Grandshores Technology Group Limited
雄岸科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1647)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board (the "**Board**") of directors (the "**Directors**") of Grandshores Technology Group 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 2019 (the "**Review Year**"), together with the comparative figures for the corresponding year ended 31 March 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

		2019	2018
	Note	***S$***	*S$*
Revenue	*4*	**52,806,323**	56,813,257
Cost of services		**(34,942,253)**	(39,918,514)
Gross profit		**17,864,070**	16,894,743
Other income	*5a*	**266,479**	374,035
Other gains and losses	*5b*	**954,958**	(1,711,363)
Selling expenses		**(188,083)**	(120,635)
Administrative expenses		**(12,610,700)**	(10,790,018)
Finance costs	*6*	**(89,397)**	(92,930)
Share of loss of an associate		**(2,018)**	—
Profit before taxation	*7*	**6,195,309**	4,553,832
Income tax expense	*8*	**(1,306,785)**	(1,091,075)
Profit for the year		**4,888,524**	3,462,757

	Note	2019	2018
		S$	*S$*
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**74,297**	—
Other comprehensive income for the year		**74,297**	—
Total comprehensive income for the year		**4,962,821**	3,462,757
Profit for the year attributable to:			
Owners of the Company		**4,892,204**	3,462,757
Non-controlling interests		**(3,680)**	—
		4,888,524	3,462,757
Total comprehensive income attributable to:			
Owners of the Company		**4,966,501**	3,462,757
Non-controlling interests		**(3,680)**	—
		4,962,821	3,462,757
Basic and diluted earnings per share (S$ cents)	*10*	**0.47**	0.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	**2019**	2018
		S$	*S$*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**8,013,240**	8,744,710
Interest in an associate		**853,354**	—
Equity investment at FVOCI		**1,231,389**	—
Loan receivables		**5,326,002**	—
		15,423,985	8,744,710
Current assets			
Inventories		**1,697,686**	208,410
Trade receivables	*11*	**14,587,678**	9,741,492
Other receivables, deposits and prepayments	*12*	**8,948,615**	671,873
Contract assets		**51,479**	—
Amounts due from related companies	*13*	**878,250**	32,025
Pledged bank deposits		**1,738,187**	1,969,553
Bank balances and cash		**22,567,211**	39,412,934
		50,469,106	52,036,287
Current liabilities			
Trade and other payables	*14*	**8,350,883**	7,675,279
Amounts due to customers for construction work		**—**	433,420
Borrowings	*15*	**238,332**	3,098,336
Income tax payable		**939,763**	946,059
		9,528,978	12,153,094
Net current assets		**40,940,128**	39,883,193
Total assets less current liabilities		**56,364,113**	48,627,903

	Note	2019	2018
		S$	*S$*
Non-current liabilities			
Borrowings	*15*	**2,621,672**	—
Deferred tax liabilities		**236,435**	143,200
		2,858,107	143,200
Net assets		**53,506,006**	48,484,703
EQUITY			
Capital and reserves			
Share capital		**1,855,859**	1,865,922
Reserves		**50,780,995**	46,618,781
Equity attributable to owners of the Company		**52,636,854**	48,484,703
Non-controlling interests		**869,152**	—
Total equity		**53,506,006**	48,484,703

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 18 May 2016 and its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**") on 13 June 2016 and the principal place of business in Hong Kong registered is 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong. On 16 August 2018, the Company has changed the addresses of its principal place of business to Unit 3709, 37/F., Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong. The principal place of business in Singapore is at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 30 March 2017.

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. During the reporting period, the Group expanded and diversified its businesses to engage in blockchain and financial technology business and industrial hemp business.

The consolidated financial statements are presented in Singapore Dollars ("**S$**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

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 of Hong Kong Limited (the"**Listing Rules**") and by the Companies Ordinance.

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 April 2018, the Group has adopted all the new and revised IFRSs and Interpretations of IFRS ("**INT IFRS**") that are effective and relevant to its operations. The adoption of these new/revised IFRSs and INT IFRSs does not result in significant changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods, except for:

IFRS 9 "Financial instruments"

IFRS 9 replaces IAS 39 "Financial instruments: recognition and measurement". It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied IFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under IAS 39.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. Classification of financial assets and financial liabilities

IFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("**FVOCI**") and at fair value through profit or loss ("**FVPL**"). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application of IFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 April 2018.

b. ***Credit losses***

IFRS 9 replaces the "incurred loss" model in IAS 39 with the "expected credit loss" ("**ECL**") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in IAS 39.

The Group applies the new ECL model to the financial assets measured at amortised cost (including bank balances and cash, trade and other receivables, loan receivables, contract assets, pledged bank deposits and amounts due from related companies). The impact of adopting ECL model under IFRS 9 was not significant and, therefore, the Group made no adjustment to equity as of 1 April 2018 for the changes in impairment.

c. ***Transition***

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

— Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in accumulated profits and reserves as at 1 April 2018. Accordingly, the information presented for 2018 continues to be reported under IAS 39 and thus may not be comparable with the current period.

— The following assessments have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of IFRS 9 by the Group):

  • the determination of the business model within which a financial asset is held

— If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 and the related clarification to IFRS 15 (hereinafter referred to as "**IFRS 15**") presents new requirements for the recognition of revenue, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts", and several revenue-related Interpretations. IFRS 15 establishes a single comprehensive model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or overtime. The model features a contract-based fivestep analysis of transactions to determine whether, how much and when revenue is recognised.

IFRS 15 has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at 1 April 2018. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 April 2018.

In summary, the following reclassification was made to the amounts recognised in the consolidated statement of financial position at the date of initial application (i.e. 1 April 2018):

	Carrying amount as at 31 March 2018 under IAS 18	**Reclassification**	**Carrying amount as at 1 April 2018 under IFRS 15**
	S$	*S$*	*S$*
Current assets			
Contract assets	—	51,479	51,479
Retention receivable	51,479	(51,479)	—
Current liabilities			
Amounts due to customers for construction work	433,420	(433,420)	—
Contract liabilities	—	433,420	433,420

Contract assets are rights to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time. Upon completion of integrated building services and building construction works and acceptance by customers, the amounts recognised as contract assets are reclassified as trade receivables. Where invoices are not yet issued, the completed works are included trade receivables as unbilled trade receivables.

Contract liabilities are obligations to transfer goods or services to a customer for which the Group has received consideration, or for which an amount of consideration is due from the customer.

The adoption of IFRS 15 has no material impact on the Group's consolidated statement of profit or loss.

The Group has not applied the following new and amendments to IFRSs, International Accounting Standards ("**IASs**") and the new IFRIC relevant to the Group that have been issued but are not yet effective:

IFRS 16	Leases[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 40	Transfer of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2014-2016 Cycle

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after date to be determined

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of IFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for IFRS 16, the actual impact upon the initial adoption of this standard may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standard is initially applied in the Group's interim financial report for the six months ending 30 September 2019. The Group may also change its accounting policy elections, including the transition options, until the standard is initially applied in that financial report.

IFRS 16 "Leases"

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16, which upon the effective date will supersede IAS 17, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of S$820,063. The management of the Group expects that the adoption of IFRS 16 is unlikely to result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated financial statements in future as right-of-use assets and lease liabilities. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except for the above, other new or revised IFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents income 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**"), (ii) undertaking building and construction works ("**Building Construction Works**"), (iii) engaging in operation, maintenance and management of data centres and other high performance data processing facilities and equipment in relation to blockchain technologies, digital assets trading platform operation and blockchain strategic advisory services provision ("**Blockchain Technology Development and Application**") and (iv) engaging in hemp seed research, hemp cultivation, Cannabidiol ("**CBD**") extraction and CBD downstream product application ("**Industrial Hemp**").

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", "Building Construction Works", "Blockchain Technology Development and Application" and "Industrial Hemp" and profit for the year as a whole. No analysis of the Group's result, assets and liabilities is regularly provided to CODM for review. Accordingly, only 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 for the year is as follows:

	Year ended 31 March	
	2019	2018
	S$	*S$*
Contract revenue from:		
Integrated Building Services	**49,657,780**	46,373,650
Building Construction Works	**3,148,543**	10,439,607
Blockchain Technology Development and Application	**—**	—
Industrial Hemp	**—**	—
	52,806,323	56,813,257

Information about major customers

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

	Year ended 31 March	
	2019	2018
	S$	*S$*
Customer A	**22,391,982**	22,002,927
Customer B	**7,213,289**	8,026,722
Customer C	**note b**	7,271,835
Customer D	**5,491,268**	note b

Notes:

(a) For the year ended 31 March 2019, revenue from customer A, B and D is generated from provision of integrated building services.

(b) The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Geographical Information

The Group's revenue from customers and information about its specified non-current assets, comprising property, plant and equipment and interest in an associate, by geographical location are detailed belows:

(a) Revenue from external customers

	Year ended 31 March	
	2019	2018
	S$	*S$*
Singapore	**52,806,323**	56,813,257
Hong Kong	**—**	—
People's Republic of China ("PRC")	**—**	—
	52,806,323	56,813,257

(b) Non-current assets

	As at 31 March	
	2019	2018
	S$	*S$*
Singapore	**8,000,984**	8,744,710
Hong Kong	**865,610**	—
PRC	**—**	—
	8,866,594	8,744,710

Disaggregation of revenue

	Integrated Building Services		Building Construction Works		Blockchain Technology Development and Application		Industrial Hemp		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	S$	S$	**S$**	S$	**S$**	S$	**S$**	S$	**S$**	S$
Disaggregated by timing of revenue recognition										
Point in time	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—
Over time	**49,657,780**	46,373,650	**3,148,543**	10,439,607	**—**	—	**—**	—	**52,806,323**	56,813,257
	49,657,780	46,373,650	**3,148,543**	10,439,607	**—**	—	**—**	—	**52,806,323**	56,813,257

5a. OTHER INCOME

	Year ended 31 March	
	2019	2018
	S$	*S$*
Interest income	**68,670**	121,508
Loan interest income	**88,999**	—
Government grants	**95,347**	208,156
Others	**13,463**	44,371
	266,479	374,035

5b. OTHER GAINS AND LOSSES

	Year ended 31 March	
	2019	2018
	S$	*S$*
Loss arising on disposal of property, plant and equipment	**(43,321)**	(6,167)
Foreign exchange gain/(loss), net	**998,279**	(1,700,895)
Loss on written off of property, plant and equipment	**—**	(4,301)
	954,958	(1,711,363)

6. FINANCE COSTS

	Year ended 31 March	
	2019	2018
	S$	*S$*
Interest on bank borrowings	**89,397**	92,930

7. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	Year ended 31 March	
	2019	2018
	S$	*S$*
Depreciation of property, plant and equipment	**1,024,350**	1,042,290
Audit fees paid to auditors of the Company:		
— Annual audit fees	**318,870**	128,000
Directors' remuneration	**1,983,522**	2,085,960
Other staff costs		
— Equity-settled share-based payment	**26,636**	—
— Salaries and other benefits	**9,040,509**	7,402,857
— Contributions to retirement benefit scheme	**420,374**	347,128
Total staff costs	**11,471,041**	9,835,945
Cost of materials recognised as cost of services	**8,523,017**	9,361,817
Subcontractor costs recognised as cost of services	**21,163,945**	25,718,131

8. INCOME TAX EXPENSE

	Year ended 31 March	
	2019	2018
	S$	*S$*
Tax (income)/expense comprises:		
Current tax		
— Singapore corporate income tax ("CIT")	**1,213,550**	1,192,930
— Hong Kong profits tax	**—**	—
— PRC corporate income tax	**—**	—
Deferred tax	**93,235**	(101,855)
	1,306,785	1,091,075

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 20%, capped at S$10,000 for the Year of Assessment 2019 (Year of assessment 2018: CIT rebate of 40%, capped at S$15,000). Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$190,000 of normal chargeable income (2018: 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$290,000 of normal chargeable income).

No provision for Hong Kong profits tax and PRC corporate income tax has been provided as the Group did not generate any assessable profits in Hong Kong and China for the year.

9. DIVIDENDS

No dividend has been declared by the Company during the year or subsequent to the year end 31 March 2019 (2018: Nil).

10. EARNINGS PER SHARE

	Year ended 31 March	
	2019	2018
Profit attributable to the owners of the Company (S$)	**4,892,204**	3,462,757
Weighted average number of ordinary shares in issue (number of shares)	**1,037,408,027**	1,035,547,945
Basic and diluted earnings per share (S$ cents)	**0.47**	0.33

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.

For the year ended 31 March 2019, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options since their exercise price is higher than the average market price of the Company's share for the year. Accordingly, the basic and diluted earnings per share are the same. (2018: 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 year ended 31 March 2018.)

11. TRADE RECEIVABLES

	As at 31 March	
	2019	2018
	S$	*S$*
Billed trade receivables	**11,233,310**	8,219,300
Unbilled trade receivables *(note a)*	**3,354,368**	1,470,713
Retention receivable *(note b)*	**—**	51,479
	14,587,678	9,741,492

Notes:

(a) Unbilled trade receivables 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 which are entitled for billing.

(b) 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, usually 12 months from the completion date, and are classified as current as they are expected to be received within the Group's normal operating cycle. Upon the application of IFRS 15, the retention receivable was reclassified to contract assets.

For majority of customers, invoices are issued upon completion of rendering services.

The Group grants credit terms to customers typically between 15 to 60 days (2018: 15 to 60 days) from the invoice date for billed trade receivables. The following is an analysis of billed trade receivables by age presented based on the invoice date as at the end of each reporting period:

	As at 31 March	
	2019	2018
	S$	*S$*
Within 90 days	**9,346,112**	7,417,079
91 days to 180 days	**1,476,690**	277,790
181 days to 365 days	**237,723**	434,105
Over 1 year but not more than 2 years	**121,904**	20,996
More than 2 years	**50,881**	69,330
	11,233,310	8,219,300

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2019	2018
	S$	*S$*
Deposits	**1,140,798**	175,219
Prepayments	**3,429,134**	468,154
Advances to staff	**28,500**	28,500
Other receivables	**2,650,178**	—
Amount due from a broker	**1,700,005**	—
	8,948,615	671,873

13. AMOUNTS DUE FROM RELATED COMPANIES

	As at 31 March	
	2019	2018
	S$	*S$*
Trade related	**5,417**	32,025
Non-trade related	**872,833**	—
	878,250	32,025

Amount due from a related company — non-trade related is unsecured, interest-free and repayable on demand.

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

	As at 31 March	
	2019	2018
	S$	*S$*
Within 90 days	**5,417**	32,025

14. TRADE AND OTHER PAYABLES

	As at 31 March	
	2019	2018
	S$	*S$*
Trade payables	**6,045,758**	5,640,938
Trade accruals	**661,885**	519,870
	6,707,643	6,160,808
Accrued operating expenses	**705,156**	682,434
Other payables		
GST payable	**613,977**	730,645
Others	**324,107**	101,392
	8,350,883	7,675,279

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

	As at 31 March	
	2019	2018
	S$	*S$*
Within 90 days	**4,768,163**	4,929,830
91 to 180 days	**281,061**	371,207
181 days to 365 days	**332,824**	216,578
Over 1 year but not more than 2 years	**595,606**	67,903
Over 2 years	**68,104**	55,420
	6,045,758	5,640,938

The credit period on purchases from suppliers and subcontractors is between 15 to 90 days or payable upon delivery (2018: 15 to 90 days or payable upon delivery).

15. BORROWINGS

	As at 31 March	
	2019	2018
	S$	*S$*
Bank loan — secured	**2,860,004**	3,098,336
Analysed as:		
Carrying amount repayable within one year	**238,332**	3,098,336
Carrying amount repayable more than one year, but not exceeding two years	**2,621,672**	—
	2,860,004	3,098,336
Amount due within one year shown under current liabilities	**(238,332)**	(3,098,336)
Amount shown under non-current liabilities	**2,621,672**	—

The loan as at 31 March 2019 and 2018 was secured by the legal mortgage over the Group's leasehold property, carrying floating interest rates ranging from 1.98% to 5.10% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group's revenue for the year ended 31 March 2019 was approximately S$52.8 million (31 March 2018: approximately S$56.8 million). The Group's gross profit increased from approximately S$16.9 million for the year ended 31 March 2018 to approximately S$17.9 million for the year ended 31 March 2019, while the Group's gross profit margin increased from 29.7% for the year ended 31 March 2018 to 33.9% for the year ended 31 March 2019.

Looking ahead, the Group remains positive about the prospects of the integrated building services industry and construction market in Singapore. On 14 January 2019, Building and Construction Authority ("**BCA**") announced that the total construction demand (i.e. the value of construction contracts to be awarded) in 2019 to range between S$27 billion and S$32 billion, comparable to the S$30.5 billion (preliminary estimate) awarded in 2018. The BCA also added that the projected outlook is due to sustained public sector construction demand, which is expected to reach between S$16.5 billion and S$19.5 billion in 2019, contributing to about 60% of the projected demand for this year. As such, our Directors are still confidence on the outlook of existing integrated building services business.

Significant Event

In April 2018, Morgan Hill Holdings Limited ("**Morgan Hill**") and Trinity Gate Limited ("**Trinity Gate**") agreed to acquire 750,000,000 shares (representing approximately 72.29% of the issued share capital of the Company as at the date of the joint announcement dated 8 May 2018) of the Company from the then shareholders of the Company for the total consideration of approximately HK$652.5 million. The share acquisition was completed in May 2018 and Morgan Hill has become the controlling shareholder of the Company. Mr. Yao Yongjie, the co-chairman and an executive Director of the Company, indirectly owned 51% equity interest in Morgan Hill.

Up to the date of this announcement, Morgan Hill and Trinity Gate controlled approximately 41.79% and approximately 10.8% of the total issued shares of the Company respectively.

Future Prospects

The Group intends to continue the existing principal businesses that provides integrated building services and undertakes building construction works in Singapore. At the same time, the Group intends to expand and diversify our business by investing into new business opportunities which can enhance shareholder value as well as complement and leverage existing business lines.

During the reporting period the Group devoted resources to develop new business lines related to blockchain and financial technology, including operation, maintenance and management of data centres and other high performance data processing facilities and equipment in relation to blockchain technologies, digital assets trading platform operation and blockchain strategic advisory services provision.

In March 2019, the Group further expanded its business to industrial and medical related fields. The Group's industrial hemp business still in its infancy and will involve hemp seed research, hemp cultivation, Cannabidiol ("**CBD**") extraction and CBD downstream product application.

Revenue

For the year ended 31 March 2019, the Group recorded a revenue of approximately S$52.8 million (31 March 2018: approximately S$56.8 million), a decrease of S$4.0 million or 7.0%. Such decrease was mainly due to the decreased contribution from the building construction works, which dropped from approximately S$10.4 million for the year ended 31 March 2018 to approximately S$3.1 million for the year ended 31 March 2019, a decrease of S$7.3 million. The decrease in revenue from the building and construction works was mainly due to decrease in works performed for a building and construction project, amounting to approximately S$0.7 million for the year ended 31 March 2019 (31 March 2018: approximately S$7.0 million). The aforesaid project has been completed during the year.

Revenue attributable to the integrated building services increased by approximately S$3.3 million or 7.1%, from S$46.4 million for the year ended 31 March 2018 to S$49.7 million for the year ended 31 March 2019, mainly due to increase in the amount of the integrated building services works performed by the Group during the year ended 31 March 2019 as compared to 2018.

No revenue has been generated from the blockchain technology development and application business and industrial and medical related hemp business, given these new business segments are still in the upfront investment and preparatory stage.

Costs of Services

The Group's cost of services decreased from approximately S$39.9 million for the year ended 31 March 2018 to S$34.9 million for the year ended 31 March 2019, representing a decrease of approximately S$5.0 million or 12.5%, which was higher than the decrease in the Group's revenue of approximately 7.0%. This has 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 2019. The subcontractor costs was approximately S$21.2 million for the year ended 31 March 2019 (31 March 2018: approximately S$25.7 million), representing a decrease of approximately 17.5%.

Gross Profit and Gross Profit Margin

The Group's gross profit increased from approximately S$16.9 million for the year ended 31 March 2018 to approximately S$17.9 million for the year ended 31 March 2019, an increase of approximately S$1.0 million or 5.9%. Such increase was mainly due to the decrease in the costs of services discussed above and the increase in the gross profit margin.

The Group's gross profit margin increased from 29.7% for the year ended 31 March 2018 to 33.9% for the year ended 31 March 2019. Such increase was mainly due to the higher than proportionate decrease in costs of services for building and construction works discussed above as compared with the decrease in revenue. Gross profit margin for integrated building services is relatively higher than the gross profit margin for building and construction works, resulted in the Group's higher gross profit margin.

Other Gains and Losses

The Group's other gains and losses changed significantly from losses of approximately S$1.7 million for the year ended 31 March 2018 to gain of approximately S$955,000 for the year ended 31 March 2019. Such change was due to the recognition of unrealized foreign exchange gain of approximately S$989,000 (31 March 2018: loss of approximately S$1.8 million) for the monetary items and cash and cash equivalent denominated in Hong Kong dollars as Hong Kong dollars has appreciated against Singapore dollars as at 31 March 2019 as compared to 31 March 2018.

Administrative Expenses

The Group's administrative expenses increased from approximately S$10.8 million for the year ended 31 March 2018 to approximately S$12.6 million for the year ended 31 March 2019, an increase of approximately S$1.8 million or 16.7%. Such increase was mainly due to the increased legal and professional fee, as well as the salaries and other administrative expenses such as office rental incurred in setting up the Hong Kong office in order to facilitate the development of the new business opportunities.

Finance Costs

The Group's finance costs decreased from approximately S$93,000 for the year ended 31 March 2018 to S$89,000 for the year ended 31 March 2019. Such decrease was mainly due to the lower interest rate of the mortgage loan. In May 2018, the Group entered into a revised bank loan agreement for conversion of interest rate and loan tenure.

Income Tax Expense

The Group's income tax expenses increased from approximately S$1.1 million for the year ended 31 March 2018 to approximately S$1.3 million for the year ended 31 March 2019. Although the profit before taxation was higher for the year ended 31 March 2019, the increase in profit was mainly due to the non-taxable unrealized foreign exchange gain, therefore the income tax expense did not increase in line with the increase in profit.

Profit Attributable to Owners of the Company

Even though the revenue dropped compare with the previous period, the Group's profit attributable to owners of the company increased from approximately S$3.5 million for the year ended 31 March 2018 to approximately S$4.9 million for the year ended 31 March 2019, an increase of approximately S$1.4 million or 40.0%, which is mainly due to the increase in gross profit due to higher gross profit margin as discussed above and the exchange gain of Hong Kong dollars monetary items as a result of the appreciation of Hong Kong dollars against Singapore dollars. The increase is partially offset by the increase in administration expenses due to the increase in legal and professional fee and the setting up of Hong Kong office.

Final Dividend

The Directors do not recommend the payment of final dividend for the year ended 31 March 2019 (31 March 2018: Nil).

Liquidity and Financial Resources

The Group maintained a healthy financial position during the year ended 31 March 2019. As at 31 March 2019, the Group had total bank balances and cash of approximately S$22.6 million (31 March 2018: approximately S$39.4 million). The total interest-bearing loans of the Group as at 31 March 2019 was approximately S$2.9 million (31 March 2018: approximately S$3.1 million), and current ratio of the Group as at 31 March 2019 was approximately 5.3 times (31 March 2018: approximately 4.3 times). As at 31 March 2019, the gearing ratio (calculated based on borrowing divided by equity attributable to owners of the Company) of the Group was 0.1 times (31 March 2018: 0.1 times).

For further details regarding the borrowings of the Group, please refer to note 15 of the notes to the consolidated financial statements.

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 monitor 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 2019, the Group had approximately S$1.7 million (31 March 2018: approximately S$2.0 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 2019 and 2018.

Exposure to foreign Exchange Rate Risks

The functional currency of the Group's major operating subsidiaries is Singapore dollars. However, certain subsidiaries of the Company have their assets and liabilities denominated in Hong Kong dollars and Renminbi. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in Hong Kong dollars and Renminbi. During the year ended 31 March 2019, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk. The Group recorded an unrealized foreign exchange gain of approximately S$989,000 for the year ended 31 March 2019 (31 March 2018: loss of approximately S$1.8 million).

Capital Structure

As at 31 March 2019, the share capital and equity attributable to the owners of the Company amounted to approximately S$1.9 million and S$52.6 million respectively (31 March 2018: approximately S$1.9 million and S$48.5 million respectively).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies and Joint Ventures

On 8 August 2018, Grand Shores Blockchain Group Limited ("**GS Blockchain**"), a wholly-owned subsidiary of the Company has entered into a co-operation agreement with Hong Kong Wenwei Cultural Property Trading and Exchange Limited ("**HK Wenwei**") in relation to the formation of a joint venture company, Hong Kong Grandshores Digital Economy Development Limited. This joint venture company is intended to be principally engaged in digital asset trading and exchange services.

Pursuant to the co-operation agreement, GS Blockchain will contribute HK$15,000,000 (equivalent to approximately S$2.6 million) and HK Wenwei will contribute HK$5,000,000 (equivalent to approximately S$883,000) to subscribe for 75% and 25% of the equity interest in the joint venture company respectively.

Please refer to the Company's announcement dated 8 August 2018 for further details of the formation of the above joint venture in Hong Kong.

Employees and Remuneration Policy

As at 31 March 2019, the Group employed a total of 327 full-time employees (including executive Directors), as compared to 328 full-time employees as at 31 March 2018. 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.

Future Plans for Material Investment or Capital Assets

As at 31 March 2019, except for the acquisition of the property, plant and equipment, the Group does not have any other plans for material investments or capital assets.

EVENTS AFTER THE REPORTING PERIOD

(a) On 2 April 2019, Morgan Hill entered into a share sale and purchase agreement (the "**Share SPA**") with (i) Mr. Zou Chendong ("**Mr. Zou**", who was appointed as co-chairman and an executive Director on 4 March 2019); and (ii) Trinity Gate. Pursuant to the Share SPA, Morgan Hill agreed to dispose and (i) Mr. Zou agreed to purchase 200,000,000 ordinary shares in the Company (the "**Shares**"); and (ii) Trinity Gate agreed to purchase 100,000,000 Shares. On 14 May 2019, the sales and purchase of 100,000,000 Shares between Morgan Hill and Trinity Gate was completed while the sales and purchase of shares between Morgan Hill and Mr. Zou did not take place. Morgan Hill and Mr. Zou agreed that another trading arrangement of such 200,000,000 Shares shall be negotiated after more superb resources of hemp industry have been introduced into the Company. For details, please refer to the announcement of the Company dated 2 April 2019 and 14 May 2019.

(b) Subsequent to the period end, the Company offered to grant share options to certain eligible participants (the "**Grantees**"), subject to acceptance of the Grantees, to subscribe for an aggregate of 48,500,000 ordinary shares of HK$0.01 each of the Company pursuant to the share option scheme adopted by the Company on 5 January 2017. For details, please refer to the announcements of the Company dated 12 April 2019, 15 May 2019 and 16 May 2019.

(c) On 25 April 2019, the Company through its wholly owned subsidiary, Grandshores Technology (Hong Kong) Limited, entered into an equity transfer agreement with an individual to acquire 40% equity interest in Hangzhou Yupu Trading Co., Ltd.* (杭州舜樸貿易有限公司) for a consideration of RMB4,000,000. For details, please refer to the announcement of the Company dated 25 April 2019.

(d) On 10 June 2019, the Company through its wholly owned subsidiary, Silver Fame Investment Limited and an individual entered into an equity transfer agreement to acquire 51% equity interest in Heilongjiang Yinma Technology Development Co., Ltd.* (黑龍江銀麻科技發展有限公司). For details, please refer to the announcement of the Company dated 10 June 2019.

Save as disclosed, no other significant events have been taken place subsequent to 31 March 2019.

* *for identification purposes only*

CORPORATE GOVERNANCE AND OTHER INFORMATION

Change of Directors' Information

As at 30 May 2018, Mr. Yao Yongjie and Mr. Teng Rongsong were appointed as an executive Director and a non-executive Director respectively. Details of the changes of Directors are set out in the announcement of the Company dated 30 May 2018.

As at 30 June 2018, Mr. Lim Kai Hwee resigned as an executive Director and Ms. Ng Peck Hoon, Mr. Toh Soo Bock, Bob and Mr. Sim Choon Hong resigned as independent non-executive Directors. On the same day, Mr. Chua Seng Hai resigned as the chairman of the Company (the "Chairman") and re-designated as a non-executive Director. Mr. Yao Yongjie was appointed as the Chairman of the Company. Details of the changes of Directors are set out in the announcement of the Company dated 30 June 2018.

As at 30 June 2018, Mr. Chu Chung Yue, Howard, Dr. Zhang Weining and Mr. Yu Wenzhou were appointed as independent non-executive Directors. Details of the change of Directors are set out in the announcement of the Company dated 30 June 2018.

As at 8 October 2018, Mr. Teng Rongsong resigned as a non-executive Director and Ms. Lu Xuwen was appointed as a non-executive Director at the same time. Details of the change of Directors are set out in the announcement of the Company dated 8 October 2018.

As at 3 December 2018, Mr. Li Xiaolai was appointed as an executive Director and the co-chief executive officer of the Company. Details of the change of Directors were set out in the announcement of the Company dated 3 December 2018.

As at 4 March 2019, Mr. Zou Chendong was appointed as an executive Director and the co-chairman of the Company. Details of the change of Directors were set out in the announcement of the Company dated 4 March 2019.

As at 8 May 2019, Mr. Li Xiaolai resigned as an executive Director and the co-chief executive officer of the Company and Ms. Li Jia was appointed as an executive Director and the co-chief executive officer of the Company at the same time. Details of the change of Directors were set out in the announcement of the Company dated 8 May 2019.

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 year ended 31 March 2019.

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 31 March 2019.

Purchase, Sales or Redemption of the Company's Securities

During the year ended 31 March 2019, the Company bought back a total of 5,595,000 Shares for an aggregate consideration of HK$5,261,296 (including transaction costs of HK$17,045) on the Stock Exchange. All the Shares bought back were subsequently cancelled by the Company.

Saved as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year ended 31 March 2019.

Review of Annual Results by the Audit Committee

The consolidated financial results of the Group for the year ended 31 March 2019 has been reviewed by the Audit Committee of the Company.

Scope of Work of the Independent Auditor

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto as set out in the preliminary announcement of the Group's results for the year ended 31 March 2019 have been agreed by the Company's independent auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

Publication of Annual Results Announcement and Annual Report

The annual results announcement of the Company is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.grandshorestech.com). The annual report of the Company for the year ended 31 March 2019 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
Grandshores Technology Group Limited
Yao Yongjie
Co-Chairman and Executive Director

Hong Kong, 28 June 2019

As at the date of this announcement, the Board comprises Mr. Yao Yongjie, Ms. Li Jia and Mr. Zou Chendong as executive Directors; Mr. Chua Seng Hai and Ms. Lu Xuwen as non-executive Directors; and Mr. Chu Chung Yue, Howard, Dr. Zhang Weining and Mr. Yu Wenzhuo as independent non-executive Directors.