SHIS Limited

(incorporated in the Cayman Islands with limited liability)

Stock code: 1647

ANNUAL REPORT
2017

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chua Seng Hai (Chairman)
Mr. Lim Kai Hwee

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ng Peck Hoon
Mr. Toh Soo Bock, Bob
Mr. Sim Choon Hong

AUDIT COMMITTEE

Ms. Ng Peck Hoon (Chairlady)
Mr. Toh Soo Bock, Bob
Mr. Sim Choon Hong

REMUNERATION COMMITTEE

Mr. Toh Soo Bock, Bob (Chairman)
Ms. Ng Peck Hoon
Mr. Sim Choon Hong
Mr. Lim Kai Hwee

NOMINATION COMMITTEE

Mr. Sim Choon Hong (Chairman)
Ms. Ng Peck Hoon
Mr. Toh Soo Bock, Bob
Mr. Chua Seng Hai

COMPANY SECRETARY

Ms. Chan So Fun

AUTHORISED REPRESENTATIVES

Ms. Chan So Fun
Mr. Lim Kai Hwee

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

18 Kaki Bukit Place
Eunos Techpark
Singapore 416196

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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39 Queen's Road Central
Central
Hong Kong

COMPLIANCE ADVISER

Dakin Capital Limited
Room 2701, 27/F., Tower 1
Admiralty Centre
18 Harcourt Road
Hong Kong

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

Boardroom Share Registrars (HK) Limited
31/F., 148 Electric Road
North Point
Hong Kong

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way, OUE Downtown 2
#33-00
Singapore 068809

PRINCIPAL BANK

United Overseas Bank

COMPANY'S WEBSITE

www.shilimited.com

STOCK CODE

1647

CHAIRMAN STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of SHIS Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present to our shareholders the first annual report of the Group for the year ended 31 March 2017 (the "**Review Year**").

The Company was successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 30 March 2017 (the "**Listing Date**"). The Listing was an important milestone in the Group's history because it increases the profile of the Group and enables the Group to be considered more favourably by its customers when tendering for contracts. The Listing also provides capital for its expansion and allows the Group to gain access to capital market funding.

During the Review Year, the revenue of the Group was approximately S$46.8 million (For the year ended 31 March 2016: approximately S$40.5 million). Gross profit was approximately S$18.0 million (For the year ended 31 March 2016: approximately S$13.8 million). Profit before taxation was approximately S$5.9 million (For the year ended 31 March 2016: approximately S$6.9 million).

Looking ahead, the Group is positive about the prospects of the integrated building services industry and construction market in Singapore. I am optimistic about the prospects of the Group due to our solid track record of providing integrated building services for Singapore Government agencies, as well as our experienced and dedicated management team led by the executive Directors and supported by an experienced supervisory team. The Group will continue to focus on our core business of the provision of integrated building services and prepare for future opportunities, while maximising the shareholders' value.

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.

Chua Seng Hai
Chairman

23 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

The Directors consider that the continued increase in public sector infrastructure and construction projects in Singapore had led to a general increase in the demand for the integrated building services, resulting in more business opportunities being presented to and secured by our Group and thus we recorded an increase in our revenue for the year ended 31 March 2017 as compared to the same period in 2016.

The Singapore Government has announced to bring forward S$700 million worth of public sector infrastructure projects to start in 2017 and through 2018, which encourage the growth of the construction industry and thus driving the need for integrated building services to support the growth and demand of these construction activities. In 2017, construction demand is expected to be higher largely driven by construction demand of the public sector. Key projects in Singapore's construction industry pipeline for 2017 include (i) civil engineering projects such as the second phase of the Deep Tunnel Sewerage System (DTSS phase 2), North-South Corridor and Circle Line 66; (ii) residential projects such as projects for new public housing construction, continuous upgrading of Housing and Development Board flats and upcoming condominium projects on various government land sites; (iii) commercial projects such as redevelopments of commercial building such as the Funan Digital Life Mall and CPF building; and (iv) industrial projects such as the development of JTC's Logistic Hub. During the year ended 31 March 2017, approximately 77.9% of the Group's total revenue was generated from contracts awarded by Singapore Government agencies. As such, our Directors are of the view that our Group can benefit from the increasing construction demand of the public sector.

FINANCIAL REVIEW

REVENUE

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

COSTS OF SERVICES

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

GROSS PROFIT AND GROSS PROFIT MARGIN

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

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

OTHER INCOME

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

ADMINISTRATIVE EXPENSES

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

OTHER EXPENSES

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

FINANCE COSTS

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

INCOME TAX EXPENSE

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

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

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 March 2017.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy financial position during the year ended 31 March 2017. As at 31 March 2017, the Group had total bank balances and cash of approximately S$43.4 million (31 March 2016: approximately S$14.7 million). The total interest-bearing loans of the Group as at 31 March 2017 was approximately S$3.3 million (31 March 2016: approximately S$3.7 million), and current ratio as at 31 March 2017 was approximately 2.7 times (31 March 2016: approximately 1.9 times). As at 31 March 2017, the gearing ratio of the Group was 0.1 times (31 March 2016: 0.5 times).

For further details regarding to the borrowings, please refer to note 23 to the consolidated financial statements.

TREASURY POLICY

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

PLEDGE OF ASSETS

As at 31 March 2017, the Group had approximately S$1.9 million (31 March 2016: approximately S$0.2 million) of pledged bank deposits for corresponding amounts of performance guarantees issued in favour of customers. The Group's owned property which is situated at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196 was pledged for mortgage loan as at 31 March 2017 and 2016.

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains some proceeds from the Listing in Hong Kong dollars amounting to S$30.1 million that are exposed to foreign exchange rate risks. As the Listing Date (30 March 2017) is close to the financial year end date (31 March 2017), the Group had no significant unrealised foreign exchange gain or loss as at year end.

CAPITAL STRUCTURE

As at 31 March 2017, the share capital and equity attributable to owners of the Company amounted to approximately S$1.8 million and S$40.4 million respectively (31 March 2016: approximately S$2.1 million and S$16.6 million respectively).

CAPITAL COMMITMENTS

As at 31 March 2017 and 2016, the Group did not have any material capital commitments.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 March 2017, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies save for those in relation to the reorganisation in preparation of the Listing as set out in section headed "History, Reorganisation and Corporate Structure – Reorganisation" in the prospectus of the Company dated 20 March 2017 (the "**Prospectus**").

SIGNIFICANT INVESTMENT HELD

The Group did not hold any significant investments during the year ended 31 March 2017.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2017, the Group employed a total of 335 full-time employees (including executive Directors), as compared to a total of 255 full-time employees as at 31 March 2016. The Group's employees are remunerated according to their job scope, responsibilities, and performance. Local employees are also entitled to discretionary bonus depending on their respective performances and the profitability of the Group. The Group's foreign workers are typically employed on two-year basis depending on the period of their work permits, and subject to renewal based on their performance, and are remunerated according to their work skills. Other staff benefits include the provision of retirement benefits, medical benefits and sponsorship of training courses.

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

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any material contingent liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group does not have any other plans for material investments or capital assets.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

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

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. Chua Seng Hai, aged 56, founder of the Group, 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 is a member of the nomination committee. He is also a director of SH Integrated Services Pte. Ltd., CSH Development Pte. Ltd., Jinfeng Ventures Limited, Innovative Plus Investments Limited and Pine Vantage Limited. Mr. Chua is responsible for the overall strategic planning and business development of the Group. He 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 has over 20 years of experience in the provision of integrated building services and in the building and construction industry in Singapore. Prior to founding the Group, 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 is the spouse of Ms. Bek Poi Kiang (member of the senior management of the Group).

Mr. Lim Kai Hwee, aged 40, was appointed as the executive Director on 5 July 2016. He is a member of the remuneration committee. Mr. Lim obtained a degree of Bachelor of Applied Science in construction management and economics from Curtin University of Technology in February 2004. He joined the Group as a general manager in August 2006. Mr. Lim is responsible for the overall management of both the integrated building services business and building and construction business and is responsible under the immediate authority of the Board for the conduct of the business of the Group and is therefore the chief executive for the purpose of the Listing Rules. 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ng Peck Hoon, aged 47, was appointed as the independent non-executive Director on 5 January 2017. She is currently the chairlady of the audit committee and a member of the remuneration committee and nomination committee. Ms. Ng obtained a degree of Bachelor of Accountancy from the National University of Singapore in July 1991. Ms. Ng was admitted as a fellow member of the Institute of Singapore Chartered Accountants (formerly known as Institute of Certified Public Accountants of Singapore) in July 2004 and an associate member of the Institute of Chartered Accountants in Australia in July 1994.

Ms. Ng has more than 20 years of experience in the field of auditing and accounting. Ms. Ng was admitted as partner to Deloitte & Touche in August 2001 and subsequently was admitted as partner to Deloitte & Touche LLP in June 2008 and resigned in October 2014. She set up De Arta LLP in September 2014, an accounting firm in Singapore, and became a partner of De Arta LLP since then up to the present.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Toh Soo Bock, Bob, aged 57, was appointed as the independent non-executive Director on 5 January 2017. He is currently the chairman of the remuneration committee and a member of the audit committee and nomination committee. Mr. Toh graduated from the University of Wisconsin-Madison with a degree of Bachelor of Business Administration in May 1986.

Mr. Toh has over 15 years of experience in the finance industry in Singapore, primarily in investee and portfolio management. Mr. Toh was employed by AIA Singapore Private Limited as a financial services consultant from November 1989 to October 2005. He worked at Evia Capital Partners Pte Ltd since 2007, at which he is currently director of investment.

Mr. Sim Choon Hong (also known as Shen Junfeng), aged 45, was appointed as the independent non-executive Director on 5 January 2017. He is currently the chairman of the nomination committee and a member of the audit committee and remuneration committee. Mr. Sim graduated from RMIT University with a degree of Bachelor of Business in business administration in August 2000.

Mr. Sim has around 8 years of experience in general management. Mr. Sim is currently the regional sales manager at JDV Control Valves S.E.A. Pte Ltd. From October 2008 to July 2013, Mr. Sim worked in a number of organisations including as a deputy general manager at NSL Chemicals Ltd and as a business manager at Econ Careskill Training Centre Pte Ltd.

SENIOR MANAGEMENT

Ms. Bek Poi Kiang ("Mrs. Chua"), aged 57, is the director of DRC Engineering Pte. Ltd. ("**DRC Engineering**") 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 6 years of experience in our business and operations. From April 2010 to June 2016, Mrs. Chua was a director of CA Lighting (S) Pte. Ltd. Mrs. Chua was also a director of SLT Services Pte. Ltd. from April 2013 to March 2016.

Mrs. Chua is the spouse of Mr. Chua Seng Hai (chairman of the Board and executive Director).

Mr. Kong Chen Yung, aged 35, joined the Group as a financial controller in October 2015 and is responsible for overseeing the financial, accounting, taxation and banking matters of the Group. Mr. Kong obtained a degree of Bachelor of Commerce in accounting and finance from Monash University in December 2006. He was admitted as a member of CPA Australia in July 2008 and as a certified practicing accountant of the CPA Australia in May 2013.

Mr. Kong has over 10 years of relevant experience in the field of auditing, accounting and financial management. From April 2007 to January 2011, Mr. Kong worked at Ernst & Young at which his last position was senior associate. From February 2011 to October 2015, Mr. Kong worked at KPMG at which his last position was manager.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Chio Keng Hiang, aged 43, was a project manager of the Group from May 2008 to May 2011 and rejoined the Group as an assistant general manager in August 2015 and is currently responsible for assisting in the overall management of both the integrated building services business and building and construction business. Mr. Chio obtained a degree of Bachelor of Science in facilities management from Heriot-Watt University in December 2007.

Mr. Chio has over 14 years of experience in the provision of integrated building services and in the building and construction industry in Singapore. From June 2003 to May 2005, Mr. Chio was employed by Robert Bosch (SEA) Pte Ltd. from November 2006 to May 2008, he worked at Premier G&U Districenters Pte Ltd as a maintenance manager. He was a project manager in the Group from May 2008 until May 2011. During the period from June 2011 to August 2015, Mr. Chio was a building services manager at REC Site Services Pte Ltd and then a facilities/building services manager at Parker Hannifin Singapore Pte Ltd. Since August 2015, Mr. Chio is an assistant general manager of the Group.

Mr. Ng Chang Soon, aged 36, joined the Group in October 2009 and is currently the project and safety director and is responsible for the project management and supervision and overseeing the quality assurance, environmental health and workplace safety of the Group. Mr. Ng obtained a degree of Bachelor of Building and Project Management from SIM University in August 2015. He is registered with the Building and Construction Authority as a building construction safety supervisor. He is also a registered workplace safety and health officer registered with the Ministry of Manpower of Singapore.

Mr. Ng has over 13 years of experience in the provision of integrated building services. From May 2004 until prior to joining our Group in October 2009, Mr. Ng worked at Firstcom Engineering Pte Limited, where his last position was site manager.

COMPANY SECRETARY

Ms. Chan So Fun, aged 48, was appointed as the company secretary of the Company on 11 July 2016. Ms. Chan is currently a partner at the law firm of Michael Li & Co, specialising in corporate finance work including initial public offerings, mergers and acquisitions and restructuring. Ms. Chan is a practising solicitor and was admitted as a solicitor in Hong Kong in November 2007. She received a degree of Bachelor of Laws from the University of London in August 2004. She obtained a Master of Business Administration from The University of Hong Kong in December 1998 and she also obtained a degree of Bachelor of Social Science from The Chinese University of Hong Kong in December 1992. Prior to embarking her legal career, Ms. Chan had over five years of experience in marketing and corporate communications.

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 since the Listing Date and up to the date of this report.

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 since the Listing Date and up to the date of this report.

NON-COMPETITION UNDERTAKING

Mr. Chua, Mrs. Chua and Ruiheng Global Investment Limited ("**Ruiheng Global**") (collectively, the "**Controlling Shareholders**") entered into a deed of non-competition dated 13 March 2017 in favour of the Company and the subsidiaries (the "**Deed of Non-Competition**"). Pursuant to the Deed of Non-Competition, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Company (for itself and for the benefit of the subsidiaries), among others, that, during the period which (i) the Shares remain listed in the Stock Exchange and (ii) the Controlling Shareholder and their close associates (other than members of the Group) individually or jointly, are entitled to exercise, or control the exercise of, not less 30% of the voting power at general meeting of the Company or the Controlling Shareholders or the relevant close associates remains as a director of any member of the Group. He/she/it shall not, and shall procure that his/her/its close associates (other than any member of the Group) not to carry on or be engaged, concerned or interested, or otherwise be involved be involved directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group or any business activity to be conducted by any member of the Group from time to time.

Each of the Controlling Shareholders further undertakes that if any business investment or other commercial opportunity which may compete with the business of the Group is identified by or offered to him/her/it, he/she/it shall procure that his/her/its close associates to promptly notify the Group in writing and the Group shall have a right of first refusal to take up such opportunity. The Group shall within 30 days after the receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Controlling Shareholders whether the Group will exercise the right of first refusal.

The Company has received a written confirmation from the Controlling Shareholders in respect of the compliance with and the enforcement of the terms of the Deed of Non-Competition by the Controlling Shareholders during the Review Year.

All independent non-executive Directors have reviewed the compliance of the Deed of Non-Competition entered into by the Controlling Shareholders as to whether the Controlling Shareholders had abided by the Deed of Non-Competition. All independent non-executive Directors also confirmed that the Controlling Shareholders had not been in breach of the Deed of Non-Competition during the Review Year.

CORPORATE GOVERNANCE PRACTICES

THE BOARD

COMPOSITION

As at the date of this report, the Board is chaired by Mr. Chua Seng Hai and comprised of five members including two executive Directors and three independent non-executive Directors.

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

Executive Directors
Mr. Chua Seng Hai (Chairman)
Mr. Lim Kai Hwee

Independent Non-Executive Directors
Ms. Ng Peck Hoon
Mr. Toh Soo Bock, Bob
Mr. Sim Choon Hong

BOARD DIVERSITY POLICY

The Board has adopted a 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 from the Listing Date and up to the date of this report.

CHAIRMAN AND CHIEF EXECUTIVE

The position of Chairman is held by Mr. Chua Seng Hai. The Chairman is responsible for the overall strategic planning and business development of the Group.

Mr. Lim Kai Hwee is responsible for the overall management of both the integrated building services business and building and construction business and is responsible under the immediate authority of the Board for the conduct of the business of the Group and is therefore the chief executive for the purpose of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Since the Listing Date and up to date of this report, the Company has three independent non-executive Directors representing half 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, two of the independent non-executive Directors, namely Ms. Ng Peck Hoon and Mr. Toh Soo Bock, Bob, possess professional accounting qualifications, or financial management expertise.

In accordance with the Rule 3.13 of the Listing Rules, all independent non-executive Directors 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.

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 chief executive officer 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.

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, all Directors have attended at least one training course on the updates of the Listing Rules and relevant law and requirements. 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.

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.

Due to the fact that the Company was listed on 30 March 2017, no Board meeting has been held from the Listing Date and up to 31 March 2017. Subsequent to the end of the Review Year and up to the date of this report, the first meeting of the Board was held on 23 June 2017, and the attendance record of each Director is set out below:

	Attendance/ Number of meeting between the Listing Date and the date of this report
Executive Directors:	
Mr. Chua Seng Hai	1/1
Mr. Lim Kai Hwee	1/1
Independent Non-Executive Directors:	
Ms. Ng Peck Hoon	1/1
Mr. Toh Soo Bock, Bob	1/1
Mr. Sim Choon Hong	1/1

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 Group established an Audit Committee on 5 January 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG code as set out in Appendix 14 of the Listing Rule. 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 consists of three members who are all independent non-executive Directors, namely, Ms. Ng Peck Hoon, Mr. Toh Soo Bock, Bob and Mr. Sim Choon Hong. Ms. Ng Peck Hoon is the chairlady of the Audit Committee.

The members of the Audit Committee should meet at least twice a year. Due to the fact that the Company was listed on 30 March 2017, no Audit Committee meeting has been held from the Listing Date and up to 31 March 2017. Subsequent to the end of the Review Year and up to the date of this report, the first meeting of the Audit Committee was held on 23 June 2017, and the attendance record of each member of the Audit Committee is set out below:

Committee members	Number of meeting attended/held
Ms. Ng Peck Hoon (chairlady)	1/1
Mr. Toh Soo Bock, Bob	1/1
Mr. Sim Choon Hong	1/1

The following is a summary of the work performed by the Audit Committee up to the date of this annual report:

- 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; and
- Discuss and recommend the re-appointment of external auditors.

There had been no disagreement between the Board and the Audit Committee from the Listing Date and up to this date of this report.

REMUNERATION COMMITTEE

The Group established a remuneration committee on 5 January 2017 with written terms of reference in compliance with paragraph B.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The remuneration committee consists of all of the independent non-executive Directors, namely Mr. Toh Soo Bock, Bob, Ms. Ng Peck Hoon and Mr. Sim Choon Hong, and Mr. Lim Kai Hwee. Mr. Toh Soo Bock, Bob is the chairman of the remuneration committee.

CORPORATE GOVERNANCE PRACTICES

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
HK$0 to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	2
HK$1,500,001 to HK$2,000,000	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.

The members of the Remuneration Committee should meet at least once a year. Due to the fact that the Company was listed on 30 March 2017, no Remuneration Committee meeting has been held from the Listing Date and up to 31 March 2017. Subsequent to the end of the Review Year and up to the date of this report, the first meeting of the Remuneration Committee was held on 23 June 2017, and the attendance record of each member of the Remuneration Committee is set out below:

Committee members	Number of meeting attended/held
Mr. Toh Soo Bock, Bob (chairman)	1/1
Ms. Ng Peck Hoon	1/1
Mr. Sim Choon Hong	1/1
Mr. Lim Kai Hwee	1/1

The following is a summary of the work performed by the Remuneration Committee up to the date of this annual report:

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

NOMINATION COMMITTEE

The Group also established a nomination committee on 5 January 2017 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The nomination committee consists of all of the independent non-executive Directors, namely Mr. Sim Choon Hong, Ms. Ng Peck Hoon and Mr. Toh Soo Bock, Bob, and Mr. Chua Seng Hai. Mr. Sim Choon Hong 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.

The members of the Nomination Committee should meet at least once a year. Due to the fact that the Company was listed on 30 March 2017, no Nomination Committee meeting has been held from the Listing Date and up to 31 March 2017. Subsequent to the end of the Review Year and up to the date of this report, the first meeting of the Nomination Committee was held on 23 June 2017, and the attendance record of each member of the Nomination Committee is set out below:

Committee members	**Number of meeting attended/held**
Mr. Sim Choon Hong (chairman)	1/1
Ms. Ng Peck Hoon	1/1
Mr. Toh Soo Bock, Bob	1/1
Mr. Chua Seng Hai	1/1

The following is a summary of the work performed by the Nomination Committee up to the date of this annual report:

- 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.

CORPORATE GOVERNANCE PRACTICES

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 Deloitte & Touche LLP and its member firms, is set out as follows:

	S$
Audit services	242,600
Non-audit services	376,750
	619,350

The amount of fee incurred for the non-audit services mainly included S$226,750 of the service fee paid to Deloitte Touche Tohmatsu as the reporting accountant of the Company in relation to the Listing. The Audit Committee was satisfied that non-audit services for the Review Year did not affect the independence of the auditors.

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 which includes analysis and appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. The departmental heads of the Group have to complete a risk management and internal control self-assessment questionnaires, identify and evaluate those significant risks and confirm to the management that appropriate internal control policies and procedures have been established and properly complied with. 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. During the Review Year, the Group has, in connection with the listing process, engaged an independent internal control consultant to review the effectiveness and efficiency of the Group's risk management and internal control systems in relation to the financial, operational and compliance controls, and the results were summarised and discussed with the Audit Committee and the Board. The Audit Committee and the Board 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

The Group has appointed Ms. Chan So Fun, who is responsible for facilitating the Board process, as well as communications among the Directors, with shareholders and management. Ms. Chan has confirmed that for the Review Year, she has taken no less than 15 hours of professional training to upgrade her skills and knowledge. The biography of Ms. Chan is set out in the section headed "Biographical Details of the Directors and Senior Management" in this report.

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 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, 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.

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.shilimited.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 first annual general meeting will be held on 23 August 2017, 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

Save for the adoption of the Articles for the purpose of the Listing, 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

The Company is an investment holding company, and the principal activities of its principal subsidiaries are set out in note 29 to the consolidated financial statements.

REORGANISATION AND SHARE OFFER

The Company was incorporated in the Cayman Islands on 18 May 2016 as an exempted company with limited liability. Its shares were listed on the Main Board of the Stock Exchange on 30 March 2017.

Pursuant to the reorganisation of the Group in connection with the Listing, the Company underwent a corporate reorganisation (the "**Reorganisation**"), the Company became the holding company of the Group on 29 December 2016. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure – Reorganisation" to the Prospectus of the Company dated 20 March 2017.

RESULTS/BUSINESS REVIEW

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 38 in this report. The business review of the Group for the Review Year is set out in the section headed "Management Discussion and Analysis" on pages 4 to 7 in this report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Review Year are set out in note 25 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 40 and note 30 to the consolidated financial statements.

The Company did not have distributable reserve as at 31 March 2017, 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.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

The Shares of the Company were listed on 30 March 2017. Since the Listing Date and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

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 2017.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Practices" on pages 11 to 20 in this report.

ANNUAL GENERAL MEETING ("AGM")

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

CLOSURE OF REGISTER OF MEMBERS

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

DIRECTORS

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

Executive Directors:
Mr. Chua Seng Hai
Mr. Lim Kai Hwee

Independent Non-Executive Directors:
Ms. Ng Peck Hoon
Mr. Toh Soo Bock, Bob
Mr. Sim Choon Hong

Pursuant to article 83(3) of the Articles, any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. As such, all the Directors will retire from office as Directors at the forthcoming annual general meeting of the Company, being eligible, and offer themselves for re-election.

The Company has received, from each of the 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

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years commencing from the Listing Date.

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

COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, Dakin Capital Limited (the "**Compliance Adviser**") as at 31 March 2017, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 14 July 2016, the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Review Period, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

FOUR YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years, as extracted from the audited consolidated financial statements in this report and the Prospectus, is set out on page 88.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group are set out in the section headed "Management Discussion and Analysis" of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any significant transaction, arrangement and contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party since the date of the Listing up to 31 March 2017.

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 9 to 10.

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 2017.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Up to the date of this report, there were no changes of information which are required to be disclosed by Directors pursuant to paragraphs (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 OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 31 March 2017, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules, notified to the Company and the Stock Exchange, were as follows:

I. LONG POSITION IN THE SHARES

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

Notes:

1. These shares are held by Ruiheng Global Investments Limited ("Ruiheng Global"). The issued share capital of Ruiheng Global is legally and beneficially owned as to 90% by Mr. Chua Seng Hai and as to 10% by Ms. Bek Poi Kiang. Mr. Chua Seng Hai is deemed to be interested in the shares in which Ruiheng Global is interested in under Part XV of the SFO.

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

II. LONG POSITION IN THE SHARES OF ASSOCIATED CORPORATION, RUIHENG GLOBAL

Name of Director	Capacity/Nature of interest	Number of Shares held in Ruiheng Global	Percentage of interest in Ruiheng Global	Number of Shares held by Ruiheng Global	Percentage of interest in the Company
Mr. Chua Seng Hai ("**Mr. Chua**") (Note)	Beneficial owner	9	90%	750,000,000	75%

Note: The issued share capital of Ruiheng Global is legally and beneficially owned as to 90% by Mr. Chua and as to 10% by Mrs. Chua. Mr. Chua is deemed to be interested in the shares in which Ruiheng Global is interested in under Part XV of the SFO.

Save as disclosed above, as at 31 March 2017, none of the Directors had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

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

As at 31 March 2017, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name	Capacity/Nature	Number of Shares held/ interested in	Percentage of interest
Ruiheng Global Investments Limited ("**Ruiheng Global**")	Beneficial owner	750,000,000 (Notes 1 & 3)	75%
Ms. Bek Poi Kiang ("**Mrs. Chua**")	Interest of spouse	750,000,000 (Notes 1, 2 & 3)	75%

Notes:

1. The issued share capital of Ruiheng Global is legally and beneficially owned as to 90% by Mr. Chua and as to 10% by Mrs. Chua. Mr. Chua is deemed to be interested in the shares in which Ruiheng Global is interested in under Part XV of the SFO.

2. Mrs. Chua is the spouse of Mr. Chua. Mrs. Chua is deemed to be interested in the shares in which Mr. Chua is interested in under Part XV of the SFO.

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

Save as disclosed above, as at 31 March 2017, no other persons had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 5 January 2017 (the "**Adoption Date**"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(A) PURPOSE OF THE SHARE OPTION SCHEME

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").

(B) PARTICIPANTS OF THE SHARE OPTION SCHEME

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.

(C) TOTAL NUMBER OF SHARES AVAILABLE FOR ISSUE UNDER THE SHARE OPTION SCHEME

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 10% of the number of the issued shares as at 30 March 2017 unless the Company obtains a fresh approval from the Shareholders.

As at the date of this annual report, a total of 100,000,000 shares, representing approximately 9.64% of the issued share capital of the Company are available for issue under the Share Option Scheme.

(D) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT UNDER THE SHARE OPTION SCHEME

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.

(E) THE PERIOD WITHIN WHICH THE SHARES MUST BE TAKEN UP UNDER AN OPTION

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.

(F) THE MINIMUM PERIOD FOR WHICH AN OPTION MUST BE HELD BEFORE IT CAN BE EXERCISED

As determined by the Board upon the grant of an option.

(G) THE AMOUNT PAYABLE ON ACCEPTANCE OF AN OPTION AND THE PERIOD WITHIN WHICH PAYMENTS SHALL BE MADE

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.

(H) THE BASIS OF DETERMINING THE EXERCISE PRICE

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.

(I) THE REMAINING LIFE OF THE SHARE OPTION SCHEME

The Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date until 4 January 2027.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 5 January 2017, and there is no outstanding share option as at 31 March 2017.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

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

SALES

–	the largest customer	46.8%
–	five largest customers	73.6%

PURCHASES

–	the largest supplier	5.7%
–	five largest suppliers	23.2%

None of 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 or suppliers noted above.

RELATED PARTIES TRANSACTIONS

During the year ended 31 March 2017, details of the significant related party transactions undertaken in the normal course of business are set out in the note 28 to the consolidated financial statements, and none of which constitutes a disclosable connected transaction as defined under the Listing Rules. In addition to note 28 to the consolidated financial statements, the personal guarantees provided by the Controlling Shareholders will be released and replaced by corporate guarantees.

CONNECTED TRANSACTIONS

During the year ended 31 March 2017, 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 29 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 since the date of the Listing and up to the date of this report.

RETIREMENT SCHEME

The Group participates in the Central Provident Fund in Singapore which is a defined contribution retirement plan, 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.

EVENTS AFTER THE REPORTING PERIOD

On 20 April 2017, China Prospect Securities Limited, the sole lead manager, fully exercised the Over-allotment Option (as defined in the Prospectus) in respect of 37,500,000 additional shares ("**Over-allotment Shares**") of the Company, representing approximately 15% of the total number of offer shares initially available under the share offer before any exercise of the Over-allotment Option, at the offer price of HK$0.70 per share to facilitate the return of the 37,500,000 shares borrowed by China Prospect Securities Limited, the stabilising manager, from Ruiheng Global Investments Limited under the stock borrowing agreement, which were used to cover the over-allocations in the placing. Approval for the listing of and permission to deal in the Over-allotment Shares has already been granted by the Listing Committee of the Stock Exchange. Listing of and dealings in the Over-allotment Shares had commenced on the Main Board of the Stock Exchange at 9:00 a.m. on 28 April 2017.

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

For further details of the use of proceeds from the issue of the additional shares pursuant to the Over-allotment Option, please refer to the section headed "Management Discuss and Analysis – Comparison of Business Objectives with Actual Business Progress and Use of Proceeds" in this report. For further details of the Over-allotment Option, please refer to the Prospectus and the announcement of the Company dated 20 April 2017.

AUDITORS

The consolidated financial statements for the Review Year have been audited by Deloitte & Touche LLP, who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM.

By Order of the Board
SHIS Limited
Chua Seng Hai
Chairman

Singapore, 23 June 2017

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 Review Year.

We have an Integrated Management System (“IMS”) which comprise 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 to govern ESG-related aspect of our operations.

ENVIRONMENTAL

EMISSIONS

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

A major source of emission, however, is carbon emission from the consumption of energy. Hence, we have implemented various energy-saving measures such as the use of energy saving lightings and energy efficient air conditioning system.

During the year ended 31 March 2017, we did not record any material non-compliance with applicable environmental laws, regulations and requirements.

USE OF RESOURCES

Our 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 our employees to cultivate the concept of “Reduce/Reuse/Recycle” into their mindset. One of our policies 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 our temporary site offices and meeting rooms (where appropriate).

THE ENVIRONMENT AND NATURAL RESOURCES

Our 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 our environmental management system as well as raising the environmental consciousness and professionalism of our project teams. We are also aware of our responsibility to the environment and the general public, hence we are dedicated to work closely with the communities affected by our business operation.

EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT AND LABOUR STANDARDS

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. We strongly encourage internal promotion and a variety of job opportunities is offered to the existing staff when it is best suited.

We advocate a community spirit that thrives on mutual respect and equal opportunities. We firmly comply to equal opportunities legislation and to ensure diversity and equality, our 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, we are 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.

At SHIS Limited, we treat every member of our employee as part of our big family, whether it is managerial, executive or rank-and-file employee positions. To induce a sense of belonging in our Company, we 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, we are committed to offer professional development opportunities and a healthy work environment for all employees and on-site staff. One of our main task is to ensure the wage rates of our employees are reasonable and competitive among our peers in the market. In addition, our employees' total remuneration including basic salary and bonus system are unbiased and correlated with their individual performance.

We maintain high standards of business ethnics and sustains good personal conduct of our employee. Our staff handbook and internal control manual are readily accessible to all employees.

EMPLOYEE HEALTH AND SAFETY

We recognised the importance of maintaining a safe, effective and congenial working environment and policies to provide sufficient protection to our staff. Hence, we have put various occupational health and safety measures in place and regularly perform check on the working environment and staff facilities. Not only that, we have obtained OHSAS 18001 as a recognition of our compliance with occupational health and safety requirements.

Our occupational health and safety management system including the following three steps:

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

   We maintain a list of relevant occupational and health safety hazards, based on analysis of our 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 our 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*

   We maintain a list of applicable occupational health and safety regulations and ensure that this is up-to-date. Changes to these rules and regulations will be communicated to our relevant departments and evaluation of our occupational health and safety compliance will be carried out.

3. *Objectives, targets and key performance indicators*

   We have 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.

TRAINING AND DEVELOPMENT

We are committed to providing staff training and development programmes designed to help our employees enhancing their knowledge and skills to meet the challenges of a changing era. The Group recognises that the knowledge and skills of our employees are vital to the Group's continued business development and success, we, therefore, encourage our staff to pursue further with their professional development. We nominate staff to attend both internal and external training programmes from time to time and when appropriate. Our training programmes range 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 our 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 our works on a timely and reliable basis, consistent with the project requirements of our customers. All our suppliers and subcontractors are based in Singapore, effectively mitigating carbon emissions that result from haulage and transportation. For projects where we are the main contractor, our subcontractors are required to adhere to our IMS policy. In managing the environmental and social risks of our supply chain, we will perform assessments on all our suppliers and subcontractors prior to engaging them and inclusion in our approved suppliers list and our approved subcontractors list (the "Approved Lists"). We also monitor and assess our suppliers and subcontractors annually whereby those with poor performance will be removed from our Approved Lists. One of the criteria in our assessment relates to the existence and performance of the suppliers' and subcontractors' environmental, health and safety system.

SERVICE RESPONSIBILITY

We recognise that good customer and after-sales services are the key influential factors to our success and sustainability. Therefore, we have 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. Protecting and safe-guarding our customers' privacy have been one of our 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. Moreover, we acquired an ISO 9001 as an identification of our success in meeting customer expectations and delivering customer satisfaction.

ANTI-CORRUPTION

We are committed to maintain the highest ethical standards and vigorously enforce the integrity of our business practices in all aspects of our operations. We have in place a policy to ensure our Groups and our employees comply with anti-bribery, anti-corruption and anti-money laundering laws and governmental guidance. Our Group and 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.

COMMUNITY

COMMUNITY INVESTMENT

We actively seek opportunities to repay society and in hope of creating a better living environment for local community. For the upcoming year, we are looking to set aside an agreed amount allocated to donations charity and support for good causes depending on the profitability of our Group. We are also looking into planning a series of charitable events in the upcoming year to inculate the culture of participating in community work and giving back to the society.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SHIS Limited
(Incorporated in the Cayman Islands with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of SHIS Limited (the "Company") and its subsidiaries (herein referred to as the "Group") set out on pages 38 to 87, which comprise the consolidated statement of financial position as at 31 March 2017, 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 accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") issued by 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"). 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 ("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)	
(a) Revenue from Integrated Building Services The Group recognised revenue from the provision of Integrated Building Services of S$43,730,199 for the year ended 31 March 2017, where the completeness of and period in which such revenue is recorded is an inherent risk due to the ad hoc nature and large volumes of customer work orders. (b) Revenue from Building Construction Works Revenue from the provision of Building Construction Works by the Group for the year ended 31 March 2017 amounted to S$3,092,236. Such revenue recognition is based on the percentage of completion method, where the stage of completion is measured by: (i) the proportion of surveys of work performed to date relative to the estimated total contract revenue ("fixed price contracts"); or (ii) contract costs incurred to date as compared to the estimated total contract costs ("cost plus contracts"). Significant judgements are required to estimate the total budgeted contract revenue or 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 percentage of completion, resulting in an impact to the revenue recognised. The Group's revenue recognition policy is set out in Note 4 to the consolidated financial statements.	We evaluated the design and implementation of relevant controls put in place by the Group in respect of revenue recognition, and assessed the Group's revenue recognition practices to determine whether they are in compliance with IAS 18 Revenue and IAS 11 Construction Contracts including stages of completion. In relation to management's recognition of revenue from Integrated Building Services, our audit included the following procedures among others: (a) Obtained from management a complete list of revenue contracts effective during the period and traced to the valid contracts. For selected customers on a sample basis, we traced to the successive invoices issued to customers during the year; and (b) Selected, on a sample basis, invoices and credit notes issued prior to and subsequent to the year-end and tested the appropriateness of timing of recorded transactions, which is measured by the certification and acceptance of the customers, when the outcome of such work can be reliably estimated. In relation to management's recognition of revenue from Building Construction Works, we focused our audit on the following procedures: (a) For fixed price contracts, we obtained from management the latest certifications by independent surveyors and subsequent variations and claims to assess the appropriateness of revenue recorded during the year; and (b) For cost plus contracts, we obtained from management the project budgets to assess the appropriateness of management's estimates on total budgeted cost which is used to compute the projects' percentage of completion. Based on our work for revenue from Integrated Building Services, we noted no significant issues in the completeness of revenue recorded during the year, as well as the period in which revenue is recorded. We also found the Group's estimates of budgeted contract revenue and costs, and revenue and costs recognised in profit or loss for Building Construction Works to be appropriate.

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

Management is responsible for the other information. The other information comprises the information included in the Company's 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 MANAGEMENT AND THE DIRECTORS OF THE COMPANY (THE "DIRECTORS") FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors 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. 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 management.

- Conclude on the appropriateness of management's 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 the directors 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 the directors 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 the directors, 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.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Tay Hwee Ling.

Deloitte & Touche LLP
Public Accountants and Chartered Accountants

Singapore
23 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	**2017** **S$**	2016 S$
ASSETS AND LIABILITIES			
Non-current asset			
Property, plant and equipment	14	**9,302,653**	8,846,862
Current assets			
Inventories	15	**247,602**	160,447
Trade receivables	16	**8,598,213**	7,983,914
Other receivables, deposits and prepayments	17	**400,614**	703,965
Amounts due from customers for construction work	18	**130,749**	38,359
Amounts due from related companies	19a	**11,263**	17,564
Pledged bank deposits	20	**1,886,863**	224,889
Bank balances and cash	20	**43,418,665**	14,675,108
		54,693,969	23,804,246
Current liabilities			
Trade and other payables	21	**9,454,338**	6,613,930
Amounts due to related companies	19b	**–**	221,928
Amount due to a director	19c	**–**	3,800,000
Amounts due to Controlling Shareholders	19d	**8,929,635**	–
Obligations under finance leases	22	**–**	30,590
Borrowings	23	**238,332**	238,332
Income tax payable		**1,586,804**	1,626,782
		20,209,109	12,531,562
Net current assets		**34,484,860**	11,272,684
Total assets less current liabilities		**43,787,513**	20,119,546
Non-current liabilities			
Obligations under finance leases	22	**–**	75,238
Borrowings	23	**3,098,336**	3,336,668
Deferred tax liabilities	24	**245,055**	109,832
		3,343,391	3,521,738
Net assets		**40,444,122**	16,597,808
EQUITY			
Capital and reserves			
Share capital	25	**1,798,496**	2,100,000
Reserves		**38,645,626**	14,497,808
Equity attributable to owners of the Company		**40,444,122**	16,597,808

The consolidated financial statements on pages 38 to 87 were approved and authorised for issue by the Board of Directors on 23 June 2017 and are signed on its behalf by:

Chua Seng Hai
Chairman and Executive Director

Lim Kai Hwee
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2017

	Share capital S$	Share premium (Note a) S$	Merger reserve (Note b) S$	Accumulated profits S$	Total S$
Balance at 1 April 2015	2,000,000	–	–	12,404,693	14,404,693
Total comprehensive income for the year:					
Profit for the year	–	–	–	5,618,115	5,618,115
Transactions with owner, recognised directly in equity:					
Issue of share capital (Note 25)	100,000	–	–	–	100,000
Dividends (Note 12)	–	–	–	(3,525,000)	(3,525,000)
Total	100,000	–	–	(3,525,000)	(3,425,000)
Balance at 31 March 2016	2,100,000	–	–	14,497,808	16,597,808
Total comprehensive income for the year:					
Profit for the year	–	–	–	4,688,570	4,688,570
Transactions with owner, recognised directly in equity:					
Issue of shares pursuant to the reorganisation (Notes 2 and 25c)	2	2	2,099,996	–	2,100,000
Elimination of share capital pursuant to the reorganisation (Note 2)	(2,100,000)	–	–	–	(2,100,000)
Issue of shares under the capitalisation issue (Note 25d)	1,483,758	(1,483,758)	–	–	–
Issue of shares under the Share Offer (Note 25e)	314,736	21,716,845	–	–	22,031,581
Share issue expenses	–	(1,373,837)	–	–	(1,373,837)
Dividends (Note 12)	–	–	–	(1,500,000)	(1,500,000)
Total	(301,504)	18,859,252	2,099,996	(1,500,000)	19,157,744
Balance at 31 March 2017	1,798,496	18,859,252	2,099,996	17,686,378	40,444,122

Note:

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

b. Merger reserve represents the difference between the cost of acquisition pursuant to the reorganisation (Notes 2 and 25) and the total value of share capital of the entities acquired.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

	2017 S$	2016 S$
Operating activities		
Profit before taxation	**5,885,382**	6,887,783
Adjustments for:		
Depreciation of property, plant and equipment	**860,748**	578,736
(Gain) loss on disposal of property, plant and equipment	**(5,710)**	13,606
Finance costs	**77,196**	114,454
Interest income	**(21,423)**	(9,132)
Written off property, plant and equipment	**11,516**	9,920
Operating cash flows before working capital changes	**6,807,709**	7,595,367
Movements in working capital:		
(Increase) decrease in trade receivables	**(614,299)**	1,396,630
Decrease (increase) in other receivables, deposits and prepayments	**305,172**	(362,020)
(Increase) decrease in amount due from customers for construction work	**(92,390)**	660,340
Decrease in amounts due from related companies	**6,301**	8,860
Increase in inventories	**(87,155)**	(160,447)
Increase in trade and other payables	**2,601,228**	105,458
(Decrease) increase in amounts due to related companies	**(221,928)**	20,550
Decrease in amounts due to customers for construction work	**–**	(12,886)
Cash generated from operations	**8,704,638**	9,251,852
Income tax paid	**(1,103,388)**	(392,274)
Net cash from operating activities	**7,601,250**	8,859,578
Investing activities		
Purchase of property, plant and equipment	**(1,328,055)**	(2,092,454)
Proceeds from disposal of property, plant and equipment	**5,710**	19,092
Placement of pledged bank deposits	**(1,661,974)**	(224,889)
Interest received	**21,423**	9,132
Proceeds from vendor sale shares	**9,442,106**	–
Listing expenses paid on behalf of the Controlling Shareholders	**(450,076)**	–
Net cash from (used in) investing activities	**6,029,134**	(2,289,119)
Financing activities		
Repayments of borrowings	**(238,332)**	(5,179,030)
Repayments of hire purchases	**(105,828)**	(30,003)
(Repayment of) advance from director	**(3,800,000)**	3,800,000
Proceeds from issue of shares	**22,031,581**	100,000
Listing expenses paid	**(1,197,052)**	–
Proceeds from new borrowings raised	**–**	3,575,000
Interest paid	**(77,196)**	(114,454)
Dividends paid	**(1,500,000)**	(3,525,000)
Net cash from (used in) financing activities	**15,113,173**	(1,373,487)
Net increase in cash and cash equivalents	**28,743,557**	5,196,972
Cash and cash equivalents at beginning of the year	**14,675,108**	9,478,136
Cash and cash equivalents at end of the year, represented by bank balances and cash	**43,418,665**	14,675,108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

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. The head office and principal place of business of the Group 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 a subsidiary of Ruiheng Global Investments Limited ("Ruiheng Global"), incorporated in the British Virgin Islands ("BVI"), which is also the Company's ultimate holding company. Mr. Chua Seng Hai and his spouse Mdm. Bek Poi Kiang jointly controls the ultimate holding company and are the controlling shareholders of SHIS Limited and its subsidiaries (the "Group") (together referred to as the "Controlling Shareholders").

The Company is an investment holding company and the principal activities of its operating subsidiaries are providing integrated building services, with a focus on maintenance and/or installations of mechanical and electrical systems and including minor repairs and improvement works, and undertaking building and construction works in Singapore. The details of the subsidiaries are set out in Note 29.

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

The consolidated financial statements are approved by the Board of Directors of the Company on 23 June 2017.

2 GROUP REORGANISATION AND BASIS OF PREPARATION

To effect the group reorganisation ("Group Reorganisation") for the purpose of the listing of the Company's shares on the Main Board of the Stock Exchange:

(i) Three investment holding entities, JinFeng Ventures Limited ("Jinfeng Ventures"), Innovative Plus Investments Limited ("Innovative Plus") and Pine Vantage Limited ("Pine Vantage") (collectively referred to as the "BVI subsidiaries"), were incorporated in the BVI from March to May 2016 and became direct wholly-owned subsidiaries of the Company following the allotment and issue of one share of par value US$1 each to the Company, credited as fully paid.

(ii) The Controlling Shareholders, who were the then beneficial shareholders of SH Integrated Services Pte. Ltd. ("SH Integrated"), DRC Engineering Pte. Ltd. ("DRC Engineering") and CSH Development Pte. Ltd. ("CSH Development") (collectively referred to as the "Singapore subsidiaries"), transferred their respective shareholdings to the BVI subsidiaries at a total consideration of S$4, which was settled by the Company allotting and issuing 999 new shares to Ruiheng Global at the directions of the Controlling Shareholders, all credited as fully paid. Upon completion of the share transfer, the Singapore subsidiaries became indirect wholly-owned subsidiaries of the Company.

2 GROUP REORGANISATION AND BASIS OF PREPARATION *(continued)*

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

3 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 April 2016, the Group has adopted all the new and revised IFRSs and Interpretations of IFRS ("INT IFRS") that are effective and relevant to its operations. The adoption of these new/revised IFRSs and INT IFRSs does not result in significant changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

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

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

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

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

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

Except as described below, the management of the Group considers that the application of the other new and revised standards and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure.

IFRS 9 *Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

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

IFRS 9 *Financial Instruments (continued)*

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, additional disclosures in respect of trade and other receivables including any significant judgments and estimations made, and enhanced disclosures about the Group's risk management activities, the management of the Group anticipates that the adoption of IFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 March 2017.

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

IFRS 15 *Revenue from Contracts with Customers*

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18, IAS 11 and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, Amendments to IFRS 15 were issued to add clarifications to (i) identifying performance obligations, (ii) principal versus agent considerations, and (iii) licensing application guidance. Amendments also included two additional transition reliefs on contract modifications and completed contracts.

Based on the preliminary analysis, although the management of the Group anticipates that the initial adoption of IFRS 15 will not have significant impact on the Group's results and financial position, the application of IFRS 15 in the future may result in more disclosures in the consolidated financial statements.

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

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 2017, the Group has non-cancellable operating lease commitments of S$416,507 as disclosed in Note 26. The management of the Group expects that the adoption of IFRS 16 is unlikely to result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated financial statements in future as right-of-use assets and lease liabilities. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

4 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 and the applicable disclosures required by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

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

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BASIS OF CONSOLIDATION *(continued)*

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.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BASIS OF CONSOLIDATION *(continued)*

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses, as appropriate, from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is earlier.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

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

Revenue from services on installations of mechanical and electrical systems is recognised by reference to the stage of completion, which is 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 is recognised to the extent of the expenses recognised that are recoverable.

Revenue from maintenance services is recognised when the services are provided.

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

Revenue from building construction works is recognised in accordance with the Group's accounting policy on construction contracts (see below construction contracts policy).

(iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

SHORT-TERM AND LONG-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.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service costs, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

PROPERTY, PLANT AND EQUIPMENT *(continued)*

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.

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.

FINANCIAL ASSETS

All financial assets are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into “loans and receivables”. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL ASSETS *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, bank balances and cash, pledged bank deposits, and amounts due from related companies) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting would be immaterial.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is 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 have 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 bankruptcy or financial reorganisation

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is 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 is 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 are 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.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL ASSETS *(continued)*

Impairment loss on financial assets *(continued)*

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

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

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and equity instruments issued by the Group are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities (including trade and other payables and amounts due to related companies/a director/Controlling Shareholders) are subsequently measured at amortised cost, using the effective interest method except for short-term payables where the effect of discounting would be immaterial.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs (see above).

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group companies after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

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.

IMPAIRMENT OF TANGIBLE 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.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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, depending on the type of projects, is measured by:

a) the proportion of surveys of work performed to date relative to the estimated total contract revenue; or

b) contract costs incurred to date as compared to the estimated total contract costs.

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.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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.

4 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.

5 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.

CONSTRUCTION CONTRACTS (NOTE 18)

The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

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

CONSTRUCTION CONTRACTS (NOTE 18) *(continued)*

Recognised amounts of construction contract revenue and related receivables reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going construction contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

ESTIMATED IMPAIRMENT OF RECEIVABLES (NOTE 16)

The Group recognises impairment of receivables based on the recoverability of the receivables. If there is any indication that the receivables may be unrecoverable, impairment shall be recognised. The recognition of impairment requires judgement and estimation. If there is a difference between the re-estimated results and the existing estimation, it will affect the profit and the carrying amount of receivables during the periods in which the estimation changes.

6 REVENUE AND SEGMENT INFORMATION

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

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 accounting policies are the same as Group's accounting policies described in Note 4. The CODM reviews revenue by nature of services, i.e. "Integrated Building Services" and "Building Construction Works" and profit for the year as a whole. No analysis of the Group's results, assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8.

6 REVENUE AND SEGMENT INFORMATION *(continued)*

An analysis of the Group's revenue for the year is as follows:

	Year Ended 31 March	
	2017	2016
	S$	S$
Revenue from:		
Integrated Building Services	**43,730,199**	30,132,209
Building Construction Works	**3,092,236**	10,372,759
	46,822,435	40,504,968

INFORMATION ABOUT THE MAJOR CUSTOMERS

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

	Year Ended 31 March	
	2017	2016
	S$	S$
Customer I	**21,909,721**	17,022,567
Customer II	**5,367,612**	N/A*
Customer III	**N/A***	5,718,598
Customer IV	**N/A***	4,399,627

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

GEOGRAPHICAL INFORMATION

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

7 A. OTHER INCOME

	Year Ended 31 March	
	2017	2016
	S$	S$
Interest income	**21,423**	9,132
Government grants (Note)	**307,618**	140,344
Others	**38,498**	12,197
	367,539	161,673

7 A. OTHER INCOME *(continued)*

Note:

The government grants received mainly pertain to Capabilities Development Grant ("CDG") and Wage Credit Scheme ("WCS") as below:

- Amount of S$59,125 represents grants received under CDG for the financial year ended 31 March 2017 (2016: nil). Under the CDG, SMEs are supported to scale up business capabilities and ensure business sustainability. The grant defrays up to 70 percent of qualifying project costs such as consultancy, training, certification and equipment costs.

- Amount of S$53,552 representing grants received under WCS for the financial year ended 31 March 2017 (2016: S$85,731). Under the WCS, over the period of the calendar year of 2016 to 2017, 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 2016 and 2017 by the same employer, employers will continue to receive co-funding at 20% for the 2016 and 2017.

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.

B. OTHER GAINS AND LOSSES

	Year Ended 31 March	
	2017	2016
	S$	S$
Gain (loss) arising on disposal of property, plant and equipment	**5,710**	(13,606)
Written off property, plant and equipment	**(11,516)**	(9,920)
	(5,806)	(23,526)

C. OTHER EXPENSES

	Year Ended 31 March	
	2017	2016
	S$	S$
Listing expenses	**2,860,452**	48,900

8 FINANCE COSTS

	Year Ended 31 March	
	2017	2016
	S$	S$
Interest on:		
Bank borrowings		
– wholly repayable within 5 years	**68,622**	38,806
– not wholly repayable within 5 years	**–**	71,703
Obligations under finance leases	**8,574**	3,945
	77,196	114,454

9 INCOME TAX EXPENSE

	Year Ended 31 March	
	2017	2016
	S$	S$
Tax expense comprises:		
Current tax		
– Singapore corporate income tax ("CIT")	**1,061,589**	1,189,447
Deferred tax expense (Note 24)	**135,223**	80,221
	1,196,812	1,269,668

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 50%, capped at S$25,000 for the Year of Assessment 2017, and adjusted to 20%, capped at S$10,000 for the Year of Assessment 2018. 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$290,000 of normal chargeable income.

9 INCOME TAX EXPENSE *(continued)*

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	
	2017	2016
	S$	S$
Profit before taxation	**5,885,382**	6,887,783
Tax at applicable tax rate of 17%	**1,000,515**	1,170,923
Tax effect of expenses not deductible for tax purpose	**556,905**	233,873
Tax effect of income not taxable for tax purpose	**(971)**	(1,036)
Effect of tax concessions and partial tax exemptions	**(359,637)**	(134,092)
Taxation for the year	**1,196,812**	1,269,668

10 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Year Ended 31 March	
	2017	2016
	S$	S$
Depreciation of property, plant and equipment (Note a)	**860,748**	578,736
Audit fees paid to auditors of the Company:		
– Annual audit fees	**78,000**	54,920
– Audit fees in connection with the listing of the Company (Note c)	**118,934**	–
Non-audit fees paid to auditors of the Company (Note c):	**150,000**	–
Listing expenses (Note c)	**2,860,452**	48,900
Directors' remuneration (Note 11)	**2,080,600**	1,296,950
Other staff costs		
– Salaries and other benefits	**7,277,304**	4,930,588
– Contributions to CPF	**368,883**	257,438
Total staff costs (Note b)	**9,726,787**	6,484,976
Cost of materials recognised as cost of services	**8,365,236**	6,592,156
Subcontractor costs recognised as cost of services	**16,183,527**	17,210,416

10 PROFIT FOR THE YEAR *(continued)*

Note:

a. Depreciation of S$463,037 (2016: S$268,772) are included in cost of services.

b. Staff costs of S$3,818,813 (2016: $2,682,043) are included in cost of services.

c. Included in listing expenses are audit and non-audit fees of S$118,934 and S$150,000 paid to auditors of the Company respectively, and non-audit fees of S$163,918 paid to other auditors of the Group.

Included in share issue expenses are audit fees of S$33,751 paid to the auditors of the Company, and non-audit fees of S$46,438 paid to other auditors of the Group.

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

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 2016 and 5 July 2016 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 2017.

The emoluments paid or payable to the directors and chief-executive of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group are as follows:

YEAR ENDED 31 MARCH 2017

	Fees S$	Discretionary bonus (Note c)	Salaries and allowances	Contributions to retirement benefit scheme (Note d) S$	Total S$
Executive Directors					
Mr. Chua Seng Hai (Note a)	–	1,092,000	360,000	13,260	1,465,260
Mr. Lim Kai Hwee (Note b)	–	364,000	234,000	17,340	615,340
Independent Non-Executive Directors					
Ms. Ng Peck Hoon	–	–	–	–	–
Mr. Toh Soo Bock, Bob	–	–	–	–	–
Mr. Sim Choon Hong	–	–	–	–	–
	–	1,456,000	594,000	30,600	2,080,600

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

DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

YEAR ENDED 31 MARCH 2016

	Fees S$	Discretionary bonus (Note c)	Salaries and allowances	Contributions to retirement benefit scheme (Note d) S$	Total S$
Executive Directors					
Mr. Chua Seng Hai (Note a)	–	639,500	234,000	14,880	888,380
Mr. Lim Kai Hwee (Note b)	–	213,100	179,660	15,810	408,570
	–	852,600	413,660	30,690	1,296,950

Note:

a. Mr. Chua Seng Hai acts as the chairman of the Company.

b. Mr. Lim Kai Hwee acts as chief executive of the Company and his emoluments disclosed above 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. Chua Seng Hai and Mr. Lim Kai Hwee in respect of their respective other services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

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

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

EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, 2 (2016: 2) were directors of the Company during the year ended 31 March 2017 whose emoluments are included in the disclosures above. The emoluments of the remaining 3 (2016: 3) individuals were as follows:

	Year Ended 31 March	
	2017	2016
	S$	S$
Salaries and allowances	**329,883**	239,939
Discretionary bonus	**355,814**	114,000
Contributions to retirement benefits scheme	**44,787**	44,307
	730,484	398,246

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

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

EMPLOYEES' EMOLUMENTS *(continued)*

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

	Number of Employees	
	2017	2016
Emolument bands		
Nil to HK$1,000,000	**–**	3
HK$1,000,001 to HK$1,500,000	**2**	–
HK$1,500,001 to HK$2,000,000	**1**	–
	3	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

During the year ended 31 March 2016, SH Integrated and DRC Engineering declared and paid dividends of S$2,025,000 and S$1,500,000 to Mr. Chua Seng Hai and Mdm. Bek Poi Kiang respectively, their then respective shareholders before the Group Reorganisation.

During the year ended 31 March 2017, SH Integrated and DRC Engineering declared and paid dividends of S$400,000 and S$1,100,000 to Mr. Chua Seng Hai and Mdm. Bek Poi Kiang respectively, their then respective shareholders before the Group Reorganisation.

No other dividend has been declared by the Company or group entities during the year or subsequent to the year end.

The rates of dividend and the number of shares ranking for dividends are not presented as such information are not meaningful.

13 EARNINGS PER SHARE

	Year ended 31 March	
	2017	2016
Profit attributable to the owners of the Company (S$)	**4,688,570**	5,618,115
Weighted average number of ordinary shares in issue	**825,958,904**	825,000,000
Basic and diluted earnings per share (S$ cents)	**0.57**	0.68

13 EARNINGS PER SHARE *(continued)*

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of shares in issue. The number of shares for the purpose of basic earnings per share for the year ended 31 March 2016 is based on 825,000,000 shares, which were issued pursuant to the capitalisation issue as detailed in Note 25, and deemed to have been issued since 1 April 2015.

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares during the years ended 31 March 2017 and 2016.

14 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery S$	Leasehold property S$	Computer and office equipment S$	Motor vehicles S$	Furniture and fittings S$	Leasehold improvement S$	Total S$
Cost:							
At 1 April 2015	–	7,150,000	170,676	1,022,840	46,652	167,960	8,558,128
Additions	307,300	–	151,738	1,620,738	4,295	45,383	2,129,454
Disposals/write-offs	–	–	–	(393,533)	–	–	(393,533)
At 31 March 2016	307,300	7,150,000	322,414	2,250,045	50,947	213,343	10,294,049
Additions	166,700	–	423,036	621,691	11,560	105,068	1,328,055
Disposals/write-offs	–	–	(37,912)	(113,322)	(22,241)	–	(173,475)
At 31 March 2017	474,000	7,150,000	707,538	2,758,414	40,266	318,411	11,448,629
Accumulated depreciation:							
At 1 April 2015	–	387,989	97,916	603,661	25,617	67,183	1,182,366
Charge for the year	49,033	166,281	49,786	268,770	4,063	40,803	578,736
Elimination on disposals/write-offs	–	–	–	(313,915)	–	–	(313,915)
At 31 March 2016	49,033	554,270	147,702	558,516	29,680	107,986	1,447,187
Charge for the year	74,508	166,279	69,665	498,937	3,438	47,921	860,748
Elimination on disposals/write-offs	–	–	(33,989)	(106,373)	(21,597)	–	(161,959)
At 31 March 2017	123,541	720,549	183,378	951,080	11,521	155,907	2,145,976
Carrying amount:							
At 31 March 2016	258,267	6,595,730	174,712	1,691,529	21,267	105,357	8,846,862
At 31 March 2017	350,459	6,429,451	524,160	1,807,334	28,745	162,504	9,302,653

14 PROPERTY, PLANT AND EQUIPMENT *(continued)*

As at 31 March 2017 and 2016, the leasehold property was pledged to a bank for a mortgage loan raised by the Group.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual values:

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

Included in the additions of motor vehicles during the year ended 31 March 2016 were additions amounting to S$37,000 acquired through trade-in of a retiring vehicle, constituting as a non-cash transaction during the year.

The carrying value of below items are assets held under finance leases:

	As at 31 March	
	2017	2016
	S$	S$
Motor vehicles	**–**	146,903

15 INVENTORIES

	As at 31 March	
	2017	2016
	S$	S$
Low value consumables	**247,602**	160,447

16 TRADE RECEIVABLES

	As at 31 March	
	2017	2016
	S$	S$
Trade receivables	**7,434,275**	5,719,208
Unbilled revenue (Note a)	**1,133,939**	2,188,298
Retention receivable (Note b)	**29,999**	76,408
	8,598,213	7,983,914

Note:

a. Unbilled revenue represents (i) the accrued revenue from Integrated Building Services for work performed but yet to bill; 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.

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 (2016: 15 to 60 days) from the invoice date for trade receivables. The following is an analysis of trade receivables by age presented based on the invoice date as at the end of each reporting period:

	As at 31 March	
	2017	2016
	S$	S$
Within 90 days	**6,297,804**	5,154,201
91 days to 180 days	**689,166**	375,683
181 days to 365 days	**347,433**	100,146
Over 1 year but not more than 2 years	**40,002**	52,157
More than 2 years	**59,870**	37,021
	7,434,275	5,719,208

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

16 TRADE RECEIVABLES *(continued)*

Included in the Group's trade receivables are carrying amounts of approximately S$1,908,170, which are past due at 31 March 2017 (2016: S$1,411,569), for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on repayment history of respective customer.

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

RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

	As at 31 March	
	2017	2016
	S$	S$
Less than 90 days	**1,102,252**	1,117,429
91 days to 180 days	**410,795**	112,389
More than 180 days	**395,123**	181,751
	1,908,170	1,411,569

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.

The Group does not hold any collateral over these balances.

17 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2017	2016
	S$	S$
Deposits	**200,600**	72,335
Prepayments	**169,693**	121,050
Advances to staff	**28,500**	28,500
Goods and Service Tax ("GST") receivable	**–**	465,780
Deferred listing expenses	**–**	16,300
Income tax refund receivables	**1,821**	–
	400,614	703,965

18 AMOUNTS DUE FROM CUSTOMERS FOR CONSTRUCTION WORK

	As at 31 March	
	2017	2016
	S$	S$
Contract cost incurred plus recognised profits less recognised losses	**2,289,317**	51,659
Less: progress billings	**(2,158,568)**	(13,300)
	130,749	38,359
Analysed for reporting purposes as:		
Amounts due from customers for construction work	**130,749**	38,359

19 AMOUNTS DUE FROM (TO) RELATED COMPANIES/A DIRECTOR/CONTROLLING SHAREHOLDERS

A. AMOUNTS DUE FROM RELATED COMPANIES

	As at 31 March	
	2017	2016
	S$	S$
Trade related	**11,263**	17,564

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

	As at 31 March	
	2017	2016
	S$	S$
Within 90 days	**10,728**	17,030
91 days to 180 days	**535**	–
181 days to 365 days	**–**	534
	11,263	17,564

19 AMOUNTS DUE FROM (TO) RELATED COMPANIES/A DIRECTOR/CONTROLLING SHAREHOLDERS

(continued)

B. AMOUNTS DUE TO RELATED COMPANIES

	As at 31 March	
	2017	2016
	S$	S$
Trade related	**–**	221,928

Amounts due to related companies are trade related. The average credit period for provision of services is 30 days. The aging of trade related amounts due to related companies presented based on the invoice date at the end of the reporting period is as follows:

	As at 31 March	
	2017	2016
	S$	S$
Within 90 days	**–**	192,652
91 days to 180 days	**–**	22,946
181 days to 365 days	**–**	963
Over 1 year but not more than 2 years	**–**	5,367
	–	221,928

C. AMOUNT DUE TO A DIRECTOR

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

D. AMOUNTS DUE TO CONTROLLING SHAREHOLDERS

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

20 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	As at 31 March	
	2017	2016
	S$	S$
Pledged bank deposits (Note a)	**1,886,863**	224,889
Cash and bank balances (Note b)	**43,418,665**	14,675,108

20 PLEDGED FIXED DEPOSITS/BANK BALANCES AND CASH *(continued)*

Note:

a. Pledged bank deposits represent deposits placed to banks with an original maturity of 12 months for corresponding amounts of performance guarantees granted to the Group in favour of customers. The balances carry interest of 0.25% per annum at 31 March 2017 and 2016.

b. Other than time deposits with an original maturity of six months amounting to S$2,500,000 (2016: nil) which carry interest at 1.08% per annum as at 31 March 2017, and certain balances amounting to S$8,751,597 (2016: S$11,378,919) which carry interest at prevailing market rate of 0.1% per annum (2016: 0.1%) at 31 March 2017, the remaining balances do not carry interest.

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

	As at 31 March	
	2017	2016
	S$	S$
United States Dollars ("US$")	**–**	37,373
HK$	**30,107,947**	–

21 TRADE AND OTHER PAYABLES

	As at 31 March	
	2017	2016
	S$	S$
Trade payables	**6,310,519**	4,983,609
Trade accruals	**137,915**	62,110
	6,448,434	5,045,719
Accrued operating expenses	**636,845**	435,599
Other payables		
GST payable	**561,509**	987,479
Payroll payables	**599,000**	–
Accrued listing expenses	**946,356**	–
Others	**262,194**	145,133
	9,454,338	6,613,930

21 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	
	2017	2016
	S$	S$
Within 90 days	**5,232,567**	4,555,356
91 to 180 days	**675,433**	184,186
181 days to 365 days	**76,129**	129,858
Over 1 year but not more than 2 years	**259,646**	91,064
Over 2 years	**66,744**	23,145
	6,310,519	4,983,609

The credit period on purchases from suppliers and subcontractors is between 14 to 90 days (2016: 14 to 90 days) or payable upon delivery.

22 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments as at 31 March		Present value of minimum lease payments as at 31 March	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Amounts payable under finance leases:				
Within one year	**–**	33,948	**–**	30,590
More than one year but not exceeding two years	**–**	33,948	**–**	30,590
More than two years but not exceeding five years	**–**	52,670	**–**	44,648
		120,566	**–**	105,828
Less: Future finance charges	**–**	(14,738)		
Present value of lease obligations	**–**	105,828		
Less: Amount due for settlement within 12 months (shown under current liabilities)			**–**	(30,590)
Amount due for settlement after one year			**–**	75,238

22 OBLIGATIONS UNDER FINANCE LEASES *(continued)*

Interest rates underlying all obligations under finance leases were fixed at respective contract dates during the reporting period:

	As at 31 March	
	2017	2016
Interest rates	**–**	2.63%

The average lease term was 1 to 2 years. The Group's obligations under finance leases as at 31 March 2016 were secured by the lessor's charge over the leased assets (Note 14). The balances were fully repaid during the financial year ended 31 March 2017 due to early settlement.

23 BORROWINGS

	As at 31 March	
	2017	2016
	S$	S$
Bank loan – secured	**3,336,668**	3,575,000
Analysed as:		
Carrying amount repayable within one year	**238,332**	238,332
Carrying amount repayable more than one year, but not exceeding two years	**3,098,336**	238,332
Carrying amount repayable more than two years, but not exceeding five years	**–**	3,098,336
	3,336,668	3,575,000
Amount due within one year shown under current liabilities	**(238,332)**	(238,332)
Amount shown under non-current liabilities	**3,098,336**	3,336,668

The loan as at 31 March 2017 and 2016 was secured by the legal mortgage over the Group's leasehold property carrying fixed interest rates ranging from 1.98% to 5.10% per annum.

24 DEFERRED TAX LIABILITIES

	As at 31 March	
	2017	2016
	S$	S$
As at 1 April	**109,832**	29,611
Recognised in profit or loss during the year (Note 9):		
Accelerated tax depreciation	**135,223**	80,221
As at 31 March	**245,055**	109,832

The deferred tax liabilities resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing tax laws in Singapore, as well as tax losses utilised in current year.

25 SHARE CAPITAL

For the purpose of presenting the share capital of the Group prior to the Group Reorganisation in the consolidated statement of financial position, the balance as at 1 April 2016 represented the share capital of the Singapore subsidiaries as the Company was incorporated in the Cayman Islands on 18 May 2016.

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

	Number of shares	Par value	Share capital
		HK$	HK$
Authorised share capital of SHIS Limited:			
At date of incorporation on 18 May 2016 (Note a)	38,000,000	0.01	380,000
Increase on 5 January 2017 (Note b)	4,962,000,000	0.01	49,620,000
At 31 March 2017	5,000,000,000	0.01	50,000,000

25 SHARE CAPITAL *(continued)*

	Number of shares	Share capital S$
Issued and fully paid of SH Integrated Services, DRC Engineering and CSH Development:		
At 1 April 2015	2,000,000	2,000,000
Issued on incorporation of CSH Development on 9 October 2015	100,000	100,000
At 31 March 2016	2,100,000	2,100,000
Issued and fully paid of SHIS Limited:		
At date of incorporation on 18 May 2016 (Note a)	1	–
Issue of shares pursuant to the reorganisation (Note c)	999	2
Issue of shares under the capitalisation issue (Note d)	824,999,000	1,483,758
Issue of shares under the Share Offer (Note e)	175,000,000	314,736
At 31 March 2017	1,000,000,000	1,798,496

Note:

a. On 18 May 2016, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares of a single class of par value of HK$0.01 each, of which one share was allotted and issued in nil paid form to the initial subscriber, an independent third party and the said share was transferred to Mr. Chua Seng Hai on the same date for nil consideration.

b. Pursuant to the written resolutions passed on 5 January 2017, the Company increased its authorised share capital from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 shares.

c. On 29 December 2016, the following transactions occurred:

- Mr. Chua Seng Hai transferred the one nil paid share to Ruiheng Global at nil consideration;
- Mr. Chua Seng Hai transferred the entire issued share capital in SH Integrated to JinFeng Ventures, at the consideration of S$2, which was settled by the Company allotting and issuing 898 new Shares to Ruiheng Global at the direction of Mr. Chua Seng Hai, all credited as fully paid;
- Mdm. Bek Poi Kiang transferred the entire issued share capital in DRC Engineering to Innovative Plus, at the consideration of S$1, which was settled by the Company allotting and issuing 99 new Shares to Ruiheng Global at the direction of Mdm. Bek Poi Kiang, all credited as fully paid; and
- Mr. Chua Seng Hai and Mdm. Bek Poi Kiang transferred the entire issued share capital in CSH Development to Pine Vantage, at the consideration of S$1, which was settled by the Company allotting and issuing 2 new Shares to Ruiheng Global at the directions of Mr. Chua Seng Hai and Mdm. Bek Poi Kiang, all credited as fully paid.

25 SHARE CAPITAL *(continued)*

Note: *(continued)*

d. Pursuant to written resolutions passed on 5 January 2017, conditional on the share premium account of the Company being credited as a result of the share offer, the directors of the Company were authorised to capitalise the amount of HK$8,249,990 (equivalent to approximately S$1,483,758) from the amount standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par a total of 824,999,000 ordinary shares for allotment and issue to the Controlling Shareholders.

e. The Company successfully listed on the Main Board of the Stock Exchange on 30 March 2017 by way of placing of 125,000,000 ordinary shares (including 75,000,000 sale shares and 50,000,000 new shares) and public offer of 125,000,000 new shares at the price of HK$0.70 per share. The Company's share of net proceeds after deducting the underwriting commissions and estimated expenses paid or payable by the Company in relation to the Share Offer amounted to approximately HK$98.7 million (S$17.7 million).

26 OPERATING LEASE COMMITMENTS

The Group as lessee	Year ended 31 March	
	2017	2016
	S$	S$
Minimum lease payments paid during the year under operating lease in respect of staff dormitories and office	**299,549**	180,257

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

	Year ended 31 March	
	2017	2016
	S$	S$
Within 1 year	**320,531**	95,760
After 1 year but within 5 years	**95,976**	24,720
	416,507	120,480

The leases have tenures ranging from two months to two years (2016: one year to three years) and no contingent rent provision included in the contracts. There is no restriction placed upon the Group by entering into these leases.

27 RETIREMENT BENEFIT PLAN

As prescribed by the Central Provident Fund Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. From 1 April 2015 to 31 December 2016, the Group contributes up to 17% of the eligible employees' salaries to the CPF scheme, with each employee's qualifying salary capped at S$5,000 per month. From 1 January 2016 onwards, the Group's contribution rates of the eligible employees' salaries remain the same, with each employee's qualifying salary capped at S$6,000 per month.

The total costs charged to profit or loss amounting to S$399,483 for the year ended 31 March 2017 (2016: S$288,128) represent contributions paid to the retirement benefits scheme by the Group.

As at 31 March 2017, contributions of S$51,715 (2016: S$44,852) were due respectively but had not been paid to the CPF. The amounts were paid subsequent to the end of the respective years.

28 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. Related companies refer to entities in which a director of the Group and his spouse have beneficial interest in.

Apart from disclosure elsewhere in the consolidated financial statements, the Group entered into the following transactions with related companies:

	Year ended 31 March	
	2017	2016
	S$	S$
Sales of services to related companies	**73,529**	47,887
Purchase of materials and subcontracting work from related companies	**45,300**	1,477,485

GUARANTEED FROM CONTROLLING SHAREHOLDERS

The Controlling Shareholders provided personal guarantees in respect of performance guarantees and security bonds for foreign workers in favour of the Group during the year, of which S$2,846,893 remained outstanding as at 31 March 2017 (2016: S$4,000,287).

28 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	
	2017	2016
	S$	S$
Short term benefits	**2,887,607**	1,676,875
Post-employment benefits	**96,463**	71,360
Total compensation	**2,984,070**	1,748,235

29 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 31 March 2017 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	BVI	US$1	100%	100%	Investment holding
Innovative Plus	BVI	US$1	100%	100%	Investment holding
Pine Vantage	BVI	US$1	100%	100%	Investment holding
SH Integrated	Singapore	S$1,500,000	100%	–	General contractors (building services with a focus on maintenance and/or installations of mechanical systems including repairs and renovation services and construction works)
DRC Engineering	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)
CSH Development	Singapore	S$100,000	100%	–	Property investment

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

30 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 2017 S$
ASSETS AND LIABILITIES	
Non-current asset	
Investment in subsidiaries	**7**
Current assets	
Prepayments	**32,193**
Bank balances and cash	**30,107,947**
	30,140,140
Current liabilities	
Other payables	**431,754**
Amounts due to subsidiaries	**3,111,118**
Amounts due to Controlling Shareholders	**8,929,635**
	12,472,507
Net current assets	**17,667,633**
Total assets less current liabilities, representing net assets	**17,667,640**
EQUITY	
Capital and reserves	
Share capital	**1,798,496**
Reserves	**15,869,144**
Equity attributable to owners of the Company	**17,667,640**

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

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

	Share premium S$	Accumulated deficit S$	Total S$
At 18 May 2016 (date of incorporation)	–	–	–
Total comprehensive loss for the year:			
Loss for the year	–	(2,990,108)	(2,990,108)
Transactions with owner, recognised directly in equity:			
Issue of shares pursuant to the reorganisation	2	–	2
Issue of shares under the capitalisation issue	(1,483,758)	–	(1,483,758)
Issue of shares under the Share Offer	21,716,845	–	21,716,845
Share issue expenses	(1,373,837)	–	(1,373,837)
Total	18,859,252	–	18,859,252
At 31 March 2017	18,859,252	(2,990,108)	15,869,144

31 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 23, 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.

32 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

CATEGORIES OF FINANCIAL INSTRUMENTS

	As at 31 March	
	2017	2016
	S$	S$
Financial assets		
– Loans and receivables		
Trade receivables	**8,598,213**	7,983,914
Other receivables and deposits	**229,100**	100,835
Amounts due from related companies	**11,263**	17,564
Pledged bank deposits	**1,886,863**	224,889
Bank balances and cash	**43,418,665**	14,675,108
Total	**54,144,104**	23,002,310
Financial liabilities		
– Amortised cost		
Trade and other payables	**8,892,829**	5,626,451
Amounts due to related companies	**–**	221,928
Amount due to a director	**–**	3,800,000
Amounts due to Controlling Shareholders	**8,929,635**	–
Borrowings	**3,336,668**	3,575,000
Total	**21,159,132**	13,223,379

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, amounts due from/to related companies, pledged bank deposits, bank balances and cash, trade and other payables, amount due to a director, amounts due to Controlling Shareholders 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 and liquidity 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.

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(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 minimise the fair value and cash flow interest rate risk.

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 2017 would increase/decrease by approximately S$8,752 (2016: S$11,379).

(b) Currency risk

Certain bank balances are denominated in HK$ and US$ (Note 20).

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 for the year of approximately S$3,010,795 for the year ended 31 March 2017 (2016: nil).

Assuming that all other variables remain constant at year end, a 10% depreciation/appreciation of the S$ against US$ would result in an increase/decrease in the Group's profit for the year of approximately nil for the year ended 31 March 2017 (2016: S$3,737).

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.

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Credit risk

Included in financial assets as at 31 March 2017 as a component of bank balances and cash is S$30,107,947, partially placed in a bank in Hong Kong and partially held by sole bookrunner, sole lead manager and underwriter to the Share Offer on behalf of the Group. The remaining bank deposits and balances are placed in 4 banks (2016: 4) in Singapore. All these counterparties have been assessed by management to be financially sound.

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 44% of the total financial assets as at 31 March 2017 (2016: 100%).

In order to minimise 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 receivable 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.

Approximately 71% of total trade receivables outstanding at 31 March 2017 (2016: 70%) were due from top 5 customers which exposed the Group to concentration of credit risk.

Those five largest customers are with good creditworthiness based on historical settlement record. In order to minimise the concentration of credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

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

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 recognised financial assets as stated in the consolidated statement of financial position.

32 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 2017								
Non-interest bearing instruments								
Trade and other payables	–	8,892,829	–	–	–	–	8,892,829	8,892,829
Amounts due to Controlling shareholders	–	8,929,635	–	–	–	–	8,929,635	8,929,635
Fixed interest bearing instruments								
Borrowings	1.98	78,437	78,303	155,184	3,250,796	–	3,562,720	3,336,668
Total		17,900,901	78,303	155,184	3,250,796	–	21,385,184	21,159,132
As at 31 March 2016								
Non-interest bearing instruments								
Trade and other payables	–	5,626,451	–	–	–	–	5,626,451	5,626,451
Amounts due to related companies	–	221,928	–	–	–	–	221,928	221,928
Amount due to a director	–	3,800,000	–	–	–	–	3,800,000	3,800,000
Fixed interest bearing instruments								
Obligations under finance leases	2.63	8,487	8,487	16,974	86,618	–	120,566	105,828
Borrowings	2.19	77,133	77,029	152,798	3,569,027	–	3,875,987	3,575,000
Total		9,733,999	85,516	169,772	3,655,645	–	13,644,932	13,329,207

32 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 2017 and 2016 are non-interest bearing and repayable on demand or due within one year, except for bank deposits and time deposits as disclosed in Note 20.

(e) Fair value

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

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

The Group had no financial assets or financial liabilities carried at fair value in 2017 and 2016.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

33 SUBSEQUENT EVENTS

On 20 April 2017, the Company announced full exercise of the over-allotment option described in the Prospectus dated 20 March 2017, resulting in a further issue of 37,500,000 additional shares. The Company's share of additional net proceeds after deducting the underwriting commissions and estimated expenses paid or payable by the Company in relation to the exercise of over-allotment option amounted to approximately HK$25.5 million (approximately S$4.6 million).

FINANCIAL SUMMARY

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

	2017	2016	2015	2014
	S$	S$	S$	S$
RESULTS				
Revenue	**46,822,435**	40,504,968	34,963,602	34,825,609
Costs of services	**(28,830,613)**	(26,753,387)	(23,673,126)	(25,698,933)
Gross profit	**17,991,822**	13,751,581	11,290,476	9,126,676
Other income	**367,539**	161,673	116,032	85,846
Other gains and losses	**(5,806)**	(23,526)	(9,525)	1,857,784
Other expenses	**(2,860,452)**	(48,900)	–	–
Selling expenses	**(121,597)**	(98,867)	(82,288)	(106,376)
Administrative expenses	**(9,408,928)**	(6,739,724)	(5,672,600)	(5,259,227)
Finance costs	**(77,196)**	(114,454)	(102,346)	(81,749)
Profit before taxation	**5,885,382**	6,887,783	5,539,749	5,622,954
Income tax expense	**(1,196,812)**	(1,269,668)	(918,347)	(531,032)
Profit and other comprehensive income for the year	**4,688,570**	5,618,115	4,621,402	5,091,922
ASSETS AND LIABILITIES				
Non-current asset	**9,302,653**	8,846,862	7,375,762	7,378,482
Current assets	**54,693,969**	23,804,246	19,925,748	15,505,095
Total assets	**63,996,622**	32,651,108	27,301,510	22,883,577
Non-current liabilities	**3,343,391**	3,521,738	5,070,385	5,194,526
Current liabilities	**20,209,109**	12,531,562	7,826,432	7,905,760
Total liabilities	**23,552,500**	16,053,300	12,896,817	13,100,286
Total equity	**40,444,122**	16,597,808	14,404,693	9,783,291