Grandshores Technology Group Limited
雄 岸 科 技 集 團 有 限 公 司

(Formerly known as SHIS Limited)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1647)

2019
Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Yao Yongjie *(Co-chairman)*
(appointed on 30 May 2018)
Mr. Zou Chendong *(Co-chairman)*
(appointed on 4 March 2019)
Ms. Li Jia *(Co-chief executive officer)*
(appointed on 8 May 2019)

NON-EXECUTIVE DIRECTORS

Mr. Chua Seng Hai (redesignated on 30 June 2018)
Ms. Lu Xuwen (appointed on 8 October 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Chung Yue, Howard
(appointed on 30 June 2018)
Dr. Zhang Weining (appointed on 30 June 2018)
Mr. Yu Wenzhuo (appointed on 30 June 2018)

AUDIT COMMITTEE

Mr. Chu Chung Yue, Howard *(Chairman)*
(appointed on 30 June 2018)
Dr. Zhang Weining (appointed on 30 June 2018)
Mr. Yu Wenzhuo (appointed on 30 June 2018)

REMUNERATION COMMITTEE

Dr. Zhang Weining *(Chairman)*
(appointed on 30 June 2018)
Mr. Yao Yongjie (appointed on 29 June 2018)
Ms. Lu Xuwen (appointed on 8 October 2018)
Mr. Chu Chung Yue, Howard
(appointed on 30 June 2018)
Mr. Yu Wenzhuo (appointed on 30 June 2018)

NOMINATION COMMITTEE

Mr. Yao Yongjie *(Chairman)*
(appointed on 29 June 2018)
Ms. Lu Xuwen (appointed on 8 October 2018)
Mr. Chu Chung Yue, Howard
(appointed on 30 June 2018)
Dr. Zhang Weining (appointed on 30 June 2018)
Mr. Yu Wenzhuo (appointed on 30 June 2018)

COMPANY SECRETARY

Mr. Wong Ngai (appointed on 16 August 2018)

AUTHORISED REPRESENTATIVES

Mr. Yao Yongjie
Mr. Wong Ngai

REGISTERED OFFICE

Cricket Square
Hutchins Drive P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3709, 37/F, Tower 2, Lippo Centre
89 Queensway, Admiralty, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

18 Kaki Bukit Place
Eunos Techpark
Singapore 416196

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Crowe (HK) CPA Limited
Certified Public Accountants
9/F, Leighton Centre
77 Leighton Road, Causeway Bay
Hong Kong

PRINCIPAL BANKS

United Overseas Bank
Bank of China (Hong Kong)

COMPANY'S WEBSITE

www.grandshorestech.com

STOCK CODE

1647

CHAIRMAN STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Grandshores Technology Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present to our shareholders the annual report of the Group for the year ended 31 March 2019 (the "**Review Year**").

During the Review Year, the Group's revenue decreased from approximately S$56.8 million for the year ended 31 March 2018 to approximately S$52.8 million for the year ended 31 March 2019 while the Group 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. The Group's gross profit margin also increased from 29.7% for the year ended 31 March 2018 to 33.9% for the year ended 31 March 2019.

Even though the revenue for the year decreased, the Group can still manage to improve the gross profit and gross profit margin due to a greater decrease in cost of services. This is mainly due to the decrease in the use of subcontractors. 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.

While continuing the existing businesses in integrated building services business and building construction works business, in the Review Year the Group also expanded and diversified into new business lines relating to the blockchain technology development and application and industrial hemp. Although the new business lines are still in their early stages, I believe they will enhance and maximise the shareholders' value in the future.

I would like to take this opportunity to express my 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.

Yao Yongjie
Co-Chairman
28 June 2019

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, 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 report, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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 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.

FINANCIAL REVIEW *(continued)*

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 26 of the notes to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

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 ASSOCIATES 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

PRINCIPAL RISKS AND UNCERTAINTIES

Set out below are the principal risks and uncertainties are summarised as follows:

(i) Changes in economic conditions which may directly affect the property market and construction demand in Singapore. Moreover, the Group's integrated building services business and building construction work business rely on successful tenders that determine the award of our projects contracts and is non-recurring in nature.

(ii) The Group is exposed to financial risks including interest rate risk, currency risk, credit risk, liquidity risk and equity price risk in the normal course of its business. For further details of such risks and relevant policies, please refer to note 34 to the financial statements from pages 114 to 122.

(iii) The Group has policies and procedures in place to ensure full compliance with relevant laws and regulations that have a significant impact on the Group's business and operations. Management regularly reviews and assesses the impact of any recent changes and developments in applicable laws, rules and regulations, and seeks external advice when deemed necessary.

FUTURE PLANS FOR MATERIAL INVESTMENTS 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.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group had no material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD

The Group did not have any significant investments during the year ended 31 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE SHARE OFFER

The share of the Company were listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited on 30 March 2017.

The net proceeds from the Listing, after deducting listing related expenses, were approximately S$21.6 million (equivalent to approximately HK$124.1 million), out of which approximately S$6.3 million has been utilized as at 31 March 2019.

Business objectives	**Net proceeds** *S$'000*	**Amount utilised as at 31 March 2019** *S$'000*	**Balance as at 31 March 2019** *S$'000*
Various investments in manpower and plant and equipment for expanding the scale of operation and undertake more integrated building services projects in Singapore	12,475	1,884	10,591
Various investments in manpower and plant and equipment for expanding the in-house capabilities and reducing the use of subcontractors in relation to plumbing and sanitary works, electrical works and air-conditioning works	6,971	2,317	4,654
Working capital	2,137	2,137	—
	21,583	6,338	15,245

EVENTS AFTER THE REPORTING PERIOD

For details of the significant events occurred after the reporting period, please refer to note 35 to the consolidated financial statements.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management are set out as follows:

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Yao Yongjie ("Mr. Yao"), aged 48, was appointed as the executive Director on 30 May 2018. He is also a director of various subsidiaries of the Group. He was appointed as the chairman of the Board on 30 June 2018 and was redesignated as the Co-chairman on 4 March 2019. He graduated from Hunan University with a degree in architecture and was involved in a number of real estate projects. Mr. Yao is currently the chairman of a private equity investment company, Hangzhou Tunlan Investment Management Co., Ltd(杭州暾瀾投資管理有限公司)("**Hangzhou Tunlan**"), and the chairman of an investment holding company, Hangzhou Grand Shores Investment Management Co., Ltd(杭州雄岸投資管理有限公司), which will focus on blockchain and artificial intelligence related investments. Mr. Yao was an angel investor of Hangzhou Canaan Creative Information Technology Limited(杭州嘉楠耘智信息科技有限公司)("**Hangzhou Canaan**"), which is principally engaged in research and development of integrated circuits. He is also the president of the Zhejiang Grand Shores Blockchain Industrial Development Institute. Mr. Yao is a famous investor in the blockchain industry and has successfully invested in a few world-leading blockchain companies, such as Hangzhou Canaan and has broad influence and appeal in the industry. In 2018, Mr. Yao is one of the founders of Grand Shores Global Blockchain Ten-Billion Innovation Fund. Mr. Yao is also an independent non-executive director of Han Tang International Holdings Limited (stock code: 1187) during July 2016 to October 2018, a company delisted from the Main Board of The Stock Exchange of Hong Kong Limited the "**Stock Exchange**" on 22 October 2018.

Mr. Zou Chendong ("Mr. Zou"), aged 50, was appointed as the executive Director and the co-chairman of the Company on 4 March 2019. He had studied in PLA Nanjing Political College(中國人民解放軍南京政治學院)and obtained a bachelor degree in arts. He has been a reporter of Tibet People's Radio(西藏人民廣播電台), Tibet Television(西藏電視台), China Central Television(中國中央電視台)and China National Radio(中國中央人民廣播電台). He has also been a military reporter of Xinhua News Agency PLA Branch(新華社解放軍分社)stationed in Tibet and a news director of Shanghai Securities News(上海證券報). Mr. Zou is a director of China Xinhua News Network Co., Limited(中國新華新聞電視網有限公司)since 2010. Mr. Zou was an executive director of CNC Holdings Limited (stock code: 8356), the shares of which are listed on the GEM of the Stock Exchange, from December 2011 to March 2018, during which he has also been the vice chairman (August 2014 to December 2017) and the chief executive officer (December 2011 to December 2017).

Ms. Li Jia ("Ms. Li"), aged 34, was appointed as an executive Director and the co-chief executive officer of the Company on 8 May 2019. Ms. Li holds a bachelor degree in economics and finance from York University and a master degree in real estate finance from University of Cambridge. Ms. Li has had experience of management in large-scale enterprise for over ten years, with extensive networks, resources and practical experience in the industrial hemp sector and capital market inside and outside the country, familiar with the status quo and developmental trend of worldwide industrial hemp sector. Ms. Li will be dedicated to the Group's new business related to industrial hemp.

NON-EXECUTIVE DIRECTORS

Mr. Chua Seng Hai ("Mr. Chua"), aged 58, was appointed as the Director on 18 May 2016 and re-designated as the executive Director and appointed as the chairman of the Board on 5 July 2016. He was re-designated as non-executive Director, and had resigned as the chairman of the Board on 30 June 2018. He also held directorships in various subsidiaries of the Group. Mr. Chua has over 20 years of experience in the provision of integrated building services and in the building and construction industry in Singapore. Mr. Chua worked at JVL Engineering Pte Ltd as a manager from January 1999 to November 2005 and he was also a director of HAM Engineering Pte Ltd from March 1997 to November 2005.

Mr. Chua obtained the National Trade Certificate Grade 3 in Electrical Fitting & Installation (Industrial) (Practical and Theory Parts) and in Electrical Fitting & Installation (Domestic) (Practical and Theory Parts) from the Vocational and Industrial Training Board (currently known as The Institute of Technical Education) of Singapore in August 1979. He is registered with the Building and Construction Authority as a building construction safety supervisor. He is also a licensed electrician registered with the Energy Market Authority in Singapore.

Mr. Chua is the spouse of Ms. Bek Poi Kiang (member of the senior management of the Group).

Ms. Lu Xuwen ("Ms. Lu"), aged 28, was appointed as a non-executive Director on 8 October 2018. She is also a director of a subsidiary of the Group. Ms. Lu holds a degree in finance, accounting and management from the University of Nottingham and a master degree in finance from Tulane University. Since 2016 and prior to joining the Company, Ms. Lu has been the board secretary of Hangzhou Tunlan. Mr. Yao Yongjie, the co-chairman of the Board and an executive Director, is the controlling shareholder of Hangzhou Tunlan, and is a partner and the chairman of Hangzhou Tunlan.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Chung Yue, Howard ("Mr. Chu"), aged 70, was appointed as an independent non-executive Director on 30 June 2018. Mr Chu is currently serving as an independent non-executive Director and the Chairman of the Audit Committee for Yunfeng Financial Group Limited (stock code: 376), a financial services company listed on the Main Board of the Stock Exchange.

Mr. Chu was the vice president, Asia and chief representative, China of a major Canadian mining company Teck Resources Limited. Mr. Chu was responsible for the development of the company's business opportunities in China. Mr. Chu held various senior positions with this company including Corporate Controller and was the vice president, Asia and chief representative, China from 2007 to April 2011.

Mr. Chu graduated in the Commerce Program of the University of British Columbia in 1974 and qualified as a professional accountant with the Canadian Institute of Chartered Professional Accountants in 1978.

Dr. Zhang Weining ("Dr. Zhang"), aged 40, was appointed as an independent non-executive Director on 30 June 2018. Dr. Zhang obtained his Bachelor of Accounting from Southwestern University of Finance and Economics in 2001, his Master of Business of Administration from Western Kentucky University, USA in 2005, and his PhD degree in Management (Accounting – oriented) from University of Texas at Dallas in 2010.

Dr. Zhang was an assistant professor of Cheung Kong Graduate School of Business from 2012 to 2015 and became an associate professor since 2015. He was the assistant professor of National University of Singapore from 2010 to 2011.

Dr. Zhang also holds directorships in several companies and his experience covers technology and media advertising industries. He is currently a director of Beijing Transino Technology Co. Ltd and an independent director of Tiandi Juhe (Suzhou) Data Co. Ltd. since 2017. He was a director of Guangzhou Shangsi Media Advertising Co. Ltd from 2015 to 2018 and an independent director of Sichuan Tianyi Science & Technology Co. Ltd. from 2012 to 2015. Dr. Zhang was appointed as independent non-executive director of iDreamSky Technology Holdings Limited ("**iDreamSky**") in May 2018. iDreamSky was subsequently listed on the Main Board of the Stock Exchange on 6 December 2018 (Stock code: 1119).

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Yu Wenzhuo ("Mr. Yu"), aged 48, was appointed as an independent non-executive Director on 30 June 2018. Mr. Yu graduated from Changzhou Vacational Institute of Light Industry with an associate degree in financial management in 1993.

He is currently the Partner of InBlockchain Capital. He has extensive experiences in China working across government authority and commercial field. He worked in Changzhou Bureau of Land and Resources for 13 years. Since then, he was operational manager in Shanghai Mengzhimei Industrial Co. Ltd from 2008 to 2011. He was the chief executive officer of Shanghai Wotao Electronic Commerce Co. Ltd from 2011 to 2014 and the chief operating officer of Beijing Yunbi Technology Co. Ltd. from 2014 to 2017.

SENIOR MANAGEMENT

Mr. Wang Qian ("Mr. Wang"), aged 31, was appointed as the chief executive officer of the Company on 8 October 2018. Mr. Wang is a chartered financial analyst charterholder and holds a postgraduate diploma in financial markets and portfolio management and a bachelor degree in accounting and finance from the University of Hong Kong. Prior to joining the Company, Mr. Wang had been the fund manager of Grey Investment Limited, a licensed corporation regulated by the Securities and Futures Commission, for more than three years. From 2013 to 2015, Mr. Wang was the deputy investment director of Eagle Ride Investment Holdings Limited (stock code: 901), the shares of which are listed on the Main Board of the Stock Exchange. From 2010 to 2013, Mr. Wang was working in several renowned international investment banks.

Ms. Bek Poi Kiang ("Mrs. Chua"), aged 59, is the director of DRC Engineering Pte. Ltd. ("**DRC Engineering**"), an indirect wholly owned subsidiary of the Company since October 2010. She is responsible for the general oversight of DRC Engineering's activities, including supervising the business operation and monitoring the financial position of DRC Engineering. Since becoming DRC Engineering's director in October 2010, Mrs. Chua has accumulated more than 8 years of experience in our business and operations.

Mrs. Chua is the spouse of Mr. Chua Seng Hai (non-executive Director).

Mr. Lim Kai Hwee ("Mr. Lim"), aged 42, is the general manager of the Group's integrated building services business and building and construction works business. He joined the Group in August 2006 and was the executive Director from 5 July 2016 to 30 June 2018. He obtained a degree of Bachelor of Applied Science in construction management and economics from Curtin University of Technology in February 2004. Mr. Lim has over 10 years of experience in the provision of integrated building services and in the building and construction industry in Singapore. Prior to joining the Group, Mr. Lim was employed by United Premas Limited as a facilities manager from November 2001 to August 2005.

COMPANY SECRETARY

Mr. Wong Ngai ("Mr. Wong"), aged 38, was appointed as the company secretary of the Company on 16 August 2018. Mr. Wong joined the Group as group financial controller in June 2018. Mr. Wong is a fellow member of The Association of Chartered Certified Accountants and a member of The Hong Kong Institute of Certified Public Accountants. He is also an associate member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.

CORPORATE GOVERNANCE PRACTICES

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 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). To the best knowledge of the Board, the Company has complied with the CG code for the Review Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (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 Review Year.

THE BOARD

COMPOSITION

As at the date of this report, the Board is chaired by Mr. Yao Yongjie and Mr. Zou Chendong and comprised of eight members including three executive Directors, two non-executive Director and three independent non-executive Directors.

Biographical details of the Directors are set out in the section headed "Biographical Details of the Directors and Senior Management" in this report. Save as disclosed in the aforesaid section, there are no financial, business, family or other material/relevant relationships among members of the Board.

Executive Directors

Mr. Yao Yongjie *(Co-chairman)* (appointed on 30 May 2018)
Mr. Zou Chendong *(Co-chairman)* (appointed on 4 March 2019)
Ms. Li Jia *(Co-chief Executive Officer)* (appointed on 8 May 2019)
Mr. Li Xiaolai *(Co-chief Executive Officer)* (appointed on 3 December 2018 and resigned on 8 May 2019)
Mr. Chua Seng Hai (redesignated as Non-Executive Director on 30 June 2018)
Mr. Lim Kai Hwee (resigned on 30 June 2018)

Non-Executive Directors

Mr. Chua Seng Hai (redesignated on 30 June 2018)
Ms. Lu Xuwen (appointed on 8 October 2018)
Mr. Teng Rongsong (appointed on 30 May 2018 and resigned on 8 October 2018)

Independent Non-Executive Directors

Mr. Chu Chung Yue, Howard (appointed on 30 June 2018)
Dr. Zhang Weining (appointed on 30 June 2018)
Mr. Yu Wenzhuo (appointed on 30 June 2018)
Ms. Ng Peck Hoon (resigned on 30 June 2018)
Mr. Toh Soo Bock, Bob (resigned on 30 June 2018)
Mr. Sim Choon Hong (resigned on 30 June 2018)

CORPORATE GOVERNANCE PRACTICES

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments are based on meritocracy, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board.

The nomination committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy for the Review Year.

CHAIRMAN AND CHIEF EXECUTIVE

In order to reinforce their respective independence, accountability and responsibility, the role of the Chairman is separate from that of the Chief Executive Officer.

Up to the date of this report, Mr. Yao Yongjie and Mr. Zou Chengdong were the Co-chairmen of the Board and Mr. Wang Qian and Ms. Li Jia were the Co-chief Executive Officers of the Company.

The Co-chairmen lead the Board and are responsible for the effective functioning of the Board in accordance with the good corporate governance practices adopted by the Company. The Co-chairmen are also responsible for establishing corporate culture and developing strategies for the Company. The Co-chief Executive Officers focus on developing and implementing policies approved and delegated by the Board. The Co-chief Executive Officers are also primarily responsible for the Group's day-to-day management and operations, and the formulation of the organisation structure, management systems, and internal control procedures and processes of the Group.

TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Each of the non-executive Directors and independent non-executive Directors has signed a letter of appointment with the Company for a term of three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

For the year ended 31 March 2019 and up to the date of this report, the Company has three independent non-executive Directors representing more than one-third of the Board, which is in compliance with Rules 3.10(1) and 3.10A of the Listing Rules. In compliance with Rule 3.10(2) of the Listing Rules, one of the independent non-executive Directors, namely Mr. Chu Chung Yue, Howard, possesses professional accounting qualifications, or financial management expertise.

In accordance with the Rule 3.13 of the Listing Rules, each of the current independent non-executive Directors, namely Mr. Chu Chung Yue, Howard, Dr. Zhang Weining and Mr. Yu Wenzhou have confirmed their independence for the Review Year.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

In accordance with the Company's articles of association (the "**Articles**"), all the Directors are subject to retirement by rotation at least once every three years. Any new Director appointed by the Board (i) to fill a casual vacancy in the Board shall hold office only until the first general meeting of the Company following his/her appointment and shall be subject to re-election at such meeting; and (ii) as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

CORPORATE GOVERNANCE PRACTICES

ROLE AND RESPONSIBILITIES

The Board is responsible for the overall management of the Group and all day-to-day operations and management of the Group's business has been delegated to management under the leadership of the Co-chief executive officers of the Group.

The principal roles of the Board are:

- set long term objectives and strategies;
- approve major policies and guidelines;
- prepare and approve financial statements, annual report and interim report;
- approve major capital expenditures, acquisition and disposals;
- approve connected transactions;
- approve material borrowings and expenditures;
- review and monitor internal control and risk management; and
- declare and recommend the payments of dividends.

The Board is also responsible for the corporate governance functions of the Company, which includes:

- develop and review the Company's policies and practices on corporate governance;
- review and monitor the training and continuous professional development of directors and senior management;
- review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and
- review the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the Review Year, the Board had reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of the corporate governance policy of the Group.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged our Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance. During the Review Year, the Company had provided internal trainings and in-house briefings to the Directors to ensure awareness of best corporate governance practices. The Company also periodically circulated reading materials relating to the general business, investment, or director's duties and responsibility to all the Directors. In addition, the Group will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

During the Review Year, all current Directors have participated in continuous professional development as shown below:

	Reading relevant matters in relation to listing rules update and corporate governance
Executive Directors:	
Mr. Yao Yongjie	✓
Mr. Zou Chendong	✓
Mr. Li Xiaolai	✓
Non-Executive Directors:	
Mr. Chua Seng Hai	✓
Ms. Lu Xuwen	✓
Independent Non-Executive Directors:	
Mr. Chu Chung Yue, Howard	✓
Dr. Zhang Weining	✓
Mr. Yu Wenzhuo	✓

BOARD PROCESS

The Group has in place a clear board process. Regular Board meetings are scheduled at least two times per year. Directors receive at least 14 days' prior written notice of regular Board meetings and agenda. The Board papers, including supporting analyses and relevant background information, are normally sent to all Directors at least three days before the Board meeting. For other Board meetings, Directors are given as much notice as possible in the circumstances. Directors may include any matters they wish to discuss in the agenda.

Minutes of the Board and committee meetings are prepared and kept by the company secretary of the Group, and are open for inspection by Directors upon request. All Directors have access to the advice and services of the company secretary, and are allowed to seek external professional advice if needed.

CORPORATE GOVERNANCE PRACTICES

During the Review Year, 16 Board meetings and 1 general meeting were held and the attendance record of each Director is set out below:

	Number of Board meeting attended/held	Number of general meeting attended/held
Executive Directors:		
Mr. Yao Yongjie (appointed on 30 May 2018)	14/14	1/1
Mr. Zou Chendong (appointed on 4 March 2019)	1/1	—
Mr. Li Xiaolai (appointed on 3 December 2018 and resigned on 8 May 2019)	2/4	—
Mr. Chua Seng Hai (redesignated as Non-Executive Director on 30 June 2018)	2/2	—
Mr. Lim Kai Hwee (resigned on 30 June 2018)	2/2	—
		—
Non-Executive Directors:		
Mr. Chua Seng Hai (redesignated on 30 June 2018)	12/14	1/1
Ms. Lu Xuwen (appointed on 8 October 2018)	5/5	—
Mr. Teng Rongsong (appointed on 30 May 2018 and resigned on 8 October 2018)	7/8	1/1
Independent Non-Executive Directors:		
Mr Chu Chung Yue, Howard (appointed on 30 June 2018)	13/13	1/1
Dr. Zhang Weining (appointed on 30 June 2018)	12/13	1/1
Mr. Yu Wenzhuo (appointed on 30 June 2018)	13/13	1/1
Ms. Ng Peck Hoon (resigned on 30 June 2018)	2/2	—
Mr. Toh Soo Bock, Bob (resigned on 30 June 2018)	2/2	—
Mr. Sim Choon Hong (resigned on 30 June 2018)	2/2	—

BOARD COMMITTEES

To facilitate the work of the Board, the Board has established three board committees to oversee specific aspects of the Group's affairs, namely audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**"). Each board committee has its own terms of reference relating to its authority and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of each committee are available on the websites of the Company and the Stock Exchange.

Each board committee has also been provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent professional advice in appropriate circumstances at the Group's expense.

AUDIT COMMITTEE

The primary duties of the Audit committee are to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee currently consists of three members who are all independent non-executive Directors, namely, Mr. Chu Chung Yue, Howard, Dr. Zhang Weining and Mr. Yu Wenzhuo. Mr. Chu Chung Yue, Howard is the chairman of the Audit Committee.

During the Review Year, 3 meetings of the Audit Committee were held and the attendance record of each member of the Audit Committee is set out below:

Committee members	Number of meeting attended/held
Mr. Chu Chung Yue, Howard *(Chairman)* (appointed on 30 June 2018)	2/2
Dr. Zhang Weining (appointed on 30 June 2018)	2/2
Mr. Yu Wenzhuo (appointed on 30 June 2018)	2/2
Ms. Ng Peck Hoon (resigned on 30 June 2018)	1/1
Mr. Toh Soo Bock, Bob (resigned on 30 June 2018)	1/1
Mr. Sim Choon Hong (resigned on 30 June 2018)	1/1

The following is a summary of the work performed by the Audit Committee during the Review Year:

- Review and discuss the annual financial statements, results announcements and reports, the related accounting principles and practices adopted by the Group and the relevant audit findings;
- Review and discuss the risk management and internal control system of the Group;
- Review and discuss the internal audit plan and reports issued; and
- Discuss and recommend the re-appointment of external auditors.

There had been no disagreement between the Board and the Audit Committee during the Review Year and up to the date of this report.

REMUNERATION COMMITTEE

The Remuneration committee currently consists of Mr. Yao Yongjie, Ms. Lu Xuwen and all of the independent non-executive Directors, namely Dr. Zhang Weining, Mr. Chu Chung Yue, Howard and Mr. Yu Wenzhuo. Dr. Zhang Weining is the chairman of the Remuneration committee.

The primary duties of the Remuneration committee include (but without limitation): (i) making recommendations to our Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of the Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

The remuneration of the Directors and senior management is determined with reference to the responsibilities, workload, the time devoted and the performance of the Group. The Remuneration Committee also ensures that no individual will be involved in determining his/her own remuneration.

During the Review Year, the remuneration of senior management is listed as below by band:

Band of remuneration (HK$)	No. of person
Nil to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	2
HK$3,500,001 to HK$4,000,000	1
	4

Further details of the remuneration of the Directors and the 5 highest paid employees is set out in note 11 to the consolidated financial statements.

During the Review Year, 4 meetings of the Remuneration Committee were held and the attendance record of each member of the Remuneration Committee is set out below:

Committee members	**Number of meeting attended/held**
Dr. Zhang Weining *(Chairman)* (appointed on 30 June 2018)	3/3
Mr. Yao Yongjie (appointed on 29 June 2018)	4/4
Ms. Lu Xuwen (appointed on 8 October 2018)	2/2
Mr. Chu Chung Yue, Howard (appointed on 30 June 2018)	3/3
Mr. Yu Wenzhuo (appointed on 30 June 2018)	3/3
Mr. Teng Rongsong (appointed on 29 June 2018 and resigned on 8 October 2018)	1/1
Mr. Toh Soo Bock, Bob (resigned on 30 June 2018)	—
Ms. Ng Peck Hoon (resigned on 30 June 2018)	—
Mr. Sim Choon Hong (resigned on 30 June 2018)	—
Mr. Lim Kai Hwee (resigned on 30 June 2018)	—

The following is a summary of the work performed by the Remuneration Committee during the Review Year:

- Review on the remuneration packages for individual Directors and senior management and made recommendations to the Board.

NOMINATION COMMITTEE

The Nomination committee currently consists of Mr. Yao Yongjie, Ms. Lu Xuwen and all of the independent non-executive Directors, namely Mr. Chu Chung Yue, Howard, Dr. Zhang Weining and Mr. Yu Wenzhuo. Mr. Yao Yongjie is the chairman of the Nomination committee.

The primary duties of our nomination committee are (i) to review the structure, size, composition and diversity of our Board on a regular basis; (ii) to identify individuals suitably qualified to become Board members; (iii) to assess the independence of independent non-executive Directors; (iv) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors; and (v) to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management.

During the Review Year, 5 meetings of the Nomination Committee were held and the attendance record of each member of the Nomination Committee is set out below:

Committee members	Number of meeting attended/held
Mr. Yao Yongjie *(chairman)* (appointed on 29 June 2018)	4/4
Ms. Lu Xuwen (appointed on 8 October 2018)	2/2
Mr. Chu Chung Yue, Howard (appointed on 30 June 2018)	3/3
Dr. Zhang Weining (appointed on 30 June 2018)	3/3
Mr. Yu Wenzhuo (appointed on 30 June 2018)	3/3
Mr. Teng Rongsong (appointed on 29 June 2018 and resigned on 8 October 2018)	1/1
Mr. Sim Choon Hong (resigned on 30 June 2018)	1/1
Ms. Ng Peck Hoon (resigned on 30 June 2018)	1/1
Mr. Toh Soo Bock, Bob (resigned on 30 June 2018)	1/1
Mr. Chua Seng Hai (resigned on 30 June 2018)	1/1

The following is a summary of the work performed by the Nomination Committee during the Review Year:

- Review the structure, size and composition of the Board and make recommendations to the Board regarding any proposed changes;
- Assess the independence of the independent non-executive Directors; and
- Make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors also acknowledge their responsibility to ensure the financial statements are published in a timely manner. The Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The Auditor's reporting responsibilities are set out in the section headed "Independent Auditor's Report" in this report.

AUDITOR'S REMUNERATION

For the Review Year, the fee paid/payable to the Crowe (HK) CPA Limited and its member firms, is set out as follows:

	S$
Audit services	318,870

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Company's risk management and internal control systems, and for reviewing its effectiveness.

In meeting such responsibility, the management of the Group conducts internal audit through internal audit function which includes analysis and appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. The management then reviews the findings and summarises all material issues to the Board and Audit Committee annually.

In particular, the Group has established guidelines and procedures for the approval and control of expenditures, to ensure the reliability of the financial reporting, effectiveness and efficiency of operation and the compliance with applicable laws and regulations. Whilst these guidelines and procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material misstatement, errors, losses, fraud or non-compliance.

The Board considers that the Group has put in place adequate measures to perform the internal audit function at different aspects of the Group. The Audit Committee and the Board have reveiwed and are satisfied with the effectiveness and efficiency of the risk management and internal control systems of the Group.

INSIDE INFORMATION POLICY

The Group has established policy for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with applicable laws and regulations. Procedures such as limit access to inside information to those who need to know and requiring external parties to execute confidentiality agreement have been implemented by the Company to guard against mishandling of inside information. The Group also reminds those relevant personnel and other professional parties to preserve confidentiality of the inside information until it is publicly disclosed.

COMPANY SECRETARY

During the Review Year, Ms. Chan So Fun has resigned as the company secretary of the Company on 16 August 2018. At the same date, the Board appointed Mr. Wong Ngai as the company secretary of the Company.

During the Review Year, Mr. Wong Ngai has taken no less than 15 hours of relevant continuous professional trainings to update his skills and knowledge.

SHAREHOLDERS' RIGHTS

PROCEDURES FOR CONVENING GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to article 58 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting.

Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings.

Such requisition shall be made in writing to the Board or the secretary of the Company by mail at Unit 3709, 37/F, Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING

Shareholders are requested to follow article 58 of the Articles for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Procedures for Convening General Meetings by Shareholders".

Pursuant to article 85 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

PROCEDURES BY WHICH ENQUIRIES MAY BE PUT TO THE BOARD

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Shareholders are welcomed to send their enquiries to the Board by post to the principal place of business set out in the section headed "Corporation Information" in this report.

CORPORATE GOVERNANCE PRACTICES

INVESTOR RELATIONS

The Board strives to maintain on-going dialogue with shareholders and the investment community. The Company has established a shareholders communication policy to set out the Company's procedures in providing the shareholders and investment community with ready, equal and timely access to balanced and understandable information about the Company.

Latest information on the Group including, but not limited to annual and interim reports, circulars, announcements and notices of annual general meetings are updated on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.grandshorestech.com).

In addition, the Company regards the annual general meeting as an important event as it provides an opportunity for direct communication between the Board and its shareholders. Shareholders are encouraged to attend the annual general meeting, where all Board members and external auditors are available to answer questions on the Group's business.

The forthcoming annual general meeting will be held on 29 August 2019, the notice of which shall be sent to the shareholders of the Company at least 20 clear business days prior to the meeting.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Review Year, there had been no significant changes in the constitutional documents of the Company.

DIRECTORS' REPORT

The Board is pleased to submit this annual report together with the audited consolidated financial statements of the Group for the Review Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company, and the principal activities of its principal subsidiaries are set out in note 31 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 4 to 9 of this Annual Report. This discussion forms part of this directors' report.

RESULTS

The results of the Group for the Review Year are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 51 in this report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Review Year are set out in note 28 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the Review Year are set out in the consolidated financial statement of changes in equity on page 54 and note 33 to the consolidated financial statements.

The Company did not have distributable reserve as at 31 March 2019, calculated under the Companies Law of Cayman Islands, as it has accumulated losses.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the Review Year.

DIVIDEND POLICY

Apart from compliance with the applicable legal requirements, the Company adopts a policy to set out key considerations for arriving at the dividend payment decision. Dividend payout will be decided or recommended by the Board after taking into account of the Group's immediate as well as expected prevailing financial performance, cash flow, financial position, capital commitments and future requirements as well as the general business and economic environments.

The Board will review this policy from time to time with reference to its future prospect, capital requirements and other changing circumstances both internally and externally.

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 on the Stock Exchange. All the Shares bought back were subsequently cancelled by the Company. Details of those transactions are as follows:

Month of repurchase	Number of Shares repurchased and cancelled	Purchase price per shares		Aggregate purchase price(including transaction costs)
		Highest	Lowest	
		HK$	*HK$*	*HK$*
December 2018	2,615,000	1.11	0.87	2,614,729
January 2019	2,070,000	0.91	0.83	1,807,797
February 2019	640,000	0.87	0.80	540,317
March 2019	270,000	1.10	1.00	298,453
	5,595,000			5,261,296

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.

The repurchase of the Company's shares was made for the benefit of the Company's shareholders with a view to enhancing the net asset value per share and earnings per share of the Company.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Review Year are set out in note 14 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the restated Articles or the Laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme (as defined below), no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year ended 31 March 2019.

DIRECTORS' REPORT

DIRECTORS

The Directors of the Company during the Review Year and up to the date of this report are:

Executive Directors:
Mr. Yao Yongjie *(Co-chairman)* (appointed on 30 May 2018)
Mr. Zou Chendong *(Co-chairman)* (appointed on 4 March 2019)
Ms. Li Jia *(Co-chief Executive Officer)* (appointed on 8 May 2019)
Mr. Li Xiaolai (appointed on 3 December 2018 and resigned on 8 May 2019)
Mr. Chua Seng Hai (redesignated as Non-Executive Director on 30 June 2018)
Mr. Lim Kai Hwee (resigned on 30 June 2018)

Non-Executive Directors:
Mr. Chua Seng Hai (redesignated on 30 June 2018)
Ms. Lu Xuwen (appointed on 8 October 2018)
Mr. Teng Rongsong (appointed on 30 May 2018 and resigned on 8 October 2018)

Independent Non-Executive Directors:
Mr. Chu Chung Yue, Howard (appointed on 30 June 2018)
Dr. Zhang Weining (appointed on 30 June 2018)
Mr. Yu Wenzhuo (appointed on 30 June 2018)
Ms. Ng Peck Hoon (resigned on 30 June 2018)
Mr. Toh Soo Bock, Bob (resigned on 30 June 2018)
Mr. Sim Choon Hong (resigned on 30 June 2018)

The Company has received, from each of the current independent non-executive Directors, an annual confirmation of his/her independence pursuant to the Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Yao Yongjie, Mr. Zou Chendong and Ms. Li Jia have entered into a service contract with the Company which is not for a fixed term and could be terminated by either party by giving a specified prior notice.

Each of the non-executive Directors and independent non-executive Directors has signed a letter of appointment with the Company for a term of three years.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming AGM has a service contract or letter of appointment with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

COMPETING INTERESTS

During the year ended 31 March 2019, none of the Directors had, either directly or indirectly, an interest in a business which may cause any significant competition with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

DIRECTORS' REPORT

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 124.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Saved as disclosed under the section heading "Connected Transactions", no other transactions, arrangements or contracts that is significance in relation to the Group's business to which the Company, or any of its subsidiaries was a party, and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Group are set out in the section headed "Biographical Details of the Directors and Senior Management" on pages 10 to 12.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in note 11 to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2019.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed elsewhere in this annual report, up to the date of this report, these was no change of information which are required to be disclosed by Directors pursuant to paragraph (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity/Nature	Number of Shares held/interested	Approximate percentage of shareholding
Mr. Yao Yongjie ("**Mr. Yao**")	Through a controlled corporation	531,280,000 *(Note 1)*	51.49%

Note:

(1) As at 31 March 2019, these shares were directly held by Morgan Hill Holdings Limited ("**Morgan Hill**") which is owned as to 51% by Great Scenery Ventures Limited ("**Great Scenery**"), a company wholly and beneficially owned by Mr. Yao.

Subsequent to 31 March 2019, Morgan Hill has completed the disposal of 100,000,000 shares of the Company to Trinity Gate Limited ("**Trinity Gate**"). Details of the disposal have been disclosed in the announcements of the Company dated 2 April 2019 and 14 May 2019. As at the date of this report, Mr. Yao is deemed to be interested in 431,280,000 shares of the Company, representing approximately 41.79% of the total issued share capital of the Company.

Long position in underlying shares of the Company

Ms. Lu Xuwen, a non-executive Director, has been granted options under the share option scheme of the Company, details of which are set out in the section "Share Option Scheme" below.

Long position in ordinary shares of associated corporations

Name of Director	Name of associated corporation	Relationship with the Company	Capacity and nature of interest	Number of shares held	Percentage of the associated corporation's total issued share capital
Mr. Yao	Morgan Hill	The Company's holding company	Through a controlled corporation	5,100	51.00%
Mr. Zou Chendong	Hempire Bio-Technology Corporation Limited ("**Hempire**")	The Company owns 45.9% of the issued share capital of Hempire	Directly beneficially owned	4,410,000	44.10%

Save as disclosed above, as at 31 March 2019, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2019, the interests and short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

Long position in ordinary shares of the Company

Name	Capacity and nature of interest	Number of shares held	Percentage of the Company's total issued share capital
Substantial shareholders			
Morgan Hill	Directly beneficially owned	531,280,000 *(Note 1)*	51.49%
Great Scenery *(Note 3)*	Through a controlled corporation	531,280,000 *(Note 1)*	51.49%
Emperor Grand International Limited ("**Emperor Grand**") *(Note 4)*	Through a controlled corporation	531,280,000 *(Note 1)*	51.49%
Mr. Zhu Guangping ("**Mr. Zhu**") *(Note 4)*	Through a controlled corporation	531,280,000 *(Note 1)*	51.49%
Other persons			
Trinity Gate	Directly beneficially owned	93,400,000 *(Note 2)*	9.05%
Timeness Vision Limited ("**Timeness Vision**") *(Note 5)*	Through a controlled corporation	93,400,000 *(Note 2)*	9.05%
Mr. Teng Rongsong ("**Mr. Teng**") *(Note 5)*	Through a controlled corporation	93,400,000 *(Note 2)*	9.05%

Notes:

(1) The shareholding interests in 531,280,000 shares of the Company represent the same block of shares.

(2) The shareholding interests in 93,400,000 shares of the Company represent the same block of shares.

(3) Great Scenery's deemed shareholding interests were held by virtue of its 51% shareholding interests in Morgan Hill.

(4) Emperor Grand's deemed shareholding interests were held by virtue of its 49% shareholding interests in Morgan Hill. Emperor Grand is wholly and beneficially owned by Mr. Zhu.

(5) Timeness Vision's deemed shareholding interests were held by virtue of its 100% shareholding interests in Trinity Gate. Timeness Vision is wholly and beneficially owned by Mr. Teng.

As set out in the section "Interests of Directors and Chief Executive in Shares, Underlying Shares and Debentures" above, subsequent to 31 March 2019, Morgan Hill has completed the disposal of 100,000,000 shares of the Company to Trinity Gate. Details of the disposal have been disclosed in the announcements of the Company dated 2 April 2019 and 14 May 2019. As at the date of this report, (a) each of Morgan Hill, Great Scenery, Emperor Grand and Mr. Zhu is deemed to be interested in 431,280,000 shares of the Company, representing approximately 41.79% of the total issued share capital of the Company; and (b) each of Trinity Gate, Timeness Vision and Mr. Teng is deemed to be interested in 111,420,000 shares of the Company, representing approximately 10.8% of the total issued share capital of the Company.

Save as disclosed above, as at 31 March 2019, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Interests of Directors and Chief Executive in Shares, Underlying Shares and Debentures" above, had any interests or short positions in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 5 January 2017 (the "**Adoption Date**"). The Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date until 4 January 2027. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest ("**Invested Entity**").

The participants of the Share Option Scheme shall be:

(1) any employee (whether full-time or part-time) of the Company, any of the subsidiaries and any Invested Entity;

(2) any director (including executive, non-executive and independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of the Group or any Invested Entity;

(5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; and

(6) or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

The total number of Shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time. The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue. As at the date of this report, a total of 47,500,000 shares, representing approximately 4.60% of the issued share capital of the Company, are available for issue under the Share Option Scheme.

The period during which an option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant. The minimum period for which an option must be held before it can be exercised is determined by the Board upon the grant of an option.

A consideration of S$1 is payable on acceptance of the offer of grant of an option where the grantee should accept or decline the offer of grant of an option within the date as specified in the offer letter issued by the Company, being a date not later than 21 business days from the date upon which it is made. The exercise price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an eligible person, and shall be at least the higher of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, (2) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant, and (3) the nominal value of a share on the date of grant.

At 31 March 2019, the Directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share at 29 March 2019 was HK$0.93) granted for a consideration of S$1 under the Share Option Scheme. As at 31 March 2019, the total grant date fair value of unexercised vested options and unvested options, measured in accordance with the accounting policy set out in note 3 to the consolidated financial statements, amounted to HK$Nil and HK$1,350,000, respectively. The options are unlisted. Once vested, each option gives the holder the right to subscribe for one Share. Assuming that all the options outstanding as at 31 March 2019 are exercised, the Company will receive proceeds of HK$4,800,000.

	Date granted	No. of options outstanding as at 1 April 2018	No. of options granted during the year	No. of options exercised during the year	No. of options outstanding as at 31 March 2019	Period during which options are exercisable	Exercise price per share *HK$*	Market value per share at date of grant of options *HK$*
Director								
Ms. Lu Xuwen	23 August 2018	—	1,000,000	—	1,000,000	500,000 share options: 23 August 2019 to 22 August 2022 500,000 share options: 23 August 2020 to 22 August 2022	1.20	1.20
Employees	23 August 2018	—	1,000,000	—	1,000,000	500,000 share options: 23 August 2019 to 22 August 2022 500,000 share options: 23 August 2020 to 22 August 2022	1.20	1.20
Other participants	23 August 2018	—	2,000,000	—	2,000,000	1,000,000 share options: 23 August 2019 to 22 August 2022 1,000,000 share options: 23 August 2020 to 22 August 2022	1.20	1.20

DIRECTORS' REPORT

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed in this report, at no time during the Review Year and up to the date of this report was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 March 2019 and up to the date of this report, the Company has in force permitted indemnity provisions for the benefits of the directors of the Company (including former directors) or of its associated companies.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the Review Year attributable to the Group's major customers and suppliers are as follow:

SALES

– the largest customer	42.4%
– five largest customers	76.3%

PURCHASES

– the largest supplier	11.2%
– five largest suppliers	29.6%

At no time during the year have the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers and/or suppliers noted above.

RELATED PARTIES TRANSACTIONS

During the year ended 31 March 2019, details of the significant related party transactions undertaken in the normal course of business are set out in the note 30 to the consolidated financial statements, and none of which constitutes a disclosable connected transaction as defined under the Listing Rules.

CONNECTED TRANSACTIONS

On 18 March 2019 (after trading hours), Grandshores Technology (Hong Kong) Limited ("**GSHK**"), a wholly owned subsidiary of the Company, and Mr. Zou Chendong ("**Mr. Zou**"), the co-chairman of the Board and an executive Director, entered into the Shareholder's Agreement to form a joint venture that will be incorporated with the name of Hempire Bio-Technology Corporation Limited ("the **Joint Venture**") in Hong Kong to jointly look for potential investing opportunities in fields of, but not limited to, blockchain technologies, industrial and/or medical related businesses.

GSHK and Mr. Zou will contribute HK$5,100,000 and HK$4,900,000 to subscribe for 51% and 49% equity interest in the Joint Venture respectively.

Mr. Zou is the co-chairman of the Board and an executive Director and is therefore a connected person of the Company under the Listing Rules. As such, the Shareholder's Agreement constitutes a connected transaction for the Company under the Listing Rules. Based on all applicable percentage ratios, the Shareholder's Agreement is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 12 April 2019, (i) GSHK and Mr. Zou entered into the Supplemental Shareholder's Agreement; and (ii) Trinity Gate Limited ("Trinity Gate") and the Joint Venture entered into the Deed, to amend and supplement the Shareholder's Agreement signed on 18 March 2019 as follows:

(a) GSHK will reduce its equity interest in the Joint Venture from 51% to 45.9% and its capital contribution will be reduced from HK$5,100,000 to HK$4,590,000;

(b) Mr. Zou will reduce his equity interest in the Joint Venture from 49% to 44.1% and his capital contribution will be reduced from HK$4,900,000 to HK$4,410,000; and

(c) Trinity Gate will subscribe for 10% equity interest in the Joint Venture and will contribute HK$1,000,000 to the Joint Venture's bank account in Hong Kong within 5 months from the date of incorporation of the Joint Venture.

Save as disclosed above, the major terms and conditions of the Shareholder's Agreement shall remain unchanged and in full force and effect. Trinity Gate is ultimately beneficial owned by Mr. Teng Rongsong ("Mr. Teng"). On 12 April 2019, Mr. Teng is a director of the Joint Venture and beneficially owns 93,400,000 Shares, representing approximately 9.05% of the issued share capital of the Company, as at the announcement dated 12 April 2019.

On 12 April 2019, GSHK and the Joint Venture entered into the Shareholder Loan Agreement, pursuant to which GSHK agreed to advance the Loan in the principal amount of HK$5,400,000 to the Joint Venture or subsidiaries of the Joint Venture by GSHK or subsidiaries of GSHK at an interest rate of 8% per annum. The Loan together with all interest accrued are repayable on or before twelve months after the actual drawdown date.

Save as disclosed above, during the year ended 31 March 2019 and up to the date of this report, the Company has no connected transaction which is subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 31 to the consolidated financial statements.

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 as at the date of this report.

RETIREMENT SCHEME

The Group participates in the Central Provident Fund in Singapore and Mandatory Provident Fund Scheme in Hong Kong which are defined contribution retirement plans, when employees have rendered service entitling them to the contributions. Save as the aforesaid, the Group did not participate in any other pension schemes during the Review Year.

DIRECTORS' REPORT

ENVIRONMENTAL POLICIES

The environmental policies and performance of the Group are provided in the section headed "Environmental, Social and Governance Report" in this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group fully complies with all laws and regulations and regularly monitors and gathers information about changes in laws, rules and regulations relevant to the Group's businesses to ensure the Group's observance of those applicable laws, rules and regulations, especially those which may have material impact on the Group.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events which have been taken place subsequent to 31 March 2019 are set out in note 35 to the consolidated financial statements.

AUDITORS

During the year ended 31 March 2019, Deloitte & Touche LLP resigned as auditors of the Company and Crowe (HK) CPA Limited were appointed by the Board to fill the casual vacancy so arising.

The consolidated financial statements for the Review Year have been audited by Crowe (HK) CPA Limited, who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM.

By Order of the Board
Grandshores Technology Group Limited
Yao Yongjie
Co-Chairman

Hong Kong, 28 June 2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is pleased to present this Environmental, Social and Governance ("ESG") Report, which describes the initiatives of the Group with regard to ESG issues for the Review Year.

The Group has an Integrated Management System ("IMS") which comprises of (i) ISO 9001 (Quality Management System); (ii) OHSAS 18001 (Occupational Health & Safety Management System); and (iii) ISO 14001 (Environmental Management System) for the provision of integrated building services works and building and construction works to govern ESG-related aspect of the Group's operations. As the Group's blockchain business and industrial hemp business were not yet in full operation during the Review Year, the management of the Group does not anticipate the blockchain business and industrial hemp business to have any material impact on the Group's financial results and on the environment during the Review Year.

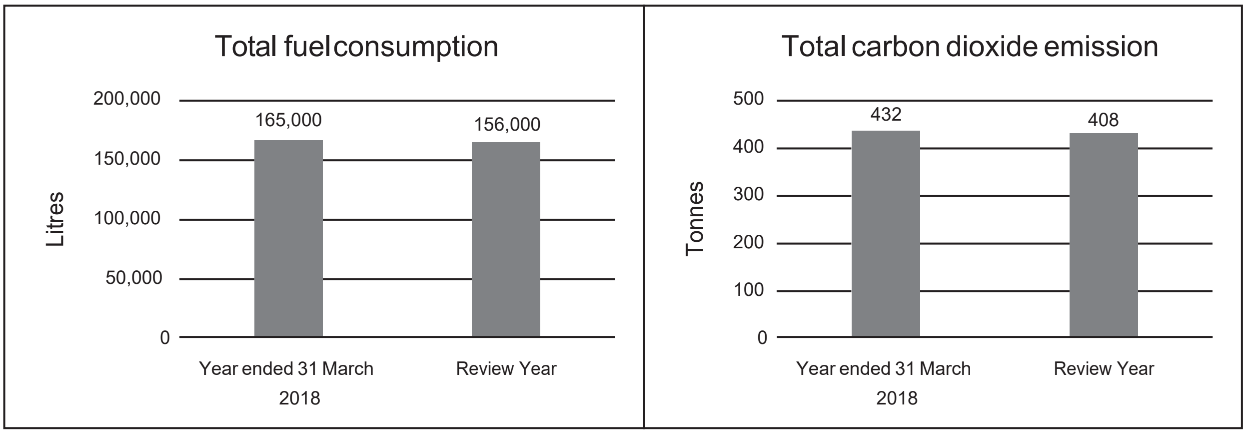
ENVIRONMENTAL

EMISSIONS

In the provision of integrated building services works, the Group does not generate significant amount of greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste.

In the building and construction projects, the Group typically subcontracts out the majority of the site works to subcontractors, and the Group's role is mainly to focus on project management and to ensure that the works are performed by its subcontractors properly and on a timely basis in accordance with the contract specifications and customers' requirements. As such, the Group does not generate significant amount of greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste. The Group has its own policies in monitoring and managing environmental and social risks of its subcontractors. Please see the paragraph headed "Supply chain management" below for further details.

The Group typically consumes fuel for its motor vehicles. The number of the Group's motor vehicles decreased from 42 as at 31 March 2018 to 39 as at 31 March 2019. The Group's motor vehicles undergo regular maintenance and the Group instructs its drivers to switch off idling engines. Due to the Group's efforts in reducing fuel consumption, its fuel consumption decreased from approximately 165,000 litres for the year ended 31 March 2018 to approximately 156,000 litres for the Review Year, and thus a reduction in carbon dioxide emission from approximately 432 tonnes for the year ended 31 March 2018 to approximately 408 tonnes for the Review Year, as the chart below represents:



Applicable laws and regulations relating to air and greenhouse gas emission include "Noise emission under National Environment Agency (NEA) – Noise Pollution Control regulations" which limits the amount of noise pollution by contractors, and in response the Group has deployed the following measures:

- Contain noise at source, deploy of low emitting noise equipment/maintenance of equipment.
- Scheduling of activities to avoid time slot where surrounding neighbours can be adversely affected.
- Set up of noise monitoring system to ensure that noise emission is kept within limits.

Applicable laws and regulations relating to discharge into water include "Sewerage and Drainage Act" which qualified persons or professional engineers are required to submit detailed building plans to Public Utilities Board ("PUB") for clearance related to any building and structural works. Earth control measures ("ECM") are implemented in construction sites to prevent silt from polluting the waterways. Before starting any construction work, contractors are required to obtain a clearance certificate to commence works from PUB by submitting the ECM plan which is designed and endorsed by the qualified erosion control professional. Contractors are then required to install the ECM on site according to the ECM plan.

The Group has deployed the following erosion control measures to minimize the extent of soil loss and water pollution:–

- Provision of wash bays and use of treated water for washing truck tires.
- Provision of perimeter drains, silts traps and setting up of earth control measure to treat water before discharge to public.
- Erect silt fences in front and along perimeter cut-off drain along the perimeter of the boundary of the site.
- Minimise formation of bare surfaces by retaining as much of the existing vegetation during site clearance.
- Pave bare surfaces and all construction access with concreting, or other suitable materials.
- Protect bare slopes with close turfing, concrete grouting, erosion control blanket or canvas sheet.
- Protect earth stockpiles with erosion control blanket or canvas sheet.
- Install a treatment system equipped with CCTV before discharge into public drain.

Applicable laws and regulations relating to discharge into land include "Workplace Safety and Health (Construction) regulations", and in response the Group has deployed measures to ensure that debris are cleared daily at site with trunk to designated dispose area.

During the Review Year, the Group did not record any material non-compliance with applicable environmental laws, regulations and requirements relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

USE OF RESOURCES

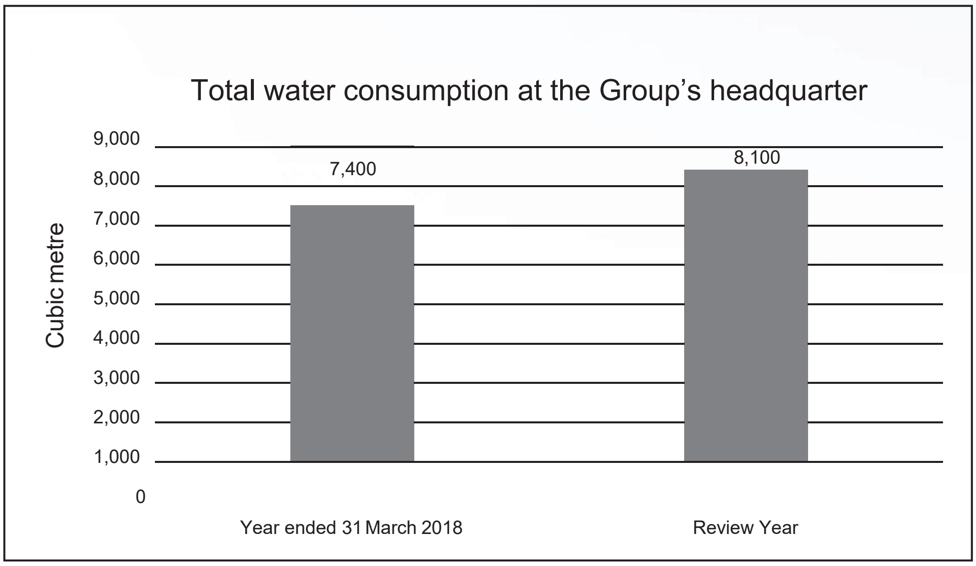
The Group's policies on the efficient use of resources primarily reflect on the concept of "Reduce/Reuse/Recycle". Regular campaigns and training are provided to the Group's employees to cultivate such concept into their mindset. One of the Group's policies is the provision of recycling bins for different types of waste such as paper, drink cans and plastic bottles. Old and replaced air-conditioners, fans and other building systems from the provision of integrated building services works are sometimes reused in the Group's temporary site offices and meeting rooms (where appropriate).

We keep track of the Group's consumption of water, electricity and paper every month to ensure that the usage remains stable as compared to previous months.

WATER CONSERVATION

The Group does not primarily engage in businesses which produce a large amount of industrial wastewater. The Group checks its water consumption regularly and repair leakages and broken pipes in a timely manner. The Group has placed notices near its water taps to remind its employees to turn off the tap after using. There is no issue in sourcing water for the Group's headquarter.

The Group monitors water consumption for its headquarter. The Group's water consumption at the headquarter increased from approximately 7,400 cubic metre for the year ended 31 March 2018 to approximately 8,100 cubic metre for the Review Year as a result of more frequent cleaning works in the Group's headquarters during the review year.

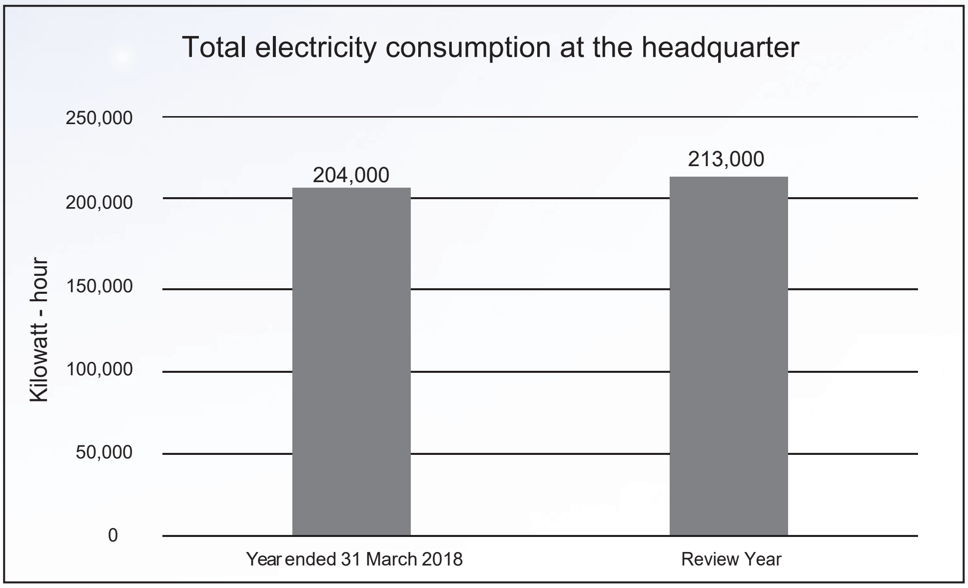


The Group has not experienced any difficulties in sourcing water that is fit for purpose.

ELECTRICITY CONSERVATION

The Group has implemented various energy-saving measures such as the use of energy saving lightings and energy efficient air-conditioning system. The Group also encourage its employees to turn off the lights, air-conditioners and electrical appliances when not in use. The Group has placed reminders near all its switches to remind its employees to switch off all electricity when not in use. In particular, the Group designated a worker to be responsible to switch off all machines and equipment such as printers, lights, air-conditioners and fans at the end of the day.

The Group's electricity consumption at the headquarter increased from approximately 204,000 kilowatt-hour for the year ended 31 March 2018 to approximately 213,000 kilowatt-hour for the Review Year. Such increase was mainly due to the increase in over-time works for our office staff as a result of greater demand for our services during the Review Year.

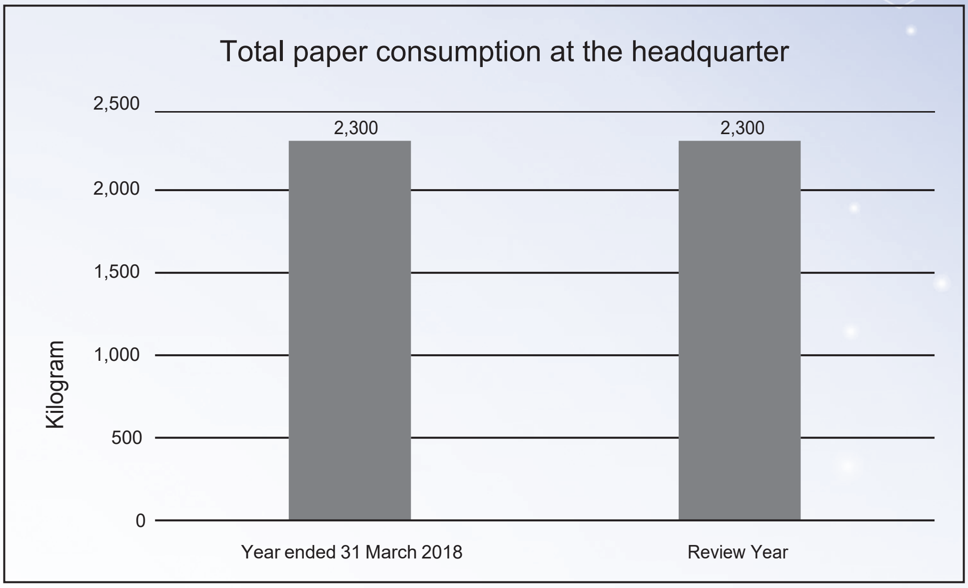


PAPER CONSERVATION

The Group has adopted green office practices to reduce paper usage and the impact on the environment. In order to reduce waste paper, the Group has developed the following measures:–

- Reusing single-sided paper to minimise paper usage, provided that the paper does not contain any confidential information;
- Deploying recycling bins to collect used paper products such as waste papers, posters, letters and envelopes;
- Using double-sided printing where feasible and appropriate;
- Writing on both sides of the papers where feasible and appropriate; and
- Bringing your own cup and avoid using paper cups.

The Group's paper consumption at the headquarter remained relatively stable at approximately 2,300 kilogram for the year ended 31 March 2018 and the Review Year.



Due to the nature of the Group's business, no packaging materials was required to be used for the Group's operation.

THE ENVIRONMENT AND NATURAL RESOURCES

Save as disclosed in the paragraphs headed "Emissions" and "Use of resources" above, the Group's operating activities have no significant impact on the environment and natural resources. Having said that, the Group embarks on the Green & Gracious scheme initiated by the Building and Construction Authority. The implementation of the Green and Gracious practices will enhance and complement the Group's environmental management system as well as raising the environmental consciousness and professionalism of the Group's project teams. The Group is also aware of its responsibility to the environment and the general public, hence the Group is dedicated to work closely with the communities affected by its business operation.

EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT AND LABOUR STANDARDS IN SINGAPORE HEADQUARTER

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wage rates are usually subject to an annual review that are based on performance appraisals and other relevant factors. The Group strongly encourages internal promotion and a variety of job opportunities is offered to existing staff when it is best suited.

The Group ensures all employees are protected under the employment protection laws of Singapore, the Group's procedures generally include:

(i) when an employee has handed in his/her resignation letter or being laid off, the Group's human resources staff will interview him/her to find out the reason of resignation;

(ii) when the Group terminates an employment contract, the dismissed employee shall be given his/her due notice or wages in lieu of notice, and the notice should not be served during his/her annual leave and maternity leave;

(iii) an employee cannot be dismissed when she has been confirmed pregnant by a qualified medical doctor or have given notice of pregnancy to the Group; and

(iv) an employee cannot be dismissed when he/she takes a paid medical leave.

When there is a need for a job position to be filled, the department head will complete and submit approved hiring requisition form to Human Resource ("HR") department for processing. HR department will then proceed for job vacancy posting. The HR staff will find out the job responsibilities and screen the job applicants to find the right fit for the job without discrimination. The Group welcomes candidates with different background to bring diversity into the Group. The HR manager will then consult with the general manager in deciding on job applicants to be selected for an interview. In Singapore, all companies must comply with the Tripartite Guidelines on fair Employment Practices and adopt fair employment practices that are open, merit-based and non-discriminatory. The Group makes reasonable efforts to attract and consider Singaporeans for job positions on merit and to train and develop their potential and careers. Examples of such efforts in Group include:

- Ensuring that job positions must be open to Singaporeans

- Developing skills and expertise of Singaporean employees for higher level jobs

Additionally, in compliance for jobs bank advertising under the fair consideration framework, the Group's job advertisement posted:

- Is open to Singaporeans

- Is compliant with Tripartite Guidelines on Fair Employment Practices by avoiding stating a preference for nationality, age, gender, race, religion, marital status, family responsibilities

We also do not include words or phrases that exclude Singaporeans or indicate preference for non-Singaporeans.

Successful interviewees will be awarded with a letter of appointment. Confirmed employees are entitled to all sorts of different employee benefits including but not limited to medical benefits, insurance coverage, allowance for certain expenses incurred in the course of work, etc.

In Singapore, for dismissal due to misconduct (S14) of Employment Act, employers may dismiss an employee, without notice and without salary in lieu of notice if he/she is found guilty of misconduct. Employer must establish misconduct through due inquiry before deciding whether to dismiss the employee or take other forms of disciplinary action. Examples include theft, dishonest, disorderly or immoral conduct at work (fighting, sexual harassment), wilful insubordination etc. the Group has established misconduct through due inquiry and the person hearing the inquiry is not in a position which may suggest bias, in order to achieve fairness to all employees.

The Group advocates a community spirit that thrives on mutual respect and equal opportunities. The Group firmly complies with equal opportunities legislation and to ensure diversity and equality, the Group's selection process is non-discriminatory and is solely based on the employees' performance, experience and skills. Employees are also encouraged to discuss their targets in job advancement and career development with their senior management. Additionally, the Group is fully committed to comply with the equal opportunities legislations as well as any relevant law and regulation and does not engage in any forced or child labour. In Singapore, employers need to comply with employment of children & young persons under the employment act of Singapore (the "Employment Act"). In particular,

- A child who is below the age of 13 years cannot be employed in any occupation.

- A child aged between 13 to less than 15 should only carry out light duties suited to his capacity in a non-industrial setting.

- A young person aged 15 to less than 16 years can work both in a non-industrial setting and an industrial setting. For industrial setting, notification must be submitted to MOM.

The Group does not employ any children or young persons less than the age of 16. The HR staff will check the age of each candidate before signing the employment contract with the candidate. Additionally, the Group aims to provide a conducive working environment that is characterized by equality and mutual respect.

Further, none of the Group's employees should be made to work against his/her will or work as bonded/forced labour, or subject to corporal punishment or coercion. The human resources department and the site foremen are responsible for the implementation of this policy.

Working hours and rest period falls under part IV of the Employment Act. All of the Group's on-site workers and supervisors are covered under part IV of the Employment Act. In Singapore, normal contractual hours are 44 hours a week. All of the office and site staff normal contractual working hours are less than or equal to 44 hours a week. In Singapore, employees covered under part IV of Employment Act are

- Entitled to at least one rest day per week, comprising one whole day.

- Rest day is not a paid day.

- Fixed rest day is determined by employer, it can be a Sunday or any other day of 24 hours (from midnight to midnight).

If an employee is needed to work on their rest day, employer must seek employee's agreement and pay employee two days of salary if the employee works for more than half of the daily contractual working hours. All of the Group's staff has a fixed rest day on Sunday as part of the employment contract and employees are not compelled to work on the rest day. In the event when employee on-site is required and agrees to work on their rest day, their salary will be calculated as per statutory requirement. The Group's payslips and attendance records are fully compliant with all applicable laws and regulations relating to working hours and rest periods.

All employees are given a staff handbook which they are required to adhere to. The staff handbook detailed out the general terms and conditions of employment as well as certain employment procedures of the Group. It includes conditions of employment, holidays and leaves, employee benefits and welfare, performance appraisal and promotion, code of conduct, working hours, rest periods and other matters such as disposal of confidential papers and energy conservation.

The Group treats every member of its employees as part of its big family, whether it is managerial, executive or rank-and-file employee positions. To induce a sense of belonging in the company, the Group organise annual company trips for all employees to give them time to get to know each other outside the workplace.

To attract, retain and motivate employees, the Group is committed to offer professional development opportunities and a healthy work environment for all employees and on-site staff. One of the main task of the Group is to ensure the wage rates of its employees are reasonable and competitive among its peers in the market. In addition, the Group's employees' total remuneration including basic salary and bonus system are unbiased and correlated with their individual performance.

The Group maintains high standards of business ethnics and sustain good personal conduct of its employees. The Group's staff handbook and internal control manual are readily accessible to all employees.

During the Review year, the Group had no violations with any laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, preventing child and forced labour, and other benefits and welfare.

EMPLOYEE HEALTH AND SAFETY

The Group recognised the importance of maintaining a safe, effective and congenial working environment and policies to provide sufficient protection to its staff. Under the Workplace Safety and Health (Risk Management) Regulations, employers must provide a safe working environment and protecting employees from occupational hazards. Hence, the Group has put various occupational health and safety measures in place and regularly perform check on the working environment and staff facilities. Not only that, the Group has obtained OHSAS 18001 as a recognition of its compliance with occupational health and safety requirements.

The Group's occupational health and safety management system include, among others, the following four steps:

1. **Hazard identification, risk assessment and controls' determination**

   The Group maintains a list of relevant occupational and health safety hazards, based on analysis of its services and works performed, inspection reports and incident reports. Upon identification of the potential hazards, a risk assessment will be carried out to designate certain potential hazards as significant. Particular attention will be paid to these significant hazards during the Group's formulation and implementation of controls. The list of potential hazards is reviewed and changes are updated on an annual basis.

2. **Legal and regulatory compliance**

   The Group maintains a list of applicable occupational health and safety regulations and ensures that this is up-to-date. Changes to these rules and regulations will be communicated to the Group's relevant departments and evaluation of the Group's occupational health and safety compliance will be carried out.

3. **Objectives, targets and key performance indicators**

   The Group has a key target of zero incident relating to occupational health and safety. The performance indicators are clearly defined, measured in terms of number of incidents.

4. **Training and responsibility of the employees**

   The Group provides training to its employees and contractors to educate them to prevent accidents and injuries, and promoting a healthy lifestyle. The Group encourages every employee to take responsibility in taking care of himself/ herself and his/her fellow colleagues.

During the Review year, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

TRAINING AND DEVELOPMENT

The Group is committed to providing staff training and development programmes designed to help its employees enhancing their knowledge and skills to meet the challenges of a changing era. The Group recognises that the knowledge and skills of its employees are vital to its continued business development and success, the Group, therefore, encourage its staff to pursue further with their professional development. The Group nominates staff to attend both internal and external training programmes from time to time and when appropriate. The Group's training programmes ranges from professional and technical training to personal development skills. In addition, the Group provides adequate job training to employees in order to equip them with practical knowledge and skills to tackle situations and challenges encountered in diverse work sites. To continuously attract new talents, the Group also provides education subsidies to encourage its staff in further developing their skills and broaden their knowledge.

OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

The Group relies on suppliers and subcontractors to ensure the quality and execute its works on a timely and reliable basis, consistent with the project requirements of its customers. All of the Group's suppliers and subcontractors for Integrated Building Services and Building Construction Works businesses are based in Singapore, effectively mitigating carbon emissions that result from haulage and transportation. For projects where the Group is the main contractor, its subcontractors are required to adhere to the Group's IMS policy. The Group places a huge emphasis on the environmental and social risks of its subcontractors with an aim to reduce the impact of its subcontractors on the environment and the society. The Group provides on-site training to its subcontractors, and the Group's site foremen regularly inspect the practices of its subcontractors in order to achieve efficient use of resources and minimize emission of greenhouse gas. In addition, the Group will also perform assessments on all its suppliers and subcontractors prior to engaging them and inclusion in its approved suppliers list and its approved subcontractors list (the "Approved Lists"). The Group also monitors and assesses its suppliers and subcontractors annually whereby those with poor performance will be removed from the Approved Lists. One of the criteria in the Group's assessment relates to the existence and performance of the suppliers' and subcontractors' environmental, health and safety system.

SERVICE RESPONSIBILITY

The Group recognises that good customer and after-sales services are the key influential factors to its success and sustainability. Therefore, the Group has set up a customer communication channel dedicated to handle customers' queries and feedbacks efficiently. Similarly, customer complaints are thoroughly investigated and root causes are identified and acted upon accordingly. If any defect works occur, the Group will rectify the works until its customers are satisfied. Protecting and safe-guarding the Group's customers' privacy has been one of the Group's top agenda. Review and revision of the financial data and privacy policy are carried out regularly to ensure its effectiveness and compliance with relevant laws. Every employee shall respect any information which is confidential to the Group including but not limited to trade secrets, confidential knowledge or any information concerning the process or invention used by the Group. Breaches of confidentiality may be cause for disciplinary action. All of the Group's employees are required to sign an undertaking letter on compliance with the personal data protection act 2012. Moreover, the Group acquired an ISO 9001 as an identification of its success in meeting customer expectations and delivering customer satisfaction. The Group does not engage in any advertising or labelling activities.

Please refer to the paragraph headed "Employee health and safety" above for details on the Group's policy on health and safety of the Group's employees.

During the Review year, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

ANTI-CORRUPTION

The Group is committed to maintain the highest ethical standards and vigorously enforce the integrity of its business practices in all aspects of the Group's operations. The Group has in place a policy to ensure the Group and its employees comply with anti-bribery, anti-corruption and anti-money laundering laws and governmental guidance. The Group and its employees (i) are prohibited from paying or receiving a bribe of any kind; (ii) are prohibited from giving or offering anything of value to a public official; (iii) are required to comply with the Group's guidelines and authorisation levels in relation to the giving and receiving of gifts and hospitality; and (iv) fully comply with the applicable laws and regulations relating to anti-money laundering and terrorist financing.

The Group provides channels for its employees to report instances that they believe to be unethical or in breach of the Group's policies such as instances relating to fraud and extortion. The Group's whistleblowing policy allows employees to report suspicious cases in a confidential manner.

During the Review Year, the Group was not aware of any material breach of laws and regulations relating to regarding bribery, extortion, fraud and money laundering that have a significant impact on the Group.

COMMUNITY

COMMUNITY INVESTMENT

The Group actively seeks opportunities to repay society and in hope of creating a better living environment for local community. During the Review Year, the Group has made donations to charity, and, for the upcoming year, the Group will continue to set aside an agreed amount allocated to donations charity and support for good causes depending on the profitability of the Group. The Group is also looking into planning a series of charitable events in the upcoming year to incubate the culture of participating in community work and giving back to the society.

INDEPENDENT AUDITOR'S REPORT

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

To the Shareholders of Grandshores Technology Group Limited
(formerly known as SHIS Limited)
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Grandshores Technology Group Limited (the "Company") and its subsidiaries (herein referred to as the "Group") set out on pages 51 to 123, which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the IASB. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
***Revenue Recognition** (Note 6)*	
1) Revenue from Integrated Building Services and Building Construction Works The Group recognised revenue from the provision of Integrated Building Services and Building Construction Works for the year ended 31 March 2019 amounted to S$49,657,780 and S$3,148,543 respectively. Revenue from Integrated Building Services has inherent risk due to the large volumes of customer work orders and both types of revenue are recognised by reference to progress towards complete satisfaction of relevant performance obligations using output method. Significant judgements are required to estimate the total budgeted contract revenue and costs which include estimation for variation works and any contract claims for each construction contract as the contract progresses. Any changes to these variables will impact the revenue recognised. The Group's revenue recognition policy is set out in note 3 to the consolidated financial statements.	Our audit procedures to assess the revenue recognition included the following: We evaluated the design and implementation of relevant controls put in place by the Group in respect of revenue recognition. In relation to management's recognition of revenue from Integrated Building Services, we i) agreed the contract sums to signed contracts; ii) vouched the actual costs to supplier's invoices and labor costs for the work orders on sample basis to ensure validity and accuracy of the costs; and iii) checked the invoices, certificates and acceptance of the customers issued prior to and subsequent to the year-end on sample basis for the appropriateness of timing of recorded transactions. In relation to management's recognition of revenue from Building Construction Work's under fixed price contracts, we i) agreed the contract sums to signed contracts; ii) vouched the actual costs to supplier's invoices and labor costs on sample basis to ensure validity and accuracy of the costs; iii) obtained the certificates of work performed issued by independent surveyors and variation orders and claims approved by the customers for the appropriateness of revenue recognised during the year; and iv) assessed the reasonableness of the gross profit margin by comparing the budgeted profit of the entire construction project.

Key audit matter	How our audit addressed the key audit matter
Valuation of equity investment *(Note 16)*	
2) Valuation of investments classified as level 3 in the fair value hierarchy As at 31 March 2019, the Group's investment classified as level 3 in the fair value hierarchy included an unlisted equity investment amounting to S$1,231,389. The unlisted investment, which have no active market and have been categorized within level 3 of the fair value hierarchy. The determination of level 3 prices is considerably more subjective given the lack of availability of market-based data. We focused on the valuation of the unlisted equity investment due to the judgment involved in determining the fair value. The Group's disclosure of the unlisted equity investment is detailed in note 16 to the consolidated financial statements.	Our work included an assessment of management's key controls on the valuation of the investment classified as level 3 in the fair value hierarchy: We obtained an understanding of the valuation methodology and the process employed by management with respect to determining the fair value of investment classified as level 3 in the fair value hierarchy. We also performed the following tests: We evaluated the appropriateness of the valuation methodologies and valuation techniques used by management for investments classified as level 3 in the fair value hierarchy; and We evaluated and validated the key inputs and assumptions used by management against supporting documentation and relevant pricing sources.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 29 June 2018.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 28 June 2019

Fong Yat Sing, Cyrus
Practising Certificate Number P07150

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

	Note	2019 S$	2018 S$
Revenue	6	**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	7a	**266,479**	374,035
Other gains and losses	7b	**954,958**	(1,711,363)
Selling expenses		**(188,083)**	(120,635)
Administrative expenses		**(12,610,700)**	(10,790,018)
Finance costs	8	**(89,397)**	(92,930)
Share of loss of an associate	15	**(2,018)**	—
Profit before taxation	9	**6,195,309**	4,553,832
Income tax expense	10	**(1,306,785)**	(1,091,075)
Profit for the year		**4,888,524**	3,462,757
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)	13	**0.47**	0.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 S$	2018 S$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**8,013,240**	8,744,710
Interest in an associate	15	**853,354**	—
Equity investment at FVOCI	16	**1,231,389**	—
Loan receivables	17	**5,326,002**	—
		15,423,985	8,744,710
Current assets			
Inventories	18	**1,697,686**	208,410
Trade receivables	19	**14,587,678**	9,741,492
Other receivables, deposits and prepayments	20	**8,948,615**	671,873
Contract assets	21	**51,479**	—
Amounts due from related companies	22	**878,250**	32,025
Pledged bank deposits	23	**1,738,187**	1,969,553
Bank balances and cash	23	**22,567,211**	39,412,934
		50,469,106	52,036,287
Current liabilities			
Trade and other payables	24	**8,350,883**	7,675,279
Amounts due to customers for construction work	25	**—**	433,420
Borrowings	26	**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
Non-current liabilities			
Borrowings	26	**2,621,672**	—
Deferred tax liabilities	27	**236,435**	143,200
		2,858,107	143,200
Net assets		**53,506,006**	48,484,703

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2019

	Note	2019 S$	2018 S$
EQUITY			
Capital and reserves			
Share capital	28	**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

The consolidated financial statements on pages 51 to 123 were approved and authorised for issue by the Board of Directors on 28 June 2019 and are signed on its behalf by:

Yao Yongjie
Co-Chairman and Executive Director

Zou Chendong
Co-Chairman and Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

	Share capital S$	Share premium S$ *(note a)*	Capital redemption reserve S$ *(note e)*	Share option reserve S$ *(note b)*	Translation reserve S$ *(note c)*	Merger reserve S$ *(note d)*	Retained profits S$	Sub-total S$	Non-controlling interests S$	Total equity S$
At 31 March 2017	1,798,496	18,859,252	—	—	—	2,099,996	17,686,378	40,444,122	—	40,444,122
Profit for the year	—	—	—	—	—	—	3,462,757	3,462,757	—	3,462,757
Total comprehensive income for the year	—	—	—	—	—	—	3,462,757	3,462,757	—	3,462,757
Transactions with owners, recognised directly in equity:										
Issue of shares under the over-allotment option *(note 28a)*	67,426	4,652,355	—	—	—	—	—	4,719,781	—	4,719,781
Share issue expenses	—	(141,957)	—	—	—	—	—	(141,957)	—	(141,957)
Total	67,426	4,510,398	—	—	—	—	—	4,577,824	—	4,577,824
At 31 March 2018	1,865,922	23,369,650	—	—	—	2,099,996	21,149,135	48,484,703	—	48,484,703
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**4,892,204**	**4,892,204**	**(3,680)**	**4,888,524**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**74,297**	**–**	**–**	**74,297**	**–**	**74,297**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**74,297**	**–**	**4,892,204**	**4,966,501**	**(3,680)**	**4,962,821**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**106,544**	**–**	**–**	**–**	**106,544**	**–**	**106,544**
Capital contribution by non-controlling interests of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**872,832**	**872,832**
Repurchase and cancellation of shares *(note 28b)*	**(10,063)**	**(910,831)**	**10,063**	**–**	**–**	**–**	**(10,063)**	**(920,894)**	**–**	**(920,894)**
At 31 March 2019	**1,855,859**	**22,458,819**	**10,063**	**106,544**	**74,297**	**2,099,996**	**26,031,276**	**52,636,854**	**869,152**	**53,506,006**

Note:

a. Share premium represents the excess of share issue over the par value.

b. Share option reserve represents the portion of the grant date fair value of unexercised share options granted to employees and consultants of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments.

c. The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

d. Merger reserve represents the difference between the cost of acquisition pursuant to the reorganisation and the total value of share capital of the entities acquired.

e. Capital redemption reserve represents the nominal value of the shares repurchased which has been paid out of the distributable reserves of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	2019 S$	2018 S$
Operating activities		
Profit before taxation	**6,195,309**	4,553,832
Adjustments for:		
Depreciation of property, plant and equipment	**1,024,350**	1,042,290
Loss on disposal of property, plant and equipment	**43,321**	6,167
Finance costs	**89,397**	92,930
Equity-settled share-based payments expenses	**106,544**	—
Foreign exchange (gain)/loss, net	**(998,279)**	1,700,895
Interest income	**(157,669)**	(121,508)
Loss on written off of property, plant and equipment	**—**	4,301
Operating cash flows before working capital changes	**6,302,973**	7,278,907
Movements in working capital:		
Increase in trade receivables	**(4,897,665)**	(1,143,279)
Increase in other receivables, deposits and prepayments	**(8,276,742)**	(273,080)
Decrease in amounts due from customers for construction work	**—**	130,749
Increase in amounts due from related companies	**(846,225)**	(20,762)
(Increase)/decrease in inventories	**(1,488,786)**	39,192
Increase/(decrease) in trade and other payables	**675,604**	(1,539,879)
Increase in amounts due to customers for construction work	**—**	433,420
Decrease in contract liabilities	**(433,420)**	—
Cash (used in)/generated from operations	**(8,964,261)**	4,905,268
Income tax paid	**(1,219,846)**	(1,831,854)
Net cash (used in)/generated from operating activities	**(10,184,107)**	3,073,414
Investing activities		
Payment to loan receivables	**(5,235,237)**	—
Investment in an equity investment at FVOCI	**(1,230,981)**	—
Investment in an associated company	**(853,071)**	—
Purchase of property, plant and equipment	**(348,379)**	(581,991)
Proceeds from disposal of property, plant and equipment	**12,183**	87,176
Receipt from/(placement of) pledged bank deposits	**231,366**	(82,690)
Interest received	**68,670**	121,508
Payment to controlling shareholders in respect of vendor sale shares	**—**	(8,872,787)
Listing expenses paid on behalf of the controlling shareholders	**—**	(62,395)
Net cash used in investing activities	**(7,355,449)**	(9,391,179)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the financial year ended 31 March 2019

	2019	2018
	S$	*S$*
Financing activities		
Repayments of borrowings	**(238,332)**	(238,332)
Interest paid	**(89,397)**	(92,930)
Proceeds from issue of shares	**—**	4,719,781
Payment on repurchase of shares	**(920,894)**	—
Listing expenses paid	**—**	(176,785)
Capital contribution by non-controlling interests of a subsidiary	**872,832**	—
Share issue expenses paid	**—**	(141,957)
Net cash (used in)/generated from financing activities	**(375,791)**	4,069,777
Net decrease in cash and cash equivalents	**(17,915,347)**	(2,247,988)
Cash and cash equivalents at beginning of the year	**39,412,934**	43,418,665
Effect of exchange rate fluctuations on cash held	**1,069,624**	(1,757,743)
Cash and cash equivalents at end of the year, represented by bank balances and cash	**22,567,211**	39,412,934

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 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 April 2018, the Group has adopted all the new and revised International Financial Reporting Standards (“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:

2 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

IFRS 9 "Financial instruments" *(continued)*

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.

For an explanation of how the Group classifies and measures financial assets and recognises related gains and losses under IFRS 9, see respective accounting policy notes in note 3.

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 amount due from related parties). 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.

For further details on the Group's accounting policy for accounting for credit losses, see note 3.

2 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

IFRS 9 "Financial instruments" *(continued)*

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.

2 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

IFRS 15 "Revenue from Contracts with Customers" *(continued)*

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

2 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

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 as disclosed in note 29. The management of the Group expects that the adoption of IFRS 16 is unlikely to result in significant impact on the Group's results 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.

3 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

In addition, the consolidated financial statements includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the applicable disclosures required by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the equity Investment at FVOCI which is measured at fair value for the year ended 31 March 2019.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Associate

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue and other income *(continued)*

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from Integrated Building Services (as defined in note 6)

Revenue from integrated building services is recognised over time by reference to the progress towards complete satisfaction of relevant performance obligation at the end of the reporting period. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

In the comparative period, revenue from services on installations of mechanical and electrical systems was recognised by reference to the stage of completion, which was measured by the certification and acceptance of the customers, when the outcome of such work can be reliably estimated. When the outcome of such work cannot be measured reliably, revenue was recognised to the extent of the expenses recognised that are recoverable.

Revenue from maintenance services was recognised over the contractual maintenance period.

(ii) Revenue from Building Construction Works (as defined in note 6)

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on real estate assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the output method based on direct measurements of value of services delivered or surveys of work performed.

For construction contracts that contain variable consideration such as variations in contract work, claims and incentive payment, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled. The estimated amount of variable consideration is included in the transactions price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue and other income *(continued)*

(ii) Revenue from Building Construction Works (as defined in note 6) *(continued)*

In the comparative period, revenue from building construction works was recognised in accordance with the Group's accounting policy on construction contracts.

(iii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments made to Central Provident Fund ("CPF") are recognised as expense when employees have rendered service entitling them to the contributions.

Payments to the retirement contribution scheme including Mandatory Provident Fund Scheme ("MPF Scheme") and state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deduction any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as 'prepaid lease payments' in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries and an associate, are set out below.

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVOCI, are recognised in profit or loss as other income.

Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred financial asset, the Group continues to recognise to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition *(continued)*

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Credit losses and impairment of assets

(a) Credit losses from financial instruments and contract assets

(i) Policy applicable from 1 April 2018

The Group recognises a loss allowance for ECLs on the following items:

— financial assets measured at amortised cost (including bank balances and cash, pledged bank deposits, trade and other receivables, loan receivables, amounts due from related companies); and

— contract assets as defined in IFRS 15

Financial assets measured at fair value, including equity investment at FVOCI are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Credit losses and impairment of assets *(continued)*

(a) Credit losses from financial instruments and contract assets *(continued)*

(i) Policy applicable from 1 April 2018 (continued)

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Credit losses and impairment of assets *(continued)*

(a) Credit losses from financial instruments and contract assets *(continued)*

(i) Policy applicable from 1 April 2018 (continued)

Significant increases in credit risk *(continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Credit losses and impairment of assets *(continued)*

(a) Credit losses from financial instruments and contract assets *(continued)*

(i) Policy applicable from 1 April 2018 (continued)

Basis of calculation of interest income *(continued)*

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset and contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Credit losses and impairment of assets *(continued)*

(a) Credit losses from financial instruments and contract assets *(continued)*

(ii) Policy applicable prior to 1 April 2018

Prior to 1 April 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables and amounts due from related companies). Under the "incurred loss" model, financial assets were assessed for indicators of impairment at the end of the reporting period. Financial assets were considered to be impaired where there was objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets had been affected.

For financial assets held by the Group, objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

— breach of contract, such as a default or delinquency in interest or principal payments; or

— it becoming probable that the counterparty will enter into bankruptcy or other financial reorganisation.

For financial assets carried at amortised cost, an impairment loss was recognised in profit or loss when there was objective evidence that the asset was impaired, and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss was measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For certain categories of financial asset, such as trade and other receivables, assets that were assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 15 to 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset was reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount was reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it was written off against the allowance account. Subsequent recoveries of amounts previously written off were credited to the allowance account. Changes in the carrying amount of the allowance account were recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss was reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment was reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Credit losses and impairment of assets *(continued)*

(b) Impairment of other non-current assets

At the end of each reporting period, the management of the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the consolidated financial statements when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period.

The stage of completion is measured by the proportion of surveys of work performed to date relative to the estimated total contract revenue.

Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are expected to be recoverable from the customers. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of construction contracts include costs that relate directly to the specific contract and costs that are attributable to contract activity and can be allocated to the contract. Such costs include but are not limited to material, labour, depreciation and hire of equipment, interest expense, subcontract cost and estimated costs of rectification and guarantee work, including expected warranty costs.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for construction works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for construction works. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are assessed for ECL.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the period in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight—line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency transactions and translation

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

Related parties

(a) A person, or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share options reserve within equity. The fair value is measured at grant date using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share options reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group's management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Valuation of equity investment classified as level 3 in the fair value hierarchy

The Group holds financial instrument that is not traded or quoted in active markets. The Group uses its judgment to select the appropriate methods and make assumptions based on market conditions existing at the end of each reporting period to estimate the fair value of such financial instrument and classifies it as level 3 in the fair value hierarchy. Although best estimate is used in estimating fair value, there are inherent limitations in any valuation technique. Estimated fair value may differ from the value that would have been used if a readily available market existed.

The carrying amount of equity investment at 31 March 2019 was S$1,231,389 (2018: Nil).

Impairment of financial assets measured at amortised cost

The Group reviews portfolios of trade receivables, other receivables and deposits, loan receivables and amounts due from related companies to assess whether any impairment losses exist and the amount of impairment losses if there is any indication of impairment. Objective evidence for impairment includes observable data indicating that there is a measurable decrease in the estimated future cash flows for the respective financial instrument. It also includes observable data indicating adverse changes in the repayment status of the debtors, or change in national or local economic conditions that causes the default in payment.

The impairment loss for the respective financial instrument using the expected credit loss model is subjected to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. The expected credit losses for the respective financial instrument are derived from estimates whereby management takes into consideration historical data, the historical loss experience and other adjustment factors. Historical loss experience is adjusted on the basis of the relevant observable data that reflect current economic conditions and the judgment based on management's historical experience. Management reviews the selection of those parameters and the application of the assumptions regularly to reduce any difference between loss estimates and actual loss.

The details of the impairment assessment are disclosed in note 34(c).

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Recognition of revenue

As explained in note 3, revenue from integrated building services and building construction works are recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total outcome of the contract, as well as the work done to date. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each contract as the contract progresses. Budgeted costs are prepared by management on the basis of quotations from time to time provided by the major subcontractors, suppliers or vendors involved and the experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted costs by comparing the budgeted amounts to the actual costs incurred. Significant judgement is required in estimating the contract revenue, contract costs and variation work which may have an impact on revenue and profit recognised to date. In addition, actual outcomes in terms of total revenue or costs may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future periods as an adjustment to the amounts recorded to date.

Current and deferred tax

Management evaluates the tax deductibility of certain expenses for the computation of tax provision based on the applicable income tax regulations, which are subject to interpretation. The income tax liabilities are recognised when it is more likely than not that the tax deductibility of certain expenses may be changed upon review by income tax authorities. At each of the reporting period, the tax deductibility is reviewed, and to the extent that new information becomes available that causes management to change their judgment regarding the adequacy of existing income tax liabilities, these changes to income tax liabilities are duly recognised in income tax expense in the year in which the determination is made.

The carry amount of income tax payable and deferred tax liabilities at 31 March 2019 was S$939,763 and S$236,435, respectively (2018: S$946,059 and S$143,200, respectively).

5 CAPITAL RISKS MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of debt, which includes borrowings as disclosed in note 26, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and reserves.

The management of the Group reviews the capital structure from time to time. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts. The Group's overall strategy remains unchanged from 2018.

6 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

Notes:

(a) The Group provides integrated building services and building construction works to its customers. Under the terms of contracts, the Group's performance creates and enhances the properties which the customers control during the course of work by the Group. Revenue from provision of contracting services is therefore recognised over time using output method. The Group normally receives progress payment from customers on a monthly basis with reference to the value of works done. The Group requires certain customers to provide upfront deposits, when the Group receives a deposit before the project commences, this will give rise to contract liabilities at the start of a contract, until the full amount of deposit is deducted proportionately from monthly progress payment.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed and the rights are conditioned on the Group's future performance accepted by the customers. The contract assets are transferred to trade receivables when the rights become unconditional.

6 REVENUE AND SEGMENT INFORMATION *(continued)*

Notes: (continued)

(a) *(continued)*

Retentions receivable, prior to expiration of maintenance period, are classified as contract assets, which usually ranges from one to two years from the date of the practical completion of the project. The relevant amount of contract assets is reclassified to trade receivables when the maintenance period expires, and/or the maintenance/payment certificate is issued, and/or the final account is issued. The maintenance period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately

(b) The amount of revenue recognised during the year ended 31 March 2019 that was included in the contract liabilities at the beginning of the year is S$433,420.

(c) The Group has applied practical expedient in paragraph 121 of IFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date to its contract revenue as the Group recognises revenue at the amount to which it has a right to invoice, which corresponds directly with the value to the customer of the Group's performance completed to date.

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. For the year ended 31 March 2018, revenue from customer C is generated from provision of building construction works.

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

6 REVENUE AND SEGMENT INFORMATION *(continued)*

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 below:

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

	As at 31 March	
	2019	2018
	S$	*S$*
Non-current assets		
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

7A OTHER INCOME

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

Notes:

The government grants received mainly pertain to Wage Credit Scheme ("WCS") as below:

- Amount of S$6,200 representing grants received under WCS for the financial year ended 31 March 2019 (2018: S$49,343). Under the WCS, over the period of the calendar year of 2018 to 2019, the government co-funds 20% of wage increases given to Singapore Citizen employees earning a gross monthly wage of S$4,000 and below. In addition, for wage increases given in 2015 which are sustained in 2018 and 2019 by the same employer, employers will continue to receive co-funding at 20% for the 2018 and 2019.

- The remaining balances of grants are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial support with no future related costs nor related to any assets.

7B OTHER GAINS AND LOSSES

	Year ended 31 March	
	2019	2018
	S$	*S$*
Loss 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)

8 FINANCE COSTS

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

9 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 *(note a)*	**1,024,350**	1,042,290
Audit fees paid to auditors of the Company:		
— Annual audit fees	**318,870**	128,000
Directors' remuneration *(note 11)*	**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 *(note b)*	**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

Notes:

a. Depreciation of S$703,104 (2018: S$519,150) are included in cost of services.

b. Staff costs of S$4,552,187 (2018: S$4,319,416) are included in cost of services.

10 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 *(note 27)*	**93,235**	(101,855)
	1,306,785	1,091,075

10 INCOME TAX EXPENSE *(continued)*

Singapore CIT is calculated at 17% of the estimated assessable profits 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 the PRC for both years.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 March	
	2019	2018
	S$	*S$*
Profit before taxation	**6,195,309**	4,553,832
Tax at applicable tax rate of 17%	**1,053,203**	774,151
Effect of different tax rate of the Company operating in other jurisdiction	**14,718**	356,100
Tax effect of expenses not deductible for tax purpose	**261,314**	55,190
Tax effect of income not taxable for tax purpose	**(1,869)**	(1,644)
Effect of tax concessions and partial tax exemptions	**(52,275)**	(92,722)
Underprovision of prior year tax	**35,683**	—
Others	**(3,989)**	—
Taxation for the year	**1,306,785**	1,091,075

11 DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

Mr. Chua Seng Hai and Mr. Lim Kai Hwee were appointed as executive directors of the Company on 18 May 2017 and 5 July 2017 respectively. Ms. Ng Peck Hoon, Mr. Toh Soo Bock, Bob and Mr. Sim Choon Hong were appointed as independent non-executive directors of the Company on 5 January 2018.

Mr. Yao Yongjie was appointed as executive director and Mr. Teng Rongsong was appointed as non-executive director on 30 May 2018.

11 DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS *(continued)*

Directors' and chief executive's emoluments *(continued)*

Mr. Chua Seng Hai and Mr. Lim Kai Hwee resigned as executive directors and Mr. Chua Seng Hai was redesignated as non-executive director, Ms. Ng Peck Hoon, Mr. Toh Soo Bock, Bob and Mr. Sim Choon Hong resigned as independent non-executive directors, and Mr. Chu Chung Yue, Howard, Dr. Zhang Weining and Mr. Yu Wenzhuo were appointed as independent non-executive directors on 30 June 2018.

Mr. Teng Rongsong resigned as non-executive director and Ms. Lu Xuwen was appointed as non-executive director on 8 October 2018.

Mr. Li Xiaolai was appointed as executive director and co-chief executive officer on 3 December 2018.

Mr. Zou Chendong was appointed as executive director and co-chairman on 4 March 2019.

The emoluments paid or payable to the directors and chief-executive of the Company by the Group are as follows:

Year ended 31 March 2019

	Fees	Discretionary bonus *(note c)*	Share-based payment	Salaries, allowances and benefit in kind	Contributions to retirement benefit scheme *(note d)*	Total
	S$	S$	S$	S$	S$	S$
Executive Directors						
Mr. Yao Yongjie *(note a)*	—	—	—	170,473	1,047	171,520
Mr. Li Xiaolai	—	—	—	26,176	—	26,176
Mr. Zou Chendong	—	—	—	9,851	—	9,851
Mr. Lim Kai Hwee *(note b)*	—	—	—	60,000	4,350	64,350
Non-Executive Directors						
Mr. Chua Seng Hai *(note a)*	—	1,200,000	—	360,000	13,260	1,573,260
Ms. Lu Xuwen	16,890	—	26,636	—	—	43,526
Mr. Teng Rongsong	—	—	—	—	—	—
Independent Non-Executive Directors						
Mr. Chu Chung Yue, Howard	26,363	—	—	—	—	26,363
Dr. Zhang Weining	26,363	—	—	—	—	26,363
Mr. Yu Wenzhuo	26,363	—	—	—	—	26,363
Ms. Ng Peck Hoon	5,250	—	—	—	—	5,250
Mr. Toh Soo Bock, Bob	5,250	—	—	—	—	5,250
Mr. Sim Choon Hong	5,250	—	—	—	—	5,250
	111,729	1,200,000	26,636	626,500	18,657	1,983,522

11 DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS *(continued)*

Directors' and chief executive's emoluments *(continued)*

Year ended 31 March 2018

	Fees	Discretionary bonus *(note c)*	Salaries and allowances	Contributions to retirement benefit scheme *(note d)*	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Chua Seng Hai *(note a)*	—	1,037,520	360,000	17,160	1,414,680
Mr. Lim Kai Hwee *(note b)*	—	345,840	240,000	22,440	608,280
Independent Non-Executive Directors					
Ms. Ng Peck Hoon	21,000	—	—	—	21,000
Mr. Toh Soo Bock, Bob	21,000	—	—	—	21,000
Mr. Sim Choon Hong	21,000	—	—	—	21,000
	63,000	1,383,360	600,000	39,600	2,085,960

Note:

a. Mr. Chua Seng Hai resigned as the chairman and Mr. Yao Yongjie has acted as the chairman of the Company on 30 June 2018.

b. Mr. Lim Kai Hwee resigned as chief executive of the Company on 30 June 2018. His emoluments disclosed above for the year ended 31 March 2018 included those for services rendered by him as the chief executive.

c. The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

d. No other retirement benefits were paid to Mr. Yao Yongjie, Mr. Li Xiaolai and Mr. Zou Chendong in respect of their respective other services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

The emoluments for the executive directors shown above were for their services in connection with the management affairs of the Company and the Group.

The emoluments for the independent non-executive directors shown above were mainly for their services as directors of the Company.

None of the directors have waived any emoluments during the reporting period.

11 DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS *(continued)*

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, 1 (2018: 2) were directors of the Company during the year ended 31 March 2019 whose emoluments are included in the disclosures above. The emoluments of the remaining 4 (2018: 3) individuals were as follows:

	Year ended 31 March	
	2019	2018
	S$	*S$*
Salaries and allowances	**651,359**	357,560
Equity-settled share option expense	**26,636**	—
Discretionary bonus	**636,395**	190,200
Contributions to retirement benefits scheme	**50,558**	41,152
	1,364,948	588,912

Their emoluments were within the following bands presented in Hong Kong Dollars ("HK$"):

	Number of Employees	
	2019	2018
Emolument bands		
Nil to HK$1,000,000	**—**	1
HK$1,000,001 to HK$1,500,000	**3**	2
HK$1,500,001 to HK$2,000,000	**—**	—
HK$2,000,001 to HK$2,500,000	**—**	—
HK$2,500,001 to HK$3,000,000	**—**	—
HK$3,000,001 to HK$3,500,000	**—**	—
HK$3,500,001 to HK$4,000,000	**1**	—
	4	3

During both reporting periods, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12 DIVIDENDS

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

13 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 (note 32) 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.)

14 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Leasehold property	Computer and office equipment	Motor vehicles	Furniture and fittings	Leasehold improvements	Total
	S$	S$	S$	S$	S$	S$	S$
Cost:							
At 1 April 2017	474,000	7,150,000	707,538	2,758,414	40,266	318,411	11,448,629
Additions	2,500	—	39,037	533,250	—	7,204	581,991
Disposals/write-offs	—	—	(24,824)	(307,788)	—	—	(332,612)
At 31 March 2018	476,500	7,150,000	721,751	2,983,876	40,266	325,615	11,698,008
Additions	—	—	249,307	91,979	5,348	1,745	348,379
Disposals/write-offs	—	—	—	(149,300)	—	—	(149,300)
Exchange alignment	—	—	4	—	1	1	6
At 31 March 2019	476,500	7,150,000	971,062	2,926,555	45,615	327,361	11,897,093
Accumulated depreciation:							
At 1 April 2017	123,541	720,549	183,378	951,080	11,521	155,907	2,145,976
Charge for the year	95,300	166,279	132,452	579,349	4,027	64,883	1,042,290
Elimination on disposals/write-offs	—	—	(20,523)	(214,445)	—	—	(234,968)
At 31 March 2018	218,841	886,828	295,307	1,315,984	15,548	220,790	2,953,298
Charge for the year	95,300	166,279	128,285	587,024	4,405	43,057	1,024,350
Elimination on disposals/write-offs	—	—	—	(93,796)	—	—	(93,796)
Exchange aligment	—	—	1	—	—	—	1
At 31 March 2019	314,141	1,053,107	423,593	1,809,212	19,953	263,847	3,883,853
Carrying amount:							
At 31 March 2018	257,659	6,263,172	426,444	1,667,892	24,718	104,825	8,744,710
At 31 March 2019	162,359	6,096,893	547,469	1,117,343	25,662	63,514	8,013,240

As at 31 March 2019 and 2018, the leasehold property was pledged to a bank for a bank loan granted to the Group.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives:

Plant and machinery	5 years
Leasehold property	Shorter of 43 years or over the lease terms
Computer and office equipment	5 years
Motor vehicles	5 years
Furniture and fittings	5 to 10 years
Leasehold improvements	Shorter of 5 years or over the lease terms

15 INTEREST IN AN ASSOCIATE

	As at 31 March	
	2019	2018
	S$	*S$*
Interest in an associate		
— Unlisted investment	**853,354**	—

	As at 31 March	
	2019	2018
	S$	*S$*
At beginning of year	**—**	—
Acquisition of an associate	**855,372**	—
	855,372	—
Share of loss of an associate		
— Loss before income tax	**(2,018)**	—
— Income tax expense	**—**	—
At end of year	**853,354**	—

Particulars of the associate as at 31 March 2019 are as follows:

Name	**Place of operation and incorporation**	**Issued share capital**	**Proportion of ownership interest**			**Principal activities**
			Group's effective interest	**Held by the Company**	**Held by a subsidiary**	
GWS Technologies Limited（長城雄岸科技有限公司）	Hong Kong	HK$10,000,000	49% (2018: —)	— (2018: —)	49% (2018: —)	Inactive

15 INTEREST IN AN ASSOCIATE *(continued)*

Summarised financial information is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

	As at 31 March	
	2019	2018
	S$	*S$*
Current assets	**1,743,860**	—
Current liabilities	**2,322**	—

	Year ended 31 March	
	2019	2018
	S$	*S$*
Revenue	**—**	—
Loss and total comprehensive loss for the year	**(4,118)**	—

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statements:

	As at 31 March	
	2019	2018
	S$	*S$*
Net assets	**1,741,538**	—
Proportion of the Group's ownership interest	**49%**	—
The Group's share of net assets	**853,354**	—
Carrying amount of the Group's interest	**853,354**	—

16 EQUITY INVESTMENT AT FVOCI

	As at 31 March	
	2019	2018
	S$	*S$*
Unlisted equity investment	**1,231,389**	—

Note:

The unlisted equity investment in HAYEK Technology Pte. Ltd. ("HAYEK") was acquired in July 2018 at a consideration of RMB6,000,000 (equivalent to approximately S$1,231,000). HAYEK is a company incorporated in Singapore which is currently investing in digital exchange platform. As at 31 March 2019, the Group held 19.9% of the issued share capital of HAYEK. The Group designated the investment at FVOCI (non-recycling), as the investment is held for strategic purposes.

17 LOAN RECEIVABLES

	As at 31 March	
	2019	2018
	S$	*S$*
Loan receivables	**5,326,002**	—

The loan receivables were unsecured, bearing interest at 6% per annum and dominated in HK$. As at years ended 31 March 2019 and 2018, no loan receivables have been past due.

The exposure of the Group's fixed-rate loan receivables to fair value interest risks and its contractual maturity date is as follows:

	As at 31 March	
	2019	2018
	S$	*S$*
Within one year	**—**	—
In more than one year but not more than two years	**5,326,002**	—
	5,326,002	—

The Group continues to manage its loan receivables based on the credit management policies as disclosed in note 34(c), including the estimation of credit exposure. Such estimation requires consideration over changes in market conditions, expected cash flows and the passage of time, for the assessment of the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The credit risk of the loan receivables has been measured using probability of default, exposure at default and loss given default, which are in line with the approach used for the purposes of measuring ECL under IFRS 9.

The Group measures ECL for significant individual balances and on a collective basis for the remaining balances, grouped by their shared risk characteristics and past due status. ECL model used by the Group for the assessment and provision of impairment for loan receivables is based on the "three stages" model by referring to the changes in credit quality since initial recognition, and is summarised as below:

— The loan receivables that are not credit-impaired on initial recognition are classified in 'Stage 1' and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.

— If a significant increase in credit risk since initial recognition, i.e., the borrower is more than 30 days past due on its contractual payments, is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis.

17 LOAN RECEIVABLES *(continued)*

— If the loan receivables are credit-impaired, that is when the borrower is more than 90 days past due on its contractual payments, the financial instrument is then moved to 'Stage 3'. The expected credit loss is measured on lifetime basis.

— In Stage 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired as Stage 3, the Group calculates the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

The calculation of ECL incorporate forward-looking information. The Group identified the borrowers' underlying business performance and market trends of the industries the borrowers are engaged in together with the regional gross domestic product the borrowers are incorporated as the key economic variables impacting credit risk and expected credit losses.

There has been no change from Stage 1 to other stages as of the date of this annual report. The following table provides information about the exposure to credit risk and ECL for loan receivables as at 31 March 2019.

	Average loss rate	Gross carrying amount *S$*	Provision for impairment loss *S$*
Not past due	0%	5,326,002	—

As at the date of approval of these financial statements, the loan receivables were fully repaid.

18 INVENTORIES

	As at 31 March	
	2019	2018
	S$	*S$*
Low value consumables	**218,338**	208,410
Raw materials	**1,147,531**	—
Work in progress	**331,817**	—
	1,697,686	208,410

19 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 IFRS15, 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

Before accepting any new customer, the Group assesses the potential customer's credit quality and defined credit limit to each customer on an individual basis. Limits attributed to customers are reviewed once a year.

In determining the recoverability of billed trade receivables, the management of the Group considers any change in the credit quality of the billed trade receivables from the initial recognition date to the end of the reporting period.

19 TRADE RECEIVABLES *(continued)*

The following is an analysis of trade receivables by age, presented based on the due date at the end of each reporting period:

	As at 31 March	
	2019	2018
	S$	*S$*
Not past due	**7,573,487**	6,650,545
Less than 90 days	**3,089,442**	933,594
91 days to 180 days	**327,128**	380,329
More than 180 days	**243,253**	254,832
	11,233,310	8,219,300

The Group does not hold any collateral over these balances.

Details of impairment assessment for the year ended 31 March 2019 are set out in note 34(c).

Impairment assessment for the year ended 31 March 2018

As at 31 March 2018, included in the Group's trade receivables are carrying amounts of approximately S$1,568,755, which were past due, for which the Group has not provided for impairment loss as there had not been a significant change in credit quality and amounts were still considered recoverable based on repayment history of respective customer.

In the opinion of the management of the Group, the trade receivables at the end of each reporting period are of good credit quality which considering the high credibility of these customers, good track record with the Group and subsequent settlement, the management believes that no impairment allowance is necessary in respect of the remaining unsettled balances.

20 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

20 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

Below is details of balances denominated in currency other than S$:

	As at 31 March	
	2019	2018
	S$	*S$*
HK$	**5,200,049**	—

21 CONTRACT ASSETS

	At 31 March 2019	At 1 April 2018*
	S$	*S$*
Building construction works	**51,479**	51,479

* The amounts in this column are after the adjustment from the application of IFRS 15.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed and not billed because the rights are conditioned on the Group's future performance accepted by the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers its contract assets to trade receivables when progress certificate/invoice is issued. As at 31 March 2019, contract assets included retentions receivable of S$51,479 from external customers. The Group generally provides their customers with one to two years maintenance period from the date of the practical completion of the project. Upon the expiration of maintenance period, the customers will provide maintenance certificate and pay the retentions within the term specified in the contract.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

The Group applies the simplified approach to provide the ECL prescribed by IFRS 9. No impairment loss was recognised during the year. Details of the impairment assessment were set out in note 34(c).

22 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.

22 AMOUNTS DUE FROM RELATED COMPANIES *(continued)*

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

23 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	As at 31 March	
	2019	2018
	S$	*S$*
Pledged bank deposits *(note a)*	**1,738,187**	1,969,553
Bank balances and cash *(note b)*	**22,567,211**	39,412,934

Notes:

(a) Pledged bank deposits represent deposits placed with banks with an original maturity of 12 months for corresponding amounts of performance guarantees granted by the banks in favour of customers. The balances carry interest at 0.25% per annum at 31 March 2019 and 2018.

(b) Bank balances carried interest at market rates ranging from 0.0% to 0.2% per annum as at 31 March 2019 (2018: 0.0% to 1.18% per annum).

Below is details of bank balances denominated in currency other than S$:

	As at 31 March	
	2019	2018
	S$	*S$*
HK$	**1,884,780**	22,276,111
RMB	**1,227,677**	—
	3,112,457	22,276,111

23 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH *(continued)*

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	At 1 April 2018 S$	Financing cash flows S$	Non-cash changes S$	At 31 March 2019 S$
Interest payable	—	(89,397)	89,397	—
Borrowings *(note 26)*	3,098,336	(238,332)	—	2,860,004
	3,098,336	(327,729)	89,397	2,860,004

	At 1 April 2017 S$	Financing cash flows S$	Non-cash changes S$	At 31 March 2018 S$
Interest payable	—	(92,930)	92,930	—
Borrowings *(note 26)*	3,336,668	(238,332)	—	3,098,336
	3,336,668	(331,262)	92,930	3,098,336

24 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

24 TRADE AND OTHER PAYABLES *(continued)*

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 (2018: 15 to 90 days) or payable upon delivery.

25 AMOUNTS DUE TO CUSTOMERS FOR CONSTRUCTION WORK

	As at 31 March	
	2019	2018
	S$	*S$*
Contract cost incurred plus recognised profits less recognised losses	**—**	10,000,106
Less: Progress billings	**—**	(10,433,526)
	—	(433,420)

The amounts due to customers for construction work were reclassified to contract liabilities on 1 April 2018 since the adoption of IFRS 15. See note 2 for further details.

26 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 and carrying floating interest rate at 2.93% per annum (2018: 3.45% per annum).

During the year ended 31 March 2019, the Group had entered into a revised bank loan agreement to extend the bank loan from 3 years (which is due for maturity on 22 March 2019) to 5 years (which is due for maturity on 22 March 2021). Accordingly, certain portions of loan were reclassified as "non-current liabilities" subsequent to the revised loan agreement.

27 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation[a]	**Unutilised tax losses**[b]	**Total**
	S$	*S$*	*S$*
At 1 April 2017	245,055	—	245,055
Charge/(Credit) to profit or loss *(note 10)*	29,463	(131,318)	(101,855)
At 31 March 2018	274,518	(131,318)	143,200
Charge/(credit) to profit or loss *(note 10)*	(38,083)	131,318	93,235
At 31 March 2019	236,435	—	236,435

(a) Deferred tax liabilities resulted from temporary differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing tax laws in Singapore.

(b) Subject to the agreement by the tax authorities, at 31 March 2018, the Group has unutilised tax losses of S$781,133 available for offset against future profits. These losses may be carried forward indefinitely subject to the conditions imposed by law.

27 DEFERRED TAX LIABILITIES *(continued)*

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	As at 31 March	
	2019	2018
	S$	*S$*
Deferred tax assets	**—**	(22,675)
Deferred tax liabilities	**236,435**	165,875
	236,435	143,200

28 SHARE CAPITAL

	Number of shares	Par value	Share capital
		HK$	*HK$*
Authorised share capital:			
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	5,000,000,000	0.01	50,000,000

	Number of shares	Share capital
		S$
At 1 April 2017	1,000,000,000	1,798,496
Issue of shares under the over-allotment option *(note a)*	37,500,000	67,426
At 31 March 2018	1,037,500,000	1,865,922
Repurchase and cancellation of shares *(note b)*	(5,595,000)	(10,063)
At 31 March 2019	1,031,905,000	1,855,859

28 SHARE CAPITAL *(continued)*

Note:

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

b. The Company repurchased and cancelled 5,595,000 shares on the Stock Exchange during the year at prices ranging from HK$0.80 to HK$1.11 per share for an aggregate consideration of HK$5,261,296 (equivalent to S$920,894) (including transaction costs of HK$17,045). The premium of HK$5,205,346 (equivalent to S$910,831) paid on the repurchase of the 5,595,000 shares was charged to the "share premium" account. An amount equivalent to the par value of the shares cancelled of HK$55,950 (equivalent to S$10,063) was transferred to the "capital redemption reserve" as set out in the consolidated statement of changes in equity.

29 OPERATING LEASE COMMITMENTS

The Group as lessee	**Year ended 31 March**	
	2019	2018
	S$	*S$*
Minimum lease payments paid during the year under operating lease in respect of staff dormitories	**670,161**	582,372

Future minimum rental payable under non-cancellable leases as at the end of reporting period are as follows:

	As at 31 March	
	2019	2018
	S$	*S$*
Within 1 year	**619,641**	118,876
After 1 year but within 5 years	**200,422**	26,784
	820,063	145,660

The leases have tenures ranging from three months to two years (2018: two months to two years) and no contingent rent provision included in the contracts. There is no restriction placed upon the Group by entering into these leases.

30 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these consolidated financial statements.

Apart from details disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties during the reporting period:

	Year ended 31 March	
	2019	2018
	S$	*S$*
Sales of services to related companies[(1)]	**100,861**	203,740

[(1)] A key management personnel of the Group has significant influence over these related companies (2018: The Controlling Shareholders were shareholders of these related companies).

Guaranteed from director of a subsidiary/controlling shareholders

The amount remained outstanding in respect of performance guarantees and security bonds for foreign workers in favour of the Group during the year:

	Year ended 31 March	
	2019	2018
	S$	*S$*
Director of a subsidiary	**765,076**	—
Controlling shareholder	**—**	844,552
	765,076	844,552

30 RELATED PARTY TRANSACTIONS *(continued)*

Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Year ended 31 March	
	2019	2018
	S$	*S$*
Short term benefits	**3,056,975**	2,569,920
Post-employment benefits	**49,095**	76,393
Total compensation	**3,106,070**	2,646,313

31 PARTICULARS OF SUBSIDIARIES

Details of the major subsidiaries directly and indirectly held by the Company as at 31 March 2019 are set out below.

Name	Place of incorporation/ operation	Paid up issued capital	Group's effective interest	Held by the Company	Principal activities
Jinfeng Ventures Limited	BVI	US$1	100%	100%	Investment holding
Innovative Plus Investment Limited	BVI	US$1	100%	100%	Investment holding
Pine Vantage Limited	BVI	US$1	100%	100%	Investment holding
SH Integrated Service Pte. Ltd.	Singapore	S$3,000,000	100%	—	General contractors (building services with a focus on maintenance and/or installations of mechanical systems including repairs and renovation services and construction works)
DRC Engineering Pte. Ltd.	Singapore	S$500,000	100%	—	General contractors (building services with a focus on maintenance and/or installations of mechanical systems including repairs and renovation services and construction works)

31 PARTICULARS OF SUBSIDIARIES *(continued)*

Name	Place of incorporation/ operation	Paid up issued capital	Group's effective interest	Held by the Company	Principal activities
CSH Development Pte. Ltd.	Singapore	S$100,000	100%	—	Property investment
Grand Shores Blockchain Group Limited（雄岸區塊鏈集團有限公司）	Hong Kong	HK$1	100%	100%	Investment holding
Grandshores Technology (Hong Kong) Limited（雄岸科技(香港)有限公司）	Hong Kong	HK$1	100%	100%	Investment holding
Hong Kong Grandshores Digital Economy Development Limited（香港雄岸數字經濟發展有限公司）	Hong Kong	HK$15,000,000	75%	—	Provision for financial technology services
Grandshores Creative Technology Limited（雄岸創意科技有限公司）	Hong Kong	HK$100	75%	—	Provision for blockchain services
Hempire Bio-technology Corporation Limited（龍麻生物科技股份有限公司）	Hong Kong	HK$5,100,000	51%	—	Investment holding
杭州雄岸偉成科技有限公司 (Hangzhou Grandshores Weicheng Technology Co., Ltd.)*	PRC	RMB17,305,000	100%	—	Provision for blockchain services

31 PARTICULARS OF SUBSIDIARIES *(continued)*

None of the subsidiaries had issued any debt securities at the end of the year.

There is no material non-controlling interest for the years ended 31 March 2019 and 2018.

* English name for identification purpose only

32 SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 5 January 2017 (the "Share Option Scheme") for the purpose of providing an incentive or a reward to any employee, director, supplier, customer, consultant, advisor or other eligible person (collectively the "Eligible Persons") for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest ("Invested Entity"). Under the Share Option Scheme, the Board of Directors of the Company may grant options to the aforementioned Eligible Persons, to subscribe for shares in the Company.

Under the Share Option Scheme, the total number of shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

The maximum number of shares issued and to be issued upon exercise of the options granted to each Eligible Persons (including both exercised and outstanding options), in any 12-month period shall not exceed 1% of the shares of the Company in issue for the time.

Options granted shall be taken up upon payment of S$1 as consideration for the grant of option. Options may be exercised at any time not exceeding a period of 10 years from the date which the share option is deemed to be granted and accepted. The exercise price is determined by the Board of Directors of the Company, and shall be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant and (iii) the nominal value of a share on the date of grant.

32 SHARE OPTION SCHEME *(continued)*

(a) The terms and conditions of the options granted are as follows:

Category of grantee	Date of grant	Exercise period	Contractual life of options	Number of instruments	Vesting conditions
Directors	23 August 2018	23 August 2019 to 22 August 2022	4 years	500,000	One year from the date of grant
		23 August 2020 to 22 August 2022	4 years	500,000	Two years from the date of grant
Employees	23 August 2018	23 August 2019 to 22 August 2022	4 years	500,000	One year from the date of grant
		23 August 2020 to 22 August 2022	4 years	500,000	Two years from the date of grant
Non-employees	23 August 2018	23 August 2019 to 22 August 2022	4 years	1,000,000	One year from the date of grant
		23 August 2020 to 22 August 2022	4 years	1,000,000	Two years from the date of grant
				4,000,000	

(b) The movements of number of share options and weighted average exercise price of share options are as follows:

	Weighted average exercise price 2019	**Number of options 2019**	Weighted average exercise price 2018	Number of options 2018
Outstanding at beginning of the year	**—**	**—**	—	—
Granted during the year	**HK$1.20**	**4,000,000**	—	—
Outstanding at the end of the year	**HK$1.20**	**4,000,000**	—	—

The weighted average remaining contractual life was 3.40 years (2018: Nil).

32 SHARE OPTION SCHEME *(continued)*

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured by reference to valuations performed by ValQuest Advisory Group Limited, an independent professional valuer not connected to the Group, based on the Binomial Option Pricing Model. The contractual life of the share option is used as an input into this model.

	On 23 August 2018	
Vesting date	23 August 2019	23 August 2020
Fair value at measurement date	HK$0.33	HK$0.34
Share price at date of grant	HK$1.2	HK$1.2
Exercise price	HK$1.2	HK$1.2
Life of options	4 years	4 years
Risk free rate	2.06%	2.06%
Dividend yield	0%	0%
Volatility	34.02%	34.02%
Exercise multiple	2.8	2.8
Employee exit rate post-vesting	10%	10%

Notes:

(a) Exercise multiple defines the early exercise strategy.

(b) Risk free rate represents the yields to maturity of Hong Kong Exchange Fund Note with respective terms to maturity as at the valuation date, 23 August 2018.

(c) Dividend yield was calculated based on the closing price as at valuation date and the historical dividends per share.

(d) Employee exit rate-post vesting is the percentage of share option lapsed after the vesting period.

(e) Volatility is the annualised standard deviation of daily return of the share price of the comparable listed companies which are engaged in similar business of the Company with reference to Bloomberg.

The fair value of the share options granted to non-employees are measured at fair values of options granted as these participants are providing services that are similar to those rendered by employees.

33 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	As at 31 March	
	2019	2018
	S$	*S$*
ASSETS AND LIABILITIES		
Non-current asset		
Investments in subsidiaries	**7**	7
Current assets		
Amounts due from subsidiaries	**21,589,181**	—
Prepayments	**31,230**	8,358
Bank balances and cash	**169,549**	22,276,111
	21,789,960	22,284,469
Current liabilities		
Other payables	**261,798**	70,709
Amounts due to subsidiaries	**2,250,813**	2,063,011
	2,512,611	2,133,720
Net current assets	**19,277,349**	20,150,749
Total assets less current liabilities, representing net assets	**19,277,356**	20,150,756
EQUITY		
Capital and reserves		
Share capital	**1,855,859**	1,865,922
Reserve	**17,421,497**	18,284,834
Equity attributable to owners of the Company	**19,277,356**	20,150,756

33 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

A summary of the Company's reserves is as follows:

	Share premium S$	Capital redemption reserve S$	Share option reserve S$	Accumulated deficit S$	Total S$
At 31 March 2017	18,859,252	—	—	(2,990,108)	15,869,144
Total comprehensive loss for the year:					
Loss for the year	—	—	—	(2,094,708)	(2,094,708)
Transactions with owners, recognised directly in equity:					
Issue of shares under the over-allotment option	4,652,355	—	—	—	4,652,355
Share issue expenses	(141,957)	—	—	—	(141,957)
Total	4,510,398	—	—	—	4,510,398
At 31 March 2018	23,369,650	—	—	(5,084,816)	18,284,834
Total comprehensive loss for the year:					
Loss for the year	—	—	—	(59,050)	(59,050)
Transactions with owners, recognised directly in equity:					
Recognition of equity-settled share-based payments	—	—	106,544	—	106,544
Repurchase and cancellation of shares	(910,831)	10,063	—	(10,063)	(910,831)
Total	(910,831)	10,063	106,544	(10,063)	(804,287)
At 31 March 2019	22,458,819	10,063	106,544	(5,153,929)	17,421,497

34 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	As at 31 March *2019* S$
Financial assets	
— Financial assets at FVOCI	
Equity investment	1,231,389
— Financial assets at amortised cost	
Trade receivables	14,587,678
Other receivables and deposits	5,519,481
Loan receivables	5,326,002
Amounts due from related companies	878,250
Contract assets	51,479
Pledged bank deposits	1,738,187
Bank balances and cash	22,567,211
	50,668,288
Total	51,899,677
Financial liabilities	
— Amortised cost	
Trade and other payables	7,736,906
Borrowings	2,860,004
Total	10,596,910

	As at 31 March *2018* S$
Financial assets	
— Loans and receivables	
Trade receivables	9,741,492
Other receivables and deposits	203,719
Amounts due from related companies	32,025
Pledged bank deposits	1,969,553
Bank balances and cash	39,412,934
Total	51,359,723
Financial liabilities	
— Amortised cost	
Trade and other payables	6,944,634
Borrowings	3,098,336
Total	10,042,970

34 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, loan receivables, amounts due from related companies, pledged bank deposits, bank balances and cash, trade and other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk, liquidity risk and equity price risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on some bank balances. The Group is also exposed to fair value interest rate risk in relation to fixed-rate borrowings and fixed interest on pledged bank deposits and time deposits. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimize the fair value and cash flow interest rate risks.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non—derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The following sensitivity analysis represents management's assessment of the reasonably possible change in interest rates.

Variable-rate bank balances

If interest rate of variable-rate bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2019 would increase/decrease by approximately S$2,860 (2018: S$3,098).

34 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies *(continued)*

(b) Currency risk

Certain other receivables, deposits and bank balances are denominated in HK$ and RMB (notes 20 and 23).

Assuming that all other variables remain constant at year end, a 10% depreciation/appreciation of the S$ against HK$ would result in an increase/decrease in the Group's profit before tax for the year of approximately S$708,483 for the year ended 31 March 2019 (2018: S$2,227,611).

Assuming that all other variables remain constant at year end, a 10% depreciation/appreciation of the S$ against RMB would result in an increase/decrease in the Group's profit before tax for the year of approximately S$122,768 for the year ended 31 March 2019 (2018: Nil).

In the management's opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

The Group monitors foreign currency exposure and will consider hedging significant currency exposure should the need arise.

(c) Credit risk

The credit risk on bank balances and cash and pledged bank deposit is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than the concentration of credit risk of bank balances and cash in Hong Kong, the Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 56% of the total financial assets as at 31 March 2019 (2018: 57%).

In order to minimize the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt, including trade receivables, contract assets and amounts due from related companies of trade nature, at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

At the end of the reporting period, 42% (2018: 52%) and 88% (2018: 81%) of the total trade receivables and contract assets was due from the Group's largest customer and the five largest customers which exposed the Group to concentration of credit risk.

34 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies *(continued)*

(c) Credit risk *(continued)*

The Group measures loss allowances for trade debtors and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. Given the customers of the Group are mainly reputable companies and the Government of Singapore and its related organisations and institutional bodies and the Group has not experienced any significant credit losses in the past, management considered that the allowance for ECLs is insignificant. As a result, no provision for impairment of trade debtors and contract assets is necessary during the year.

The Group has taken measures to identify credit risks arising from loan receivables. The Group manages credit risk at every stage of the risk management system, including pre-approval, review and credit approval and post-transaction monitoring processes. The Group conducts acceptance and due diligence during the pre-approval process. A transaction may be subject to the review and approval depending on the transaction size.

During the post-transaction monitoring process, the Group performs credit evaluations on each and every major debtors periodically. These evaluations focus on the debtors' past history of making payments when due and current ability to pay, and take into account information specific to the debtors as well as pertaining to the economic environment in which the debtors operate. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 on loan receivables. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on bank balances and cash, trade receivables and contract assets and loan receivables from top 5 customers/debtors as disclosed above, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

In respect of other receivables, individual credit evaluations are performed on all debtors requiring credit over a certain amount. These evaluations focus on the debtor's past history of making payments when due and current ability to pay, and take into account information specific to the debtors as well as pertaining to the economic environment in which the debtor operates.

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective minimize financial assets as stated in the consolidated statement of financial position.

34 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies *(continued)*

(c) Credit risk *(continued)*

Impairment assessment for the year ended 31 March 2019

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables and contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

34 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies *(continued)*

(c) Credit risk *(continued)*

Impairment assessment for the year ended 31 March 2019 (continued)

The tables below detail the credit risk exposures of the Group's financial assets and contracts assets, which are subject to ECL assessment:

2019	*Note*	**External credit rating**	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amounts S$**
Financial assets at amortised cost					
Trade receivables	*19*	N/A	Low risk (note 1)	Lifetime ECL	14,587,678
Amounts due from related companies of trade nature	*22*	N/A	Low risk (note 1)	Lifetime ECL	5,417
Loan receivables	*17*	N/A	Low risk	12-month ECL	5,326,002
Other receivables and deposits	*20*	N/A	Low risk	12-month ECL	5,519,481
Amounts due from related companies — non trade	*22*	N/A	Low risk	12-month ECL	872,833
Pledged bank deposits	*23*	AA+	N/A	12-month ECL	1,738,187
Bank balances and cash	*23*	A+ - AA-	N/A	12-month ECL	22,567,211
Other items					
Contract assets	*21*	N/A	Low risk (note 1)	Lifetime ECL	51,479

Note:

1. For trade receivables, amounts due from related companies of trade nature and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group has assessed ECL allowance for trade receivables and contract assets using a provision matrix, grouped by internal credit rating. These are credit worthy customers with good payment history and the Government of Singapore and its related organisations and institutional bodies, and management has considered forward-looking information and concluded that the ECL allowance is insignificant to the Group.

During the year ended 31 March 2019, directors of the Company considered impairment on financial assets measured at amortised cost and contract assets is insignificant and therefore, no expected credit loss is recognised to profit or loss.

The Group applies the new ECL model to the financial assets measured at amortised cost and contract assets upon application of IFRS 9. 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,

34 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies *(continued)*

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

	Interest rate per annum	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$	S$
As at 31 March 2019								
Non-interest bearing instruments								
Trade and other payables	–	7,736,906	–	–	–	–	7,736,906	7,736,906
Fixed interest bearing instruments								
Borrowings	2.93	80,533	80,096	158,883	2,695,868	–	3,015,380	2,860,004
Total		7,817,439	80,096	158,883	2,695,868	–	10,752,286	10,596,910

	Interest rate per annum	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$	S$
As at 31 March 2018								
Non-interest bearing instruments								
Trade and other payables	–	6,944,634	–	–	–	–	6,944,634	6,944,634
Fixed interest bearing instruments								
Borrowings	3.45	102,564	102,198	3,060,981	–	–	3,265,743	3,098,336
Total		7,047,198	102,198	3,060,981	–	–	10,210,377	10,042,970

34 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies *(continued)*

(d) Liquidity risk *(continued)*

Non-derivative financial assets

All financial assets of the Group as at 31 March 2019 are non-interest bearing and repayable on demand or due within one year, except for loan receivables, bank deposits and time deposits as disclosed in notes 17 and 23.

All financial assets of the Group as at 31 March 2018 are non-interest bearing and repayable on demand or due within one year, except for bank deposits and time deposits as disclosed in notes 23.

(e) Equity price risk

Equity price risk is the risk that the fair values of equity investment decrease as a result of changes in the levels of equity indices. The Group is exposed to equity price risk arising from individual equity investment.

The following table demonstrates the sensitivity of the Group's results to every 5% change in the fair values of the equity investment to which the Group has significant exposure at the end of the reporting period, with all other variables held constant and before any tax impact. For the purpose of this analysis, financial assets measured at FVOCI, the impact was deemed to be on the fair value reserve (non-receclng) and no account was given for factors which might impact the consolidated statement of profit or loss.

	Carrying amount	Change in profit before taxation	Change in equity*
	S$	S$	S$
2019			
Equity Investment at FVOCI	1,231,389	—	61,569
2018			
Equity Investment at FVOCI	—	—	—

* Excluding retained profits

(f) Financial instruments not measured at fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

34 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk management objectives and policies *(continued)*

(g) Financial instruments measured at fair value

The Group has a team headed by the finance manager performing valuations for the financial instruments which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the financial controller. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the financial controller. Discussion of the valuation process and results with the financial controller is held twice a year, to coincide with the reporting dates.

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 "Fair value measurement".

	Level 1	Level 2	Level 3	Total
	S$	S$	S$	S$
As at 31 March 2019:				
— Unlisted equity investment	**—**	**—**	**1,231,389**	**1,231,389**
As at 31 March 2018:				
— Unlisted equity investment	—	—	—	—

The Group did not have any financial liabilities measured at fair value as at 31 March 2019 and 2018.

During the year ended 31 March 2019, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities (2018: Nil).

Information about Level 3 fair value measurement

Unlisted equity investment is measured using valuation techniques based on inputs that can be observed in the markets in addition to unobservable inputs such as company specific financial information.

The Group uses the recent transaction price to determine the fair value of the unlisted equity investment as at 31 March 2019.

The movements during the period in the balance of the Level 3 fair value measurement are as follows:

Unlisted equity investment	**2019**	2018
	S$	S$
At 1 April	**—**	—
Additions	**1,231,389**	—
At 31 March	**1,231,389**	—

35 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.

As at the date of approval of these financial statements, the acquisition has yet to complete.

* English name for identification purpose only

36 COMPARATIVE FIGURES

The Group has initially applied IFRS 9 and IFRS 15 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

37 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 March 2019, the directors consider the immediate parent and ultimate controlling party of the Group to be Morgan Hill Holdings Limited, which is incorporated in British Virgin Islands and Mr.Yao Yongjie, respectively. Morgan Hill Holdings Limited does not produce financial statements available for public use.

FINANCIAL SUMMARY

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

	2019	2018	2017	2016	2015
	S$	S$	S$	S$	S$
RESULTS					
Revenue	**52,806,323**	56,813,257	46,822,435	40,504,968	34,963,602
Costs of services	**(34,942,253)**	(39,918,514)	(28,830,613)	(26,753,387)	(23,673,126)
Gross profit	**17,864,070**	16,894,743	17,991,822	13,751,581	11,290,476
Other income	**266,479**	374,035	367,539	161,673	116,032
Other gains and losses	**954,958**	(1,711,363)	(5,806)	(23,526)	(9,525)
Other expenses	**—**	—	(2,860,452)	(48,900)	–
Selling expenses	**(188,083)**	(120,635)	(121,597)	(98,867)	(82,288)
Administrative expenses	**(12,610,700)**	(10,790,018)	(9,408,928)	(6,739,724)	(5,672,600)
Finance costs	**(89,397)**	(92,930)	(77,196)	(114,454)	(102,346)
Share of loss of an associate	**(2,018)**	—	—	—	—
Profit before taxation	**6,195,309**	4,553,832	5,885,382	6,887,783	5,539,749
Income tax expense	**(1,306,785)**	(1,091,075)	(1,196,812)	(1,269,668)	(918,347)
Profit for the year	**4,888,524**	3,462,757	4,688,570	5,618,115	4,621,402
Profit for the year attributable to:					
— Owners of the Company	**4,892,204**	3,462,757	4,688,570	5,618,115	4,621,402
— Non-controlling interests	**(3,680)**	—	—	—	—
	4,888,524	3,462,757	4,688,570	5,618,115	4,621,402
ASSETS AND LIABILITIES					
Non-current asset	**15,423,985**	8,744,710	9,302,653	8,846,862	7,375,762
Current assets	**50,469,106**	52,036,287	54,693,969	23,804,246	19,925,748
Total assets	**65,893,091**	60,780,997	63,996,622	32,651,108	27,301,510
Non-current liabilities	**2,858,107**	143,200	3,343,391	3,521,738	5,070,385
Current liabilities	**9,528,978**	12,153,094	20,209,109	12,531,562	7,826,432
Total liabilities	**12,387,085**	12,296,294	23,552,500	16,053,300	12,896,817
Total equity	**53,506,006**	48,484,703	40,444,122	16,597,808	14,404,693
Equity attributable to owners of the Company	**52,636,854**	48,484,703	40,444,122	16,597,808	14,404,693
Non-controlling interests	**869,152**	—	—	—	—
	53,506,006	48,484,703	40,444,122	16,597,808	14,404,693