

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

SHIS Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1647)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board (the “**Board**”) of directors (the “**Directors**”) of SHIS Limited (the “**Company**”) is pleased to present the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2017 (the “**Review Period**”), together with the comparative figures for the corresponding six months ended 30 September 2016. 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 six months ended 30 September 2017

		Six months ended	
		30 September	
	<i>Notes</i>	2017	2016
		<i>S\$</i>	<i>S\$</i>
		(Unaudited)	(Audited)
Revenue	4	25,212,890	18,822,449
Costs of services		(17,936,568)	(11,497,306)
Gross profit		7,276,322	7,325,143
Other income	5a	135,832	174,800
Other gains and losses	5b	(826,151)	1,144
Other expenses	5c	–	(1,492,484)
Selling expenses		(64,936)	(72,806)
Administrative expenses		(4,195,414)	(2,993,410)
Finance costs	6	(46,522)	(36,873)
Profit before taxation		2,279,131	2,905,514
Income tax expense	7	(427,498)	(639,424)
Profit and other comprehensive income for the period	8	1,851,633	2,266,090
Basic and diluted earnings per Share (S\$ cents)	10	0.18	0.27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

		30 September 2017	31 March 2017
	<i>Notes</i>	S\$ (Unaudited)	S\$ (Audited)
ASSETS AND LIABILITIES			
Non-current asset			
Property, plant and equipment	<i>11</i>	9,228,206	9,302,653
Current assets			
Inventories	<i>12</i>	235,958	247,602
Trade receivables	<i>13</i>	9,112,336	8,598,213
Other receivables, deposits and prepayments	<i>14</i>	1,028,230	400,614
Amounts due from customers for construction work	<i>15</i>	214,279	130,749
Amounts due from related companies	<i>16a</i>	91,700	11,263
Pledged bank deposits	<i>17</i>	1,967,750	1,886,863
Bank balances and cash	<i>17</i>	36,062,625	43,418,665
		48,712,878	54,693,969
Current liabilities			
Trade and other payables	<i>18</i>	6,182,812	9,454,338
Amounts due to controlling shareholders	<i>16b</i>	–	8,929,635
Borrowings	<i>19</i>	238,332	238,332
Income tax payable		1,422,136	1,586,804
		7,843,280	20,209,109
Net current assets		40,869,598	34,484,860
Total assets less current liabilities		50,097,804	43,787,513

		30 September 2017	31 March 2017
	<i>Notes</i>	S\$ (Unaudited)	S\$ (Audited)
Non-current liabilities			
Borrowings	<i>19</i>	2,979,170	3,098,336
Deferred tax liabilities		245,055	245,055
		<u>3,224,225</u>	<u>3,343,391</u>
Net assets		<u>46,873,579</u>	<u>40,444,122</u>
EQUITY			
Capital and reserves			
Share capital	<i>20</i>	1,865,922	1,798,496
Reserves		45,007,657	38,645,626
		<u>46,873,579</u>	<u>40,444,122</u>
Equity attributable to owners of the Company		<u>46,873,579</u>	<u>40,444,122</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Share capital S\$	Share premium S\$ (Note A)	Merger reserve S\$ (Note B)	Accumulated profits S\$	Total S\$
At 1 April 2016	2,100,000	–	–	14,497,808	16,597,808
Total comprehensive income for the period	–	–	–	2,266,090	2,266,090
Transactions with owners, recognised directly in equity:					
Dividends	–	–	–	(1,500,000)	(1,500,000)
At 30 September 2016 (audited)	<u>2,100,000</u>	<u>–</u>	<u>–</u>	<u>15,263,898</u>	<u>17,363,898</u>
At 1 April 2017	1,798,496	18,859,252	2,099,996	17,686,378	40,444,122
Total comprehensive income for the period	–	–	–	1,851,633	1,851,633
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)
At 30 September 2017 (unaudited)	<u>1,865,922</u>	<u>23,369,650</u>	<u>2,099,996</u>	<u>19,538,011</u>	<u>46,873,579</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.

The unaudited consolidated financial statements for the six months ended 30 September 2017 were approved by the Board of the Company on 27 November 2017.

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 (the “Prospectus”) which was completed on 29 December 2016, the Company became 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 ²
IFRS 15	Revenue from Contracts with Customers ²
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers ²
IFRIC 22	Foreign Currency Transactions and Advance Consideration ²
IFRIC 23	Uncertainty over Income Tax Treatments ³
IFRS 16	Leases ³

¹ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate, with early application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with early application permitted.

³ Effective for annual periods beginning on or after 1 January 2019, with early application permitted.

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 Period. 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:

	Six months ended 30 September	
	2017	2016
	S\$	S\$
	(Unaudited)	(Audited)
<i>Revenue from:</i>		
Integrated Building Services	20,209,487	18,432,719
Building Construction Works	5,003,403	389,730
	<u>25,212,890</u>	<u>18,822,449</u>

Information about the major customers

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

	Six months ended 30 September	
	2017	2016
	S\$	S\$
	(Unaudited)	(Audited)
Customer I	7,471,980	8,137,244
Customer II	3,645,934	N/A*
Customer III	2,668,093	1,945,062

* 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

	Six months ended 30 September	
	2017	2016
	S\$	S\$
	(Unaudited)	(Audited)
Interest income	33,867	5,592
Government grants	89,729	150,896
Others	12,236	18,312
	<u>135,832</u>	<u>174,800</u>

b. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2017	2016
	S\$	S\$
	(Unaudited)	(Audited)
(Loss)/gain arising on disposal of property, plant and equipment	(14,416)	5,710
Written off property, plant and equipment	(4,301)	(4,566)
Foreign exchange loss, net (<i>Note</i>)	(807,434)	–
	<u>(826,151)</u>	<u>1,144</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

	Six months ended 30 September	
	2017	2016
	S\$	S\$
	(Unaudited)	(Audited)
Listing expenses	–	1,492,484

6. FINANCE COSTS

	Six months ended 30 September	
	2017	2016
	S\$	S\$
	(Unaudited)	(Audited)
Interests on:		
Bank borrowings	46,522	34,901
Obligations under finance leases	–	1,972
	<u>46,522</u>	<u>36,873</u>

7. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (30 September 2016: 17%) on the estimated assessable profits arising in or derived from Singapore.

	Six months ended 30 September	
	2017	2016
	S\$	S\$
	(Unaudited)	(Audited)
Tax expense comprises:		
Current income tax		
– Singapore corporate income tax	427,498	596,899
Deferred tax expense	–	42,525
	<u>427,498</u>	<u>639,424</u>

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 September	
	2017	2016
	S\$	S\$
	(Unaudited)	(Audited)
Depreciation of property, plant and equipment	509,424	401,012
Staff costs (including directors' remuneration)		
– Salaries and other benefits	3,629,815	2,968,019
– Contributions to CPF	145,376	128,479
Total staff costs	<u>3,775,191</u>	<u>3,096,498</u>
Cost of materials	4,775,269	4,246,151
Subcontractor costs	<u>10,818,910</u>	<u>5,389,216</u>

9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017. No dividend has been declared or paid by the Company since its date of incorporation.

During the period ended 30 September 2016, 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

	Six months ended 30 September	
	2017	2016
Profit attributable to the owners of the Company (S\$)	1,851,633	2,266,090
Weighted average number of ordinary Shares in issue	1,033,606,557	825,000,000
Basic and diluted earnings per Share (S\$ cents)	0.18	0.27

The calculation of basic earnings per Share is based on the profit for the period attributable to owners of the Company and the weighted average number of Shares in issue. The number of Shares for the purpose of basic earnings per Share for the period ended 30 September 2016 is based on 825,000,000 Shares, which were issued pursuant to the capitalisation issue as detailed in note 20, and deemed to have been issued since 1 April 2016.

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 periods ended 30 September 2017 and 2016.

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 (audited)	474,000	7,150,000	707,538	2,758,414	40,266	318,411	11,448,629
Additions	2,500	–	39,037	490,280	–	7,204	539,021
Disposals/write-offs	–	–	(24,825)	(307,788)	–	–	(332,613)
At 30 September 2017 (unaudited)	476,500	7,150,000	721,750	2,940,906	40,266	325,615	11,655,037
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 (audited)	123,541	720,549	183,378	951,080	11,521	155,907	2,145,976
Charge for the period	47,650	83,140	53,360	290,940	2,013	32,321	509,424
Elimination on disposals/write-offs	–	–	(8,173)	(220,396)	–	–	(228,569)
At 30 September 2017 (unaudited)	171,191	803,689	228,565	1,021,624	13,534	188,228	2,426,831
Carrying amount:							
At 31 March 2017 (audited)	<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 30 September 2017 (unaudited)	<u>305,309</u>	<u>6,346,311</u>	<u>493,185</u>	<u>1,919,282</u>	<u>26,732</u>	<u>137,387</u>	<u>9,228,206</u>

12. INVENTORIES

	30 September 2017 S\$ (Unaudited)	31 March 2017 S\$ (Audited)
Low value consumables	<u>235,958</u>	<u>247,602</u>

13. TRADE RECEIVABLES

	30 September 2017 S\$ (Unaudited)	31 March 2017 S\$ (Audited)
Trade receivables	7,744,689	7,434,275
Unbilled revenue	1,352,647	1,133,939
Retention receivable	<u>15,000</u>	<u>29,999</u>
	<u>9,112,336</u>	<u>8,598,213</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:

	30 September 2017 S\$ (Unaudited)	31 March 2017 S\$ (Audited)
Within 90 days	7,353,200	6,297,804
91 days to 180 days	178,468	689,166
181 days to 365 days	122,441	347,433
Over 1 year but not more than 2 years	27,605	40,002
More than 2 years	<u>62,975</u>	<u>59,870</u>
	<u>7,744,689</u>	<u>7,434,275</u>

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 September 2017 S\$ (Unaudited)	31 March 2017 S\$ (Audited)
Deposits	212,515	200,600
Prepayments	761,480	169,693
Advances to staff	28,500	28,500
Accrued interest income	14,153	–
Income tax refund receivables	11,582	1,821
	<u>1,028,230</u>	<u>400,614</u>

15. AMOUNTS DUE FROM CUSTOMERS FOR CONSTRUCTION WORK

	30 September 2017 S\$ (Unaudited)	31 March 2017 S\$ (Audited)
Contract costs incurred plus recognised profits less recognised losses	5,979,527	2,289,317
Less: progress billings	<u>(5,765,248)</u>	<u>(2,158,568)</u>
	<u>214,279</u>	<u>130,749</u>
Analysed for reporting purposes as: Amounts due from customers for construction work	<u>214,279</u>	<u>130,749</u>

16. AMOUNTS DUE FROM (TO) RELATED PARTIES**a. Amounts due from related companies**

	30 September 2017 S\$ (Unaudited)	31 March 2017 S\$ (Audited)
Trade related	<u>91,700</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:

	30 September 2017 S\$ (Unaudited)	31 March 2017 S\$ (Audited)
Within 90 days	91,700	10,728
91 days to 180 days	<u>–</u>	<u>535</u>
	<u>91,700</u>	<u>11,263</u>

b. Amounts due to controlling shareholders

The balances as at 31 March 2017 were 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

	30 September 2017 S\$ (Unaudited)	31 March 2017 S\$ (Audited)
Pledged bank deposits	1,967,750	1,886,863
Cash and bank balances	<u>36,062,625</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 30 September and 31 March 2017.

In the Group's cash and bank balances, other than time deposits amounting to S\$15,561,725 (31 March 2017: S\$2,500,000) which carry interest at range of 1.00% to 1.18% per annum (31 March 2017: 1.08%) as at 30 September 2017, and certain balances amounting to S\$5,539,530 (31 March 2017: S\$8,751,597) which carry interest at prevailing market rate of 0.1% per annum (31 March 2017: 0.1%) at 30 September 2017, the remaining balances do not carry interest.

18. TRADE AND OTHER PAYABLES

	30 September 2017 S\$ (Unaudited)	31 March 2017 S\$ (Audited)
Trade payables	4,999,559	6,310,519
Trade accruals	107,708	137,915
	5,107,267	6,448,434
Accrued operating expenses	530,052	636,845
Other payables		
GST payable	475,414	561,509
Payroll payables	–	599,000
Accrued listing expenses	–	946,356
Others	70,079	262,194
	6,182,812	9,454,338

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

	30 September 2017 S\$ (Unaudited)	31 March 2017 S\$ (Audited)
Within 90 days	4,034,391	5,232,567
91 days to 180 days	449,426	675,433
181 days to 365 days	384,019	76,129
Over 1 year but not more than 2 years	62,494	259,646
Over 2 years	69,229	66,744
	4,999,559	6,310,519

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

19. BORROWINGS

	30 September 2017 S\$ (Unaudited)	31 March 2017 S\$ (Audited)
Bank loan – secured	3,217,502	3,336,668
Analysed as:		
Amount due within one year shown under current liabilities	238,332	238,332
Amounts shown under non-current liabilities	2,979,170	3,098,336
	3,217,502	3,336,668

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 (audited) and 30 September 2017 (unaudited)	<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 (audited)		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 30 September 2017 (unaudited)		<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 ("**Over-allotment 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 Directors consider that the continued increase in public sector infrastructure and construction projects in Singapore had led to a general increase in the demand for the integrated building services, resulting in more business opportunities being presented to and secured by our Group.

The Singapore Government has announced to bring forward S\$700 million worth of public sector infrastructure projects to start in 2017 and through 2018, which encourage the growth of the construction industry and thus driving the need for integrated building services to support the growth and demand of these construction activities in Singapore. In 2017 and through 2018, construction demand is expected to be higher largely driven by construction demand of the public sector. Key projects in Singapore's construction industry pipeline for 2017 include (i) civil engineering projects such as the second phase of the Deep Tunnel Sewerage System (DTSS phase 2), North-South Corridor and Circle Line 66; (ii) residential projects such as projects for new public housing construction, continuous upgrading of Housing and Development Board flats and upcoming condominium projects on various government land sites; (iii) commercial projects such as redevelopments of commercial building such as the Funan Digital Life Mall and CPF building; and (iv) industrial projects such as the development of JTC's Logistic Hub. During the six months ended 30 September 2017, approximately 74.0% of the Group's total revenue was generated from contracts awarded by Singapore Government agencies. As such, the Directors are of the view that the Group can benefit from the increasing construction demand of the public sector.

Financial Review

Revenue

For the six months ended 30 September 2017, the Group recorded an unaudited revenue of approximately S\$25.2 million (30 September 2016: approximately S\$18.8 million), an increase of approximately S\$6.4 million or 34.0%. Such increase was mainly due to higher contribution by approximately S\$4.6 million from the building construction works, which was approximately S\$5.0 million for the six months ended 30 September 2017 (30 September 2016: approximately S\$0.4 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\$3.4 million for the six months ended 30 September 2017 (30 September 2016: approximately S\$0.1 million). The aforesaid project is expected to complete in year ending 31 March 2018.

Revenue attributable to the integrated building services saw an increase of approximately S\$1.8 million or 9.6% during the six months ended 30 September 2017, from approximately S\$18.4 million to approximately S\$20.2 million, mainly due to increase in the amount of the integrated building services works performed by the Group during the six months ended 30 September 2017 as compared to the same period in 2016.

Costs of Services

The Group's cost of services increased from approximately S\$11.5 million for the six months ended 30 September 2016 to approximately S\$17.9 million for the six months ended 30 September 2017, representing an increase of approximately S\$6.4 million or 56.0%, which was higher than the increase in the Group's revenue of approximately 34.0%. 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 six months ended 30 September 2017. The subcontractor costs was approximately S\$10.8 million for the six months ended 30 September 2017 (30 September 2016: approximately S\$5.4 million), representing an increase of approximately 100%.

Gross Profit and Gross Profit Margin

The Group's gross profit remained relatively stable at approximately S\$7.3 million for the six months ended 30 September 2017 and 2016. However, the Group's gross profit margin decreased to approximately 28.9% for the six months ended 30 September 2017 (30 September 2016: approximately 38.9%). 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. Gross profit margin for building and construction works is relatively lower than the gross profit margin for integrated building services, resulted in the Group's lower gross profit margin.

Other Gains and Losses

The Group's other gains and losses significantly changed from gains of approximately S\$1,000 for the six months ended 30 September 2016 to losses of approximately S\$826,000 for the six months ended 30 September 2017. Such change was mainly due to the recognition of unrealised foreign exchange loss of approximately S\$875,000 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 six months ended 30 September 2016 was the recognition of listing expenses.

Administrative Expenses

The Group's administrative expenses increased from approximately S\$3.0 million for the six months ended 30 September 2016 to approximately S\$4.2 million for the six months ended 30 September 2017. Such increase was mainly due to the higher expenses incurred for higher staff costs, foreign worker levy, rental expenses and legal and professional fees. Such increase was mainly due to the increase in the number of employees to cope with the Group's business growth as well as the additional administrative and compliance cost as a listed company in connection with the Company's listing.

Finance Costs

The Group's finance costs increased from approximately S\$37,000 for the six months ended 30 September 2016 to approximately S\$47,000 for the six months ended 30 September 2017. Such increase was mainly due to the increase in interest rate of the mortgage loan over time in accordance with the interest rate schedule.

Income Tax Expense

The Group's income tax expenses decreased from approximately S\$0.6 million for the six months ended 30 September 2016 to approximately S\$0.4 million for the six months ended 30 September 2017. Such decrease was primarily due to the decrease in profit before taxation from approximately S\$2.9 million for the six months ended 30 September 2016 to approximately S\$2.3 million for the six months ended 30 September 2017.

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 period decreased from approximately S\$2.3 million for the six months ended 30 September 2016 to approximately S\$1.9 million for the six months ended 30 September 2017.

Liquidity, Financial Position and Capital Structure

The current ratio of the Group as at 30 September 2017 was 6.2 times (31 March 2017: 2.7 times). As at 30 September 2017, the Group had net current assets of approximately S\$40.9 million (31 March 2017: approximately S\$34.5 million). The total interest-bearing loans of the Group as at 30 September 2017 was approximately S\$3.2 million (31 March 2017: approximately S\$3.3 million). As at 30 September 2017, the gearing ratio 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 period. 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 30 September 2017, 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 30 September 2017 and 31 March 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\$23.3 million as at 30 September 2017 (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\$875,000 for the six months ended 30 September 2017 (30 September 2016: 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 30 September 2017, 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 30 September 2017, the share capital and equity attributable to owners of the Company amounted to approximately S\$1.9 million and S\$46.9 million respectively (31 March 2017: approximately S\$1.8 million and S\$40.4 million respectively).

Capital Commitments and Contingent Liabilities

As at 30 September 2017 and 31 March 2017, the Group had no material capital commitments or contingent liabilities.

Material Acquisition and Disposals of Subsidiaries and Associated Companies

During the six months ended 30 September 2017, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.

Significant Investment Held

As at 30 September 2017 and 31 March 2017, the Group had no significant investment held.

Future Plans for Material Investment or Capital Assets

As at 30 September 2017, 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.

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017.

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.

For further details of the use of proceeds from the issue of the additional Shares pursuant to the Over-allotment Option, please refer to the paragraph headed “Comparison of Business Objectives with Actual Business Progress and Use of Proceeds” below. For further details of the Over-allotment Option, please refer to the Prospectus and the announcement of the Company dated 20 April 2017.

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 (approximately HK\$124.1 million), out of which approximately S\$2.9 million has been utilised as at 30 September 2017.

Business objectives	Net proceeds <i>S\$'000</i>	Amount utilised as at 30 September 2017 <i>S\$'000</i>	Balance as at 30 September 2017 <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	543	11,932
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	266	6,705
Working capital	2,137	2,137	–
	<u>21,583</u>	<u>2,946</u>	<u>18,637</u>

Employees and Remuneration Policy

As at 30 September 2017, the Group employed a total of 330 (31 March 2017: 335, 30 September 2016: 301) 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

No significant events have taken place subsequent to 30 September 2017.

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 30 September 2017, 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:

I. Long position in the Shares

Name of Director	Capacity/Nature	Number of Shares held/interested	Percentage of shareholding
Mr. Chua Seng Hai	Interest in a controlled corporation	750,000,000 (Note)	72.29%

Note: 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.

II. Long position in the shares of associated corporation, Ruiheng Global

Name of Director	Capacity/Nature of interest	Number of Shares held in Ruiheng Global	Percentage of interest in Ruiheng Global	Number of Shares held by Ruiheng Global	Percentage of interest in the Company
Mr. Chua Seng Hai ("Mr. Chua") (Note)	Beneficial owner	9	90%	750,000,000	72.29%

Note: The issued share capital of Ruiheng Global is legally and beneficially owned as to 90% by 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.

Save as disclosed above, as at 30 September 2017, none of the Directors had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

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

As at 30 September 2017, 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	Percentage of interest
Ruiheng Global Investments Limited ("Ruiheng Global")	Beneficial owner	750,000,000 (Note 1)	72.29%
Mdm. Bek Poi Kiang ("Mrs. Chua")	Interest of spouse	750,000,000 (Notes 1 & 2)	72.29%

Notes:

- 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.
- 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.

Save as disclosed above, as at 30 September 2017, 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 30 September 2017.

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 as at 30 September 2017.

A deed of non-competition dated 13 March 2017 (the “**Deed of Non-competition**”) was 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) regarding certain non-competition undertakings. Details of the Deed of Non-competition were disclosed in the section headed “Relationship with our Controlling Shareholders” in the Prospectus.

Compliance Adviser’s Interests

As notified by the Company’s compliance adviser, Dakin Capital Limited (the “**Compliance Adviser**”), as at 30 September 2017, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 14 July 2016, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company 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 for the six months ended 30 September 2017 and up to the date of this announcement.

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 six months ended 30 September 2017 and up to the date of this announcement.

Purchase, Sales or Redemption of the Company's Securities

For the six months ended 30 September 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

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 unaudited consolidated financial statements of the Group for the six months ended 30 September 2017 has not been audited by the auditor of the Company, but has been reviewed by the Audit Committee which 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 Interim Results Announcement and Interim Report

The interim 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 interim report of the Company for the six months ended 30 September 2017 containing all the relevant information required by the Listing Rules will be despatched 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

Hong Kong, 27 November 2017

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