



**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)

**2022**

**INTERIM REPORT**

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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

Ms. Yu Zhuochen

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Chung Yue, Howard

Mr. Li Kanlin (appointed on 20 May 2022)

Mr. Fan Jianyin

(appointed on 14 October 2022)

#### AUDIT COMMITTEE

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

Mr. Li Kanlin (appointed on 20 May 2022)

Mr. Fan Jianyin

(appointed on 14 October 2022)

#### REMUNERATION COMMITTEE

Mr. Li Kanlin (*Chairman*)

(appointed on 20 May 2022)

Mr. Yao Yongjie

Ms. Lu Xuwen

Mr. Chu Chung Yue, Howard

Mr. Fan Jianyin

(appointed on 14 October 2022)

### NOMINATION COMMITTEE

Mr. Yao Yongjie (*Chairman*)

Ms. Lu Xuwen

Mr. Chu Chung Yue, Howard

Mr. Li Kanlin (appointed on 20 May 2022)

Mr. Fan Jianyin

(appointed on 14 October 2022)

### 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

### PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

18 Kaki Bukit Place  
Eunos Techpark  
Singapore 416196

**CORPORATE INFORMATION** *(Continued)*

**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  
17/F, Far East Finance Centre  
16 Harcourt Road  
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 2022

	Note	Six months ended 30 September	
		2022	2021
		S\$ (Unaudited)	S\$ (Unaudited)
<b>Revenue</b>	4	<b>22,648,704</b>	18,146,703
Costs of sales and services		<b>(19,731,633)</b>	(13,230,937)
<b>Gross profit</b>		<b>2,917,071</b>	4,915,766
Other income	5A	<b>327,330</b>	465,533
Other gains and losses	5B	<b>(115,200)</b>	(196,962)
Selling expenses		<b>(37,923)</b>	(21,023)
Administrative expenses		<b>(5,296,043)</b>	(4,458,454)
Reversal of impairment loss on financial assets		<b>32,963</b>	—
Finance costs	6	<b>(9,440)</b>	(3,873)
Share of loss of associates		<b>(37,588)</b>	(12,954)
<b>(Loss)/profit before taxation</b>		<b>(2,218,830)</b>	688,033
Income tax expense	7	<b>(84,766)</b>	(294,867)
<b>(Loss)/profit for the period</b>	8	<b>(2,303,596)</b>	393,166
<b>Other comprehensive (loss)/income for the period</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>(1,025,586)</b>	92,996
<b>Total comprehensive (loss)/income for the period</b>		<b>(3,329,182)</b>	486,162

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

For the six months ended 30 September 2022

		Six months ended 30 September	
		2022	2021
	<i>Note</i>	S\$ <b>(Unaudited)</b>	S\$ (Unaudited)
<b>(Loss)/profit for the period</b>			
<b>attributable to:</b>			
Owners of the Company		<b>(2,339,613)</b>	394,363
Non-controlling interests		<b>36,017</b>	(1,197)
		<b>(2,303,596)</b>	393,166
<b>Total comprehensive (loss)/income</b>			
<b>attributable to:</b>			
Owners of the Company		<b>(3,452,039)</b>	613,363
Non-controlling interests		<b>122,857</b>	(127,201)
		<b>(3,329,182)</b>	486,162
<b>Basic and diluted (loss)/earnings</b>			
<b>per share</b>			
<i>(S\$ cents)</i>	<i>10</i>	<b>(0.20)</b>	0.04

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 September 2022*

		<b>30 September 2022</b>	31 March 2022
	<i>Note</i>	<b>S\$ (Unaudited)</b>	S\$ (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>7,092,579</b>	6,610,981
Interest in associates		<b>3,309,882</b>	672,131
Finance lease receivable	16	—	395,770
Equity Investment at FVTOCI		<b>408,255</b>	215,376
Financial assets at fair value through profit or loss		<b>1,620,622</b>	1,742,166
		<b>12,431,338</b>	9,636,424
<b>Current assets</b>			
Inventories	12	<b>663,635</b>	1,162,512
Trade receivables	13	<b>7,731,058</b>	9,080,148
Finance lease receivable	16	<b>1,314,871</b>	1,399,320
Other receivables, deposits and prepayments	14	<b>12,881,139</b>	12,643,108
Amounts due from related parties	15	<b>1,070,802</b>	215,376
Financial assets at fair value through profit or loss		<b>3,736,808</b>	6,414,903
Bank balances and cash	17	<b>28,765,774</b>	32,433,321
		<b>56,164,087</b>	63,348,688
<b>Current liabilities</b>			
Trade and other payables	18	<b>4,377,328</b>	7,553,464
Amount due to related parties	15	<b>52,256</b>	583,728
Lease liabilities		<b>350,606</b>	157,790
Income tax payable		<b>670,486</b>	1,000,777
		<b>5,450,676</b>	9,295,759
<b>Net current assets</b>		<b>50,713,411</b>	54,052,929
<b>Total assets less current liabilities</b>		<b>63,144,749</b>	63,689,353

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)**As at 30 September 2022*

	<b>30 September 2022</b>	31 March 2022
<i>Note</i>	<b>S\$ (Unaudited)</b>	S\$ (Audited)
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>120,701</b>	120,701
Lease liabilities	<b>280,414</b>	81,575
	<b>401,115</b>	202,276
<b>Net assets</b>	<b>62,743,634</b>	63,487,077
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	<b>2,142,708</b>	1,966,310
Reserves	<b>58,872,897</b>	59,964,732
<b>Equity attributable to owners of the Company</b>	<b>61,015,605</b>	61,931,042
Non-controlling interests	<b>1,728,029</b>	1,556,035
<b>Total equity</b>	<b>62,743,634</b>	63,487,077



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2022

Attributable to owners of the Company

	Share Capital	Share premium	Capital redemption reserve	Share Option reserve	Translation reserve	Other reserve	Merger reserve	Investment revaluation reserve (non-recycling)	Retained 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 2021</b>	1,966,310	27,011,916	16,114	1,596,831	302,842	—	2,099,996	(1,310,180)	30,642,907	62,326,736	2,135,740	64,462,476
Profit/(loss) for the period	—	—	—	—	—	—	—	—	394,363	394,363	(1,197)	393,166
Exchange difference arising from translation of foreign operation	—	—	—	—	219,000	—	—	—	—	219,000	(126,004)	92,996
Total comprehensive income/(loss) for the period	—	—	—	—	219,000	—	—	—	394,363	613,363	(127,201)	486,162
Recognition of equity-settled share-based payments	—	—	—	39,084	—	—	—	—	—	39,084	—	39,084
Dividend declared by a subsidiary to non-controlling interest	—	—	—	—	—	—	—	—	—	—	(176,784)	(176,784)
Transfer of share-based payment reserve upon cancellation of share options	—	—	—	(114,093)	—	—	—	—	114,093	—	—	—
<b>At 30 September 2021 (unaudited)</b>	1,966,310	27,011,916	16,114	1,521,822	521,842	—	2,099,996	(1,310,180)	31,151,363	62,979,183	1,831,755	64,810,938
<b>At 1 April 2022</b>	1,966,310	27,011,916	16,114	1,521,821	760,071	90,481	2,099,996	(1,310,180)	29,774,513	61,931,042	1,556,035	63,487,077
Profit/(loss) for the period	—	—	—	—	—	—	—	—	(2,339,613)	(2,339,613)	36,017	(2,303,596)
Exchange difference arising from translation of foreign operation	—	—	—	—	(1,112,426)	—	—	—	—	(1,112,426)	86,840	(1,025,586)
Total comprehensive income/(loss) for the period	—	—	—	—	(1,112,426)	—	—	—	(2,339,613)	(3,452,039)	122,857	(3,329,182)
Issue of share capital (note 19)	176,398	2,360,204	—	—	—	—	—	—	—	2,536,602	—	2,536,602
Capital contribution from non-controlling interest of a subsidiary	—	—	—	—	—	—	—	—	—	—	196,105	196,105
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	(146,968)	(146,968)
Transfer of share-based payment reserve upon the lapse of share options	—	—	—	(239,841)	—	—	—	—	239,841	—	—	—
<b>At 30 September 2022 (unaudited)</b>	2,142,708	29,372,120	16,114	1,281,980	(352,355)	90,481	2,099,996	(1,310,180)	27,674,741	61,015,605	1,728,029	62,743,634

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** *(Continued)*

*For the six months ended 30 September 2022*

Notes:

- (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) Other reserve represents the difference between the cost of acquisition and the fair value of net assets attributable to the owners of the Company.
- (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 2022*

	Six months ended 30 September	
	2022	2021
	S\$ (Unaudited)	S\$ (Unaudited)
<b>Operating activities</b>		
Cash (used in)/generated from operations	<b>(3,564,877)</b>	7,102,858
Tax paid	<b>(415,057)</b>	(759,002)
<b>Net cash (used in)/generated from operating activities</b>	<b>(3,979,934)</b>	6,343,856
<b>Investing activities</b>		
Investment in equity investment at FVOCI	<b>(204,127)</b>	(1,484,042)
Purchase of property, plant and equipment	<b>(324,939)</b>	(10,679)
Receipt of pledged bank deposits	—	577,060
Interest received	<b>11,563</b>	17,338
Investment in associates	<b>(2,631,016)</b>	—
Payment for financial assets at fair value through profit or loss	<b>(8,211,279)</b>	(1,353,330)
Proceeds from disposal of financial assets at fair value through profit or loss	<b>8,728,729</b>	676,441
Acquisition of additional interest in a subsidiary	<b>(61,190)</b>	—
Repayment of loan receivable	—	75,638
<b>Net cash used in investing activities</b>	<b>(2,692,259)</b>	(1,501,574)
<b>Financing activities</b>		
Proceeds from issue of shares	<b>2,536,602</b>	—
Capital contribution from non-controlling interest of a subsidiary	<b>196,105</b>	—
Repayment of lease liability	<b>(152,548)</b>	(137,043)
Dividends declared by a subsidiary to non-controlling interests	—	(176,784)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,580,159</b>	(313,827)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***(Continued)**For the six months ended 30 September 2022*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,092,034)</b>	4,528,455
<b>Cash and cash equivalents at beginning of the period</b>	<b>32,433,321</b>	21,698,546
<b>Effect of foreign exchange rate changes</b>	<b>424,487</b>	245,132
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>28,765,774</b>	26,472,133

## 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 condensed consolidated financial statements for the six months ended 30 September 2022 were approved by the Board of the Company on 30 November 2022.

### 2. BASIS OF PREPARATION

The condensed 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 condensed 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 condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2022.

### 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 2022 for the preparation of the Group's consolidated financial statements:

- |                        |   |
|------------------------|---|
| • Amendments to IFRS 3 | Reference to the Conceptual Framework                           |
| • Amendments to IAS 16 | Property, Plant and Equipment —<br>Proceeds before Intended Use |
| • Amendment to IFRS 16 | Covid-19 Related Rent Concessions beyond<br>30 June 2021        |
| • Amendments to IAS 37 | Onerous Contracts — Cost of Fulfilling a Contract               |
| • Amendments to IFRSs  | Annual Improvements IFRSs 2018-2020                             |

The application of the amendments to IFRSs in the current interim period has no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements. The condensed consolidated financial statements of the Group for the six months ended 30 September 2022 have not been audited but have been reviewed by the Company's Audit Committee.

### 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".

4. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Six months ended 30 September	
	2022	2021
	S\$	S\$
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
Integrated Building Services	<b>17,750,204</b>	16,633,764
Building Construction Works	<b>5,463,830</b>	2,174,548
Industrial Hemp	—	—
	<b>23,214,034</b>	18,808,312
Income from other sources		
Blockchain Technology Development and Application (note)	<b>(565,330)</b>	(661,609)
	<b>22,648,704</b>	18,146,703

Note:

	Six months ended 30 September	
	2022	2021
	S\$	S\$
	<b>(Unaudited)</b>	(Unaudited)
<b>Income from blockchain technology development and application business</b>		
Fair value loss on digital assets inventories	<b>(565,330)</b>	(661,609)

#### 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:

	Six months ended 30 September	
	2022	2021
	S\$ (Unaudited)	S\$ (Unaudited)
Customer I <i>(Note a)</i>	<b>6,636,030</b>	1,902,263
Customer II <i>(Note b)</i>	<b>5,784,626</b>	4,344,738
Customer III <i>(Note c)</i>	<b>2,800,531</b>	3,496,600

*Notes:*

- (a) For Customer I, revenue for the six months period ended 30 September 2022 represents revenue generated from provision of both integrated building services and building construction works, while revenue for the six months period ended 30 September 2021 represents revenue generated from integrated building services only.
- (b) For Customer II, revenue for the six months ended 30 September 2022 and 2021 represents revenue generated from provision of integrated building services.
- (c) For Customer III, revenue for the six months ended 30 September 2022 and 2021 represents revenue generated from provision of both integrated building services and building construction works.



## 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:

	Six months ended 30 September	
	2022	2021
	S\$ (Unaudited)	S\$ (Unaudited)
<b>Revenue from external customers</b>		
Singapore	23,214,034	18,808,312
People's Republic of China ("PRC")	—	—
	<b>23,214,034</b>	18,808,312
<b>Income from external customers</b>		
Hong Kong	(565,330)	(661,609)
Canada	—	—
	<b>22,648,704</b>	18,146,703
	<b>30 September 2022</b>	31 March 2022
	S\$ (Unaudited)	S\$ (Audited)
<b>Non-current assets</b>		
Singapore	6,895,212	6,542,132
The People's Republic of China (including Hong Kong)	3,507,249	740,980
	<b>10,402,461</b>	7,283,112

#### 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		Industrial Hemp		Total	
	Building Services	2021	Construction Works	2021	2022	2021	2022	2021
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Disaggregation by timing of  
revenue recognition

Over time	17,750,204	16,633,764	5,463,830	2,174,548	—	—	23,214,034	18,808,312
	17,750,204	16,633,764	5,463,830	2,174,548	—	—	23,214,034	18,808,312

#### 5A. OTHER INCOME

	Six months ended 30 September	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
Interest income	11,563	17,338
Government grants	270,026	335,415
Finance lease interest income	42,605	83,326
Others	3,136	29,454
	327,330	465,533

**5B. OTHER GAINS AND LOSSES**

	<b>Six months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Fair value loss on financial assets through profit or loss	<b>(2,309,738)</b>	(513,198)
Foreign exchange gain, net	<b>2,108,879</b>	333,304
Others	<b>85,659</b>	(17,068)
	<b>(115,200)</b>	(196,962)

**6. FINANCE COSTS**

	<b>Six months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest costs on lease liabilities	<b>9,440</b>	3,873

**7. INCOME TAX EXPENSE**

Singapore CIT is calculated at 17% (2021: 17%) of the estimated assessable profits eligible for CIT rebate of 25%, capped at S\$15,000 for the years of assessment 2022 and 2021. Singapore incorporated companies can also enjoy 75% tax exemption on the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$190,000 of normal chargeable income for the years of assessment 2022 and 2021.

The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated on the same basis as 2021.

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

## 7. INCOME TAX EXPENSE (Continued)

	Six months ended 30 September	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Current income tax		
— Singapore corporate income tax	49,738	445,011
— Hong Kong profits tax	34,998	—
— PRC corporate income tax	—	—
Overprovision in respect of prior years	30	(150,144)
	<b>84,766</b>	294,867

## 8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 September	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	236,130	348,391
Depreciation of right-of-use assets	146,368	130,649
Reversal of impairment loss on financial assets	(32,963)	—
Staff costs (including directors' remuneration)		
— Salaries and other benefits	4,275,720	3,708,294
— Contributions to Singapore CPF & Hong Kong MPF	160,541	131,792
— Equity-settled share-based payment	—	39,084
Total staff costs	<b>4,436,261</b>	3,879,170
Cost of inventories recognised as cost of sales and services	1,296,058	1,751,780
Subcontractor costs recognised as cost of sales and services	<b>16,432,257</b>	9,718,455

**9. DIVIDENDS**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2022 (Six months ended 30 September 2021: Nil).

**10. EARNINGS PER SHARE**

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

	<b>Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
(Loss)/profit attributable to the owners of the Company (S\$)	<b>(2,339,613)</b>	394,363
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	<b>1,195,040,000</b>	1,095,040,000
Basic and diluted (loss)/earnings per share (S\$ cents)	<b>(0.20)</b>	0.04

**11. PROPERTY, PLANT AND EQUIPMENT**

	<b>30 September</b>	31 March
	<b>2022</b>	2022
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Audited)
Carrying amount at 1 April 2022/2021	<b>6,610,981</b>	7,407,434
Additions	<b>855,002</b>	121,845
Disposals	<b>(1,150)</b>	(10,478)
Depreciation provided during the period/year	<b>(382,498)</b>	(907,628)
Effect of foreign currency exchange differences	<b>10,244</b>	(192)
Carrying amount at 30 September/31 March	<b>7,092,579</b>	6,610,981

## 12. INVENTORIES

	<b>30 September 2022</b>	31 March 2022
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Low value consumables	<b>236,938</b>	208,329
Digital assets inventories	<b>426,697</b>	954,183
	<b>663,635</b>	1,162,512

As at 30 September 2022 and 31 March 2022, the balance of digital assets inventories represents the Group's proprietary inventories. The balance is measured at fair value less costs to sell.

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 21(b) for estimation of fair value in respect of the digital assets inventories.

Fair value loss of S\$565,330 (30 September 2021: loss of S\$661,609) from remeasurement of digital assets inventories at 30 September 2022 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 2022</b>	31 March 2022
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Billed trade receivables	<b>5,598,250</b>	5,749,789
Unbilled trade receivables (Note a)	<b>2,132,808</b>	3,330,359
	<b>7,731,058</b>	9,080,148

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.

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

	<b>30 September 2022</b>	31 March 2022
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Within 90 days	<b>4,693,414</b>	4,656,247
91 days to 180 days	<b>462,836</b>	377,287
181 days to 365 days	<b>303,903</b>	414,207
Over 1 year but not more than 2 years	<b>72,278</b>	235,708
More than 2 years	<b>65,819</b>	66,340
	<b>5,598,250</b>	5,749,789

## 14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 September 2022	31 March 2022
	S\$ (Unaudited)	S\$ (Audited)
Deposits	250,532	284,340
Prepayments	162,816	229,247
Advances to staff	28,500	28,500
Other receivables	648,314	978,788
Value added tax receivable	150,731	213,848
Amount due from brokers ( <i>Note a</i> )	11,493,194	10,838,007
Amount due from associates ( <i>Note b</i> )	147,052	70,378
	<b>12,881,139</b>	12,643,108

*Notes:*

- (a) The Group trades digital assets and securities through brokers and has maintained trading accounts with them. Amount due from brokers represents prefunding for future trading and unwithdrawn trading proceeds kept in the trading accounts with three brokers. The balance in the trading accounts are freely withdrawable at the discretion of the Group.
- (b) The amount due from associates are unsecured, interest free and repayable on demand.



## 15. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	<b>30 September 2022</b>	31 March 2022
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Audited)
Amount due from:		
Non-trade balances	<b>1,070,802</b>	215,376
Amount due to:		
Non-trade related balances	<b>52,256</b>	583,728

As at 30 September 2022, the non-trade balance due from related parties represents amount due from a non-controlling interest of a subsidiary of the Group. On 4 April 2022, the Group entered into a loan agreement pursuant to which the Group agreed to issue an unsecured loan with amount of HK\$5,800,000 (equivalent to SGD1,070,802) to Ms. Zhou Hongmei, who holds 40% equity interest in Grandshores Creative Technology Limited, a 60%-owned subsidiary of the Group. The loan is unsecured, interest bearing at 8% per annum and repayable in six months after the drawdown date and is therefore classified as current asset.

As at 31 March 2022, the non-trade balance due from related parties are due from a company controlled by the controlling shareholder of the Company. The balance is unsecured, interest-free and repayable on demand.

As at 30 September 2022 and 31 March 2022, the non-trade balance due to related parties are due to companies controlled by the controlling shareholder of the Company. The balances are unsecured, interest-free and repayable on demand.

## 16. FINANCE LEASE RECEIVABLE

	Minimum lease payments receivable		Present value of minimum lease payments receivable	
	30 September 2022	31 March 2022	30 September 2022	31 March 2022
	(Unaudited) S\$	(Audited) S\$	(Unaudited) S\$	(Audited) S\$
Finance lease receivable comprises:				
Within one year	1,523,912	1,693,622	1,491,974	1,617,516
In the second year	—	401,973	—	395,770
	1,523,912	2,095,595	1,491,974	2,013,286
Less: Unearned finance lease income	(31,938)	(82,309)	—	—
	1,491,974	2,013,286	1,491,974	2,013,286
Less: Provision for impairment loss	(177,103)	(218,196)	(177,103)	(218,196)
Present value of minimum lease payments receivable	1,314,871	1,795,090	1,314,871	1,795,090
			30 September 2022	31 March 2022
			(Unaudited) S\$	(Audited) S\$
Analysis for reporting purpose:				
Current assets			1,314,871	1,399,320
Non-current assets			—	395,770
			1,314,871	1,795,090

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

The following is a credit quality analysis of the finance lease receivable. In the event that an instalment repayment of a finance lease is overdue for more than 30 days, the entire outstanding balance of the finance lease receivable is classified as overdue. If the instalment repayment is overdue within 30 days, only the balance of this instalment is classified as overdue.

As at 30 September 2022 and 31 March 2022, certain instalments of the finance lease receivable have been overdue for more than 90 days. The directors considered that there has been a significant increase in credit risk in the finance lease receivable. However, taken into account the historical repayment patterns of the debtor, the directors considered that the finance lease receivable is not credit-impaired.

	<b>30 September 2022</b>	31 March 2022
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Overdue but not credit impaired		
— Overdue more than 90 days	<b>1,491,974</b>	2,013,286
Less: allowance for impairment losses	<b>(177,103)</b>	(218,196)
	<b>1,314,871</b>	1,795,090

The finance lease receivable is secured by leased assets which are used in power supply. Additional collaterals may be obtained from customer to secure the repayment obligations under finance lease and such collaterals include property, plant and equipment, guarantee of the customer and/or its related parties.

**17. BANK BALANCES AND CASH**

	<b>30 September 2022</b>	31 March 2022
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Bank balances and cash <i>(note a)</i>	<b>28,765,774</b>	32,433,321

*Note:*

(a) Bank balances carried interest at market rates was 0.1% (31 March 2022: 0.1%).

**18. TRADE AND OTHER PAYABLES**

	<b>30 September 2022</b>	31 March 2022
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Trade payables	<b>3,174,922</b>	3,456,967
Trade accruals	<b>2,996</b>	2,860,764
	<b>3,177,918</b>	6,317,731
Accrued operating expenses	<b>589,019</b>	541,658
Other payables		
GST payable	<b>246,413</b>	286,449
Others	<b>363,978</b>	407,626
	<b>4,377,328</b>	7,553,464

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

	<b>30 September 2022</b>	31 March 2022
	<b>S\$ (Unaudited)</b>	S\$ (Audited)
Within 90 days	<b>2,899,241</b>	3,198,874
91 days to 180 days	<b>153,560</b>	107,008
181 days to 365 days	<b>40,829</b>	62,159
Over 1 year but not more than 2 years	<b>63,246</b>	71,053
Over 2 years	<b>18,045</b>	17,873
	<b>3,174,922</b>	3,456,967

The credit period on purchases from suppliers and subcontractors is between 15 to 90 days (31 March 2022: 15 to 90 days) or payable upon delivery.

**19. SHARE CAPITAL**

	<b>Number of shares</b>	<b>Par value</b>	<b>Share capital</b>
		<i>HK\$</i>	<i>HK\$</i>
Authorised share capital:			
At 31 March 2021 (audited), 31 March 2022 (audited), and 30 September 2022 (unaudited)	5,000,000,000	0.01	50,000,000
		<b>Number of shares</b>	<b>Share capital</b>
			<i>S\$</i>
Issued and fully paid:			
At 31 March 2021 (audited), and 31 March 2022 (audited)	<b>1,095,040,000</b>		1,966,310
Issue of share capital ( <i>note a</i> )	<b>100,000,000</b>		176,398
At 30 September 2022 (unaudited)	<b>1,195,040,000</b>		2,142,708

*Note:*

- (a) On 30 May 2022, the Company allotted and issued 100,000,000 ordinary shares of HK\$0.01 each to an independent third party at a subscription price of HK\$0.1438 per share, giving rise to an increase of HK\$1,000,000 (equivalent to S\$176,398) and HK\$14,380,000 (equivalent to S\$2,360,204) for share capital and share premium, respectively.

**20. 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.

**20. RELATED PARTY TRANSACTIONS** *(Continued)*

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

**(a) 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>2022</b>	2021
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
Short term benefits	<b>694,743</b>	717,988
Post-employment benefits	<b>15,529</b>	15,743
Total compensation	<b>710,272</b>	733,731

**(b) Other Transactions**

On 4 April 2022, the Group entered into a loan agreement pursuant to which the Group agreed to issue an unsecured loan with amount of HK\$5,800,000 (equivalent to SGD1,070,802) to Ms. Zhou Hongmei, who holds 40% equity interest in Grandshores Creative Technology Limited, a 60%-owned subsidiary of the Group. The loan is unsecured, interest bearing at 8% per annum and repayable in six months after the drawdown date.

## 21. 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".

	Level 1	Level 2	Level 3	Total
	S\$	S\$	S\$	S\$
<b>As at 30 September 2022</b>				
<b>(unaudited):</b>				
<b>Financial asset at FVOCI</b>				
— Unlisted equity investment	—	—	408,255	408,255
<b>Financial asset at FVPL</b>				
— Unlisted equity investment	—	—	1,569,279	1,569,279
— Listed debts securities	96,737	—	—	96,737
— Listed equity investment	3,640,071	—	51,343	3,691,414
	<b>3,736,808</b>	—	<b>2,028,877</b>	<b>5,765,685</b>
<b>As at 31 March 2022</b>				
<b>(audited):</b>				
<b>Financial asset at FVOCI</b>				
— Unlisted equity investment	—	—	215,376	215,376
<b>Financial asset at FVPL</b>				
— Unlisted equity investment	—	—	1,484,716	1,484,716
— Listed debt securities	186,799	—	—	186,799
— Listed equity investment	6,228,104	—	257,450	6,485,554
	<b>6,414,903</b>	—	<b>1,957,542</b>	<b>8,372,445</b>

**21. 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 2022 and 31 March 2022.

During the six months ended 30 September 2022, 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 2022: 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.



21. FAIR VALUE MEASUREMENT (Continued)

(a) Financial instruments measured at fair value (Continued)

Information about Level 3 fair value measurement (Continued)

The following table summarises the basis of valuation used in Level 3 fair value measurements:

Description	Fair value		Valuation techniques	Significant unobservable inputs	Range
	30 September 2022	At 31 March 2022			
	\$S	\$S			
Financial asset at FVOCI					
— Unlisted equity investment	408,255	215,376	Market approach	N/A	N/A
Financial asset at FVPL					
— Unlisted equity investment	1,569,279	1,484,716	Discounted cash flow model	Revenue growth rate	10% to 100%
				Pre-tax discount rate	29.2%
				Discount for lack of marketability	20%
— Listed equity investment	51,343	257,450	Quoted bid price in active market and adjusted for lack of marketability	Discount for lack of marketability	20%
	<b>2,028,877</b>	<b>1,957,542</b>			

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

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

	Six months ended 30 September	
	2022	2021
	S\$	S\$
	(Unaudited)	(Unaudited)
At 1 April	1,957,542	804,918
Addition	207,436	1,484,042
Fair value loss recognised in profit or loss (included in other gains and losses)	(214,509)	—
Exchange alignment	78,408	29,129
At 30 September	2,028,877	2,318,089

## 21. 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.

	Level 1	Level 2	Level 3	Total
	S\$	S\$	S\$	S\$
<b>As at 30 September 2022 (unaudited):</b>				
— Digital assets				
inventories	<b>426,697</b>	—	—	<b>426,697</b>
As at 31 March 2022 (audited):				
— Digital assets				
inventories	954,183	—	—	954,183

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 2022, 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.

**22. EVENTS AFTER THE REPORTING PERIOD**

- (a) On 3 October 2022, Grand Shores Blockchain Group Limited (“**GS Blockchain**”), a wholly owned subsidiary of the Company, and Ms. Zhou Hongmei (“**Ms. Zhou**”) entered into an agreement, under which GS Blockchain as purchaser has conditionally agreed to acquire, and Ms. Zhou as vendor has conditionally agreed to sell 40% of the total issued share capital of Grandshores Creative Technology Limited (“**GS Creative**”), a 60% owned subsidiary of the Company for a consideration of HK\$6,050,000. Upon Completion, GS Creative will become a wholly owned subsidiary of the Company. For details, please refer to the announcement of the Company dated 3 October 2022.
- (b) Subsequent to the six months ended 30 September 2022 and up to the approval date of these financial statements, the market price of Bitcoin has been decrease to approximately US\$17,000 resulting to fair value loss on digital assets inventories of approximately US\$45,000 (equivalent to approximately S\$63,000).

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

The unaudited consolidated interim financial statements for the six months ended 30 September 2022 were approved and authorised for issue by the board of Directors on 30 November 2022.

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

The unaudited interim financial statements for the six months ended 30 September 2022 have been reviewed with no disagreement by the Audit Committee of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group's revenue increased from approximately S\$18.1 million for the six months ended 30 September 2021 (the "**Last Period**") to approximately S\$22.6 million for the Review Period. The Group's gross profit decreased from approximately S\$4.9 million for the Last Period to approximately S\$2.9 million for the Review Period, while the Group's gross profit margin decreased from approximately 27.1% for the Last Period to approximately 12.9% for the Review Period.

According to Singapore Building and Construction Authority ("**BCA**"), the total construction demand (i.e. the value of construction contracts to be awarded) in 2022 is projected to be between S\$27 billion and S\$32 billion. The public sector is expected to contribute about 60 per cent of the total construction demand, between S\$16 billion and S\$19 billion. The private sector construction demand is anticipated to reach between S\$11 billion and S\$13 billion in 2022, comparable with the volume in 2021. Given the latest property cooling measures, residential building demand is anticipated to moderate year-on-year amid more cautious market sentiments. However, commercial building demand is expected to increase as hotels and attractions undergo refurbishment to prepare for inbound tourism revival, and older commercial premises are earmarked for redevelopment to enhance their asset values.

Over the medium-term, BCA expects the total construction demand to reach between S\$25 billion and S\$32 billion per year from 2023 to 2026. The public sector is expected to lead the demand and contribute S\$14 billion to S\$18 billion per year from 2023 to 2026. About half of the demand will come from building projects and the other half from civil engineering works. The private sector construction demand is projected to remain steady over the medium-term, reaching about S\$11 billion to S\$14 billion per year from 2023 to 2026, in view of healthy investment appetite amid Singapore's strong economic fundamentals.

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

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

The Group believes that the outlook for the construction sector will remain challenging for 2022 and 2023 and in view of the continued uncertainties in the external environment and negative economic outlook in Singapore and major economies around the world impacted by COVID-19. All of these constraints make tenders far more competitive and profitability far lesser than were the cases previously. The Group is monitoring the situation closely and will maintain operational and financial prudence amidst a challenging economy. The Group will continue to manage its expenditure, review the business strategy constantly and look for opportunities in a cautious and prudent manner.

During the Review Period, the Group's revenue from blockchain technology development and application business recorded a loss of approximately S\$0.6 million, as compared with a loss of approximately S\$0.7 million for the Last Period. Due to the negative market environment for Bitcoin during the Review Period, the Group strategically maintained a low transaction volume of Bitcoin trading during the Review Period.

The Group's industrial hemp business was not active during the Review Period.

### **FUTURE PROSPECTS**

The Group intends to continue the existing principal businesses. 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.

In May 2022, the Securities and Futures Commission has approved Grandshores Asset Management Limited, a wholly owned subsidiary of the Company, to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities as defined in Schedule 5 to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Group will gradually allocate resources to develop new financial services business, including asset management and other financial services.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### FINANCIAL REVIEW

#### *Revenue*

For the Review Period, the Group recorded a revenue of approximately S\$22.6 million (approximately S\$18.1 million for the Last Period), an increase of approximately S\$4.5 million or approximately 24.8%.

The revenue from the integrated building services increased from approximately S\$16.6 million for the Last Period to approximately S\$17.8 million for the Review Period, an increase of approximately S\$1.2 million or 6.7%. The increase is mainly due to the increase in amount of the integrated building services works performed resulted from a more aggressive pricing strategy implemented by the Group during the Review Period.

Revenue attributable to the building construction works increased approximately S\$3.3 million or approximately 151.3%, from approximately S\$2.2 million for the Last Period to approximately S\$5.5 million for the Review Period, mainly due to more aggressive pricing strategy implemented by the Group with an intention to increase market penetration, more construction jobs were tendered and performed during the Review Period.

The revenue generated from the blockchain technology development and application business for the Review Period was fairly stable if compared with the Last Period. For both periods the Group's transaction volume of Bitcoin trading was low due to the negative market environment for crypto assets.

No revenue was generated from Industrial Hemp business for both the Review period and the Last Period.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### FINANCIAL REVIEW *(Continued)*

#### ***Cost of sales and services***

The Group's cost of sales and services increased from approximately S\$13.2 million for the Last Period to approximately S\$19.7 million for the Review Period, which representing an increase of approximately S\$6.5 million or approximately 49.1%. The increase was mainly driven by the increase in revenue from integrated building service business and building constructions works business.

During the Review Period, the magnitude of increase in the Group's cost of sales and services is higher than the increase in the Group's revenue, which was mainly resulted from the following factors:

- (i) Due to the continued uncertainties in the external environment and negative economic outlook in Singapore and major economies around the world as impacted by Coronavirus Disease 2019 (“**COVID-19**”) make tenders far more competitive and less profitable than prior periods;
- (ii) In order to increase market penetration, the Group implemented an aggressive pricing strategy during the Review Period that sacrifice certain profit margin in short to medium term;
- (iii) the construction labors shortage in Singapore has driven up the direct labour costs and subcontracting charges for the Review Period. The Group also increased the use of subcontractors during the Review Period to meet with the committed projects timeline which further reduced its gross profit margins; and
- (iv) the increase in revenue was mainly contributed from building construction works which the gross margin is traditionally lower than other businesses.



## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### FINANCIAL REVIEW *(Continued)*

#### ***Gross profit and gross profit margin***

The Group's gross profit decreased from approximately S\$4.9 million for the Last Period to approximately S\$2.9 million for the Review Period, a decrease of approximately S\$2.0 million or approximately 40.7%.

The Group's gross profit margin also decreased from 27.1% for the Last Period to approximately 12.9% for the Review Period. Such decrease was mainly due to the increase in cost of sales and services discussed above.

#### ***Other gains and losses***

The Group's other gains and losses changed from loss of approximately S\$197,000 for the Last Period to loss of approximately S\$115,200 for the Review Period. Such change was the net impact of an increase in the recognition of fair value loss on financial assets through profit or loss from approximately S\$0.5 million for the Last Period to approximately S\$2.3 million for the Review Period, which resulted from the decline of global financial market during the Review Period; and an increase in foreign exchange gain on monetary items and cash and cash equivalent from approximately S\$0.3 million for the Last Period to approximately S\$2.1 million for the Review Period, which resulted from the appreciation of Hong Kong dollars and USD against Singapore dollars during the Review Period.

#### ***Administrative expenses***

The Group's administrative expenses increased from approximately S\$4.5 million for the Last Period to approximately S\$5.3 million for the Review Period, an increase of approximately S\$0.8 million or approximately 18.8%. The increase was mainly resulted from the labour shortage in Singapore drove up the salary and foreign worker levy expenses in Singapore. Moreover, more setup and payroll costs were incurred for the Group's newly developed financial service and digital art businesses.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### FINANCIAL REVIEW *(Continued)*

#### ***Finance costs***

The Group's finance costs increased from approximately S\$4,000 for the Last Period to approximately S\$9,000 for the Review Period. This is due to the increase in lease interest as the Group entered into additional dormitory leases during the Review Period.

#### ***Income tax expense***

The Group's income tax expense decreased from approximately S\$295,000 for the Last Period to approximately S\$85,000 for the Review Period, a decrease of approximately S\$210,000 or approximately 71.3% which is due to the decrease in taxable profit.

#### ***(Loss)/profit attributable to owners of the Company***

The Group's (loss)/profit attributable to owners of the Company changed from profit of approximately S\$394,000 for the Last Period to loss of approximately S\$2,340,000 for the Review Period. The change was mainly due to the decrease in gross profit and the increase in fair value loss on financial assets as discussed above.

#### ***Interim dividend***

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2022 (Six months ended 30 September 2021: Nil).

#### ***Liquidity and financial resources***

The Group maintained a healthy financial position during the Review Period. As at 30 September 2022, the Group had total bank balances and cash of approximately S\$28.8 million (31 March 2022: approximately S\$32.4 million). The current ratio of the Group as at 30 September 2022 was approximately 10.3 times (31 March 2022: approximately 6.8 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 2022, the Group had S\$nil (31 March 2022: S\$nil) of pledged bank deposits for corresponding amounts of performance guarantees issued in favour of customers.

### **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 Review Period, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk. The Group recorded a foreign exchange gain of approximately S\$2.1 million for the Review Period (gain of approximately S\$333,000 for the Last Period).

### **CAPITAL STRUCTURE**

As at 30 September 2022, the share capital and equity attributable to the owners of the Company amounted to approximately S\$2.1 million and S\$61.0 million respectively (31 March 2022: approximately S\$2.0 million and S\$61.9 million respectively).

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES AND JOINT VENTURES

On 27 May 2022, Grandshores Technology (Hong Kong) Limited (“**GS (HK)**”), a wholly owned subsidiary of the Company, and Lion Wealth Management Limited (“**Lion WM**”), agreed to increase their capital contribution in Aquarius II Sponsor Ltd. (“**Aquarius**”) by subscription of 49 and 51 new ordinary shares with no par value in the issued share capital of Aquarius for an aggregate subscription price of US\$1,592,500 and US\$1,657,500, respectively (the “**Capital Increase**”). Aquarius is an associate of the Company and is owned as to 49% and 51% by GS (HK) and Lion WM, respectively, since its incorporation. Upon completion of the Capital Increase, the Group will continue to hold 49% of the issued shares of Aquarius and will continue to account for its interest in Aquarius as an associate. For details, please refer to the announcement of the Company dated 27 May 2022.

### EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2022, the Group employed a total of 292 full-time employees (including executive Director), as compared to 246 full-time employees as at 31 March 2022. 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.

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

### **CONTINGENT LIABILITIES**

As at 30 September 2022, the Group had no material contingent liabilities.

### **SIGNIFICANT INVESTMENTS HELD**

The Group did not have any significant investments with a market value that account for 5% or more of the Group's total assets as at the end of the Review Period and the year ended 31 March 2022.

### **USE OF PROCEEDS FROM LISTING**

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

The net proceeds from the Listing, after deducting listing related expenses, were approximately S\$21.6 million (equivalent to approximately HK\$124.1 million), out of which approximately S\$12.9 million has been utilised as at 30 September 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### USE OF PROCEEDS FROM LISTING (Continued)

Business objectives	Net proceeds S\$'000	Amount	Balance as at	Amount	Amount	Balance	Expected timeline of full utilisation of the unutilised proceeds
		utilised as at 1 April 2022 S\$'000	1 April 2022 S\$'000	utilised during the period 30 September 2022 S\$'000	utilised as at 30 September 2022 S\$'000	as at 30 September 2022 S\$'000	
Various investments in manpower and plant and equipment for expanding the scale of operation and undertake more integrated building services projects in Singapore	12,475	5,270	7,205	953	6,223	6,252	By the end of financial year ending 31 March 2023
Various investments in manpower and plant and equipment for expanding the in-house capabilities and reducing the use of subcontractors in relation to plumbing and sanitary works, electrical works and air-conditioning works	6,971	4,187	2,784	362	4,549	2,422	By the end of financial year ending 31 March 2023
Working capital	2,137	2,137	—	—	2,137	—	Fully utilised
	21,583	11,594	9,989	1,315	12,909	8,674	

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### USE OF PROCEEDS FROM SUBSCRIPTION OF 100,000,000 NEW SHARES ON 30 MAY 2022 UNDER GENERAL MANDATE

On 30 May 2022, a total of 100,000,000 new ordinary shares were allotted and issued by the Company to Mr. Liu Zihao (“**Mr. Liu**”) under general mandate (the “**Subscription Shares**”) pursuant to a subscription agreement dated 25 April 2022 (the “**Subscription Agreement**”) at the subscription price of HK\$0.1438 per subscription share (the “**Subscription**”).

The subscription price of HK\$0.1438 per subscription share represents:

- (i) a discount of approximately 4.13% to the closing price of HK\$0.150 per share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 11.00% to the average closing price of approximately HK\$0.1634 per share as quoted on the Stock Exchange for the last five (5) trading days immediately preceding the date of the Subscription Agreement; and
- (iii) a discount of approximately 13.43% to the average closing price of approximately HK\$0.1661 per share as quoted on the Stock Exchange for the last ten (10) trading days immediately preceding the date of the Subscription Agreement.

The Directors are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole and the allotment and issue of the Subscription Shares is an appropriate means of raising additional capital for the business operations of the Group since it will provide the Company with immediate funding. Furthermore, Mr. Liu’s experience and network in PRC capital market will be beneficial to Group to explore various investment and financing opportunities in PRC.

**MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)***USE OF PROCEEDS FROM SUBSCRIPTION OF 100,000,000 NEW SHARES ON 30 MAY 2022 UNDER GENERAL MANDATE** *(Continued)*

The gross proceeds from the Subscription is approximately HK\$14.38 million. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$14.30 million. The net subscription price per Subscription Share, after deduction of relevant expenses, is estimated to be approximately HK\$0.143 per Subscription Share. The Company intends to apply the net proceeds from the Subscription as follows:

1. as to HK\$6 million for expanding the scope of the Group's blockchain technology development and application business, including but not limited to system development, marketing and promotion of digital art museum platform using virtual reality and blockchain technologies;
2. as to HK\$2.3 million for developing new financial services business which includes asset management as well as other financial services; and
3. as to HK\$6 million as general working capital to finance the operating costs of the Group's head office in Hong Kong.

The par value of each ordinary share is HK\$0.01. The aggregate nominal value of the Subscription Shares is HK\$1,000,000.

Further details of the Subscription are set out in the announcement of the Company dated 25 April 2022 and 30 May 2022.

The net proceeds from the Subscription, after deducting legal expenses, were approximately S\$2.5 million (equivalent to approximately HK\$14.3 million), out of which S\$1.5 million has been utilized as at 30 September 2022.



**MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)***USE OF PROCEEDS FROM SUBSCRIPTION OF 100,000,000 NEW SHARES ON 30 MAY 2022 UNDER GENERAL MANDATE** *(Continued)*

Details of the use of the proceeds from the Subscription are set as below:

Business objective	Net proceeds S\$'000	Amount utilised during the Review Period 2022	Amount utilised as at 30 September 2022	Balance as at 30 September 2022	Expected timeline of full utilisation of the unutilised proceeds
		S\$'000	S\$'000	S\$'000	
Expanding blockchain technology development and application business	1,064	433	433	631	By the end of the financial year ending 31 March 2025
Developing new financial services business	409	47	47	362	By the end of the financial year ending 31 March 2025
Working capital	1,064	1,064	1,064	—	Fully utilised
	2,537	1,544	1,544	993	

**EVENTS AFTER THE REPORTING PERIOD**

- (a) On 3 October 2022, Grand Shores Blockchain Group Limited (“**GS Blockchain**”), a wholly owned subsidiary of the Company, and Ms. Zhou Hongmei (“**Ms. Zhou**”) entered into an agreement, under which GS Blockchain as purchaser has conditionally agreed to acquire, and Ms. Zhou as vendor has conditionally agreed to sell 40% of the total issued share capital of Grandshores Creative Technology Limited (“**GS Creative**”), a 60% owned subsidiary of the Company for a consideration of HK\$6,050,000. Upon Completion, GS Creative will become a wholly owned subsidiary of the Company. For details, please refer to the announcement of the Company dated 3 October 2022.
- (b) Subsequent to the six months ended 30 September 2022 and up to the approval date of these financial statements, the market price of Bitcoin has been decreased to approximately US\$17,000 resulting to fair value loss on digital assets inventories of approximately US\$45,000 (equivalent to approximately S\$63,000).

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2022, 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	366,175,000 (Note 1)	30.64%

Note:

- (1) As at 30 September 2022, 365,175,000 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, 1,000,000 shares were personally owned by Mr. Yao.

#### 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.

Save as disclosed above, as at 30 September 2022, 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.

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

As at 30 September 2022, the interests and short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

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

Name	Capacity/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	365,175,000 <i>(Note 1)</i>	30.56%
Great Scenery Ventures Limited ("Great Scenery") <i>(Note 3)</i>	Through a controlled corporation	365,175,000 <i>(Note 1)</i>	30.56%
Emperor Grand International Limited ("Emperor Grand") <i>(Note 4)</i>	Through a controlled corporation	365,175,000 <i>(Note 1)</i>	30.56%
Mr. Zhu Guangping ("Mr. Zhu") <i>(Note 4)</i>	Through a controlled corporation	365,175,000 <i>(Note 1)</i>	30.56%

## 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)*

Name	Capacity/Nature of interest	Number of Shares held	Percentage of the Company's total issued share capital
<i>Other persons</i>			
Mr. Liu Zihao	Directly beneficially owned	100,000,000	8.37%
Mr. Leung Shek Kong	Directly beneficially owned	66,665,000	5.58%
Lion Brokers Limited ("Lion Brokers")	Directly beneficially owned	64,500,000 <i>(Note 2)</i>	5.40%
Lion Financial Group Limited ("Lion Financial") <i>(Note 5)</i>	Through a controlled corporation	64,500,000 <i>(Note 2)</i>	5.40%
Lion Group Holding Ltd. ("Lion Group") <i>(Note 5)</i>	Through a controlled corporation	64,500,000 <i>(Note 2)</i>	5.40%
Mr. Wang Jian ("Mr. Wang") <i>(Note 5)</i>	Through a controlled corporation	64,500,000 <i>(Note 2)</i>	5.40%

## **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 365,175,000 shares of the Company represents the same block of shares.
- (2) The shareholding interests of 64,500,000 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) Lion Financial's deemed shareholding interests were held by virtue of its 100% shareholding interests in Lion Brokers. Lion Group's deemed shareholding interest were held by virtue of its 100% shareholding in Lion Financial. Lion Group is 67.9% beneficially owned by Mr Wang.

Save as disclosed above, as at 30 September 2022, 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 2022, no share options were granted, 4,000,000 share options were lapsed and no share options were exercised under the share option scheme.

At 30 September 2021, 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 2022 was HK\$0.069) granted for a consideration of S\$1 under the Share Option Scheme:

Date granted	No. of options outstanding as at 1 April 2022	No. of option lapsed during the period	No. of option outstanding as at 30 September 2022	Period which options are exercisable	Exercise price per share	Market value of share at date of grant of options	
						HK\$	HK\$
<b>Director</b>							
Ms Lu Xuwen	23 August 2018	1,000,000	1,000,000	—	50% of share options: 23 August 2019 to 22 August 2022  50% of share options: 23 August 2020 to 22 August 2022	1.20	1.20



## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

## SHARE OPTION SCHEME (Continued)

	Date granted	No. of options outstanding as at 1 April 2022	No. of option lapsed during the period	No. of option outstanding as at 30 September 2022	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	—	50% of share options: 23 August 2019 to 22 August 2022	1.20	1.20
					50% of share options: 23 August 2020 to 22 August 2022		
	16 May 2019	1,500,000	—	1,500,000	50% of share options: 16 May 2020 to 15 May 2023	1.17	1.17
					50% of share options: 16 May 2021 to 15 May 2023		

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

## SHARE OPTION SCHEME (Continued)

		No. of options outstanding as at 1 April 2022	No. of option lapsed during the period	No. of option outstanding as at 30 September 2022	Period which options are exercisable	Exercise price per share	Market value of share at date of grant of options
Date granted						HK\$	HK\$
<b>Consultants (Note 1)</b>							
Mr Chan Kam Kwan	23 August 2018	2,000,000	2,000,000	—	50% of share options: 23 August 2019 to 22 August 2022  50% of share options: 23 August 2020 to 22 August 2022	1.20	1.20
Ms Peng Cheng	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

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

## SHARE OPTION SCHEME (Continued)

Date granted	No. of options outstanding as at 1 April 2022	No. of option lapsed during the period	No. of option outstanding as at 30 September 2022	Period which options are exercisable	Exercise price per share	Market value of share at date of grant of options
					HK\$	HK\$

## Consultants (Note 1)

Ms Ma Jingping	16 May 2019	10,000,000	—	10,000,000	50% of share options: 16 May 2020 to 15 May 2023	1.17	1.17
Ms Gao Ya		10,000,000	—	10,000,000			
Ms Lin Yanxi		1,000,000	—	1,000,000			
Ms Wang Tingting		1,000,000	—	1,000,000			
Mr Hong Jiangxin		1,000,000	—	1,000,000	50% of share options: 16 May 2021 to 15 May 2023		
Mr Chen Ye		1,000,000	—	1,000,000			

## Note:

- (1) The Group engaged these consultants for providing advice on its business projects and investor relations matters. The share options are granted to these consultants as services fees. The Board considers that the grant of share options to these consultants provides motivations and incentives for them to contribute to the success and development of the Group.

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

### **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 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

Code provision C.2.1 of the CG Code stipulates that the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual.

During the Review Period, the role of the Chairman of the Board is performed by Mr. Yao Yongjie, while the office of the Chief Executive Officer of the Company is vacated following the resignation of Mr. Li Wei on 23 July 2021. The Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post of the Chief Executive Officer as appropriate.

To the best knowledge of the Board, the Company has complied with the CG code for the Review Period, save for the deviation from code provision C.2.1 as disclosed above.

### **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 Review Period.

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

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

For the Review Period, 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 2022