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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 2017**

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 2017 (the “**Review Year**”), together with the comparative figures for the corresponding year ended 31 March 2016. These information should be read in conjunction with the prospectus of the Company dated 20 March 2017 (the “**Prospectus**”).

This year marked a major milestone for the Group when 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 2017*

	<i>Notes</i>	<b>2017</b>	2016
		<b>S\$</b>	S\$
<b>Revenue</b>	4	<b>46,822,435</b>	40,504,968
Costs of services		<b>(28,830,613)</b>	(26,753,387)
<b>Gross profit</b>		<b>17,991,822</b>	13,751,581
Other income	5a	<b>367,539</b>	161,673
Other gains and losses	5b	<b>(5,806)</b>	(23,526)
Other expenses	5c	<b>(2,860,452)</b>	(48,900)
Selling expenses		<b>(121,597)</b>	(98,867)
Administrative expenses		<b>(9,408,928)</b>	(6,739,724)
Finance costs	6	<b>(77,196)</b>	(114,454)
<b>Profit before taxation</b>		<b>5,885,382</b>	6,887,783
Income tax expense	7	<b>(1,196,812)</b>	(1,269,668)
<b>Profit and other comprehensive income for the year</b>	8	<b>4,688,570</b>	5,618,115
<b>Basic and diluted earnings per Share (S\$ cents)</b>	10	<b>0.57</b>	0.68

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 S\$	2016 S\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current asset</b>			
Property, plant and equipment	11	<u>9,302,653</u>	<u>8,846,862</u>
<b>Current assets</b>			
Inventories	12	247,602	160,447
Trade receivables	13	8,598,213	7,983,914
Other receivables, deposits and prepayments	14	400,614	703,965
Amounts due from customers for construction work	15	130,749	38,359
Amounts due from related companies	16a	11,263	17,564
Pledged bank deposits	17	1,886,863	224,889
Bank balances and cash	17	<u>43,418,665</u>	<u>14,675,108</u>
		<u>54,693,969</u>	<u>23,804,246</u>
<b>Current liabilities</b>			
Trade and other payables	18	9,454,338	6,613,930
Amounts due to related companies	16b	–	221,928
Amount due to a director	16c	–	3,800,000
Amounts due to controlling shareholders	16d	8,929,635	–
Obligations under finance leases	19	–	30,590
Borrowings	20	238,332	238,332
Income tax payable		<u>1,586,804</u>	<u>1,626,782</u>
		<u>20,209,109</u>	<u>12,531,562</u>
<b>Net current assets</b>		<u>34,484,860</u>	<u>11,272,684</u>
<b>Total assets less current liabilities</b>		<u>43,787,513</u>	<u>20,119,546</u>

	<i>Notes</i>	<b>2017</b> <i>S\$</i>	2016 <i>S\$</i>
<b>Non-current liabilities</b>			
Obligations under finance leases	<i>19</i>	–	75,238
Borrowings	<i>20</i>	<b>3,098,336</b>	3,336,668
Deferred tax liabilities		<b>245,055</b>	109,832
		<u><b>3,343,391</b></u>	<u>3,521,738</u>
<b>Net assets</b>		<u><b>40,444,122</b></u>	<u>16,597,808</u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	<i>21</i>	<b>1,798,496</b>	2,100,000
Reserves		<b>38,645,626</b>	14,497,808
		<u><b>40,444,122</b></u>	<u>16,597,808</u>
<b>Equity attributable to owners of the Company</b>		<u><b>40,444,122</b></u>	<u>16,597,808</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital S\$	Share premium S\$ (Note A)	Merger reserve S\$ (Note B)	Accumulated profits S\$	Total S\$
<b>At 1 April 2015</b>	2,000,000	–	–	12,404,693	14,404,693
Total comprehensive income for the year	–	–	–	5,618,115	5,618,115
Transactions with owners, recognised directly in equity:					
Dividends	–	–	–	(3,525,000)	(3,525,000)
Issue of share capital	100,000	–	–	–	100,000
<b>At 31 March 2016</b>	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)
<b>At 31 March 2017</b>	<b><u>1,798,496</u></b>	<b><u>18,859,252</u></b>	<b><u>2,099,996</u></b>	<b><u>17,686,378</u></b>	<b><u>40,444,122</u></b>

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 2016, 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 IAS 7	Disclosure Initiative <sup>1</sup>
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle <sup>2</sup>
IFRS 9	Financial Instruments <sup>3</sup>
IFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers <sup>3</sup>
IFRIC 22	Foreign Currency Transactions and Advance Consideration <sup>3</sup>
IFRS 16	Leases <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017, with early application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate, with early application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018, with early application permitted.

<sup>4</sup> 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 have an impact on the consolidated financial statements of the Group, the Directors anticipate that the application of the other new and revised IFRSs will have no 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:

	<b>2017</b>	2016
	<b>S\$</b>	S\$
<i>Revenue from:</i>		
Integrated Building Services	<b>43,730,199</b>	30,132,209
Building Construction Works	<b>3,092,236</b>	10,372,759
	<b>46,822,435</b>	40,504,968

*Information about the major customers*

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

	<b>2017</b>	2016
	<b>S\$</b>	S\$
Customer I	<b>21,909,721</b>	17,022,567
Customer II	<b>5,367,612</b>	N/A*
Customer III	N/A*	5,718,597
Customer IV	N/A*	4,399,627

\* 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**

	2017 S\$	2016 S\$
Interest income	21,423	9,132
Government grants	307,618	140,344
Others	38,498	12,197
	<u>367,539</u>	<u>161,673</u>

**b. OTHER GAINS AND LOSSES**

	2017 S\$	2016 S\$
Gain/(loss) arising on disposal of property, plant and equipment	5,710	(13,606)
Written off property, plant and equipment	(11,516)	(9,920)
	<u>(5,806)</u>	<u>(23,526)</u>

**c. OTHER EXPENSES**

	2017 S\$	2016 S\$
Listing expenses	<u>2,860,452</u>	<u>48,900</u>

**6. FINANCE COSTS**

	2017 S\$	2016 S\$
Interests on:		
Bank borrowings	68,622	110,509
Obligations under finance leases	8,574	3,945
	<u>77,196</u>	<u>114,454</u>



## 7. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (31 March 2016: 17%) on the estimated assessable profits arising in or derived from Singapore.

	2017	2016
	S\$	S\$
Tax expense comprises:		
Current income tax		
– Singapore corporate income tax	1,061,589	1,189,447
Deferred tax expense	135,223	80,221
	<u>1,196,812</u>	<u>1,269,668</u>

## 8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2017	2016
	S\$	S\$
Depreciation of property, plant and equipment	860,748	578,736
Audit fees paid to auditors of the Company:		
– Annual audit fees	78,000	54,920
– 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	48,900
Staff costs (including directors' remuneration)		
– Salaries and other benefits	9,327,304	6,196,848
– Contributions to CPF	399,483	288,128
Total staff costs	<u>9,726,787</u>	<u>6,484,976</u>
Cost of materials	8,365,236	6,592,156
Subcontractor costs	<u>16,183,527</u>	<u>17,210,416</u>

Note:

Included in listing expenses 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 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 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 2017. No dividend has been declared or paid by the Company since its date of incorporation.

During the year ended 31 March 2016, SH Integrated Services Pte. Ltd. and DRC Engineering Pte. Ltd. declared and paid dividends of S\$2,025,000 and S\$1,500,000 respectively to their then respective shareholders before Reorganisation (as defined in the Prospectus).

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	
	2017	2016
Profit attributable to the owners of the Company (S\$)	<b>4,688,570</b>	5,618,115
Weighted average number of ordinary Shares in issue	<b>825,958,904</b>	825,000,000
Basic and diluted earnings per Share (S\$ cents)	<b><u>0.57</u></b>	<u>0.68</u>

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. The number of Shares for the purpose of basic earnings per Share for the year ended 31 March 2016 is based on 825,000,000 Shares, which were issued pursuant to the capitalisation issue as detailed in note 21, and deemed to have been issued since 1 April 2015.

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 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\$
<b>Cost:</b>							
<b>At 1 April 2015</b>	–	7,150,000	170,676	1,022,840	46,652	167,960	8,558,128
Additions	307,300	–	151,738	1,620,738	4,295	45,383	2,129,454
Disposals/write-offs	–	–	–	(393,533)	–	–	(393,533)
<b>At 31 March 2016</b>	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)
<b>At 31 March 2017</b>	474,000	7,150,000	707,538	2,758,414	40,266	318,411	11,448,629
<b>Accumulated depreciation:</b>							
<b>At 1 April 2015</b>	–	387,989	97,916	603,661	25,617	67,183	1,182,366
Charge for the year	49,033	166,281	49,786	268,770	4,063	40,803	578,736
Elimination on disposals/write-offs	–	–	–	(313,915)	–	–	(313,915)
<b>At 31 March 2016</b>	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)
<b>At 31 March 2017</b>	123,541	720,549	183,378	951,080	11,521	155,907	2,145,976
<b>Carrying amount:</b>							
<b>At 31 March 2016</b>	<u>258,267</u>	<u>6,595,730</u>	<u>174,712</u>	<u>1,691,529</u>	<u>21,267</u>	<u>105,357</u>	<u>8,846,862</u>
<b>At 31 March 2017</b>	<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>

## 12. INVENTORIES

	2017 S\$	2016 S\$
Low value consumables	<u>247,602</u>	<u>160,447</u>

## 13. TRADE RECEIVABLES

	2017 S\$	2016 S\$
Trade receivables	7,434,275	5,719,208
Unbilled revenue	1,133,939	2,188,298
Retention receivable	29,999	76,408
	<u>8,598,213</u>	<u>7,983,914</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:

	2017 S\$	2016 S\$
Within 90 days	6,297,804	5,154,201
91 days to 180 days	689,166	375,683
181 days to 365 days	347,433	100,146
Over 1 year but not more than 2 years	40,002	52,157
More than 2 years	59,870	37,021
	<u>7,434,275</u>	<u>5,719,208</u>

#### 14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 S\$	2016 S\$
Deposits	200,600	72,335
Prepayments	169,693	121,050
Advances to staff	28,500	28,500
Goods and Service Tax ("GST") receivable	–	465,780
Deferred listing expenses	–	16,300
Income tax refund receivables	1,821	–
	<u>400,614</u>	<u>703,965</u>

#### 15. AMOUNTS DUE FROM CUSTOMERS FOR CONSTRUCTION WORK

	2017 S\$	2016 S\$
Contract costs incurred plus recognised profits less recognised losses	2,289,317	51,659
Less: progress billings	<u>(2,158,568)</u>	<u>(13,300)</u>
	<u>130,749</u>	<u>38,359</u>
Analysed for reporting purposes as:		
Amounts due from customers for construction work	<u>130,749</u>	<u>38,359</u>

## 16. AMOUNTS DUE FROM (TO) RELATED PARTIES

### a. Amounts due from related companies

	2017 <i>S\$</i>	2016 <i>S\$</i>
Trade related	<u>11,263</u>	<u>17,564</u>

Amounts due from related companies are trade related, unsecured, interest-free and with a credit period of 30 days from the invoice date. Please refer to the sections headed “Financial information – Discussion on selected balance sheet items – Amounts due to/from related companies” and “Financial information – Related party transactions” in the Prospectus for further information regarding the Group’s trade-related balances with related parties. 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:

	2017 <i>S\$</i>	2016 <i>S\$</i>
Within 90 days	10,728	17,030
91 days to 180 days	535	–
181 days to 365 days	–	534
	<u>11,263</u>	<u>17,564</u>

### b. Amounts due to related companies

	2017 <i>S\$</i>	2016 <i>S\$</i>
Trade related	<u>–</u>	<u>221,928</u>

Amounts due to related companies are trade related. Please refer to the sections headed “Financial information – Discussion on selected balance sheet items – Amounts due to/from related companies” and “Financial information – Related party transactions” in the Prospectus for further information regarding the Group’s trade-related balances with related parties. The average credit period for provision of services is 30 days. The aging of trade related amounts due to related companies presented based on the invoice date at the end of the reporting period is as follows:

	2017 <i>S\$</i>	2016 <i>S\$</i>
Within 90 days	–	192,652
91 days to 180 days	–	22,946
181 days to 365 days	–	963
Over 1 year but not more than 2 years	–	5,367
	<u>–</u>	<u>221,928</u>

**c. Amount due to a director**

The balance as at 31 March 2016 is non-trade related, unsecured, non-interest bearing and without a fixed repayment term. The balance was fully repaid during the year ended 31 March 2017.

**d. 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**

	2017 S\$	2016 S\$
Pledged bank deposits	1,886,863	224,889
Cash and bank balances	<u>43,418,665</u>	<u>14,675,108</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 2017 and 2016.

In the Group's cash and bank balances, other than time deposits amounting to S\$2,500,000 (2016: nil) which carry interest of 1.08% per annum as at 31 March 2017, and certain balances amounting to S\$8,751,597 (2016: S\$11,378,919) which carry interest at prevailing market rate of 0.1% per annum (2016: 0.1%) at 31 March 2017, the remaining balances do not carry interest.

**18. TRADE AND OTHER PAYABLES**

	2017 S\$	2016 S\$
Trade payables	6,310,519	4,983,609
Trade accruals	<u>137,915</u>	<u>62,110</u>
	6,448,434	5,045,719
Accrued operating expenses	636,845	435,599
Other payables		
GST payable	561,509	987,479
Payroll payables	599,000	–
Accrued listing expenses	946,356	–
Others	<u>262,194</u>	<u>145,133</u>
	<u>9,454,338</u>	<u>6,613,930</u>

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

	<b>2017</b>	2016
	<b>S\$</b>	S\$
Within 90 days	<b>5,232,567</b>	4,555,356
91 days to 180 days	<b>675,433</b>	184,186
181 days to 365 days	<b>76,129</b>	129,858
Over 1 year but not more than 2 years	<b>259,646</b>	91,064
Over 2 years	<b>66,744</b>	23,145
	<u><b>6,310,519</b></u>	<u>4,983,609</u>

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

#### **19. OBLIGATIONS UNDER FINANCE LEASE**

The balances were fully repaid during the year ended 31 March 2017 due to early settlement.

#### **20. BORROWINGS**

	<b>2017</b>	2016
	<b>S\$</b>	S\$
Bank loan – secured	<u><b>3,336,668</b></u>	<u>3,575,000</u>
Analysed as:		
Amount due within one year shown under current liabilities	<b>238,332</b>	238,332
Amounts shown under non-current liabilities	<u><b>3,098,336</b></u>	<u>3,336,668</u>
	<u><b>3,336,668</b></u>	<u>3,575,000</u>

## 21. SHARE CAPITAL

For the purpose of presenting the share capital of the Group prior to the reorganisation in the consolidated statement of financial position, the balance as at 1 April 2016 represented the share capital of SH Integrated Services Pte. Ltd., DRC Engineering Pte. Ltd. and CSH Development Pte. Ltd. as the Company was incorporated in the Cayman Islands on 18 May 2016.

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 of SHIS Limited:			
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	<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 of SH Integrated Services Pte. Ltd., DRC Engineering Pte. Ltd. and CSH Development Pte. Ltd:			
At 1 April 2015		2,000,000	2,000,000
Issued on incorporation of CSH Development Pte. Ltd. on 9 October 2015		<u>100,000</u>	<u>100,000</u>
At 31 March 2016		<u><u>2,100,000</u></u>	<u><u>2,100,000</u></u>
Issued and fully paid of SHIS Limited:			
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		<u><u>1,000,000,000</u></u>	<u><u>1,798,496</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\$1,483,578) 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).

## 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 and thus we recorded an increase in our revenue for the year ended 31 March 2017 as compared to the same period in 2016.

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 2017, 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 year ended 31 March 2017, approximately 77.9% 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***

The Group's revenue increased from approximately S\$40.5 million for the year ended 31 March 2016 to approximately S\$46.8 million for the year ended 31 March 2017, representing a growth of approximately 15.6%. Such increase was mainly due to 13 new integrated building services contracts which were awarded to the Group and the increase in the amount of the integrated building services works performed by the Group during the year ended 31 March 2017 as compared to 2016.

### ***Costs of Services***

The Group's cost of services increased from approximately S\$26.8 million for the year ended 31 March 2016 to approximately S\$28.8 million for the year ended 31 March 2017, representing an increase of approximately 7.8%, which was smaller than the increase in the Group's revenue of approximately 15.6% and thus resulted in the Group's higher gross profit margin. Such increase was mainly attributable to the decrease in the use of subcontractor along with the decrease in revenue derived from building and construction works during the year ended 31 March 2017, and the relative increase in the use of own labour resources for provision of integrated building services during the year ended 31 March 2017.

### ***Gross Profit and Gross Profit Margin***

The Group's gross profit increased from approximately S\$13.8 million for the year ended 31 March 2016 to approximately S\$18.0 million for the year ended 31 March 2017. Such increase was mainly due to the increase in the revenue discussed above and the increase in the gross profit margin.

The Group's gross profit margin increased from 34.0% for the year ended 31 March 2016 to 38.4% for the year ended 31 March 2017. Such increase was mainly due to the less-than-proportionate increase in costs of service discussed above as compared with the increase in revenue.

### ***Other Income***

The Group's other income increased from approximately S\$0.2 million for the year ended 31 March 2016 to approximately S\$0.4 million for the year ended 31 March 2017. Such increase was mainly due to the increase in the government grants in relation to the implementation of flexible work arrangements for a work-life friendly workplace and the grants for the purchase of two boom lifts.

### ***Administrative Expenses***

The Group's administrative expenses increased from approximately S\$6.7 million for the year ended 31 March 2016 to approximately S\$9.4 million for the year ended 31 March 2017. Such increase was mainly due to the increase in the number of employees to cope with the Group's business growth, resulting in the increase of approximately S\$2.0 million in staff costs and increase of approximately S\$0.4 million in foreign worker levy.

### ***Other Expenses***

The Group's other expenses significantly increased from approximately S\$48,900 for the year ended 31 March 2016 to approximately S\$2.9 million for the year ended 31 March 2017. Such increase was due to the recognition of listing expenses.

### ***Finance Costs***

The Group's finance costs decreased from approximately S\$114,000 for the year ended 31 March 2016 to approximately S\$77,000 for the year ended 31 March 2017. Such decrease was mainly due to the reduction in the outstanding principal amount of the mortgage loan over time in accordance with the repayment schedule.

### ***Income Tax Expense***

The Group's income tax expenses slightly decreased from approximately S\$1.3 million for the year ended 31 March 2016 to approximately S\$1.2 million for the year ended 31 March 2017.

Despite the decrease in the profit before tax from approximately S\$6.9 million for the year ended 31 March 2016 to approximately S\$5.9 million for the year ended 31 March 2017 (which was mainly due to the recognition of listing expenses), the income tax expenses of the Group only slightly decreased from approximately S\$1.3 million to approximately S\$1.2 million, mainly as a result of the tax effect of the non-deductible listing expenses of approximately S\$2.9 million incurred during the year ended 31 March 2017.

### ***Profit Attributable to Owners of the Company***

Despite the increase in the Group's revenue and gross profit, as a result of the aforementioned and in particular, the recognition of listing expenses and the tax effect of the non-deductible listing expenses, the profit and other comprehensive income for the year decreased from approximately S\$5.6 million for the year ended 31 March 2016 to approximately S\$4.7 million for the year ended 31 March 2017.

### **Liquidity, Financial Position and Capital Structure**

The current ratio of the Group as at 31 March 2017 was 2.7 times (31 March 2016: 1.9 times). The increase was mainly due to increase in cash and cash equivalents from the net proceeds received from the Listing.

As at 31 March 2017, the Group had net current assets of approximately S\$34.5 million (31 March 2016: approximately S\$11.3 million). The total interest-bearing loans of the Group as at 31 March 2017 was approximately S\$3.3 million (31 March 2016: approximately S\$3.7 million). As at 31 March 2017, the gearing ratio of the Group was 0.1 times (31 March 2016: 0.5 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 2017, the Group had approximately S\$1.9 million (31 March 2016: approximately S\$0.2 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 2017 and 2016.

## **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 S\$30.1 million that are exposed to foreign exchange rate risks. As the Listing Date (30 March 2017) is close to the financial year end date (31 March 2017), the Group had no significant unrealised foreign exchange gain or loss as at year end.

## **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 "Events After the Reporting Period" 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 2017, the share capital and equity attributable to owners of the Company amounted to approximately S\$1.8 million and S\$40.4 million respectively (31 March 2016: approximately S\$2.1 million and S\$16.6 million respectively).

## **Capital Commitments and Contingent Liabilities**

As at 31 March 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 2017, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies save for those in relation to the reorganisation in preparation of the Listing as set out in section headed "History, Reorganisation and Corporate Structure – Reorganisation" in the Prospectus.

## **Significant Investment Held**

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

## **Future Plans for Material Investment or Capital Assets**

As at 31 March 2017, 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 2017.

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

The net proceeds from the Listing, after deducting listing related expenses, were approximately HK\$98.7 million (approximately S\$17.7 million). As the Listing Date (30 March 2017) is close to the financial year end date (31 March 2017), the Company has not yet utilised the proceeds from the Listing as planned as of 31 March 2017 and there has not yet been material business progress as of 31 March 2017 in implementing the business objectives set out in the Prospectus.

## **Employees and Remuneration Policy**

As at 31 March 2017, the Group employed a total of 335 full-time employees (including executive Directors), as compared to a total of 255 full-time employees as at 31 March 2016. 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.

The emoluments of Directors were reviewed by the remuneration committee of the Company, having regard to salaries paid by comparable companies, experience, responsibilities and performance of the Group, and approved by the Board.

## **Events After the Reporting Period**

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. Approval for the listing of and permission to deal in the Over-allotment Shares has already been granted by the Listing Committee of the Stock Exchange. Listing of and dealings in the Over-allotment Shares had commenced on the Main Board of the Stock Exchange at 9:00 a.m. on 28 April 2017.

The additional net proceeds of approximately HK\$25.5 million, after deducting the underwriting commission and the fee and expenses payable by the Company in relation to the issue of the Over-allotment Shares by the Company, will be used on a pro rata basis for the same purposes as set out in the section headed “Future plans and use of proceeds – Use of proceeds” in the Prospectus.

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” above. For further details of the Over-allotment Option, please refer to the Prospectus and the announcement of the Company dated 20 April 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 31 March 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:

#### ***Long position in the Shares***

<b>Name of Director</b>	<b>Capacity/Nature</b>	<b>Number of Shares held/interested</b>	<b>Percentage of shareholding</b>
Mr. Chua Seng Hai	Interest in a controlled corporation	750,000,000 (Notes 1 & 2)	75%

#### ***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 30 March 2017, pursuant to the stock borrowing agreement, China Prospect Securities Limited, the stabilising manager, borrowed 37,500,000 Shares from Ruiheng Global, representing approximately 15% of the total number of offer Shares initially available under the Share Offer to cover over-allocations under the Share Offer.

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

As at 31 March 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 (“ <b>Ruiheng Global</b> ”)	Beneficial owner	750,000,000 (Notes 1 & 3)	75%
Mdm. Bek Poi Kiang (“ <b>Mrs. Chua</b> ”)	Interest of spouse	750,000,000 (Notes 1, 2 & 3)	75%

#### *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. On 30 March 2017, pursuant to the stock borrowing agreement, China Prospect Securities Limited, the stabilising manager, borrowed 37,500,000 Shares from Ruiheng Global, representing approximately 15% of the total number of offer Shares initially available under the Share Offer to cover over-allocations under the Share Offer.

Save as disclosed above, as at 31 March 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 31 March 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 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.

## **Compliance Adviser’s Interests**

As notified by the Company’s compliance adviser, Dakin Capital Limited (the “**Compliance Adviser**”), as at 31 March 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. As the Shares were not listed on the Main Board of the Stock Exchange until 30 March 2017, the CG code provisions were not applicable to the Company before the Listing Date. To the best of the knowledge of the Board, the Company has complied with the CG code since the Listing Date 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 since the date of the Listing and up to the date of this announcement.

## **Purchase, Sales or Redemption of the Company's Securities**

The Shares of the Company were listed on 30 March 2017. Since the Listing Date and up to 31 March 2017, 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 since the Listing Date and up to 31 March 2017.

## **Sufficiency of Public Float**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules since the Listing Date and up to the date of this announcement.

## **Annual General Meeting ("AGM")**

The AGM will be held on Wednesday, 23 August 2017.

## **Closure of Register of Members**

The Hong Kong branch register of members of the Company will be closed from Friday, 18 August 2017 to Wednesday, 23 August 2017 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming AGM. No transfer of Shares may be registered on those dates. In order to qualify for the shareholders' entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates should be lodged with the Company's branch registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, 31/F., 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Thursday, 17 August 2017.

## **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.

## **Appreciation**

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to the shareholders, investors and business partners for their trust and support.

## **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](http://www.hkexnews.hk)) and on the website of the Company ([www.shilimited.com](http://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*

Hong Kong, 23 June 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.*