



**Grandshores Technology Group Limited**

**雄岸科技集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1647)

INTERIM  
REPORT  
2020

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### EXECUTIVE DIRECTOR

Mr. Yao Yongjie (*Chairman*)

#### NON-EXECUTIVE DIRECTORS

Mr. Chua Seng Hai

Ms. Lu Xuwen

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Chung Yue, Howard

Dr. Zhang Weining

Mr. Yu Wenzhuo

#### AUDIT COMMITTEE

Mr. Chu Chung Yue, Howard (*Chairman*)

Dr. Zhang Weining

Mr. Yu Wenzhuo

#### REMUNERATION COMMITTEE

Dr. Zhang Weining (*Chairman*)

Mr. Yao Yongjie

Ms. Lu Xuwen

Mr. Chu Chung Yue, Howard

Mr. Yu Wenzhuo

### NOMINATION COMMITTEE

Mr. Yao Yongjie (*Chairman*)

Ms. Lu Xuwen

Mr. Chu Chung Yue, Howard

Dr. Zhang Weining

Mr. Yu Wenzhuo

### COMPANY SECRETARY

Mr. Wong Ngai

### AUTHORISED REPRESENTATIVES

Mr. Yao Yongjie

Mr. Wong Ngai

### REGISTERED OFFICE

Cricket Square

Hutchins Drive P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1503, 15/F, Greenfield Tower

Concordia Plaza, 1 Science Museum Road

Tsim Sha Tsui, Kowloon, Hong Kong

## **CORPORATE INFORMATION** *(Continued)*

### **PRINCIPAL PLACE OF BUSINESS IN SINGAPORE**

18 Kaki Bukit Place  
Eunos Techpark  
Singapore 416196

### **CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

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

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

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

### **AUDITOR**

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

### **PRINCIPAL BANKS**

United Overseas Bank  
DBS Bank (Hong Kong) Limited  
Bank of Communications (Hong Kong Branch)

### **COMPANY'S WEBSITE**

[www.grandshorestech.com](http://www.grandshorestech.com)

### **STOCK CODE**

1647

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		Six months ended 30 September	
		2020	2019
	Note	S\$ (Unaudited)	S\$ (Unaudited)
<b>Revenue</b>	4	<b>17,328,873</b>	19,952,224
Costs of sales and services		<b>(11,888,504)</b>	(13,621,206)
<b>Gross profit</b>		<b>5,440,369</b>	6,331,018
Other income	5A	<b>787,664</b>	147,287
Other gains and losses	5B	<b>(687,413)</b>	562,351
Selling expenses		<b>(20,593)</b>	(43,399)
Administrative expenses		<b>(3,713,243)</b>	(6,163,545)
Finance costs	6	<b>(23,636)</b>	(54,637)
Share of loss of an associate		<b>(1,717)</b>	(55,350)
<b>Profit before taxation</b>		<b>1,781,431</b>	723,725
Income tax expense	7	<b>(610,909)</b>	(276,897)
<b>Profit for the period</b>	8	<b>1,170,522</b>	446,828
<b>Other comprehensive income/(loss) for the period</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>423,583</b>	(219,877)
<b>Total comprehensive income for the period</b>		<b>1,594,105</b>	226,951

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 September 2020

		Six months ended 30 September	
		2020	2019
	Note	S\$ (Unaudited)	S\$ (Unaudited)
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		<b>877,897</b>	(377,546)
Non-controlling interests		<b>292,625</b>	824,374
		<b>1,170,522</b>	446,828
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company		<b>1,388,620</b>	(597,423)
Non-controlling interests		<b>205,485</b>	824,374
		<b>1,594,105</b>	226,951
<b>Basic and diluted earnings/(loss) per share (S\$ cents)</b>			
	10	<b>0.09</b>	(0.04)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 September 2020*

		30 September 2020	31 March 2020
	Note	S\$ (Unaudited)	S\$ (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>8,726,463</b>	8,739,130
Interest in an associate		<b>725,085</b>	727,365
Equity Investment at FVOCI		—	—
Financial assets at fair value through profit or loss		<b>701,063</b>	729,514
Finance lease receivable	16	<b>1,692,987</b>	—
Loan receivable		<b>77,327</b>	80,465
		<b>11,922,925</b>	10,276,474
<b>Current assets</b>			
Inventories	12	<b>3,458,097</b>	4,412,467
Trade receivables	13	<b>4,689,454</b>	12,059,231
Other receivables, deposits and prepayments	14	<b>17,898,612</b>	10,986,764
Amounts due from related companies	15	<b>741,382</b>	773,514
Tax refundable		<b>16,560</b>	99,613
Financial assets at fair value through profit or loss		—	484,458
Finance lease receivable	16	<b>970,483</b>	—
Pledged bank deposits	17	<b>1,501,558</b>	1,499,901
Bank balances and cash	17	<b>25,896,292</b>	25,518,479
		<b>55,172,438</b>	55,834,427
<b>Current liabilities</b>			
Trade and other payables	18	<b>8,944,963</b>	8,363,480
Borrowings	19	<b>502,506</b>	2,621,672
Lease liabilities		<b>451,811</b>	355,404
Income tax payable		<b>1,282,635</b>	980,220
		<b>11,181,915</b>	12,320,776

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)**As at 30 September 2020*

	30 September 2020	31 March 2020
	S\$ (Unaudited)	S\$ (Audited)
	<i>Note</i>	
<b>Net current assets</b>	<b>43,990,523</b>	43,513,651
<b>Total assets less current liabilities</b>	<b>55,913,448</b>	53,790,125
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>205,701</b>	205,701
Lease liabilities	<b>217,918</b>	74,751
	<b>423,619</b>	280,452
<b>Net assets</b>	<b>55,489,829</b>	53,509,673
<b>EQUITY</b>		
Capital and reserves		
Share capital	<i>20</i> <b>1,853,341</b>	1,853,341
Reserves	<b>50,816,503</b>	49,041,832
<b>Equity attributable to owners of the Company</b>	<b>52,669,844</b>	50,895,173
Non-controlling interests	<b>2,819,985</b>	2,614,500
<b>Total equity</b>	<b>55,489,829</b>	53,509,673

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company											
	Share Capital	Share premium	Capital redemption reserve	Share Option reserve	Translation reserve	Treasury shares	Merger reserve	Investment revaluation reserve (non-recycling)	Accumulated profits	Sub-total	Non-controlling interests	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
	(Note A)	(Note B)	(Note C)	(Note D)	(Note E)	(Note F)	(Note G)					
<b>At 1 April 2019</b>	1,855,859	22,458,819	10,063	106,544	74,297	—	2,099,996	—	26,031,276	52,636,854	869,152	53,506,006
(Loss)/profit for the period	—	—	—	—	—	—	—	—	(377,546)	(377,546)	824,374	446,828
Exchange difference arising from translation of foreign operation	—	—	—	—	(219,877)	—	—	—	—	(219,877)	—	(219,877)
Total comprehensive (loss)/income for the period	—	—	—	—	(219,877)	—	—	—	(377,546)	(597,423)	824,374	226,951
Recognition of equity-settled share-based payments	—	—	—	833,588	—	—	—	—	—	833,588	—	833,588
Capital contribution by non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	2,914,249	2,914,249
Repurchase of shares	—	—	—	—	—	(320,519)	—	—	—	(320,519)	—	(320,519)
<b>At 30 September 2019 (unaudited)</b>	1,855,859	22,458,819	10,063	940,132	(145,580)	(320,519)	2,099,996	—	25,653,730	52,552,500	4,607,775	57,160,275
<b>At 1 April 2020</b>	1,853,341	22,380,162	16,114	1,372,266	(457,927)	—	2,099,996	(1,310,180)	24,941,401	50,895,173	2,614,500	53,509,673
Profit for the period	—	—	—	—	—	—	—	—	877,897	877,897	292,625	1,170,522
Exchange difference arising from translation of foreign operation	—	—	—	—	510,723	—	—	—	—	510,723	(87,140)	423,583
Total comprehensive income for the period	—	—	—	—	510,723	—	—	—	877,897	1,388,620	205,485	1,594,105
Recognition of equity-settled share-based payments	—	—	—	386,051	—	—	—	—	—	386,051	—	386,051
<b>At 30 September 2020 (unaudited)</b>	1,853,341	22,380,162	16,114	1,758,317	52,796	—	2,099,996	(1,310,180)	25,819,298	52,669,844	2,819,985	55,489,829

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** *(Continued)**For the six months ended 30 September 2020**Note:*

- (A) Share premium represents the excess of share issue over the par value.
- (B) Capital redemption reserve represents the nominal value of the shares repurchased which has been paid out of the distributable reserves of the Company.
- (C) Share option reserve represents the portion of the grant date fair value of unexercised share options granted to employees and consultants of the Company that has been recognized in accordance with the accounting policy adopted for share-based payments.
- (D) The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.
- (E) The treasury share reserve represents the shares repurchased but not yet cancelled during the six months ended 30 September 2019.
- (F) Merger reserve represents the difference between the cost of the acquisition for the reorganisation and the value of share capital of the entities acquired.
- (G) The investment revaluation reserve (non-recycling) comprises the cumulative net change in the fair value of the unlisted equity investment designated at FVOCI under IFRS 9 that are held at the end of the reporting period.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 September 2020*

	Six months ended 30 September	
	2020	2019
	S\$ (Unaudited)	S\$ (Unaudited)
<b>Operating activities</b>		
Cash generated from operations	<b>2,955,047</b>	3,356,269
Tax paid	<b>(225,441)</b>	(642,615)
<b>Net cash from operating activities</b>	<b>2,729,606</b>	2,713,654
<b>Investing activities</b>		
Investment in equity investment at FVOCI	—	(724,740)
Purchase of property, plant and equipment	<b>(200,175)</b>	(800,672)
Proceeds from disposal of property, plant and equipment	—	10,326
(Placement)/release of pledged bank deposits	<b>(1,657)</b>	225,294
Interest received	<b>85,622</b>	92,356
Disposal of financial assets at fair value through profit or loss	<b>714,542</b>	—
Decrease in deposits with banks over three months of maturity at acquisition	<b>9,000,000</b>	—
Acquisition of a subsidiary	—	268,378
Investment in an associate	—	(789,907)
Disposal of an associate	—	872,818
Repayment of loan receivable	—	5,326,002
<b>Net cash from investing activities</b>	<b>9,598,332</b>	4,479,855
<b>Financing activities</b>		
Repayment of borrowings	<b>(2,119,166)</b>	(119,166)
Interests paid	<b>(16,550)</b>	(54,637)
Repayment of lease liability	<b>(405,201)</b>	(83,747)
Capital contribution by non-controlling interests of a subsidiary	—	1,033,131
Payment on repurchase of shares	—	(320,519)
<b>Net cash (used in) from financing activities</b>	<b>(2,540,917)</b>	455,062

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***(Continued)**For the six months ended 30 September 2020*

	Six months ended	
	30 September 2020	2019
	S\$ (Unaudited)	S\$ (Unaudited)
<b>Net increase in cash and cash equivalents</b>	<b>9,787,021</b>	7,648,571
<b>Cash and cash equivalents at beginning of the period</b>	<b>16,518,479</b>	22,567,211
<b>Effect of foreign exchange rate changes</b>	<b>(409,208)</b>	206,684
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>25,896,292</b>	30,422,466

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 18 May 2016 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.

The Company is an investment holding company and the principal activities of its operating subsidiaries are providing integrated building services and undertaking building and construction works in Singapore. The Group is also engaging in blockchain technology development and application business and industrial hemp business.

The functional currency of the Group is Singapore Dollars (“**S\$**”), which is also the presentation currency of the Group.

The unaudited consolidated financial statements for the six months ended 30 September 2020 were approved by the Board of the Company on 30 November 2020.

### 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and by the Companies Ordinance.

### 3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Except as described below, the accounting policies and methods of computation used in the consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

### 3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's consolidated financial statements:

- Amendments to IFRS 3
  - Amendments to IFRS 9, IAS 39 and IFRS 7
  - Amendments to IAS 1 and IAS 8
  - Conceptual Framework for Financial Reporting
- Definition of a Business
  - Interest Rate Benchmark Reform
  - Definition of Material

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents income from (i) providing integrated building services, with a focus on maintenance and installations of mechanical and electrical ("**M&E**") systems and including minor repairs and improvement works ("**Integrated Building Services**"), (ii) undertaking building and construction works ("**Building Construction Works**"), (iii) engaging in operation, maintenance and management of data centres and other high performance data processing facilities and equipment in relation to blockchain technologies, digital assets trading platform operation and blockchain strategic advisory services provision ("**Blockchain Technology Development and Application**") and (iv) engaging in hemp seed research, hemp cultivation, Cannabidiol ("**CBD**") extraction and CBD downstream product application ("**Industrial Hemp**").

Information is reported to the Executive Directors, being the chief operating decision maker ("**CODM**") of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of services, i.e. "Integrated Building Services", "Building Construction Works", "Blockchain Technology Development and Application" and "Industrial Hemp" and profit for the period as a whole. No analysis of the Group's result, assets and liabilities is regularly provided to CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 "Operating Segments".

## GRANDSHORES TECHNOLOGY GROUP LIMITED

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Six months ended 30 September	
	2020	2019
	S\$ (Unaudited)	S\$ (Unaudited)
Revenue from contracts with customers with scope of IFRS 15:		
Integrated Building Services	11,267,580	15,922,280
Building Construction Works	413,710	826,222
Industrial Hemp	—	—
	<b>11,681,290</b>	16,748,502
Income from other sources		
Blockchain Technology Development and Application (note)	5,647,583	3,203,722
	<b>17,328,873</b>	19,952,224

Note:

	Six months ended 30 September	
	2020	2019
	S\$ (Unaudited)	S\$ (Unaudited)
<b>Income from blockchain technology development and application business</b>		
Trading of digital assets	4,020,728	1,114,104
Fair value gain on digital assets inventories	433,831	1,548,719
Others	1,193,024	540,899
	<b>5,647,583</b>	3,203,722

#### 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

##### Information about the Major Customers

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
Customer I	<b>1,894,923</b>	6,177,961
Customer II	<b>3,691,941</b>	2,446,772
Customer III	<b>1,809,853</b>	Note b

*Note:*

- a. For the six months ended 30 September 2020 and 2019, revenue from customers I, II and III is generated from provision of integrated building services.
- b. The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. REVENUE AND SEGMENT INFORMATION (Continued)

**Geographical Information**

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

(a) *Revenue from external customers*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Singapore	<b>11,681,290</b>	16,748,502
Hong Kong	<b>5,534,565</b>	2,662,823
People's Republic of China ("PRC")	—	540,899
Canada	<b>113,018</b>	—
	<b>17,328,873</b>	19,952,224

(b) *Non-current assets*

	<b>30 September</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Singapore	<b>7,890,107</b>	7,730,115
Hong Kong	<b>958,555</b>	999,428
Canada	<b>602,886</b>	625,785
PRC	—	2,760
	<b>9,451,548</b>	9,358,088

#### 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

##### Disaggregation of revenue

Revenue from contracts with customers within the scope of IFRS15 is further analysed as follows:

	Integrated Building Services		Building Construction Works		Industrial Hemp		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Disaggregation by timing of  
revenue recognition

Over time	<b>11,267,580</b>	15,922,280	<b>413,710</b>	826,222	—	—	<b>11,681,290</b>	16,748,502
	<b>11,267,580</b>	15,922,280	<b>413,710</b>	826,222	—	—	<b>11,681,290</b>	16,748,502

#### 5A. OTHER INCOME

	Six months ended 30 September	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Interest income	<b>85,622</b>	92,356
Government grants	<b>207,258</b>	25,356
Finance lease interest income	<b>395,670</b>	—
Others	<b>99,114</b>	29,575
	<b>787,664</b>	147,287

**5B. OTHER GAINS AND LOSSES**

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss arising on disposal of property, plant and equipment	—	(8,674)
Gain on disposal of a subsidiary/an associate	—	59,567
Gain on disposal on financial assets at fair value through profit or loss	<b>230,084</b>	—
Management fee income	—	84,853
Foreign exchange (loss)/gain, net	<b>(911,046)</b>	426,605
Others	<b>(6,451)</b>	—
	<b>(687,413)</b>	562,351

**6. FINANCE COSTS**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interests on bank borrowings	<b>16,550</b>	33,443
Interest costs on lease liabilities	<b>7,086</b>	21,194
	<b>23,636</b>	54,637

## 7. INCOME TAX EXPENSE

Singapore corporate income tax has been provided at the rate of 17% (30 September 2019: 17%) on the estimated assessable profits arising in or derived from Singapore.

Hong Kong profits tax has been provided at 16.5% (30 September 2019: 16.5%) of the assessable profits in Hong Kong for the period.

No PRC corporate income tax has been provided as the Group did not generate any assessable profits in the PRC for both periods.

	Six months ended 30 September 2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Current income tax		
— Singapore corporate income tax	456,654	160,881
— Hong Kong profits tax	154,255	116,016
— PRC corporate income tax	—	—
	<b>610,909</b>	276,897

## 8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 September 2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	496,034	469,243
Depreciation of right-of-use assets	336,725	396,456
Staff costs (including directors' remuneration)		
— Salaries and other benefits	3,036,226	4,042,764
— Contributions to Singapore CPF & Hong Kong MPF	155,747	163,839
— Equity-settled share-based payment	386,051	833,587
Total staff costs	<b>3,578,024</b>	5,040,190
Cost of materials	735,913	2,865,444
Subcontractor costs	4,911,559	7,030,673

**9. DIVIDENDS**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2020 (Six months ended 30 September 2019: Nil).

**10. EARNINGS /(LOSS) PER SHARE**

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company are based on the following data:

	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
Profit/(loss) attributable to the owners of the Company (\$\$)	<b>877,897</b>	(377,546)
Weighted average number of ordinary shares in issue for the purpose of basic earnings/(loss) per share	<b>1,030,540,000</b>	1,031,905,000
Effect of dilutive potential ordinary shares		
— Share options	—	196,988
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<b>1,030,540,000</b>	1,032,101,988
Basic and diluted earnings/(loss) per share (\$\$ cents)	<b>0.09</b>	(0.04)

**11. PROPERTY, PLANT AND EQUIPMENT**

	<b>30 September 2020</b>	31 March 2020
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Carrying amount at 1 April 2020/2019	<b>8,739,130</b>	8,013,240
Impact on initial application of IFRS 16 — right-of-use assets	—	1,085,674
Adjusted carrying amount at 1 April 2020/2019	<b>8,739,130</b>	9,098,914
Additions	<b>837,864</b>	1,414,643
Acquisition of a subsidiary	—	3,281
Disposals	—	(19,000)
Depreciation provided during the period/year	<b>(832,759)</b>	(1,758,883)
Effect of foreign currency exchange differences	<b>(17,772)</b>	175
Carrying amount at 30 September/31 March	<b>8,726,463</b>	8,739,130

**12. INVENTORIES**

	<b>30 September 2020</b>	31 March 2020
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Low value consumables	<b>139,001</b>	128,216
Raw materials	—	2,324,066
Digital assets inventories	<b>3,319,096</b>	1,960,185
	<b>3,458,097</b>	4,412,467

As at 30 September 2020 and 31 March 2020, the balance of digital assets inventories represents the Group's proprietary inventories. The balance is measured at fair value less costs to sell.

**12. INVENTORIES** *(Continued)*

Since the Group trades digital assets and generating a profit from fluctuations in the price, the Group applies the guidance in IAS 2 to measure the digital assets inventories at fair value less costs to sell. The Group considers there are no significant “costs to sell” digital assets and hence measurement of digital assets is based on their fair values with changes in fair values recognised in the statement of profit or loss in the period of the changes. See Note 22(b) for estimation of fair value in respect of the digital assets inventories.

Fair value gain of S\$433,831 (30 September 2019: S\$1,548,719) from remeasurement of digital assets inventories at 30 September 2020 is presented as part of the Revenue in the “Blockchain Technology Development and Application” Segment in the unaudited consolidated statement of profit or loss.

**13. TRADE RECEIVABLES**

	<b>30 September 2020</b>	31 March 2020
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Billed trade receivables	<b>2,936,864</b>	10,665,213
Unbilled trade receivables <i>(Note a)</i>	<b>1,752,590</b>	1,394,018
	<b>4,689,454</b>	12,059,231

*Note:*

- a) Unbilled trade receivables represent (i) the accrued revenue from Integrated Building Services for work performed but yet to be billed; and (ii) the remaining balances of construction revenue to be billed for completed Building Construction Works contracts which are entitled for billing.

**13. TRADE RECEIVABLES** *(Continued)*

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

	<b>30 September 2020</b>	31 March 2020
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Within 90 days	<b>1,652,453</b>	9,651,054
91 days to 180 days	<b>284,670</b>	381,663
181 days to 365 days	<b>795,476</b>	488,121
Over 1 year but not more than 2 years	<b>110,917</b>	109,545
More than 2 years	<b>93,348</b>	34,830
	<b>2,936,864</b>	10,665,213

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

	<b>30 September 2020</b>	31 March 2020
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Deposits	<b>1,336,785</b>	1,242,357
Prepayments	<b>1,007,065</b>	3,411,618
Advances to staff	<b>28,500</b>	28,500
Other receivables	<b>352,601</b>	2,452,843
Amount due from brokers	<b>15,325,111</b>	4,002,250
	<b>18,050,062</b>	11,137,568
Impairment of a deposit	<b>(151,450)</b>	(150,804)
	<b>17,898,612</b>	10,986,764

15. AMOUNTS DUE FROM RELATED COMPANIES

	<b>30 September 2020</b>	31 March 2020
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Trade related	<b>374</b>	2,433
Non-trade related	<b>892,458</b>	921,885
	<b>892,832</b>	924,318
Impairment of an amount due from a related company	<b>(151,450)</b>	(150,804)
	<b>741,382</b>	773,514

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

	<b>30 September 2020</b>	31 March 2020
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Within 90 days	<b>374</b>	2,433

## 16. FINANCE LEASE RECEIVABLE

	Minimum lease payments receivable		Present value of minimum lease payments receivable	
	30 September 2020	31 March 2020	30 September 2020	31 March 2020
	(Unaudited) S\$	(Audited) S\$	(Unaudited) S\$	(Audited) S\$
Finance lease receivable comprises:				
Within one year	1,137,333	—	970,483	—
After one year but within three years	1,800,776	—	1,692,987	—
	2,938,109	—	2,663,470	—
Less: Unearned finance lease income	(274,639)	—	—	—
Present value of minimum lease payments receivable	2,663,470	—	2,663,470	—
			30 September 2020	31 March 2020
			(Unaudited) S\$	(Audited) S\$
Representing				
Current			970,483	—
Non-current			1,692,987	—
			2,663,470	—
Effective interest rates Finance lease receivable			7.5%	—

## GRANDSHORES TECHNOLOGY GROUP LIMITED

### 16. FINANCE LEASE RECEIVABLE *(Continued)*

The ageing analysis of finance lease receivable as at the reporting date based on past due, and net of loss allowance is as follows:

	30 September 2020	31 March 2020
	(Unaudited) S\$	(Audited) S\$
Not past due	<b>2,663,470</b>	—

Finance lease receivable is secured by lease assets.

### 17. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	30 September 2020	31 March 2020
	S\$ (Unaudited)	S\$ (Audited)
Pledged bank deposits <i>(note a)</i>	<b>1,501,558</b>	1,499,901
Bank balances and cash <i>(note b)</i>	<b>25,896,292</b>	25,518,479
<i>Less: deposits with banks over three months of maturity at acquisition</i>	—	(9,000,000)
Cash and cash equivalents in the consolidated cash flow statement	<b>25,896,292</b>	16,518,479

*Notes:*

- a) Pledged bank deposits represent deposits placed with 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 30 September 2020 and 31 March 2020.
- b) Bank balances and deposits with bank over three months of maturity at acquisition carried interest at market rates ranging from 0.1% to 0.2% (31 March 2020: 0.1% to 0.2%) and Nil (31 March 2020: 1.58% to 1.68%) per annum as at 30 September 2020, respectively.

## 18. TRADE AND OTHER PAYABLES

	30 September 2020	31 March 2020
	S\$ (Unaudited)	S\$ (Audited)
Trade payables	5,645,375	3,428,930
Trade accruals	1,010,776	2,209,943
	<b>6,656,151</b>	5,638,873
Accrued operating expenses	2,144,816	1,980,715
Other payables		
GST payable	9,384	561,403
Others	134,612	182,489
	<b>8,944,963</b>	8,363,480

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

	30 September 2020	31 March 2020
	S\$ (Unaudited)	S\$ (Audited)
Within 90 days	4,809,132	2,708,877
91 days to 180 days	202,357	276,583
181 days to 365 days	494,890	162,116
Over 1 year but not more than 2 years	119,446	270,723
Over 2 years	19,550	10,631
	<b>5,645,375</b>	3,428,930

The credit period on purchases from suppliers and subcontractors is between 15 to 90 days (31 March 2020: 15 to 90 days) or payable upon delivery.

19. **BORROWINGS**

	30 September 2020	31 March 2020
	S\$ (Unaudited)	S\$ (Audited)
Bank loan — secured	<b>502,506</b>	2,621,672
Analysed as:		
Carrying amount repayable within one year	<b>502,506</b>	2,621,672
Carrying amount repayable more than one year, but not exceeding two years	—	—
	<b>502,506</b>	2,621,672
Amount due within one year shown under current liabilities	<b>(502,506)</b>	(2,621,672)
Amounts shown under non-current liabilities	—	—

20. **SHARE CAPITAL**

	Number of shares	Par value HK\$	Share capital HK\$
Authorised share capital:			
At 31 March 2019 (audited), 31 March 2020 (audited) and 30 September 2020 (unaudited)	5,000,000,000	0.01	50,000,000

## 20. SHARE CAPITAL (Continued)

	Number of shares	Share capital S\$
Issued and fully paid:		
At 31 March 2019 (audited)	1,031,905,000	1,855,859
Repurchase and cancellation of shares (note a)	(3,365,000)	(6,051)
Exercise of share options (note b)	2,000,000	3,533
	<hr/>	<hr/>
At 31 March 2020 (audited) and 30 September 2020 (unaudited)	1,030,540,000	1,853,341

## Note:

- a) During the year ended 31 March 2020, the Company repurchased and cancelled 3,365,000 shares on the Stock Exchange at prices ranging from HK\$0.48 to HK\$0.62 per share for an aggregate consideration of HK\$1,800,108 (equivalent to S\$321,143) (including transaction costs of HK\$3,733).
- b) During the year ended 31 March 2020, 2,000,000 options were exercised to subscribe for 2,000,000 ordinary shares in the Company at a consideration of HK\$1,136,000 (equivalent to S\$200,672) of which S\$3,533 was credited to share capital and the balance of S\$197,139 was credited to the share premium account.

**21. RELATED PARTY TRANSACTIONS**

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

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

	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
Sales of services to related companies ( <i>note a</i> )	<b>28,736</b>	67,309

*Note:*

- a) A key management personnel of the Group has significant influence over these related companies for the six months ended 30 September 2020 and 2019.

**Guaranteed from Director of a Subsidiary**

The amount remained outstanding in respect of performance guarantees and security bonds for foreign workers in favour of the Group at the end of each reporting period:

	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Audited)
Director of a subsidiary	<b>250,000</b>	275,000

**21. RELATED PARTY TRANSACTIONS** *(Continued)***Compensation of Key Management Personnel**

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

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Short term benefits	<b>810,920</b>	911,095
Post-employment benefits	<b>19,403</b>	23,080
	<hr/>	<hr/>
Total compensation	<b>830,323</b>	934,175
	<hr/>	<hr/>

**22. FAIR VALUE MEASUREMENT****(a) Financial instruments measured at fair value**

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>
<b>As at 30 September 2020</b>				
<b>(unaudited):</b>				
<b>Financial asset at FVOCI</b>				
— Unlisted equity investment	—	—	—	—
<b>Financial asset at FVPL</b>				
— Unlisted equity investment	—	—	<b>701,063</b>	<b>701,063</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	—	—	<b>701,063</b>	<b>701,063</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>As at 31 March 2020</b>				
<b>(audited):</b>				
<b>Financial asset at FVOCI</b>				
— Unlisted equity investment	—	—	—	—
<b>Financial asset at FVPL</b>				
— Unlisted equity investment	—	—	729,514	729,514
— Listed equity investment	484,458	—	—	484,458
	<hr/>	<hr/>	<hr/>	<hr/>
	484,458	—	729,514	1,213,972
	<hr/>	<hr/>	<hr/>	<hr/>

**22. FAIR VALUE MEASUREMENT** *(Continued)***(a) Financial instruments measured at fair value** *(Continued)*

The Group did not have any financial liabilities measured at fair value as at 30 September 2020 and 31 March 2020.

During the six months ended 30 September 2020, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities (year ended 31 March 2020: Nil).

**Information about Level 3 fair value measurement**

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

The Group uses the equity allocation model with unobservable inputs such as risk free rate, expected volatility and dividend yield to determine the fair value of the unlisted equity investment measured at FVPL as at 30 September 2020.

The Group determines the fair value of the unlisted equity investment measured at FVOCI by reference to the net asset value of the company as at 30 September 2020.

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

	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
<b>Unlisted equity investment</b>		
At 1 April	<b>729,514</b>	1,231,389
Additions	—	724,740
Exchange alignment	<b>(28,451)</b>	—
	<b>701,063</b>	1,956,129

## 22. FAIR VALUE MEASUREMENT *(Continued)*

### (b) Non-financial instruments measured at fair value

#### i. Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial instruments that are recognized and measured at fair value in the unaudited consolidated interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial instruments into the three levels prescribed under the accounting standards.

#### Recurring fair value measurements

	Level 1	Level 2	Level 3	Total
	S\$	S\$	S\$	S\$
<b>As at 30 September 2020 (unaudited):</b>				
— Digital assets inventories	<b>3,319,096</b>	—	—	<b>3,319,096</b>
<b>As at 31 March 2020 (audited):</b>				
— Digital assets inventories	1,960,185	—	—	1,960,185

There were no transfer between levels 1,2 and 3 for recurring fair value measurements during the period.

#### ii. Valuation inputs and relationship to fair value

Digital asset inventories are held mainly for the purposes of trading in the ordinary course of the Group's blockchain technology development and application business in the OTC market.

As at 30 September 2020, the digital assets inventories are measured at level 1 fair value. The fair value of the digital assets inventories is determined with reference to the quoted prices from the principal digital asset markets of the corresponding digital assets.

**23. ACQUISITION OF A SUBSIDIARY**

In September 2019, the Group completed the acquisition of 51% equity interests in Heilongjiang Yinma Technology Development Co., Ltd.\* (黑龍江銀麻科技發展有限公司) (“**Heilongjiang Yinma**”) at nil consideration. Heilongjiang Yinma was engaged in hemp related business.

The Group has fully impaired the goodwill related to acquisition of Heilongjiang Yinma during the year ended 31 March 2020, as the recoverable amount of Industrial Hemp cash-generating unit was determined to be lower than their carrying amounts.

**24. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS**

The unaudited consolidated interim financial statements for the six months ended 30 September 2020 were approved and authorised for issue by the board of Directors on 30 November 2020.

**25. REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENTS**

The unaudited interim financial statements for the six months ended 30 September 2020 have been reviewed with no disagreement by the Audit Committee of the Company.

\* English name for identification purpose only

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group's revenue for the six months ended 30 September 2020 was approximately S\$17.3 million (30 September 2019: approximately S\$20.0 million). The Group's gross profit decreased from approximately S\$6.3 million for the six months ended 30 September 2019 to approximately S\$5.4 million for the six months ended 30 September 2020, while the Group's gross profit margin decreased slightly from approximately 31.5% for the six months ended 30 September 2019 to approximately 31.2% for the six months ended 30 September 2020.

Singapore Government imposed the Circuit Breaker measures from 7 April 2020 to 1 June 2020 (the "**Circuit Breaker Period**") to combat the local transmission of Coronavirus Disease 2019 ("**COVID-19**") in Singapore. Majority of the Group's projects were halted during the Circuit Breaker Period and resulted in a significant slowdown in the progress of the Group's integrated building services and building construction works. The Group is gradually resume integrated building services and building construction works at project sites in compliance with all existing social distancing measures and regulations.

The Ministry of Trade and Industry of Singapore reported on 11 August 2020 that the Singapore economy contracted by 13.2% on a year-on-year basis in the second quarter, worsening from the 0.3% contraction in the previous quarter. Specifically, the construction sector contracted by 59.3% year-on-year, deteriorating from the 1.2% contraction in the previous quarter.

The Group is monitoring the situation closely and will maintain operational and financial prudence amidst a challenging economy. The Group will work with the relevant Singapore Government authorities and customers to mitigate any potential issues and continue to manage its expenditure, review the business strategy constantly and look for opportunities in a cautious and prudent manner.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### BUSINESS REVIEW AND OUTLOOK *(Continued)*

The Group's blockchain technology development and application business includes operation, maintenance and management of data centres and high performance data processing facilities and equipment in relation to blockchain technologies, digital assets trading platform, blockchain strategic advisory service as well as render farm services that applied blockchain technologies. During the review period, the Blockchain technology development and application business expanded and grown steadily, with revenue increased by approximately 76%, from approximately S\$3.2 million for the six months ended 30 September 2019 to S\$5.6 million for the six months ended 30 September 2020. Furthermore, the Group receives Bitcoin from the daily operation of blockchain technology development and application business, the Group was able to capture the opportunities of the rise in Bitcoin price from approximately US\$6,500 at the end of March 2020 to approximately US\$10,800 at the end of September 2020.

The Group's industrial hemp business was not active during the review period.

### FUTURE PROSPECTS

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

Since mid-2018 the Group devoted resources to develop new business lines related to blockchain technology development and application and this business has grown and expanded in a positive trend and steady pace. Our Directors are positive about the future of the blockchain technology development and application business, considering the ongoing expansion of blockchain technology applications in different field and industries.

For industrial hemp business, the Group will review the market condition regularly to explore the development and expansion opportunities in this industry.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### FINANCIAL REVIEW

#### REVENUE

For the six months ended 30 September 2020, the Group recorded a revenue of approximately S\$17.3 million (30 September 2019: approximately S\$20.0 million), a decrease of approximately S\$2.7 million or approximately 13.5%.

The revenue from the integrated building services dropped from approximately S\$15.9 million for the six months ended 30 September 2019 to approximately S\$11.3 million for the six months ended 30 September 2020, a decrease of approximately S\$4.6 million or 28.9%. The decrease is mainly due to the Circuit Breaker measures being imposed by the Singapore Government during the Circuit Breaker Period and majority of the Group's projects were halted and resulted in a significant slowdown in the progress of the Group's integrated building services.

Revenue attributable to the building construction works decreased approximately S\$0.4 million or approximately 50.0%, from approximately S\$0.8 million for the six months ended 30 September 2019 to approximately S\$0.4 million for the six months ended 30 September 2020, mainly due to lesser construction activities performed as a result of the Circuit Breaker measures being imposed by Singapore Government during the Period.

The decrease in revenue was partly offset by the increase in revenue generated from the blockchain technology development and application business of approximately S\$2.4 million, increase from approximately S\$3.2 million for the six months ended 30 September 2019 to S\$5.6 million for the six months ended 30 September 2020. The increase is mainly due to the rise in price of Bitcoin during the six months period so that the Group recorded higher sales revenue and fair value change.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### FINANCIAL REVIEW *(Continued)*

#### COST OF SALES AND SERVICES

The Group's cost of sales and services decreased from approximately S\$13.6 million for the six months ended 30 September 2019 to approximately S\$11.9 million for the six months ended 30 September 2020, representing a decrease of approximately S\$1.7 million or approximately 12.5%, which was mainly due to the decrease in revenue from integrated building service business as discussed above.

#### GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit decreased from approximately S\$6.3 million for the six months ended 30 September 2019 to approximately S\$5.4 million for the six months ended 30 September 2020, a decrease of approximately S\$0.9 million or approximately 14.3%. Such decrease was mainly due to the decrease in the revenue discussed above.

The Group's gross profit margin decreased slightly from 31.5% for the six months ended 30 September 2019 to approximately 31.2% for the six months ended 30 September 2020. The Group's gross profit margin remained relatively steady.

#### OTHER GAINS AND LOSSES

The Group's other gains and losses changed significantly from gain of approximately S\$562,000 for the six months ended 30 September 2019 to loss of approximately S\$687,000 for the six months ended 30 September 2020. Such change was due to the recognition of foreign exchange loss of approximately S\$911,000 (30 September 2019: gain of approximately S\$427,000) for the monetary items and cash and cash equivalent denominated in Hong Kong dollars as Hong Kong dollars depreciate against Singapore dollars for the six months ended 30 September 2020. The loss was partly offset by the disposal gain of the financial assets at fair value through profit or loss during the period.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### FINANCIAL REVIEW *(Continued)*

#### ADMINISTRATIVE EXPENSES

The Group's administrative expenses decreased from approximately S\$6.2 million for the six months ended 30 September 2019 to approximately S\$3.7 million for the six months ended 30 September 2020, a decrease of approximately S\$2.5 million or approximately 40.3%. The Group benefitted from the support measures by the Singapore Government to the construction sector on the COVID-19 situation. The Group enjoyed the foreign worker levy waiver and rebates, as well as the grants to subsidize the local employees' salaries. As a result, the administrative expenses for this period dropped significantly.

#### FINANCE COSTS

The Group's finance costs decreased from approximately S\$55,000 for the six months ended 30 September 2019 to approximately S\$24,000 for the six months ended 30 September 2020. The interest on bank loan decreased from approximately S\$33,000 for the six months ended 30 September 2019 to approximately S\$17,000 for the six months ended 30 September 2020, which was due to the partial principal prepayment of S\$2.0 million being made to the outstanding property loan and the conversion of interest rate in June 2020. Lease interest also reduced from S\$21,000 for the six months ended 30 September 2019 to S\$7,000 for the six months ended 30 September 2020.

#### INCOME TAX EXPENSE

The Group's income tax expense increased from approximately S\$277,000 for the six months ended 30 September 2019 to approximately S\$611,000 for the six months ended 30 September 2020, an increase of approximately S\$334,000 or approximately 120.6% which is due to the increase in profit before taxation.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **FINANCIAL REVIEW** *(Continued)*

#### **PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY**

The Group has profit attributable to owners of the Company of approximately S\$878,000 for the six months ended 30 September 2020 (six months ended 30 September 2019: loss of approximately S\$378,000), a change of approximately S\$1.3 million. This was mainly due to the reduction in administrative expenses during the period as discussed above, partly offset by the foreign exchange loss due to the depreciation of Hong Kong dollars against Singapore dollars.

#### **INTERIM DIVIDEND**

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

#### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group maintained a healthy financial position during the six months ended 30 September 2020. As at 30 September 2020, the Group had total bank balances and cash of approximately S\$25.9 million (31 March 2020: approximately S\$25.5 million). The total interest-bearing loans of the Group as at 30 September 2020 was approximately S\$0.5 million (31 March 2020: approximately S\$2.6 million), and current ratio of the Group as at 30 September 2020 was approximately 4.9 times (31 March 2020: approximately 4.5 times). As at 30 September 2020, the gearing ratio (calculated based on borrowing divided by equity attributable to owners of the Company) of the Group was approximately 0.01 times (31 March 2020: approximately 0.05 times).

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### TREASURY POLICY

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

### PLEDGE OF ASSETS

As at 30 September 2020, the Group had approximately S\$1.5 million (31 March 2020: approximately S\$1.5 million) of pledged bank deposits for corresponding amounts of performance guarantees issued in favour of customers. The Group's owned property which is situated at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196 was pledged for mortgage loan as at 30 September 2020 and 31 March 2020.

### EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

The functional currency of the Group's major operating subsidiaries is Singapore dollars. However, certain subsidiaries of the Company have their assets and liabilities denominated in Hong Kong dollars and Renminbi. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in Hong Kong dollars and Renminbi. During the six months ended 30 September 2020, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk. The Group recorded a foreign exchange loss of approximately S\$911,000 for the six months ended 30 September 2020 (30 September 2019: gain of approximately S\$427,000).

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### CAPITAL STRUCTURE

As at 30 September 2020, the share capital and equity attributable to the owners of the Company amounted to approximately S\$1.9 million and S\$52.7 million respectively (31 March 2020: approximately S\$1.9 million and S\$50.9 million respectively).

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES AND JOINT VENTURES

On 8 May 2020, Hangzhou Grandshores Weicheng Technology Co., Ltd.\* (杭州雄岸偉成科技有限公司) (“**HZGS Weicheng**”), a wholly-owned subsidiary of the Company has entered into a co-operation agreement with Mr. Zhu Xinzong (“**Mr. Zhu**”) and Ms. Xu Fan (“**Ms. Xu**”) to set up a Joint venture company, in Ningbo Daxie Development Zone (寧波大榭開發區) in the PRC. This joint venture company will principally engage in innovative development within the business sectors of medical devices, intelligent manufacturing, artificial intelligent and industrial internet. HZGS Weicheng, Mr. Zhu and Ms. Xu will contribute RMB25.5 million, RMB15 million and RMB9.5 million to the joint venture company for 51%, 30% and 19% equity interest in the joint venture company respectively. For details, please refer to the Company’s announcement dated 8 May 2020.

On 26 June 2020, the Group entered into contractual arrangements with Mr. Yao Yongjie, the Chairman and an executive Director, and other parties to acquire the entire economic interests and gain effective control of a company principally engaged in operating an internet data centre in Ordos, Inner Mongolia, the PRC. The contractual arrangements, which constitutes a discloseable, connected and continuing connected transaction to the Company under the Listing Rules, had been voted down by the independent shareholders of the Company at the extraordinary general meeting held on 31 August 2020 and had lapsed.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, the Group employed a total of 283 full-time employees (including executive Director), as compared to 287 full-time employees as at 31 March 2020. 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 of the Singapore integrated building service business and building construction works business are typically employed on two-year basis depending on the period of their work permits and subject to renewal based on their performance, and are remunerated according to their work skills. Other staff benefits include the provision of retirement benefits, medical benefits and sponsorship of training courses.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

### CONTINGENT LIABILITIES

As at 30 September 2020, the Group had no material contingent liabilities.

### SIGNIFICANT INVESTMENTS HELD

The Group did not have any significant investments during the six months ended 30 September 2020.

### EVENTS AFTER THE REPORTING PERIOD

On 6 November 2020, HZGS Weicheng, a wholly-owned subsidiary of the Company has entered into a cooperation framework agreement with Mr. Du Zijian ("**Mr. Du**") to set up the joint venture company in the PRC. The joint venture company will be principally engaged in the development within the business sectors of digital media marketing, live commerce, multi-channel network ("**MCN**") and influence economy. HZGS Weicheng and Mr. Du (including the person(s) or entity(ies) specified by Mr. Du) will contribute RMB15 million and RMB5 million to the joint venture company for 75% and 25% equity interests in the joint venture company respectively.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2020, 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 its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) as recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

#### LONG POSITION IN ORDINARY SHARES OF THE COMPANY

Name of Director	Capacity/Nature	Number of Shares held/interested	Approximate percentage of shareholding
Mr. Yao Yongjie (“Mr. Yao”)	Through a controlled corporation	354,295,000 (Note 1)	34.38%
Mr. Chu Chung Yue, Howard	Directly beneficially owned	1,000,000	0.10%

Note:

- (1) As at 30 September 2020, these shares are held by Morgan Hill Holdings Limited (“Morgan Hill”) which is owned as to 51% by Great Scenery Ventures Limited, a company wholly and beneficially owned by Mr. Yao.

## CORPORATE GOVERNANCE AND OTHER INFORMATION *(Continued)*

### INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

#### LONG POSITION IN THE UNDERLYING SHARES OF THE COMPANY

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

#### LONG POSITION IN ORDINARY SHARES OF ASSOCIATED CORPORATIONS

Name of Director	Name of associated corporation	Relationship with the Company	Capacity and nature of interest	Number of Shares held	Percentage of the associated corporation's total issued share capital
Mr. Yao	Morgan Hill	The Company's holding company	Through a controlled corporation	5,100	51.00%

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 September 2020, the interests and short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

**CORPORATE GOVERNANCE AND OTHER INFORMATION** *(Continued)***INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES** *(Continued)***LONG POSITION IN ORDINARY SHARES OF THE COMPANY**

Name	Capacity/Nature of interest	Number of Shares held	Percentage of the Company's total issued share capital
<i>Substantial shareholders</i>			
Morgan Hill	Directly beneficially owned	354,295,000 <i>(Notes 1)</i>	34.38%
Great Scenery Ventures Limited ("Great Scenery") <i>(Note 3)</i>	Through a controlled corporation	354,295,000 <i>(Note 1)</i>	34.38%
Emperor Grand International Limited ("Emperor Grand") <i>(Note 4)</i>	Through a controlled corporation	354,295,000 <i>(Notes 1)</i>	34.38%
Mr. Zhu Guangping ("Mr. Zhu") <i>(Note 4)</i>	Through a controlled corporation	354,295,000 <i>(Notes 1)</i>	34.38%
<i>Other persons</i>			
Trinity Gate Limited ("Trinity Gate")	Directly beneficially owned	109,740,000 <i>(Note 2)</i>	10.65%
Timeness Vision Limited ("Timeness Vision") <i>(Note 5)</i>	Through a controlled corporation	109,740,000 <i>(Note 2)</i>	10.65%
Mr. Teng Rongsong ("Mr. Teng") <i>(Note 5)</i>	Through a controlled corporation	109,740,000 <i>(Note 2)</i>	10.65%
Mr. Leung Shek Kong	Directly beneficially owned	66,665,000	6.47%

**CORPORATE GOVERNANCE AND OTHER INFORMATION** *(Continued)***INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES** *(Continued)***LONG POSITION IN ORDINARY SHARES OF THE COMPANY** *(Continued)**Notes:*

- (1) The shareholding interests in 354,295,000 shares of the Company represents the same block of shares.
- (2) The shareholding interests of 109,740,000 shares of the Company represents the same block of shares.
- (3) Great Scenery's deemed shareholding interests were held by virtue of the 51% shareholding interests in Morgan Hill.
- (4) Emperor Grand's deemed shareholding interest were held by virtue of its 49% shareholding interests in Morgan Hill. Emperor Grand is wholly and beneficially owned by Mr. Zhu.
- (5) Timeness Vision's deemed shareholding interests were held by virtue of its 100% shareholding interests in Trinity Gate. Timeness Vision is wholly and beneficially owned by Mr. Teng.

Save as disclosed above, as at 30 September 2020, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Interests of Directors and Chief Executive in Shares, Underlying Shares and Debentures" above, had any interests or short positions in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION *(Continued)*

### SHARE OPTION SCHEME

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

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

The participants of the Share Option Scheme shall be:

- (1) any employee (whether full-time or part-time) of the Company, any of the subsidiaries and any Invested Entity;
- (2) any director (including executive, non-executive and independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (3) any supplier of goods or services to any member of the Group or any Invested Entity;
- (4) any customer of the Group or any Invested Entity;
- (5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (6) or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION** *(Continued)*

### **SHARE OPTION SCHEME** *(Continued)*

The total number of Shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time. The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue.

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

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

**CORPORATE GOVERNANCE AND OTHER INFORMATION** (Continued)**SHARE OPTION SCHEME** (Continued)

During the six months ended 30 September 2020, no share options were granted, 10,000,000 share options were lapsed and no share options were exercised under the share option scheme. Subsequent to 30 September 2020 and up to date of this report, no share options were granted, lapsed or exercised.

At 30 September 2020, the Directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share at 30 September 2020 was HK\$0.175) granted for a consideration of S\$1 under the Share Option Scheme:

		No. of options outstanding as at 1 April 2020	No. of option granted during the period	No. of option exercised during the period	No. of option reclassified during the period	No. of option lapsed during the period	No. of option outstanding at end of the period	Period which options are exercisable	Exercise price per share	Market value of share at date of grant of options
Date granted								HK\$	HK\$	
<b>Director</b>										
Ms Lu Xuwen	23 August 2018	1,000,000	—	—	—	—	1,000,000	500,000 share options: 23 August 2019 to 22 August 2022	1.20	1.20
								500,000 share options: 23 August 2020 to 22 August 2022		

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

## SHARE OPTION SCHEME (Continued)

Date granted	No. of options outstanding as at 1 April 2020	No. of option granted during the period	No. of option exercised during the period	No. of option reclassified during the period	No. of option lapsed during the period	No. of option outstanding at end of the period	Period which options are exercisable	Exercise price per share	Market value of share at date of grant of options	
								HK\$	HK\$	
Employees	23 August 2018	1,000,000	—	—	—	—	1,000,000	500,000 share options: 23 August 2019 to 22 August 2022 500,000 share options: 23 August 2020 to 22 August 2022	1.20	1.20
	16 May 2019	1,500,000	—	—	—	—	1,500,000	750,000 share options: 16 May 2020 to 15 May 2023 750,000 share options: 16 May 2021 to 15 May 2023	1.17	1.17

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

## SHARE OPTION SCHEME (Continued)

	Date granted	No. of options outstanding as at 1 April 2020	No. of option granted during the period	No. of option exercised during the period	No. of option reclassified during the period	No. of option lapsed during the period	No. of option outstanding at end of the period	Period which options are exercisable	Exercise price per share	Market value of share at date of grant of options
									HK\$	HK\$
Other participants	23 August 2018	2,000,000	—	—	—	—	2,000,000	1,000,000 share options: 23 August 2019 to 22 August 2022	1.20	1.20
								1,000,000 share options: 23 August 2020 to 22 August 2022		
	15 May 2019	5,000,000	—	—	—	—	5,000,000	The exercise of the Share Options is subject to Grantee meeting the performance targets as determined by the Company and is valid until four years from the Date of Grant.	1.20	1.19
	16 May 2019	34,000,000	—	—	—	(10,000,000)	24,000,000	12,000,000 share options: 16 May 2020 to 15 May 2023	1.17	1.17
								12,000,000 share options: 16 May 2021 to 15 May 2023		

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

## SHARE OPTION SCHEME (Continued)

	Date granted	No. of options outstanding as at 1 April 2020	No. of option granted during the period	No. of option exercised during the period	No. of option reclassified during the period	No. of option lapsed during the period	No. of option outstanding at end of the period	Period which options are exercisable	Exercise price per share	Market value of share at date of grant of options
									HK\$	HK\$
Other participants	18 September 2019	8,000,000	—	—	—	—	8,000,000	8,000,000 share options shall be vested between 18 March 2020 to 18 September 2021, upon the achievement of certain vesting conditions. All the share options are exercisable for a period of two years after vested.	0.568	0.56

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining good corporate governance to safeguard the interest of shareholders and to achieve effective accountability. The Company has adopted the corporate governance code (the “CG code”) contained in Appendix 14 of the Listing Rules. To the best of the knowledge of the Board, the Company has complied with the CG code for the six months ended 30 September 2020.

**CORPORATE GOVERNANCE AND OTHER INFORMATION** *(Continued)*

**COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the required Model Code's standard for the six months ended 30 September 2020.

**PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES**

For the six months ended 30 September 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

On behalf of the Board

**Yao Yongjie**  
*Chairman*

30 November 2020