – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emission Control – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emission Control – Waste Management
KPI A1.5	Description of reduction initiatives and results achieved.	Emission Control – Exhaust Gas Emissions, GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emission Control – Wastewater Discharge, Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Use of Packaging Material (Not applicable – Explained)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources (Not applicable – Explained)
Aspect B1: Employment		
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, antidiscrimination, and other benefits and welfare.	Caring for the Employees
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Caring for the Employees
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Caring for the Employees
Aspect B2: Health and Safety		
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.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
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.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
Aspect B6: Product Responsibility		
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.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility (Not applicable – Explained)
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility – Customer Privacy Protection, Data Privacy Protection

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
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.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
Aspect B8: Community Investment		
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.	Community Investment

INDEPENDENT AUDITOR'S REPORT

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F., Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
CTR HOLDINGS LIMITED
(Incorporated in Cayman Islands with limited liability)

DISCLAIMER OPINION

We were engaged to audit the consolidated financial statements of CTR Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 56 to 103, which comprise the consolidated statement of financial position as at 28 February 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Scope limitation – recognition of the intangible asset and the deposits relating to a distribution agreement

As disclosed in note 15 to the consolidated financial statements, the Group recognised intangible asset represented by license rights of gross carrying amount of approximately S$2,119,000 (equivalent to HK$12,000,000) (the "Intangible Asset") during the year ended 28 February 2021. The gross carrying amount of the Intangible Asset represents its cost of acquisition, being the license fee paid by Promontory Company Limited ("Promontory"), an indirect wholly-owned subsidiary of the Company, purportedly for obtaining from a licensor (the "Licensor") the distribution rights, for a period of three years commencing from 16 April 2020, for the sale in Cameroon, Africa, of foam cement products to be sourced by the Licensor from a third party producer in the People's Republic of China (the "PRC Manufacturer"). In addition, as disclosed in note 19 to the consolidated financial statements, deposits of approximately S$1,236,000 (equivalent to HK$7,000,000) were paid by Promontory during the year ended 28 February 2021 purportedly for the purpose of guaranteeing the procurement of the minimum purchase amounts (the "Deposits") from the Licensor, of which an amount of approximately S$195,000 (equivalent to HK$905,000) was refunded by the Licensor during the year. During the year ended 28 February 2021, the Group recognised expense in consolidated profit or loss for amortisation of the Intangible Asset of approximately S$647,000 (equivalent to approximately HK$3,667,000) in consolidated profit or loss.

As disclosed in notes 15 and 35 to the consolidated financial statements, the Group has determined that it would cease the business development and operation of sale of foam cement products in Cameroon, Africa and recognised impairment loss in consolidated profit or loss in respect of the Intangible Asset of approximately S$1,472,000 (equivalent to approximately HK$8,333,000) to fully write down the carrying amount of the Intangible Asset during the year ended 28 February 2021. No impairment loss was recognised by the Group in relation to the recoverability of the carrying amount of the Deposits approximately of S$1,041,000 (equivalent to approximately HK$6,095,000) as at 28 February 2021 as management of the Group considered that the carrying amount was fully recoverable as at 28 February 2021 as the outstanding amounts have purportedly been fully recovered subsequent to the end of the reporting period up to the date of this report.

INDEPENDENT AUDITOR'S REPORT

BASIS FOR DISCLAIMER OF OPINION (Continued)

Scope limitation – recognition of the intangible asset and the deposits relating to a distribution agreement (Continued)

Regarding the above mentioned payments, which amounted to approximately S$3,355,000 (equivalent to HK$19,000,000) in aggregate and were paid by Promontory pursuant to the agreement entered into between Promontory and the Licensor dated 25 March 2020 (the "Agreement") and led to the initial recognition by the Group of the Intangible Asset and the Deposit, approximately S$2,649,000 (equivalent to HK$15,000,000) of the payments were made to a third party ("Company A"), which was not a contracting party under the Agreement or transactions entered into under the Agreement, instead of being made directly to the Licensor, purportedly in accordance with a separate payment instruction issued by the Licensor to Promontory. According to management, the Group was advised by the Licensor that Company A was its business partner and had been asked by the Licensor to receive these payments on behalf of the Licensor.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence and occurrence, rights and obligations and accuracy and valuation of the Intangible Assets and the Deposits and the validity, business rationale, commercial substance and legitimacy of the payment transactions that led to the recognition by the Group of the Intangible Asset and Deposits, because (i) there was inadequate supporting documentary evidence made available to us to substantiate the rights of the Licensor in relation to the sale and distribution of the PRC Manufacturer's foam cement products and sub-licensing of the distribution rights to Promontory for the sale and distribution of the foam cement products in Cameroon, Africa. In addition, there was no supporting documentary evidence that show that the PRC Manufacturer has consented to the Licensor's sub-licensing to Promontory to conduct the sales and distribution of its manufactured foam cement products in Africa; (ii) we were unable to ascertain the relationship between the Licensor and Company A and the underlying reason or reasons for the payment instruction for Promontory to make payments of approximately S$2,649,000 (equivalent to HK$15,000,000) to Company A instead of being made directly to the Licensor; and (iii) we were unable to carry out effective confirmation procedures with Company A in relation to the payments made by the Group under the Agreement for the purposes of our audit. Consequently, we were unable to satisfy ourselves as to whether the accounting treatment of recognising the Intangible Asset and the Deposits in respect of the payments of approximately S$3,355,000 (equivalent to HK$19,000,000) paid by Promontory under the Agreement was appropriate. There were no alternative audit procedures that we could perform to satisfy ourselves as whether the Intangible Asset and Deposits were free from material misstatement and have been properly accounted for and disclosed. Any adjustments found necessary in respect of these matters would also affect the presentation and classification of the related expenses and losses for the year ended 28 February 2021, which are presented and classified in the consolidated financial statements as impairment loss and amortisation expenses in respect of the Intangible Asset and the appropriateness of not recognising any impairment or other loss in respect of the Deposits for the year ended 28 February 2021, and the related elements making up, and disclosures in, the consolidated financial statements of the Group for the year ended 28 February 2021.

Scope limitation – recognition of marketing expenses

During the year ended 28 February 2021, Promontory entered into two marketing services contracts with a third-party service provider (the "Service Provider") purportedly for the provision of marketing research and marketing promotion services with contract amount of HK$1,600,000 and HK$2,500,000 respectively. The amounts paid by Promontory under these marketing services contracts during the year ended 28 February 2021 amounted to approximately S$618,000 (equivalent to HK$3,500,000) in aggregate, of which approximately S$177,000 (equivalent to HK$1,000,000) was paid to a non-contracting party ("Company B") and approximately S$441,000 (equivalent to HK$2,500,000) was paid to another non-contracting party ("Company C") instead of being made directly to the Service Provider, purportedly in accordance with the marketing services contracts.

Subsequent to 28 February 2021, the marketing promotion was terminated and an amount of approximately S$336,000 (equivalent to HK$1,900,000) was refunded to Promontory, which was received by Promontory from Company C. The remaining balance of approximately S$105,000 (equivalent to HK$600,000) paid by Promontory under the marketing promotion services contract was treated by Promontory as settlement of the outstanding balance under the marketing research services contract. As a result, the Group recognised an amount of approximately S$282,000 (equivalent to HK$1,600,000) as marketing research expenses included in the administrative expenses in consolidated profit or loss and an amount of approximately S$336,000 (equivalent to HK$1,900,000) as prepayment for marketing promotion in consolidated statement of financial position as disclosed in note 19 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

BASIS FOR DISCLAIMER OF OPINION (Continued)

Scope limitation – recognition of marketing expenses (Continued)

According to management, the Group was advised by the Service Provider that Company B and Company C were its business partners and these companies had been asked by the Service Provider to receive these payments on its behalf.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the validity, commercial substance, business rational, legitimacy, occurrence, completeness, accuracy and classification of the above mentioned payment transactions because (i) there was inadequate supporting documentary evidence made available to us to substantiate the nature and value of the services provided or to be provided by the Service Provider under the marketing research and marketing promotion services contracts; (ii) we were unable to ascertain the relationship between the Services Provider and Company B and Company C and the underlying reason or reasons for the arrangement for the Group to make payments of approximately S$618,000 (equivalent to HK$3,500,000) to Company B and Company C instead of being made directly to the Service Provider; and (iii) we were unable to carry out effective confirmation procedures with Company B and Company C in relation to the payments made by the Group under the marketing research and marketing promotion services contracts for the purposes of our audit. Consequently, we were unable to satisfy ourselves as to whether the accounting treatment adopted in the consolidated financial statements of recognising the payments, net of the refund, of approximately S$283,000 (equivalent to HK$1,600,000) as marketing research expenses in administrative expenses and an amount of approximately S$336,000 (equivalent to HK$1,900,000) as prepayment for marketing promotion of the Group was appropriate. There were no alternative audit procedures that we could perform to satisfy ourselves as whether the marketing research expenses in administrative expenses and the prepayment for marketing promotion and other elements making up the consolidated financial statements were free from material misstatements and have been properly accounted for and disclosed in these regards. Any adjustments found necessary in respect of these matters would affect the presentation and classification of the related expenses and losses for the year ended 28 February 2021, which are presented and classified in the consolidated financial statements as marketing research expenses in administrative expenses and the prepayment for marketing promotion, and the related elements making up, and disclosures in, the consolidated financial statements of the Group for the year ended 28 February 2021.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 29 February 2020 were audited by another auditor who expressed an unmodified opinion on the consolidated financial statements on 30 June 2020.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standard Board 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 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 Audit Committee are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants and to issue an auditors' report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide basis for an audit opinion on these consolidated financial statements.

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.

The engagement director on the audit resulting in this independent auditors' report is Hon Koon Fai, Alex.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 2 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 28 February 2021

	Notes	Year ended 28 February 2021 S$'000	Year ended 29 February 2020 S$'000
Revenue	5	**35,806**	65,599
Construction costs		**(30,215)**	(46,071)
Gross profit		**5,591**	19,528
Other income and gain, net	6	**4,531**	1,392
Administrative expenses		**(11,740)**	(11,253)
Impairment loss on intangible asset	7	**(1,472)**	–
Loss allowance provision on financial assets and contract assets, net	7	**(198)**	(225)
(Loss)/profit before tax	7	**(3,288)**	9,442
Income tax expense	10	**(116)**	(2,057)
(Loss)/profit for the year		**(3,404)**	7,385
Other comprehensive (expense)/income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(631)**	366
Other comprehensive (expense)/income for the year, net of tax		**(631)**	366
Total comprehensive (expense)/income for the year		**(4,035)**	7,751
(Loss)/profit attributable to:			
Owners of the Company		**(3,404)**	7,385
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(4,035)**	7,751
(Loss)/earnings per share			
– Basic and diluted (SGD cents)	12	**(0.24)**	0.67

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

28 February 2021

	Notes	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Non-current assets			
Property, plant and equipment	13	**2,512**	2,804
Investment properties	14	**4,632**	4,646
Intangible asset	15	**–**	–
Contract assets	16	**6,351**	7,213
Total non-current assets		**13,495**	14,663
Current assets			
Inventories	17	**84**	–
Contract assets	16	**6,626**	7,109
Trade receivables	18	**5,427**	5,564
Prepayments, other receivables and deposits	19	**2,915**	1,524
Amounts due from related parties	20	**145**	147
Cash and cash equivalents	21	**25,900**	30,088
Total current assets		**41,097**	44,432
Total assets		**54,592**	59,095
Current liabilities			
Contract liabilities	16	**566**	1,372
Trade payables	22	**8,049**	4,731
Other payables and accruals	23	**2,612**	2,382
Amounts due to related parties	20	**16**	2
Income tax payable		**192**	3,386
Total current liabilities		**11,435**	11,873
Net current assets		**29,662**	32,559
Total assets less current liabilities		**43,157**	47,222
Non-current liability			
Deferred tax liabilities	24	**31**	61
Total non-current liability		**31**	61
Total liabilities		**11,466**	11,934
Net assets		**43,126**	47,161
Equity attributable to owners of the Company			
Share capital	25	**190**	190
Reserves	26	**42,936**	46,971
Total equity		**43,126**	47,161
Total equity and liabilities		**54,592**	59,095

The consolidated financial statements were approved and authorised for issue by the board of directors on 2 March 2022 and are signed on its behalf by:

Xu Xuping
Director

Xu Tiancheng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 28 February 2021

	Share capital S$'000 (Note 25)	Share premium* S$'000 (Note 26)	Foreign currency translation reserve* S$'000 (Note 26)	Merger reserve* S$'000 (Note 26)	Retained profits* S$'000	Total S$'000
At 1 March 2019	67	–	–	1,100	20,381	21,548
Profit for the year	–	–	–	–	7,385	7,385
Other comprehensive income for the year	–	–	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 issuance expenses	–	(4,301)	–	–	–	(4,301)
At 29 February 2020 and 1 March 2020	190	17,739	366	1,100	27,766	47,161
Loss for the year	–	–	–	–	(3,404)	(3,404)
Other comprehensive expense for the year	–	–	(631)	–	–	(631)
Total comprehensive expense for the year	–	–	(631)	–	(3,404)	(4,035)
At 28 February 2021	190	17,739	(265)	1,100	24,362	43,126

* *These reserve accounts comprise the consolidated reserves of S$42,936,000 (29 February 2020: S$46,971,000) in the consolidated statement of financial position.*

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 28 February 2021

	Notes	**Year ended 28 February 2021 S$'000**	Year ended 29 February 2020 S$'000
Cash flows from operating activities			
(Loss)/profit before tax		**(3,288)**	9,442
Adjustments for:			
Bad debts written off	7	**1**	–
Depreciation of property, plant and equipment	7	**432**	412
Depreciation of investment properties	7	**126**	132
(Reversal of impairment loss)/impairment loss on investment properties	7	**(112)**	218
Amortisation of intangible asset	7	**647**	–
Impairment loss on intangible asset	7	**1,472**	–
Loss on disposal of property, plant and equipment	7	**–**	49
Written off of property, plant and equipment	7	**3**	–
Loss allowance provision/(reversal of):			
– Contract assets	7	**138**	159
– Trade receivables	7	**66**	59
– Other receivables	7	**(6)**	7
Interest income	6	**(80)**	(52)
Foreign exchange gain, net	6	**(403)**	(18)
Operating cash flows before changes in working capital		**(1,004)**	10,408
Decrease/(increase) in contract assets		**1,207**	(4,670)
Increase in inventories		**(84)**	–
Decrease/(increase) in trade receivables		**70**	(1,383)
Increase in prepayments, other receivables and deposits		**(1,437)**	(239)
Increase in amount due from related parties		**(5)**	–
Decrease in contract liabilities		**(806)**	(352)
Increase/(decrease) in trade payables		**3,318**	(962)
Increase in other payables and accruals		**212**	84
Effect of exchange rate changes on the balances in foreign currencies		**–**	(5)
Cash flows from operations		**1,471**	2,881
Interest received		**17**	42
Income taxes paid		**(3,340)**	(657)
Net cash flows (used in)/generated from operating activities		**(1,852)**	2,266
Cash flows from investing activities			
Purchase of property, plant and equipment		**(143)**	(668)
Proceeds from disposal of property, plant and equipment		**–**	32
Purchase of intangible asset	15	**(2,119)**	–
Interest received from fixed deposits		**63**	10
Receipt of fixed deposits pledged to a bank		**–**	956
Net cash (used in)/generated from investing activities		**(2,199)**	330
Cash flows from financing activities			
Proceeds from issuance of shares		**–**	22,088
Share issuance expenses		**–**	(4,301)
Increase in amounts due to related parties		**14**	2
Net cash flows generated from financing activities		**14**	17,789
Net (decrease)/increase in cash and cash equivalents		**(4,037)**	20,385
Cash and cash equivalents at beginning of financial year		**30,088**	9,319
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(151)**	384
Cash and cash equivalents at end of financial year	21	**25,900**	30,088

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

28 February 2021

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 24 October 2018. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business of the Group is at 21 Woodlands Close #08-11, 12 Primz Bizhub, Singapore 737854.

The Company is an investment holding company. The principal activities of its subsidiaries are provision of structural engineering works and wet architectural works.

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

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

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

Company name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Held by the Company					
Pinnacle Shine Ltd	British Virgin Islands 20 August 2018	US$10	100	–	Investment holding
Held through a subsidiary					
Chian Teck Realty Pte Ltd	Singapore 30 March 2009	S$3,000,000	–	100	Provision of structural engineering works and wet architectural works
Chian Teck Development Pte Ltd	Singapore 22 March 2006	S$100,000	–	100	Provision of structural engineering works and wet architectural works
Promontory Company Limited	Hong Kong 25 February 2020	HK$10,000	–	100	Sales and distribution of foaming cement
Hong Kong Integrated Sport Therapy Centre Limited	Hong Kong 3 March 2014	HK$1,000	–	100	Dormant

2.1 BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by Hong Kong Companies Ordinance.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 CONSOLIDATED FINANCIAL STATEMENTS

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2.2 APPLICATION OF AMENDMENTS TO IFRSs

The Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB and International Financial Reporting Interpretations Committee ("IFRIC") for the first time, which are mandatorily effective for the current year for the preparation of the consolidated financial statements:

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRS Standards in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 NEW AND AMENDMENTS TO IFRSs ISSUED BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to IFRSs, that have been issued but are not yet effective:

IFRS 17	*Insurance Contracts and the related Amendments*[1]
Amendments to IFRS 16	*Covid-19-Related Rent Concessions*[4]
Amendments to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*[6]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[5]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Amendments to IFRS Standards	*Annual Improvements to IFRS Standards 2018–2020*[2]

1 *Effective for annual periods beginning on or after 1 January 2023*
2 *Effective for annual periods beginning on or after 1 January 2022*
3 *Effective for annual periods beginning on or after a date to be determined*
4 *Effective for annual periods beginning on or after 1 June 2020*
5 *Effective for annual periods beginning on or after 1 January 2021*
6 *Effective for annual periods beginning on or after 1 April 2021*

The directors of the Company anticipate that the application of all new and amendments to IFRS Standards will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO CONSOLIDATED 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.

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 and financial assets), 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 profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

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.

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. 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 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	54 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 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 any 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 profit or loss in the year of the retirement or disposal.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible asset

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

License right is amortised on a straight-line basis over the contractual life of 3 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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 the section "Impairment of non-financial assets".

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(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.

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. 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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 profit or loss when the asset is derecognised, modified or impaired.

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.

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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 and accruals and amounts due to related parties.

Subsequent measurement

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

Financial liabilities at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

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 profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 consolidated 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.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(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.

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Group's companies incorporated in Singapore 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 Provident Fund 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 consolidated 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.

Foreign currencies

These consolidated financial statements are presented in Singapore dollars, which is different from the Company's functional currency (i.e HK$). The directors of the Company adopted SGD as presentation currency as the operational entities are located in Singapore. 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.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various line of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated 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.

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.

Impairment of non-financial assets

The Group assessed whether there are any indicators of impairment for all non-financial assets at the year end. 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.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of contract assets, trade receivables and other receivables and deposits

The Group recognises the lifetime expected credit loss ("ECL") for contract assets, trade receivables and other receivables and deposits and based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information. The amount of the impairment loss based on the 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 contract assets, trade receivables and other receivables and deposits at the end of the year are disclosed in Notes 16, 18, 19 to the consolidated financial statements, respectively.

4. OPERATING SEGMENT INFORMATION

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

Information about major customers

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

	Year ended 28 February 2021 S$'000	Year ended 29 February 2020 S$'000
Customer A	**4,367**	7,142
Customer B	**25,427**	29,736
Customer C	**3,913**	16,821

Geographical information

During the year, 100% of the Group's total revenue was generated in Singapore (2020: 100%) and 100% (2020: 100%) of the Group's total non-current assets were derived from and located in Singapore.

5. REVENUE

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

	Year ended 28 February 2021 S$'000	Year ended 29 February 2020 S$'000
Structural engineering works	**34,901**	59,232
Wet architectural works	**905**	6,367
Total revenue from contracts with customers	**35,806**	65,599
Timing of transfer of goods or services		
Over time	**35,806**	65,599

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 28 February 2021 S$'000	Year ended 29 February 2020 S$'000
Amounts expected to be recognised as revenue:		
Within one year	**53,033**	65,415
After one year	**6,116**	40,857
	59,149	106,272

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 AND GAIN, NET

	Year ended 28 February 2021 S$'000	Year ended 29 February 2020 S$'000
Foreign exchange gain, net	**403**	18
Government grants*	**3,183**	75
Rendering of services	**639**	1,077
Rental income	**95**	97
Interest income	**80**	52
Others	**131**	73
	4,531	1,392

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

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7. (LOSS)/PROFIT BEFORE TAX

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

	Notes	Year ended 28 February 2021 S$'000	Year ended 29 February 2020 S$'000
Auditors' remuneration	(c)	**608**	185
Construction costs	(a), (b)	**30,215**	46,071
Bad debts written off		**1**	–
Depreciation of property, plant and equipment	13	**432**	412
Depreciation of investment properties	14	**126**	132
(Reversal of impairment loss)/impairment loss on investment properties	14	**(112)**	218
Amortisation of intangible asset	15	**647**	–
Impairment loss on intangible asset	15	**1,472**	–
Loss on disposal of property, plant and equipment		**–**	49
Written-off of property, plant and equipment	13	**3**	–
Loss allowance provision/(reversal of):			
– Contract assets	16	**138**	159
– Trade receivables	18	**66**	59
– Other receivables	19	**(6)**	7
Listing expenses			
– Current year		**–**	1,875
– Under provision		**530**	–
Employee benefit expense (including directors' remuneration)			
– Salaries and bonuses		**5,959**	6,007
– Central Provident Fund contributions		**371**	401
Gross rental income from investment properties		**(95)**	(97)
Less:			
Direct operating expenses incurred for investment properties that generated rental income during the year		**15**	17
		(80)	(80)

Notes:

(a) *Construction costs included S$6,177,000 of wages during the year (2020: S$9,875,000).*

(b) *Construction costs included S$1,958,000 of rental expenses of short-term leases during the year (2020: S$1,839,000).*

(c) *Excluded services for the listing of the Company.*

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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 28 February 2021 S$'000	Year ended 29 February 2020 S$'000
Salaries	**382**	348
Directors' fees	**240**	240
Central Provident Fund contributions	**54**	45
	676	633

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 (2020: 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 consolidated financial statements is set out below.

(a) Independent non-executive directors

Directors' fees	**Year ended 28 February 2021 S$'000**	Year ended 29 February 2020 S$'000
Independent non-executive directors:		
Mr. Kung Wai Chiu Marco	**26**	3
Mr. Tang Chi Wang	**26**	3
Ms. Wang Yao	**26**	3
	78	9

There were no fees or other emoluments payable to independent non-executive directors during the year (2020: nil).

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors

Year ended 28 February 2021	**Salaries S$'000**	**Directors' fees S$'000**	**Central Provident Fund contributions S$'000**	**Total S$'000**
Executive directors:				
Mr. Xu Xuping	**195**	**120**	**27**	**342**
Mr. Xu Tiancheng	**187**	**120**	**27**	**334**
	382	**240**	**54**	**676**

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

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

No discretionary performance related bonuses were made to the directors during the year (2020: Nil).

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2020: two), details of whose remuneration are set out in Note 8 above. Details of the remuneration of the remaining three non-directors (2020: three), highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 28 February 2021 S$'000	Year ended 29 February 2020 S$'000
Salaries and allowances	652	567
Discretionary bonuses	40	60
Central Provident Fund contributions	73	61
	765	688

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

	Year ended 28 February 2021	Year ended 29 February 2020
Nil to HK$1,000,000	1	–
HK$1,000,001 to HK$1,500,000	1	2
HK$1,500,001 to HK$2,000,000	1	1

During the years ended 28 February 2021 and 29 February 2020, 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 Corporate Income Tax ("CIT") has been provided at the rate of 17% (2020: 17%) on the estimated assessable profits arising in Singapore during the year.

Hong Kong Profits Tax is calculated at the rate of 16.5% (2020: 16.5%). No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising in Hong Kong for the years.

	Year ended 28 February 2021 S$'000	Year ended 29 February 2020 S$'000
Current – Singapore CIT		
Charge for the year	140	2,012
Under-provision in respect of prior years	6	68
Deferred tax		
Origination and reversal of temporary differences *(Note 24)*	(30)	(23)
Total tax charge for the year	116	2,057

10. INCOME TAX EXPENSE (Continued)

A reconciliation of the tax expense applicable to (loss)/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 28 February 2021 S$'000	Year ended 29 February 2020 S$'000
(Loss)/profit before tax	**(3,288)**	9,442
Tax at domestic rates applicable to profits in the countries where the Group operates	**(545)**	1,690
Adjustments:		
Non-deductible expenses	**595**	335
Income not subject to taxation	**(267)**	–
Effect of tax exemption*	**(21)**	(36)
Tax losses not recognised	**348**	–
Under-provision in respect of prior years	**6**	68
	116	2,057

* *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 2021 and 2022 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. DIVIDENDS

The directors of the Company do not declare or propose any payment of final dividend for the years ended 28 February 2021 and 29 February 2020.

12. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated as (loss)/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 28 February 2021	Year ended 29 February 2020
(Loss)/profit for the year, attributable to owners of the Company used in the computation of basic and diluted (loss)/earnings per share (S$'000)	**(3,404)**	7,385
Number of shares ('000)		
Weighted average number of ordinary shares for basic (loss)/earnings per share computation	**1,400,000**	1,094,110

No adjustment has been made to basic (loss)/earnings per share as the Group had no potentially dilutive ordinary shares in issue during the years ended 28 February 2021 and 29 February 2020.

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13. PROPERTY, PLANT AND EQUIPMENT

28 February 2021	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 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
At 1 March 2020, net of accumulated depreciation	1,696	6	12	196	869	25	2,804
Additions	–	95	–	18	30	–	143
Written off	–	–	–	(3)	–	–	(3)
Depreciation provided during the year	(33)	(24)	(4)	(67)	(295)	(9)	(432)
At 28 February 2021, net of accumulated depreciation	1,663	77	8	144	604	16	2,512
At 28 February 2021:							
Cost	1,837	149	35	377	1,687	96	4,181
Accumulated depreciation	(174)	(72)	(27)	(233)	(1,083)	(80)	(1,669)
Net carrying amount	1,663	77	8	144	604	16	2,512

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 14)	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

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

The office units held by the Group are as follows:

Description and location	Existing use	Remaining useful lives As at 28 February 2021 Years	As at 29 February 2020 Years
21 Woodlands Close #08-10 Primz Bizhub	Office	**50**	51
21 Woodlands Close #08-11 Primz Bizhub	Office	**50**	51
21 Woodlands Close #08-12 Primz Bizhub	Office	**50**	51
21 Woodlands Close #08-29 Primz Bizhub	Warehouse	**50**	51

14. INVESTMENT PROPERTIES

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
At the beginning of the year	**4,646**	5,449
Depreciation provided during the year	**(126)**	(132)
Reversal of impairment loss/(impairment loss) provided during the year	**112**	(218)
Transfer to property, plant and equipment *(Note 13)*	**–**	(453)
At the end of the year	**4,632**	4,646

The investment properties held by the Group are as follows:

Description and location	Existing use	Remaining unexpired lease term As at 28 February 2021 Years	As at 29 February 2020 Years
25 Mandai Estate #06-09	Office/Shop	*****	*
98 Kaki Bukit Industrial Terrace	Industrial	**34**	35

* *Tenure – Freehold*

Description and location	Estimated fair value As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
25 Mandai Estate #06-09*	**780**	780
98 Kaki Bukit Industrial Terrace	**3,900**	3,900

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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14. INVESTMENT PROPERTIES (Continued)

Valuation of investment properties

The Group's investment properties are stated at cost less accumulated depreciation and accumulated impairment. The fair value of the investment properties as at the end of financial period are disclosed above. The valuations were performed by an independent valuer with a recognised and relevant professional qualifications 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.

15. INTANGIBLE ASSET

	License rights S$'000
Cost:	
At 1 March 2019, 29 February 2020 and 1 March 2020	–
Addition during the year	2,119
Exchange differences	(64)
At 28 February 2021	2,055
Accumulated amortisation and impairment:	
At 1 March 2019, 29 February 2020 and 1 March 2020	–
Amortisation charge for the year	647
Impairment for the year	1,472
Exchange differences	(64)
At 28 February 2021	2,055
Net carrying amount:	
At 28 February 2021	–
At 29 February 2020	–

The license rights represented the exclusive rights to sell the cement products in the territory of Cameroon, Africa for 3 years commencing on 30 April 2020 acquired during the year ended 28 February 2021.

Impairment assessment

In view of the continuity of the outbreak of COVID-19 in Africa and worldwide, the management of the Group had been unable to travel to Cameroon, Africa and as at 28 February 2021, the Group had not yet carried out the business development activities for the operation of sale of foam cement products in Cameroon, Africa. As disclosed in Note 35, the directors of the Company have determined that the Group was unable to commence this new business and decided to cease the business development and operation of sale of foam cement products in Cameroon, Africa and thus fully impaired the license rights with net carrying amount of S$nil.

16. CONTRACT ASSETS/LIABILITIES

(a) Contract assets

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Unbilled revenue *(note (i))*	6,682	7,057
Retention receivables *(note (ii))*	6,653	7,485
	13,335	14,542
Less: Loss allowance provision	(358)	(220)
	12,977	14,322
Represented by:		
Contract assets		
– Non-current	6,351	7,213
– Current	6,626	7,109
	12,977	14,322

Notes:

(i) Unbilled revenue is initially recognised for revenue earned from the provision of construction work as the receipt of consideration is conditional on successful completion of construction. Upon completion of construction and acceptance by the customer, the amounts recognised as unbilled revenue are reclassified to trade receivables.

(ii) Retention receivables included in contract assets represents the Group's right to consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over the maintenance period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically after the expiry date of the maintenance period.

As at 1 March 2019, contract assets amounted to approximately S$9,811,000.

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

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

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
At the beginning of the year	220	61
Loss allowance provision for the year	138	159
At the end of the year	358	220

The loss allowance provision for contract assets is determined as follows:

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Contract assets	13,335	14,542
Expected credit loss rate	2.71%	1.51%
Loss allowance provision	358	220

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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16. CONTRACT ASSETS/LIABILITIES (Continued)

(b) Contract liabilities

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Construction contracts	566	1,372

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

As at 1 March 2019, contract liabilities amounted to approximately S$1,724,000.

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

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Revenue recognised in the year from the amounts included in the contract liabilities at the beginning of the year	1,372	352

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

Construction contracts

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

17. INVENTORIES

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Construction materials, at cost	84	–

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18. TRADE RECEIVABLES

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Trade receivables	5,578	5,649
Less: Loss allowance provision	(151)	(85)
	5,427	5,564

The credit period is generally 30 to 90 days.

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

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Within 1 month	5,069	4,783
1 to 2 months	140	766
2 to 3 months	132	15
Over 3 months	86	–
	5,427	5,564

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

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
At the beginning of the year	85	26
Loss allowance provision for the year	66	59
At the end of the year	151	85

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

The loss allowance provision for trade receivables is determined as follows:

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Trade receivables	5,578	5,649
Expected credit loss rate	2.71%	1.51%
Loss allowance provision	151	85

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19. PREPAYMENTS, OTHER RECEIVABLES AND DEPOSITS

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Other receivables	**136**	115
Loss allowance provision	**(3)**	(9)
	133	106
Deposits *(note a)*	**1,490**	963
Prepayments *(note b)*	**815**	455
Grant receivables *(note c)*	**477**	–
	2,915	1,524

Notes:

(a) Deposits included a minimum purchase deposit of approximately S$1,041,000 (equivalent to approximately HK$6,095,000) in relation to the operation of sale of foam cement products in Cameroon, Africa. As disclosed in Note 35, the minimum purchase deposits have been fully recovered up to the date of this report.

(b) Prepayments included a prepayment for marketing promotion of approximately S$336,000 (equivalent to approximately HK$1,900,000). Subsequent to 28 February 2021, the marketing promotion was terminated and the prepayment have been fully refunded up to the date of this report.

(c) Grant receivables relate to the Jobs Support Scheme from the government in relation to the COVID-19 pandemic.

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

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
At the beginning of the year	**9**	2
(Reversal of)/loss allowance provision	**(6)**	7
At the end of the year	**3**	9

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 losses, and has assessed that the expected credit losses are as follows:

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Other receivables	**136**	115
Expected credit loss rate	**2.21%**	7.80%
Loss allowance provision	**3**	9

20. AMOUNTS DUE FROM/(TO) RELATED PARTIES

Amounts due from related parties

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Amount due from the ultimate holding company	145	147

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

Amounts due to related parties

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

21. CASH AND CASH EQUIVALENTS

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Cash and bank balances	6,856	30,088
Fixed deposits with an initial term of over three months	19,044	–
	25,900	30,088

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits earned interest at rates of 0.60%–1.20% per annum during the year (2020: 0.55%). The bank balances and fixed deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

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

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Within 1 month	7,170	2,800
1 to 2 months	439	568
2 to 3 months	39	256
Over 3 months	401	1,107
	8,049	4,731

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

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23. OTHER PAYABLES AND ACCRUALS

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Other payables and accruals	**666**	552
Accrued staff costs	**1,184**	1,109
Deposits received	**19**	19
Deferred government grants	**363**	52
Net Goods and Services Tax ("GST") payables	**380**	650
	2,612	2,382

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

Deferred government grants relate to the Jobs Support Scheme received from Singapore Government.

24. DEFERRED TAX LIABILITIES

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

Depreciation in excess of related depreciation allowance	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
At the beginning of the year	**61**	84
Credited to profit or loss during the year	**(30)**	(23)
At the end of the year	**31**	61

At the end of the reporting period, the Group has unused tax losses of approximately S$2,044,000 (2020: S$nil) available for offset against future profits. No deferred tax asset has been recognised in respect of approximately S$2,044,000 (2020: S$nil) due to unpredictability of future profit streams. The unused tax losses may be carried forward indefinitely.

25. SHARE CAPITAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 October 2018 with an initial authorised share capital of US$50,000 divided into 5,000,000 shares of a par value 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 authorised 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 28 February 2021 and 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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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25. SHARE CAPITAL (Continued)

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

	Number of shares in issue	S$'000
At 1 March 2019	10,000	67
Capitalisation issue *(note (a))*	1,049,990,000	75
Issue of shares under the initial public offering *(note (b))*	350,000,000	48
At 29 February 2020, 1 March 2020 and 28 February 2021	1,400,000,000	190

Notes:

(a) In preparation for the listing of the shares of the Company on 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.

26. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the years ended 28 February 2021 and 29 February 2020 are presented in the consolidated statement 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

Merger reserve 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 in relation to the Listing.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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26. RESERVES (Continued)

Movement in the Company's reserves

	Share premium S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000
At 1 March 2019	–	–	–	–
Loss for the year	–	–	(944)	(944)
Other comprehensive income for the year	–	366	–	366
Total comprehensive expense for the year	–	366	(944)	(578)
Issue of new shares in connection with initial public offering	22,040	–	–	22,040
Share issuance expenses	(4,301)	–	–	(4,301)
At 29 February 2020 and 1 March 2020	17,739	366	(944)	17,161
Loss for the year	–	–	(3,891)	(3,891)
Other comprehensive expense for the year	–	(725)	–	(725)
Total comprehensive expense for the year	–	(725)	(3,891)	(4,616)
At 28 February 2021	17,739	(359)	(4,835)	(12,545)

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing liabilities

	Year ended 28 February 2021 S$'000	Year ended 29 February 2020 S$'000
Amounts due to related parties		
At the beginning of the year	**2**	–*
Changes from financing cash flows	**14**	2
At the end of the year	**16**	2

* *Less than S$1,000*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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28. OPERATING LEASE ARRANGEMENTS

As lessor

The Group has entered into leases on its investment properties. These non-cancellable leases have remaining lease terms ranging within one year (2020: from one to two years).

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

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Within one year	**91**	115
In the second year	**–**	84
	91	199

29. RELATED PARTY TRANSACTIONS

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

	Notes	**Year ended 28 February 2021 S$'000**	Year ended 29 February 2020 S$'000
Associates:			
Sales of services	(a)	**1**	25
Purchases of services	(b)	**–**	6

(a) Bimfinity International Pte Ltd ("Bimfinity") was an associate of Chian Teck Realty Pte Ltd. Mr. Xu Xuping is a director of Bimfinity.

(b) The purchases of services from Bimfinity and Project Chef Pte Ltd, which is managed by the brother of Mr. Xu Xuping.

Outstanding balances with related parties

As at 28 February 2021, the Group had a net outstanding balance due to directors (non-trade) of S$6 (2020: S$6). Details are disclosed in Note 20 of the consolidated financial statements.

Personal guarantees by directors

As at 28 February 2021 and 29 February 2020, one of the Group's subsidiaries had performance bonds issued by insurance companies that were secured by a corporate guarantee provided by a subsidiary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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29. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel of the Group

	Year ended 28 February 2021 S$'000	Year ended 29 February 2020 S$'000
Salaries	**382**	348
Central Provident Fund contributions	**54**	45
	436	393

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

30. FINANCIAL INSTRUMENTS BY CATEGORY

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

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Financial assets		
Financial assets at amortised cost		
Trade receivables	**5,427**	5,564
Other receivables and deposits	**1,623**	1,069
Amounts due from related parties	**145**	147
Cash and cash equivalents	**25,900**	30,088
	33,095	36,868
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	**8,049**	4,731
Other payables and accruals	**2,026**	1,680
Amounts due to related parties	**16**	2
	10,091	6,413

31. 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 28 February 2021		As at 29 February 2020	
	Carrying amounts S$'000	**Fair values S$'000**	Carrying amounts S$'000	Fair values S$'000
Non-financial assets				
Investment properties	**4,632**	**4,680**	4,646	4,680

Management has assessed that the fair values of trade receivables, other receivables and deposits, amounts due from/(to) related parties, cash and cash equivalents, trade payables and other payables and accruals approximate to their carrying amounts.

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 28 February 2021				
Investment properties	–	–	4,680	4,680
As at 29 February 2020				
Investment properties	–	–	4,680	4,680

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

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32. 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 amounts 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. 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 has concentration of credit risk as 70.6% (2020: 72.5%) of total trade receivable and contract assets were due from the Group's largest customer. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL is considered to be insignificant and therefore no loss allowance was recognised.

Other receivables, deposits and amounts due from related parties

For other receivables, deposits and amounts due from related parties, the management makes periodic individual assessment on the recoverability of other receivables, deposits and amounts due from related parties based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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 28 February 2021		
Trade payables	8,049	8,049
Other payables and accruals	1,869	1,869
Amounts due to related parties	16	16
	9,934	9,934
As at 29 February 2020		
Trade payables	4,731	4,731
Other payables and accruals	1,680	1,680
Amounts due to related parties	2	2
	6,413	6,413

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 28 February 2021 and 29 February 2020.

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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

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 amounts due to related parties, less cash and cash equivalents. Capital represents the equity attributable to owners of the Company. The gearing ratios as at the end of the years were as follows:

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
Trade payables	8,049	4,731
Other payables and accruals	2,612	2,382
Amounts due to related parties	16	2
Less: Cash and cash equivalents	(25,900)	(30,088)
Net debt	(15,223)	(22,973)
Equity attributable to owners of the Company	43,126	47,161
Capital and net debt	27,903	24,188
Gearing ratio	N/A	N/A

33. RETIREMENT BENEFITS PLANS

The Group operates a Central Provident Fund Scheme (the "CPF Scheme") under the Central Provident Fund Act (Chapter 36 of the Laws of Singapore) for employees employed under the jurisdiction of the Employment Act (Chapter 91 of the Laws of Singapore). The CPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the CPF Scheme, the employer and its employees are each required to make contributions to the CPF Scheme at generally 17% and 20% of the employees' relevant income, subject to a cap of monthly relevant income of generally S$6,000. There are different CPF rates applied to the senior workers aged 55 and above. Contributions to the CPF Scheme vest immediately. During the years ended 2021 and 2020, the Group had no forfeited contributions under the CPF and the retirement benefits scheme utilised to reduce the existing levels of contributions. As at 28 February 2021 and 29 February 2020, there was no forfeited contribution under the CPF and Retirement Benefit Scheme which may be used by the Group to reduce the contribution payable in the future years.

34. 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 (the "Share Option Scheme") are set out below:

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").

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.

Total Number of Shares

Available for issue a maximum of being 10% of the total number of shares in issue 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.

34. SHARE OPTION SCHEME (Continued)

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.

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.

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.

Since the adoption of the Share Option Scheme, no option has been granted under the Share Option Scheme.

35. EVENTS AFTER THE REPORTING PERIOD

a) In view of the continuity of the outbreak of COVID-19 in Africa and worldwide, the management of the Group had been unable to travel to Cameroon, Africa and as at 28 February 2021 and subsequently, the Group had not yet carried out the business development activities for carrying out the operation of sale of foam cement products in Cameroon, Africa. Subsequent to 28 February 2021, the directors of the Company have determined that the Group was unable to commence this new business and decided to cease the business development and operation of sale of foam cement products in Cameroon, Africa. Simultaneously, the Group had negotiated with the Licensor to seek for a refund of the acquisition cost of the license rights and the deposits paid for minimum purchase amount. During the year ended 28 February 2022, the Licensor agreed to refund sums of approximately S$1,740,000 (equivalent to HK$10,050,000) for the acquisition cost and the deposits paid, respectively. Up to the date of this report, the foresaid refundable amounts were settled to the Group.

b) Subsequent to 28 February 2021, Pinnacle Shine Limited, a direct wholly-owned subsidiary of the Company, as vendor entered into a sale and purchase agreement with the director of Promontory as purchaser to dispose of the 100% equity interest in Promontory Company Limited ("Promontory"), at a total consideration of approximately HK$1,000. The completion of disposal took place on 28 February 2022.

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36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 28 February 2021 S$'000	As at 29 February 2020 S$'000
NON-CURRENT ASSET			
Investment in a subsidiary		–*	–*
Total non-current asset		–*	–*
CURRENT ASSETS			
Other receivables and deposits		–	403
Prepayments		366	90
Amounts due from related parties		145	147
Amounts due from subsidiaries		12,148	–
Cash and cash equivalents		487	18,781
Total current assets		13,146	19,421
Total assets		13,146	19,421
CURRENT LIABILITIES			
Other payables and accruals		411	405
Amount due to a subsidiary		–	1,665
Amounts due to related parties		–	–*
Total liabilities		411	2,070
Net current assets		12,735	17,351
Net assets		12,735	17,351
EQUITY			
Share capital	25	190	190
Reserves	26	12,545	17,161
Total equity		12,735	17,351
Total equity and liabilities		13,146	19,421

* *Less than S$1,000*

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 2 March 2022.

SUMMARY OF FINANCIAL INFORMATION

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

COMBINED STATEMENT OF COMPREHENSIVE INCOME

	28 February 2021 S$'000	29 February 2020 S$'000	28 February 2019 S$'000	28 February 2018 S$'000	28 February 2017 S$'000
Revenue	35,806	65,599	64,353	54,481	26,453
Construction costs	(30,215)	(46,071)	(47,728)	(42,803)	(18,095)
Gross profit	5,591	19,528	16,625	11,678	8,358
Other income and gain, net	4,531	1,392	1,596	1,041	1,027
Administrative expenses	(11,740)	(11,253)	(9,752)	(6,200)	(4,958)
Impairment loss on intangible asset	(1,472)	–	–	–	–
(Loss allowance provision)/ reversal of loss allowance provision on financial assets and contract assets, net	(198)	(225)	25	(26)	(28)
(Loss)/profit before tax	(3,288)	9,442	8,494	6,493	4,399
Income tax expense	(116)	(2,057)	(1,983)	(1,060)	(596)
(Loss)/profit and total comprehensive (expense)/income for the year	(3,404)	7,385	6,511	5,433	3,803

ASSETS AND LIABILITIES

	As at 28 February 2021 S$'000	As at 29 February 2020 S$'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	13,495	14,663	14,746	12,547	9,512
Current assets	41,097	44,432	18,564	25,396	14,673
Current liabilities	11,435	11,873	11,678	22,806	11,543
Net current assets	29,662	32,559	6,886	2,590	3,130