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SHIS Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1647)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board (the “**Board**”) of directors (the “**Directors**”) of SHIS Limited (the “**Company**”) is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2018 (the “**Review Year**”), together with the comparative figures for the corresponding year ended 31 March 2017. These information should be read in conjunction with the prospectus of the Company dated 20 March 2017 (the “**Prospectus**”).

The shares of the Company (the “**Shares**”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 30 March 2017 (the “**Listing Date**”) (collectively referred to as the “**Listing**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	<i>Notes</i>	2018	2017
		<i>S\$</i>	<i>S\$</i>
Revenue	4	56,813,257	46,822,435
Costs of services		(39,918,514)	(28,830,613)
Gross profit		16,894,743	17,991,822
Other income	5a	374,035	367,539
Other gains and losses	5b	(1,711,363)	(5,806)
Other expenses	5c	–	(2,860,452)
Selling expenses		(120,635)	(121,597)
Administrative expenses		(10,790,018)	(9,408,928)
Finance costs	6	(92,930)	(77,196)
Profit before taxation		4,553,832	5,885,382
Income tax expense	7	(1,091,075)	(1,196,812)
Profit and other comprehensive income for the year	8	3,462,757	4,688,570
Basic and diluted earnings per Share (S\$ cents)	10	0.33	0.57

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 S\$	2017 S\$
ASSETS AND LIABILITIES			
Non-current asset			
Property, plant and equipment	11	<u>8,744,710</u>	<u>9,302,653</u>
Current assets			
Inventories	12	208,410	247,602
Trade receivables	13	9,741,492	8,598,213
Other receivables, deposits and prepayments	14	671,873	400,614
Amounts due from customers for construction work	15	–	130,749
Amounts due from related companies	16a	32,025	11,263
Pledged bank deposits	17	1,969,553	1,886,863
Bank balances and cash	17	<u>39,412,934</u>	<u>43,418,665</u>
		<u>52,036,287</u>	<u>54,693,969</u>
Current liabilities			
Trade and other payables	18	7,675,279	9,454,338
Amounts due to customers for construction work	15	433,420	–
Amounts due to controlling shareholders	16b	–	8,929,635
Borrowings	19	3,098,336	238,332
Income tax payable		<u>946,059</u>	<u>1,586,804</u>
		<u>12,153,094</u>	<u>20,209,109</u>
Net current assets		<u>39,883,193</u>	<u>34,484,860</u>
Total assets less current liabilities		<u>48,627,903</u>	<u>43,787,513</u>

	<i>Notes</i>	2018 S\$	2017 <i>S\$</i>
Non-current liabilities			
Borrowings	<i>19</i>	–	3,098,336
Deferred tax liabilities		143,200	245,055
		<u>143,200</u>	<u>3,343,391</u>
Net assets		<u>48,484,703</u>	<u>40,444,122</u>
EQUITY			
Capital and reserves			
Share capital	<i>20</i>	1,865,922	1,798,496
Reserves		46,618,781	38,645,626
		<u>48,484,703</u>	<u>40,444,122</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital S\$	Share premium S\$ (Note A)	Merger reserve S\$ (Note B)	Accumulated profits S\$	Total S\$
At 31 March 2016	2,100,000	–	–	14,497,808	16,597,808
Total comprehensive income for the year	–	–	–	4,688,570	4,688,570
Transactions with owners, recognised directly in equity:					
Elimination of share capital pursuant to the reorganisation	(2,100,000)	–	–	–	(2,100,000)
Issue of Shares pursuant to the reorganisation	2	2	2,099,996	–	2,100,000
Issue of Shares under the capitalisation issue	1,483,758	(1,483,758)	–	–	–
Issue of Shares under the share offer	314,736	21,716,845	–	–	22,031,581
Share issue expenses	–	(1,373,837)	–	–	(1,373,837)
Dividends	–	–	–	(1,500,000)	(1,500,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	1,798,496	18,859,252	2,099,996	17,686,378	40,444,122
Total comprehensive income for the year	–	–	–	3,462,757	3,462,757
Transactions with owners, recognised directly in equity:					
Issue of Shares under the over-allotment option	67,426	4,652,355	–	–	4,719,781
Share issue expenses	–	(141,957)	–	–	(141,957)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	<u>1,865,922</u>	<u>23,369,650</u>	<u>2,099,996</u>	<u>21,149,135</u>	<u>48,484,703</u>

Note:

- (A) Share premium represents the excess of share issue over the par value.
- (B) Merger reserve represents the difference between the cost of the acquisition for the reorganisation and the value of share capital of the entities acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 18 May 2016. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196.

The Company is an investment holding company and the principal activities of its operating subsidiaries are providing integrated building services, with a focus on maintenance and/or installations of mechanical and electrical systems and including minor repairs and improvement works, and undertaking building and construction works in Singapore.

The Company was listed on the Main Board of the Stock Exchange on 30 March 2017.

The functional currency of the Group is Singapore dollars (“S\$”), which is also the presentation currency of the Group.

2. BASIS OF PREPARATION AND GROUP REORGANISATION

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) 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 (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

In connection with the listing of the Shares of the Company on the Main Board of Stock Exchange, the Company underwent a reorganisation as set out in the section headed “History, Reorganisation and Corporate Structure” to the Prospectus of the Company dated 20 March 2017 and the Company has become the holding company of its subsidiaries now comprising the Group.

The Group resulting from the reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group as if the Group structure upon the completion of the reorganisation had been in existence throughout the period, or since their respective dates of incorporation or establishment where this is a shorter period.

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 April 2017, the Group had adopted all the new and revised IFRS, amendments and interpretations that are effective from that date and are relevant to its operations. The adoption of these new/revised IFRS, amendments and interpretations does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for current or prior period.

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle ¹
IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers ¹
IFRIC 22	Foreign Currency Transactions and Advance Consideration ¹
IFRS 16	Leases ²

¹ Effective for annual periods beginning on or after 1 January 2018, with early application permitted.

² Effective for annual periods beginning on or after 1 January 2019, with early application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

Except for the possibility that the application of IFRS 9, IFRS 15 and IFRS 16 in the future may result in more disclosures in the consolidated financial statements of the Group, the management of the Group considers that the application of the other new and revised standards and amendments is unlikely to have a material impact on the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from (i) providing integrated building services, with a focus on maintenance and installations of mechanical and electrical (M&E) systems and including minor repairs and improvement works (“**Integrated Building Services**”) and, (ii) undertaking building and construction works (“**Building Construction Works**”) by the Group to external customers. The Group’s operations is solely derived from provision of Integrated Building Services and Building Construction Works in Singapore.

Information is reported to the Executive Directors, being the chief operating decision maker (“CODM”) of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of services, i.e. “Integrated Building Services” and “Building Construction Works” for the Review Year. Entity-wide disclosures on services, major customers and geographical information are presented in accordance with *IFRS 8 Operating Segments*.

An analysis of the Group’s revenue is as follows:

	2018 S\$	2017 S\$
<i>Revenue from:</i>		
Integrated Building Services	46,373,650	43,730,199
Building Construction Works	<u>10,439,607</u>	<u>3,092,236</u>
	<u><u>56,813,257</u></u>	<u><u>46,822,435</u></u>

Information about the major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2018 S\$	2017 S\$
Customer I	22,002,927	21,909,721
Customer II	8,026,722	5,367,612
Customer III	7,271,835	N/A*

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

Geographical information

The Group principally operates in Singapore. All revenue are derived from Singapore based on the location of services delivered and the Group's property, plant and equipment are all located in Singapore.

5. a. OTHER INCOME

	2018 S\$	2017 S\$
Interest income	121,508	21,423
Government grants	208,156	307,618
Others	44,371	38,498
	<u>374,035</u>	<u>367,539</u>

b. OTHER GAINS AND LOSSES

	2018 S\$	2017 S\$
(Loss)/gain arising on disposal of property, plant and equipment	(6,167)	5,710
Written off property, plant and equipment	(4,301)	(11,516)
Foreign exchange loss, net (<i>Note</i>)	(1,700,895)	–
	<u>(1,711,363)</u>	<u>(5,806)</u>

Note: The net foreign exchange loss is mainly arising from the translation of the listing proceeds, which were retained in Hong Kong dollars, to Singapore dollars.

c. OTHER EXPENSES

	2018	2017
	S\$	S\$
Listing expenses	–	2,860,452

6. FINANCE COSTS

	2018	2017
	S\$	S\$
Interests on:		
Bank borrowings	92,930	68,622
Obligations under finance leases	–	8,574
	92,930	77,196

7. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (31 March 2017: 17%) on the estimated assessable profits arising in or derived from Singapore.

	2018	2017
	S\$	S\$
Tax expense comprises:		
Current income tax		
– Singapore corporate income tax	1,192,930	1,061,589
Deferred tax	(101,855)	135,223
	1,091,075	1,196,812

8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2018	2017
	S\$	S\$
Depreciation of property, plant and equipment	1,042,290	860,748
Audit fees paid to auditors of the Company:		
– Annual audit fees	128,000	78,000
– Audit fees in connection with the listing of the Company (Note)	–	118,934
Non-audit fees paid to auditors of the Company (Note)	–	150,000
Listing expenses (Note)	–	2,860,452
Staff costs (including directors' remuneration)		
– Salaries and other benefits	9,488,817	9,327,304
– Contributions to CPF	347,128	399,483
	<u>9,835,945</u>	<u>9,726,787</u>
Total staff costs		
	<u>9,835,945</u>	<u>9,726,787</u>
Cost of materials	9,361,817	8,365,236
Subcontractor costs	25,718,131	16,183,527
	<u>25,718,131</u>	<u>16,183,527</u>

Note:

Included in listing expenses for the year ended 31 March 2017, are audit and non-audit fees of S\$118,934 and S\$150,000 paid to auditors of the Company respectively, and non-audit fees of S\$163,918 paid to other auditors of the Group.

Included in share issue expenses for the year ended 31 March 2017, are audit fees of S\$33,751 paid to the auditors of the Company, and non-audit fees of S\$46,438 paid to other auditors of the Group.

Included in amount due to Controlling Shareholders as at 31 March 2017, are audit and non-audit fees of S\$11,915 paid to the auditors of the Company, and non-audit fees of S\$16,394 paid to other auditors of the Group.

9. DIVIDENDS

The Directors do not recommend the payment of final dividend for the year ended 31 March 2018. No dividend has been declared or paid by the Company since its date of incorporation.

During the year ended 31 March 2017, SH Integrated Services Pte. Ltd. and DRC Engineering Pte. Ltd. declared and paid dividends of S\$400,000 and S\$1,100,000 respectively to their then respective shareholders before Reorganisation (as defined in the Prospectus).

The rates of dividend and the number of Shares ranking for dividends are not presented as such information are not meaningful having regard to the purpose of these consolidated financial statements.

10. EARNINGS PER SHARE

	Year ended 31 March	
	2018	2017
Profit attributable to the owners of the Company (S\$)	3,462,757	4,688,570
Weighted average number of ordinary Shares in issue	1,035,547,945	825,958,904
Basic and diluted earnings per Share (S\$ cents)	0.33	0.57

The calculation of basic earnings per Share is based on the profit for the year attributable to owners of the Company and the weighted average number of Shares in issue.

Diluted earnings per Share is the same as the basic earnings per Share because the Group has no dilutive securities that are convertible into Shares during the years ended 31 March 2018 and 2017.

11. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery S\$	Leasehold property S\$	Computer and office equipment S\$	Motor vehicles S\$	Furniture and fittings S\$	Leasehold improvements S\$	Total S\$
Cost:							
At 1 April 2016	307,300	7,150,000	322,414	2,250,045	50,947	213,343	10,294,049
Additions	166,700	–	423,036	621,691	11,560	105,068	1,328,055
Disposals/write-offs	–	–	(37,912)	(113,322)	(22,241)	–	(173,475)
At 31 March 2017	474,000	7,150,000	707,538	2,758,414	40,266	318,411	11,448,629
Additions	2,500	–	39,037	533,250	–	7,204	581,991
Disposals/write-offs	–	–	(24,824)	(307,788)	–	–	(332,612)
At 31 March 2018	476,500	7,150,000	721,751	2,983,876	40,266	325,615	11,698,008
Accumulated depreciation:							
At 1 April 2016	49,033	554,270	147,702	558,516	29,680	107,986	1,447,187
Charge for the year	74,508	166,279	69,665	498,937	3,438	47,921	860,748
Elimination on disposals/write-offs	–	–	(33,989)	(106,373)	(21,597)	–	(161,959)
At 31 March 2017	123,541	720,549	183,378	951,080	11,521	155,907	2,145,976
Charge for the year	95,300	166,279	132,452	579,349	4,027	64,883	1,042,290
Elimination on disposals/write-offs	–	–	(20,523)	(214,445)	–	–	(234,968)
At 31 March 2018	218,841	886,828	295,307	1,315,984	15,548	220,790	2,953,298
Carrying amount:							
At 31 March 2017	<u>350,459</u>	<u>6,429,451</u>	<u>524,160</u>	<u>1,807,334</u>	<u>28,745</u>	<u>162,504</u>	<u>9,302,653</u>
At 31 March 2018	<u>257,659</u>	<u>6,263,172</u>	<u>426,444</u>	<u>1,667,892</u>	<u>24,718</u>	<u>104,825</u>	<u>8,744,710</u>

12. INVENTORIES

	2018 S\$	2017 S\$
Low value consumables	<u>208,410</u>	<u>247,602</u>

13. TRADE RECEIVABLES

	2018 S\$	2017 S\$
Trade receivables	8,219,300	7,434,275
Unbilled revenue	1,470,713	1,133,939
Retention receivable	<u>51,479</u>	<u>29,999</u>
	<u><u>9,741,492</u></u>	<u><u>8,598,213</u></u>

Unbilled revenue represents (i) the accrued revenue from Integrated Building Services for work performed but yet to be billed; and (ii) the remaining balances of construction revenue to be billed for completed Building Construction Works contracts which are entitled for billing.

Retention receivable represents retention monies withheld by customers of Building Construction Works, which are released after the completion of maintenance period of the relevant contracts, and are classified as current as they are expected to be received within the Group's normal operating cycle.

The Group grants credit terms to customers typically between 15 and 60 days from the invoice date for trade receivables. The following is an analysis of trade receivables by age presented based on the invoice date at the end of each reporting period:

	2018 S\$	2017 S\$
Within 90 days	7,417,079	6,297,804
91 days to 180 days	277,790	689,166
181 days to 365 days	434,105	347,433
Over 1 year but not more than 2 years	20,996	40,002
More than 2 years	<u>69,330</u>	<u>59,870</u>
	<u><u>8,219,300</u></u>	<u><u>7,434,275</u></u>

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 S\$	2017 S\$
Deposits	175,219	200,600
Prepayments	468,154	169,693
Advances to staff	28,500	28,500
Income tax refund receivables	–	1,821
	<u>671,873</u>	<u>400,614</u>

15. AMOUNTS DUE FROM CUSTOMERS FOR CONSTRUCTION WORK

	2018 S\$	2017 S\$
Contract costs incurred plus recognised profits less recognised losses	10,000,105	2,289,317
Less: progress billings	<u>(10,433,525)</u>	<u>(2,158,568)</u>
	<u>(433,420)</u>	<u>130,749</u>
Analysed for reporting purposes as:		
Amounts due from customers for construction work	–	130,749
Amounts due to customers for construction work	<u>(433,420)</u>	<u>–</u>
	<u>(433,420)</u>	<u>130,749</u>

16. AMOUNTS DUE FROM (TO) RELATED PARTIES

a. Amounts due from related companies

	2018 S\$	2017 S\$
Trade related	<u>32,025</u>	<u>11,263</u>

Amounts due from related companies are trade related, unsecured, interest-free and with a credit period of 30 days from the invoice date. The following is an aged analysis of trade related amounts due from related companies presented based on the invoice date at the end of the reporting period:

	2018 S\$	2017 S\$
Within 90 days	32,025	10,728
91 days to 180 days	<u>–</u>	<u>535</u>
	<u>32,025</u>	<u>11,263</u>

b. Amounts due to controlling shareholders

The balances as at 31 March 2017 are non-trade related, unsecured, non-interest bearing and without a fixed repayment term. The amounts represent the net proceeds from the sale of 75,000,000 sale Shares by the controlling shareholders of the Company upon Listing, and were fully repaid in April 2017.

17. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2018 S\$	2017 S\$
Pledged bank deposits	1,969,553	1,886,863
Cash and bank balances	<u>39,412,934</u>	<u>43,418,665</u>

Pledged bank deposits represent deposits placed to banks for corresponding amounts of performance guarantees granted to the Group in favour of customers. The balances carry interest of 0.25% per annum at 31 March 2018 and 2017.

In the Group's cash and bank balances, other than time deposits amounting to S\$15,248,951 (2017: S\$2,500,000) which carry interest at range of 1.00% to 1.18% (2017: 1.08%) per annum as at 31 March 2018, and certain balances amounting to S\$8,082,551 (2017: S\$8,751,597) which carry interest at prevailing market rate of 0.1% (2017: 0.1%) per annum at 31 March 2018, the remaining balances do not carry interest.

18. TRADE AND OTHER PAYABLES

	2018 S\$	2017 S\$
Trade payables	5,640,938	6,310,519
Trade accruals	<u>519,870</u>	<u>137,915</u>
	6,160,808	6,448,434
Accrued operating expenses	682,434	636,845
Other payables		
GST payable	730,645	561,509
Payroll payables	–	599,000
Accrued listing expenses	–	946,356
Others	<u>101,392</u>	<u>262,194</u>
	<u>7,675,279</u>	<u>9,454,338</u>

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2018	2017
	S\$	S\$
Within 90 days	4,929,831	5,232,567
91 days to 180 days	371,207	675,433
181 days to 365 days	216,578	76,129
Over 1 year but not more than 2 years	67,903	259,646
Over 2 years	55,419	66,744
	<u>5,640,938</u>	<u>6,310,519</u>

The credit period on purchases from suppliers and subcontractors is between 14 to 90 days or payable upon delivery.

19. BORROWINGS

	2018	2017
	S\$	S\$
Bank loan – secured	<u>3,098,336</u>	<u>3,336,668</u>
Analysed as:		
Amount due within one year shown under current liabilities	3,098,336	238,332
Amounts shown under non-current liabilities	<u>–</u>	<u>3,098,336</u>
	<u>3,098,336</u>	<u>3,336,668</u>

Subsequent to year end, the Group has entered into a revised bank loan agreement for conversion of interest rate and loan tenure where the loan tenure extended from 3 years (which is due for maturity on 22 March 2019) to 5 years (which is due for maturity on 22 March 2021). Accordingly, certain portion of loan will be reclassified as “non-current liability” subsequent to the revised loan agreement in force.

20. SHARE CAPITAL

The Company was successfully listed on the Main Board of the Stock Exchange on 30 March 2017 by way of placing of 125,000,000 ordinary Shares (including 75,000,000 sale Shares and 50,000,000 new Shares) and public offer of 125,000,000 new Shares at the price of HK\$0.70 per Share (“Share Offer”).

	Number of shares	Par value HK\$	Share capital HK\$
Authorised share capital:			
At date of incorporation on 18 May 2016 (Note a)	38,000,000	0.01	380,000
Increase on 5 January 2017 (Note b)	<u>4,962,000,000</u>	<u>0.01</u>	<u>49,620,000</u>
At 31 March 2017 and 2018	<u><u>5,000,000,000</u></u>	<u><u>0.01</u></u>	<u><u>50,000,000</u></u>
		Number of shares	Share capital S\$
Issued and fully paid:			
At date of incorporation on 18 May 2016 (Note a)		1	–
Issue of Shares pursuant to the reorganisation (Note c)		999	2
Issue of Shares under the capitalisation issue (Note d)		824,999,000	1,483,758
Issue of Shares under the Share Offer (Note e)		<u>175,000,000</u>	<u>314,736</u>
At 31 March 2017		1,000,000,000	1,798,496
Issue of Shares under the over-allotment option (Note f)		<u>37,500,000</u>	<u>67,426</u>
At 31 March 2018		<u><u>1,037,500,000</u></u>	<u><u>1,865,922</u></u>

Note:

- a. On 18 May 2016, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of a single class of par value of HK\$0.01 each, of which one Share was allotted and issued in nil paid form to the initial subscriber, an independent third party and the said Share was transferred to Mr. Chua Seng Hai on the same date for nil consideration.
- b. Pursuant to the written resolutions passed on 5 January 2017, the Company increased its authorised share capital from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 Shares.
- c. On 29 December 2016, the following transactions occurred:
 - Mr. Chua Seng Hai transferred the one nil paid Share to Ruiheng Global Investments Limited at nil consideration;

- Mr. Chua Seng Hai transferred the entire issued share capital in SH Integrated Services Pte. Ltd. to JinFeng Ventures Limited, at the consideration of S\$2, which was settled by the Company allotting and issuing 898 new Shares to Ruiheng Global Investments Limited at the direction of Mr. Chua Seng Hai, all credited as fully paid;
 - Mdm. Bek Poi Kiang transferred the entire issued share capital in DRC Engineering Pte. Ltd. to Innovative Plus Investments Limited, at the consideration of S\$1, which was settled by the Company allotting and issuing 99 new Shares to Ruiheng Global Investments Limited at the direction of Mdm. Bek Poi Kiang, all credited as fully paid; and
 - Mr. Chua Seng Hai and Mdm. Bek Poi Kiang transferred the entire issued share capital in CSH Development Pte. Ltd. to Pine Vantage Limited, at the consideration of S\$1, which was settled by the Company allotting and issuing 2 new Shares to Ruiheng Global Investments Limited at the directions of Mr. Chua Seng Hai and Mdm. Bek Poi Kiang, all credited as fully paid.
- d. Pursuant to written resolutions passed on 5 January 2017, conditional on the share premium account of the Company being credited as a result of the Share Offer, the directors of the Company were authorised to capitalise the amount of HK\$8,249,990 (equivalent to approximately S\$1,483,758) from the amount standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par a total of 824,999,000 ordinary Shares for allotment and issue to the controlling shareholders of the Company.
- e. The Company was successfully listed on the Main Board of the Stock Exchange on 30 March 2017 by way of placing of 125,000,000 ordinary Shares (including 75,000,000 sale Shares and 50,000,000 new Shares) and public offer of 125,000,000 new Shares at the price of HK\$0.70 per Share. The Company's share of net proceeds after deducting the underwriting commissions and expenses paid or payable by the Company in relation to the Share Offer amounted to approximately HK\$98.7 million (approximately S\$17.7 million).
- f. On 20 April 2017, China Prospect Securities Limited, the sole lead manager, fully exercised the Over-allotment Option (as defined in the Prospectus) in respect of 37,500,000 additional Shares, representing approximately 15% of the total number of offer Shares initially available under the Share Offer before any exercise of the Over-allotment Option, at the offer price of HK\$0.70 per Share to facilitate the return of the 37,500,000 Shares borrowed by China Prospect Securities Limited, the stabilising manager, from Ruiheng Global Investments Limited under the stock borrowing agreement, which were used to cover the over-allocations in the placing.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group is a contractor in Singapore and mainly (i) provides integrated building services, with a focus on maintenance and/or installations of mechanical and electrical (M&E) systems, and including minor repairs and improvement works; and (ii) undertakes building and construction works in Singapore. The Group has more than ten years of experience in the provision of maintenance services for various building systems in Singapore.

The Group's revenue increased from approximately S\$46.8 million for the year ended 31 March 2017 to approximately S\$56.8 million for the year ended 31 March 2018 while the Group gross profit decreased from approximately S\$18.0 million for the year ended 31 March 2017 to approximately S\$16.9 million for the year ended 31 March 2018. The Group's gross profit margin also decreased from 38.4% for the year ended 31 March 2017 to 29.7% for the year ended 31 March 2018.

Several key public projects in the Singapore construction industry scheduled in 2017 such as part of the planned upgrading works of the Housing and Development Board flats, the development of Jurong Town Council's Logistic Hub, etc. were at the initial startup stage or did not commence during the first half of 2017. In addition, based on the information provided by the Building and Construction Authority of Singapore ("BCA"), the total value of contracts awarded in 2017 was approximately S\$24.5 billion which was lower than that awarded in 2016 of approximately S\$26.4 billion. Based on the above, the Group facing an intense competition in 2017 and therefore, the Group had adopted a more aggressive pricing strategy in order to secure new contracts, which slightly affected its profit margin.

On 11 January 2018, BCA estimated that between S\$16 billion and S\$19 billion worth of public projects in Singapore would be awarded in 2018, more than S\$15.5 billion in 2017. BCA also projected that the total construction demand in 2018 is likely to increase from S\$24.5 billion in 2017 to between S\$26 billion and S\$31 billion. As such, the Directors are of the view that the Group can benefit from the increasing construction demand.

Financial Review

Revenue

The Group's revenue increased from approximately S\$46.8 million for the year ended 31 March 2017 to approximately S\$56.8 million for the year ended 31 March 2018, representing an increase of approximately S\$10.0 million or 21.3%. Such increase was mainly due to higher contribution by approximately S\$7.3 million from the building construction works, which was approximately S\$10.4 million for the year ended 31 March 2018 (31 March 2017: approximately S\$3.1 million). The increase in revenue from the building construction works was mainly due to increase in works performed for a building and construction project, amounting to approximately S\$7.0 million for the year ended 31 March 2018 (31 March 2017: approximately S\$1.4 million). The aforesaid project is expected to complete in the first half of year ending 31 March 2019.

Revenue attributable to the integrated building services saw an increase of approximately S\$2.6 million or 6.0% during the year ended 31 March 2018, from approximately S\$43.7 million to approximately S\$46.3 million, mainly due to increase in the amount of the integrated building services works performed by the Group during the year ended 31 March 2018 as compared to 2017.

Costs of Services

The Group's cost of services increased from approximately S\$28.8 million for the year ended 31 March 2017 to approximately S\$39.9 million for the year ended 31 March 2018, representing an increase of approximately S\$11.1 million or 38.5%, which was higher than the increase in the Group's revenue of approximately 21.3%. This has resulted in the Group's lower gross profit margin. Such decrease was mainly attributable to the increase in the use of subcontractor along with the increase in revenue derived from building and construction works during the year ended 31 March 2018. The subcontractor costs was approximately S\$25.7 million for the year ended 31 March 2018 (31 March 2017: approximately S\$16.2 million), representing an increase of approximately 58.9%. In the building and construction projects, the Group typically subcontract out the majority of the site works to subcontractors, and the Group's role is mainly to focus on project management and to ensure that the works are performed by its subcontractors properly and on a timely basis in accordance with the contract specifications and customers' requirements.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately S\$1.1 million or 6.1%, from approximately S\$18.0 million for the year ended 31 March 2017 to approximately S\$16.9 million for the year ended 31 March 2018. Such decrease was mainly due to the increase in the costs of services discussed above and the decrease in the gross profit margin.

The Group's gross profit margin decreased from 38.4% for the year ended 31 March 2017 to 29.7% for the year ended 31 March 2018. Such decrease was mainly due to the higher than proportionate increase in costs of services for building and construction works discussed above as compared with the increase in revenue. Consequentially, this resulted in a decrease in the Group's gross profit margin for the year. In addition, the Group adopted a more aggressive pricing strategy in order to secure new contracts which also slightly affected its profit margin.

Other Gains and Losses

The Group's other gains and losses significantly changed from losses of approximately S\$6,000 for the year ended 31 March 2017 to losses of approximately S\$1.7 million for the year ended 31 March 2018. Such change was mainly due to the recognition of unrealised foreign exchange loss of approximately S\$1.8 million for the cash and cash equivalents, arising from the net proceeds for the Share Offer, denominated in Hong Kong dollars as Hong Kong dollars has depreciated against Singapore dollars.

Other Expenses

The Group's other expenses for the year ended 31 March 2017 was the recognition of listing expenses.

Administrative Expenses

The Group's administrative expenses increased from approximately S\$9.4 million for the year ended 31 March 2017 to approximately S\$10.8 million for the year ended 31 March 2018. Such increase was mainly due to the higher expenses incurred for legal and professional fees, foreign worker levy and depreciation of plant and equipment. Such increase was mainly due to the additional administrative and compliance cost as a listed company in connection with the Company's listing, the higher monthly foreign worker levy rate with effective 1 July 2017 and the additional plant and equipment purchased during the year to cope with the Group's business growth.

Finance Costs

The Group's finance costs increased from approximately S\$77,000 for the year ended 31 March 2017 to approximately S\$93,000 for the year ended 31 March 2018. Such increase was mainly due to the increase in interest rate of the mortgage loan over time in accordance with the repayment schedule.

Income Tax Expense

The Group's income tax expenses decreased from approximately S\$1.2 million for the year ended 31 March 2017 to approximately S\$1.1 million for the year ended 31 March 2018. Such decrease was primarily due to the decrease in profit before taxation from approximately S\$5.9 million for the year ended 31 March 2017 to approximately S\$4.6 million for the year ended 31 March 2018.

Profit Attributable to Owners of the Company

Despite the increase in the Group's revenue, as a result of the aforementioned and in particular, the lower gross profit margin contributed by building and construction works, the foreign exchange loss and the increase in administrative expenses, the profit and other comprehensive income for the year decreased from approximately S\$4.7 million for the year ended 31 March 2017 to approximately S\$3.5 million for the year ended 31 March 2018.

Liquidity, Financial Position and Capital Structure

The current ratio of the Group as at 31 March 2018 was 4.3 times (31 March 2017: 2.7 times). As at 31 March 2018, the Group had net current assets of approximately S\$39.9 million (31 March 2017: approximately S\$34.5 million). The total interest-bearing loans of the Group as at 31 March 2018 was approximately S\$3.1 million (31 March 2017: approximately S\$3.3 million). As at 31 March 2018, the gearing ratio (calculated based on borrowings divided by equity attributable to owners of the Company) of the Group was 0.1 times (31 March 2017: 0.1 times).

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Pledge of Assets

As at 31 March 2018, the Group had approximately S\$2.0 million (31 March 2017: approximately S\$1.9 million) of pledged bank deposits for corresponding amounts of performance guarantees issued in favour of customers. The Group's owned property which is situated at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196 was pledged for mortgage loan as at 31 March 2018 and 2017.

Exposure to Foreign Exchange Rate Risks

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains some proceeds from the Listing in Hong Kong dollars amounting to approximately S\$22.3 million as at 31 March 2018 (31 March 2017: approximately S\$30.1 million) that are exposed to foreign exchange rate risks. The Group recorded an unrealised foreign exchange loss of approximately S\$1.8 million for the year ended 31 March 2018 (31 March 2017: nil).

Capital Structure

The Shares were listed on the Main Board of the Stock Exchange on 30 March 2017. The share capital of the Company comprises of ordinary Shares only. As at 31 March 2017, the issued share capital of the Company was HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each.

On 20 April 2017, China Prospect Securities Limited, the sole lead manager, fully exercised the Over-allotment Option (as defined in the Prospectus) in respect of 37,500,000 additional Shares. For further details of the exercise of the Over-allotment Option, please refer to the paragraph headed "Exercise of the Over-allotment Option" below. As at the date of this announcement, the issued share capital of the Company was HK\$10,375,000 divided into 1,037,500,000 Shares of HK\$0.01 each.

Save as disclosed, there was no change in the capital structure of the Company since the Listing Date up to the date of this announcement.

As at 31 March 2018, the share capital and equity attributable to owners of the Company amounted to approximately S\$1.9 million and S\$48.5 million respectively (31 March 2017: approximately S\$1.8 million and S\$40.4 million respectively).

Capital Commitments and Contingent Liabilities

As at 31 March 2018 and 2017, the Group had no material capital commitments or contingent liabilities.

Material Acquisition and Disposals of Subsidiaries and Associated Companies

During the year ended 31 March 2018, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.

Significant Investment Held

As at 31 March 2018 and 2017, the Group had no significant investment held.

Future Plans for Material Investment or Capital Assets

As at 31 March 2018, except for the acquisition of the property, plant and equipment disclosed in note 11 in this announcement, the Group does not have any other plans for material investments or capital assets.

Final Dividend

The Directors do not recommend the payment of final dividend for the year ended 31 March 2018.

Exercise of the Over-allotment Option

On 20 April 2017, China Prospect Securities Limited, the sole lead manager, fully exercised the Over-allotment Option (as defined in the Prospectus) in respect of 37,500,000 additional shares, representing approximately 15% of the total number of offer shares initially available under the Share Offer before any exercise of the Over-allotment Option, at the offer price of HK\$0.70 per share to facilitate the return of the 37,500,000 shares borrowed by China Prospect Securities Limited, the stabilising manager, from Ruiheng Global Investments Limited under the stock borrowing agreement, which were used to cover the over-allocations in the placing.

Comparison of Business Objectives with Actual Business Progress and Use of Proceeds

The net proceeds from the Listing (including the proceeds from the exercise of the Over-allotment Option), after deducting listing related expenses, were approximately S\$21.6 million (equivalent to approximately HK\$124.1 million), out of which approximately S\$3.6 million has been utilised as at 31 March 2018.

Business objectives	Net proceeds	Amount utilised as at 31 March 2018	Balance as at 31 March 2018
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Various investments in manpower and plant and equipment for expanding the scale of operation and undertake more integrated services projects in Singapore	12,475	853	11,622
Various investments in manpower and plant and equipment for expanding the in-house capabilities and reducing the use of subcontractors in relation to plumbing and sanitary works, electrical works and air-conditioning works	6,971	656	6,315
Working capital	2,137	2,137	–
	<u>21,583</u>	<u>3,646</u>	<u>17,937</u>

Employees and Remuneration Policy

As at 31 March 2018, the Group employed a total of 328 (31 March 2017: 335) full-time employees (including executive Directors). The Group's employees are remunerated according to their job scope, responsibilities, and performance. Local employees are also entitled to discretionary bonus depending on their respective performances and the profitability of the Group. The Group's foreign workers are typically employed on two-year basis depending on the period of their work permits, and subject to renewal based on their performance, and are remunerated according to their work skills. Other staff benefits include the provision of retirement benefits, medical benefits and sponsorship of training courses.

Events After the Reporting Period

On 27 April 2018 (after trading hours of the Stock Exchange), the Company was informed that, Morgan Hill Holdings Limited (“**Morgan Hill**”) and Trinity Gate Limited (“**Trinity Gate**”) (as purchasers), and Ruiheng Global Investments Limited and Metro Win Investment Holdings Limited (“**Metro Win**”) (as vendors) entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) in relation to the sale and purchase of an aggregate of 750,000,000 Shares, representing approximately 72.29% of the issued share capital of the Company, for the total consideration of HK\$652.5 million (equivalent to HK\$0.87 per Share).

Under the Sale and Purchase Agreement, (i) Morgan Hill has agreed to acquire 623,000,000 Shares, representing approximately 60.05% of the issued share capital of the Company; and (ii) Trinity Gate has agreed to acquire 127,000,000 Shares, representing approximately 12.24% of the issued share capital of the Company. Completion took place on 7 May 2018.

Save as disclosed, no significant events have taken place subsequent to 31 March 2018.

CORPORATE GOVERNANCE/OTHER INFORMATION

Interests of Directors and Chief Executive in Shares, Underlying Shares and Debentures of Our Company and the Associated Corporations

As at 31 March 2018, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) in the Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Long position in the Shares

Name of Director	Capacity/Nature	Number of Shares held/interested	Approximate percentage of shareholding
Mr. Chua Seng Hai	Interest in a controlled corporation	520,000,000 (Notes 1 & 2)	50.12%

Notes:

- (1) These Shares are held by Ruiheng Global Investments Limited (“**Ruiheng Global**”). The issued share capital of Ruiheng Global is legally and beneficially owned as to 90% by Mr. Chua Seng Hai and as to 10% by Mdm. Bek Poi Kiang. Mr. Chua Seng Hai is deemed to be interested in the Shares in which Ruiheng Global is interested in under Part XV of the SFO.
- (2) On 27 April 2018, Morgan Hill and Trinity Gate (as purchasers), and Ruiheng Global and Metro Win (as vendors) entered into the Sale and Purchase Agreement, pursuant to which (i) Morgan Hill has agreed to acquire 623,000,000 Shares, representing approximately 60.05% of the issued share capital of the Company; and (ii) Trinity Gate has agreed to acquire 127,000,000 Shares, representing approximately 12.24% of the issued share capital of the Company, for the total consideration of HK\$652.5 million. Completion took place on 7 May 2018. As at the date of this announcement, Ruiheng Global does not hold any Shares.
- (3) On 7 May 2018, 623,000,000 Shares are held by Morgan Hill, representing approximately 60.05% of the issued share capital of the Company. On 30 May 2018, Mr. Yao Yongjie (“**Mr. Yao**”) has been appointed as the new executive Director. The issued share capital of Morgan Hill is legally and beneficially owned as to 51% by Great Scenery Ventures Limited, which, in turn, is wholly-owned by Mr. Yao. Mr. Yao is deemed to be interested in the Shares in which Morgan Hill is interested in under Part XV of the SFO.

- (4) On 7 May 2018, 127,000,000 Shares are held by Trinity Gate, representing approximately 12.24% of the issued share capital of the Company. On 30 May 2018, Mr. Teng Rongsong (“**Mr. Teng**”) has been appointed as the new non-executive Director. The entire issued share capital of Trinity Gate is legally and beneficially owned by Timeness Vision Limited, which, in turn, is wholly-owned by Mr. Teng. Mr. Teng is deemed to be interested in the Shares in which Trinity Gate is interested in under Part XV of the SFO.

Interests of Substantial and Other Shareholders in the Shares and Underlying Shares

As at 31 March 2018, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long position in the Shares

Name	Capacity/Nature	Number of Shares held/ interested	Approximate percentage of interest
Ruiheng Global Investments Limited (“ Ruiheng Global ”)	Beneficial owner	520,000,000 (Notes 1 & 4)	50.12%
Mdm. Bek Poi Kiang (“ Mrs. Chua ”)	Interest of spouse	520,000,000 (Notes 1,2 & 4)	50.12%
Metro Win Investment Holdings Limited (“ Metro Win ”)	Beneficial owner	230,000,000 (Notes 3 & 4)	22.17%
Ms. Cheung Tsui Ling (“ Ms. Cheung ”)	Interest in a controlled corporation	230,000,000 (Notes 3 & 4)	22.17%

Notes:

1. The issued share capital of Ruiheng Global is legally and beneficially owned as to 90% by Mr. Chua Seng Hai (“**Mr. Chua**”) and as to 10% by Mrs. Chua. Mr. Chua is deemed to be interested in the Shares in which Ruiheng Global is interested in under Part XV of the SFO.
2. Mrs. Chua is the spouse of Mr. Chua. Mrs. Chua is deemed to be interested in the Shares in which Mr. Chua is interested in under Part XV of the SFO.
3. The entire issued share capital of Metro Win is legally and beneficially owned by Ms. Cheung. Ms. Cheung is deemed to be interested in the Shares in which Metro Win is interested in under Part XV of the SFO.

4. On 27 April 2018, Morgan Hill and Trinity Gate (as purchasers), and Ruiheng Global and Metro Win (as vendors) entered into the Sale and Purchase Agreement, pursuant to which (i) Morgan Hill has agreed to acquire 623,000,000 Shares, representing approximately 60.05% of the issued share capital of the Company; and (ii) Trinity Gate has agreed to acquire 127,000,000 Shares, representing approximately 12.24% of the issued share capital of the Company, for the total consideration of HK\$652.5 million. Completion took place on 7 May 2018. As at the date of this announcement, Ruiheng Global and Metro Win do not hold any Shares.

Save as disclosed above, as at 31 March 2018, no other persons had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Share Option Scheme

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 5 January 2017. The principal terms of the Share Option Scheme is summarised in Appendix V to the Prospectus. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 5 January 2017, and there is no outstanding share option as at 31 March 2018.

Competing Interests

Specific enquiries have been made to all Directors and the controlling Shareholders of the Company, and all of them have confirmed that neither themselves nor their respective close associates (as defined in the Listing Rules) had held any position or had any interests in any businesses or companies that were or might be competing with the business of the Group, or might give rise to any concerns regarding conflict of interests during the Review Year.

All the independent non-executive Directors are delegated with the authority to review, on an annual basis, the compliance with the non-competition undertakings (the “**Non-Competition Undertakings**”) given under the deeds of non-competition dated 13 March 2017 entered into by each of the Company’s controlling shareholders (being Ruiheng Global Investments Limited, Mr. Chua Seng Hai and Mdm. Bek Poi Kiang) (as covenantors) in favour of the Company (for itself and for and on behalf of its subsidiaries). The independent non-executive Directors have made specific enquiries to each of Ruiheng Global Investments Limited, Mr. Chua Seng Hai and Mdm. Bek Poi Kiang regarding his/her/its compliance with the Non-Competition Undertakings. Each of Ruiheng Global Investments Limited, Mr. Chua Seng Hai and Mdm. Bek Poi Kiang has confirmed that (a) he/she/it had provided all information necessary for the enforcement of the Non-Competition Undertakings as requested by all independent non-executive Directors from time to time; and (b) he/she/it had fully complied with the Non-Competition Undertakings since the Listing Date up to the date of this announcement. All independent non-executive Directors have confirmed that they are not aware of any non-compliance with the Non-Competition Undertakings during the same period.

Change of compliance adviser

Dakin Capital Limited (“**Dakin**”) has resigned as the compliance adviser of the Company with effect from 1 February 2018 due to the change in personnel of Dakin. Grande Capital Limited (“**Grande**”) has been appointed as the new compliance adviser to the Company pursuant to the Listing Rules with effect from 1 February 2018. For further details, please refer to the announcement of the Company dated 29 January 2018.

Compliance adviser’s interests

As at 31 January 2018, as notified by the Company’s compliance adviser, Dakin, except for the compliance adviser agreement entered into between the Company and Dakin dated 14 July 2016, neither Dakin nor its directors, employees or close associates had any interest in the securities of the Company which is required to be notified to the Group pursuant to the Listing Rules. As at the date of this announcement, as notified by the Company’s current compliance adviser, Grande, except for the compliance adviser agreement entered into between the Company and Grande dated 29 January 2018, neither Grande nor its directors, employees or close associates had any interests in the securities of the Company which is required to be notified to the Group pursuant to the Listing Rules.

Compliance with the Corporate Governance Code

The Group is committed to maintaining good corporate governance to safeguard the interest of shareholders and to achieve effective accountability. The Company has adopted the corporate governance code (the “**CG code**”) contained in Appendix 14 of the Listing Rules. To the best of the knowledge of the Board, the Company has complied with the CG code during the Review Year.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the required Model Code’s standard for the year ended 31 March 2018.

Purchase, Sales or Redemption of the Company’s Securities

For the year ended 31 March 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities.

Directors’ Interests in Contracts of Significance

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Review Year.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the Review Year.

Audit Committee

The Company established an Audit Committee on 5 January 2017 with written terms of reference in compliance with the CG code. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the Group's financial report system, risk management and internal control procedures, provide advice and comments to the Board, and monitor the independence and objective of the external auditor.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Ms. Ng Peck Hoon, Mr. Toh Soo Bock, Bob and Mr. Sim Choon Hong. Ms. Ng Peck Hoon is the Chairlady of the Audit Committee. The Audit Committee has reviewed the consolidated financial statements for the Review Year. The Audit Committee was of the opinion that the preparation of such results complied with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

Publication of Annual Results Announcement and Annual Report

The annual results announcement of the Company is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.shilimited.com). The annual report of the Company for the Review Year containing all the relevant information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
SHIS Limited
Chua Seng Hai
Chairman and Executive Director

Hong Kong, 29 June 2018

As at the date of this announcement, the Board comprises Mr. Yao Yongjie, Mr. Chua Seng Hai and Mr. Lim Kai Hwee as executive Directors; Mr. Teng Rongsong as a non-executive Director; and Ms. Ng Peck Hoon, Mr. Toh Soo Bock, Bob and Mr. Sim Choon Hong as independent non-executive Directors.