

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

## Grandshores Technology Group Limited

### 雄岸科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1647)

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Grandshores Technology Group Limited (the “**Company**”) is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2021 (the “**Review Year**”), together with the comparative figures for the corresponding year ended 31 March 2020.

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

For the financial year ended 31 March 2021

	<i>Notes</i>	2021 S\$	2020 S\$
<b>Revenue</b>	4	<b>49,149,302</b>	46,611,664
Cost of sales and services		<b>(27,381,933)</b>	(33,834,055)
<b>Gross profit</b>		<b>21,767,369</b>	12,777,609
Other income		<b>1,225,844</b>	1,455,166
Other gains and losses		<b>(950,619)</b>	395,870
Selling expenses		<b>(79,942)</b>	(214,392)
Administrative expenses		<b>(12,843,119)</b>	(13,713,056)
Finance costs	5	<b>(30,689)</b>	(84,778)
Share of loss of an associate		<b>(3,655)</b>	(84,128)
<b>Profit before taxation</b>	6	<b>9,085,189</b>	532,291
Income tax expense	7	<b>(2,083,834)</b>	(970,688)
<b>Profit/(loss) for the year</b>		<b>7,001,355</b>	(438,397)

	<i>Notes</i>	<b>2021</b> <b>S\$</b>	2020 S\$
<b>Other comprehensive income/(loss) for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
<i>Exchange differences on translation of foreign operations</i>		<b>589,933</b>	(532,224)
<i>Release of translation reserve upon disposal of a subsidiary</i>		<b>37,491</b>	—
<i>Items that will not be reclassified to profit or loss:</i>			
<i>Equity investment at FVOCI</i>			
— net movement in investment revaluation reserve (non-recycling)		—	(1,310,180)
Other comprehensive income/(loss) for the year		<b>627,424</b>	(1,842,404)
<b>Total comprehensive income/(loss) for the year</b>		<b><u>7,628,779</u></b>	<b><u>(2,280,801)</u></b>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		<b>5,276,960</b>	(900,568)
Non-controlling interests		<b>1,724,395</b>	462,171
		<b><u>7,001,355</u></b>	<b><u>(438,397)</u></b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company		<b>6,037,729</b>	(2,742,972)
Non-controlling interests		<b>1,591,050</b>	462,171
		<b><u>7,628,779</u></b>	<b><u>(2,280,801)</u></b>
<b>Basic and diluted earnings/(loss) per share (S cents)</b>	<b>9</b>	<b><u>0.51</u></b>	<b><u>(0.09)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 S\$	2020 S\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		7,407,434	8,739,130
Interests in associates		737,781	727,365
Finance lease receivable	10	1,467,879	—
Equity Investments at FVOCI		207,230	—
Financial assets at fair value through profit or loss		597,688	729,514
Loan receivables		75,878	80,465
		<u>10,493,890</u>	<u>10,276,474</u>
<b>Current assets</b>			
Inventories		2,570,484	4,412,467
Trade receivables	11	9,681,659	12,059,231
Finance lease receivable	10	956,266	—
Other receivables, deposits and prepayments		27,672,661	10,986,764
Amounts due from related companies		746,604	773,514
Tax refundable		—	99,613
Financial assets at fair value through profit or loss		1,163,662	484,458
Pledged bank deposits		786,008	1,499,901
Bank balances and cash		21,698,546	25,518,479
		<u>65,275,890</u>	<u>55,834,427</u>
<b>Current liabilities</b>			
Trade and other payables	12	8,111,258	8,363,480
Amount due to a related company		508,600	—
Borrowings		—	2,621,672
Lease liabilities		268,603	355,404
Income tax payable		2,085,042	980,220
		<u>10,973,503</u>	<u>12,320,776</u>
<b>Net current assets</b>		<u>54,302,387</u>	<u>43,513,651</u>

	2021 S\$	2020 S\$
<b>Total assets less current liabilities</b>	<b>64,796,277</b>	<b>53,790,125</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	205,701	205,701
Lease liabilities	128,100	74,751
	<b>333,801</b>	<b>280,452</b>
<b>Net assets</b>	<b>64,462,476</b>	<b>53,509,673</b>
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	1,966,310	1,853,341
Reserves	60,360,426	49,041,832
<b>Equity attributable to owners of the Company</b>	<b>62,326,736</b>	<b>50,895,173</b>
Non-controlling interests	2,135,740	2,614,500
<b>Total equity</b>	<b>64,462,476</b>	<b>53,509,673</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

## 1 GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 18 May 2016 and its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “**Companies Ordinance**”) on 13 June 2016 and the principal place of business in Hong Kong registered is Unit 1503, 15/F., Greenfield Tower, Concordia Plaza, No.1 Science Museum Road, Kowloon. The principal place of business in Singapore is at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 30 March 2017.

The Company is an investment holding company and the principal activities of its operating subsidiaries are providing integrated building services, with a focus on maintenance and/or installations of mechanical and electrical systems and including minor repairs and improvement works, and undertaking building and construction works in Singapore. The Group is also engaging in blockchain technology development and application business and industrial hemp business.

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

## 2 BASIS OF PREPARATION

The audited consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board (the “**IASB**”). In addition, the audited 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 NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

### a) New and Amendments to IFRSs that are mandatorily effective for the current year

During the year, the Group adopted the following new and amended standards which are relevant to the Group’s operation and are mandatory for the year ended 31 March 2021.

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The application of the new and amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## b) New and amendments to IFRSs in issue but not yet effective

A number of new standards and amendments and interpretations are effective for annual periods beginning after 1 April 2021 and have not been early adopted in preparing the consolidated financial statements for the year ended 31 March 2021.

IFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to IFRS 16	Covid-19-Related Rent Concessions <sup>4</sup>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2 <sup>5</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to IAS 16	Property, Plant and Equipment — proceeds before Intended Use <sup>2</sup>
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>2</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021

The Group's management assessed that there are no new standards, amendments to standards and framework that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 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 Director, 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 or loss for the year as a whole. No analysis of the Group's result, assets and liabilities is regularly provided to CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 “Operating Segments”.

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

	<b>Year ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Revenue from contracts with customers with the scope of IFRS 15		
Integrated Building Services	<b>31,924,774</b>	35,609,800
Building Construction Works	<b>3,658,670</b>	7,391,795
Industrial Hemp	—	92,480
	<u><b>35,583,444</b></u>	<u>43,094,075</u>
Income from other sources		
Blockchain Technology Development and Application	<b>13,565,858</b>	3,517,589
	<u><b>49,149,302</b></u>	<u>46,611,664</u>

### **Information about major customers**

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

	<b>Year ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Customer A	<b>8,131,611</b>	5,084,335
Customer B	<b>5,410,723</b>	4,953,131
Customer C	<i>note b</i>	11,327,698
Customer D	<i>note b</i>	4,859,395
	<u><b>—</b></u>	<u><b>—</b></u>

*Notes:*

- (a) For the years ended 31 March 2021 and 2020, revenue from customers A, B, and C is generated from provision of integrated building services and revenue from customer D is generated from provision of building construction works.
- (b) The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## Geographical information

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

	Year ended 31 March	
	2021 S\$	2020 S\$
<b>Revenue from external customers</b>		
Singapore	35,583,444	43,001,595
People's Republic of China ("PRC")	—	92,480
	<u>35,583,444</u>	<u>43,094,075</u>
<b>Income from external customers</b>		
Hong Kong	13,565,858	3,468,804
Canada	—	48,785
	<u>49,149,302</u>	<u>46,611,664</u>
	As at 31 March	
	2021 S\$	2020 S\$
<b>Non-current assets</b>		
Singapore	7,231,336	7,730,115
Hong Kong	913,879	999,428
Canada	—	625,785
PRC	—	2,760
	<u>8,145,215</u>	<u>9,358,088</u>

## Disaggregation of revenue

Revenue from contracts with customers within the scope of IFRS 15 is further analysed as follow:

	Integrated Building Services		Building Construction Works		Industrial Hemp		Total	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Disaggregated by timing of revenue recognition								
At a point in time	—	—	—	—	—	92,480	—	92,480
Over time	31,924,774	35,609,800	3,658,670	7,391,795	—	—	35,583,444	43,001,595
	<u>31,924,774</u>	<u>35,609,800</u>	<u>3,658,670</u>	<u>7,391,795</u>	<u>—</u>	<u>92,480</u>	<u>35,583,444</u>	<u>43,094,075</u>

## 5 FINANCE COSTS

	Year ended 31 March	
	2021	2020
	S\$	S\$
Interest on bank borrowings	19,431	65,468
Interest on lease liabilities	11,258	19,310
	<u>30,689</u>	<u>84,778</u>

## 6 PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	Year ended 31 March	
	2021	2020
	S\$	S\$
Depreciation of property, plant and equipment	980,636	979,611
Depreciation of right-of-use assets	458,049	779,272
Loss on termination of a lease arrangement	2,242	—
Lease payments not included in the measurement of lease liabilities	—	70,080
Equity-settled share-based payment to consultants	596,959	1,165,802
Impairment loss of a deposit	737,428	150,804
Provision for impairment loss of amount due from a related company	—	150,804
Provision for impairment loss of finance lease receivable	52,500	—
Audit fees paid to auditors of the Company:		
— Annual audit fees	227,262	229,915
Directors' remuneration	2,072,340	1,894,083
Other staff costs		
— Equity-settled share-based payment	46,050	111,658
— Salaries and other benefits	7,101,410	8,021,476
— Contributions to retirement benefit scheme	339,864	354,285
Total staff costs	<u>9,559,664</u>	<u>10,381,502</u>
Cost of inventories recognised as cost of sales and services	6,711,957	7,766,383
Subcontractor costs recognised as cost of sales and services	<u>17,663,727</u>	<u>21,837,622</u>

## 7 INCOME TAX EXPENSE

	Year ended 31 March	
	2021	2020
	S\$	S\$
Tax expense/(credit) comprises:		
Current tax		
— Singapore corporate income tax (“CIT”)	1,050,261	804,393
— Hong Kong profits tax	1,013,315	293,299
Under/(over) provision in respect of prior year	20,258	(96,270)
Deferred tax	—	(30,734)
	<u>2,083,834</u>	<u>970,688</u>

## 8 DIVIDENDS

No dividend has been declared by the Company during the year or subsequent to the year ended 31 March 2021 (2020: Nil).

## 9 EARNINGS/(LOSS) PER SHARE

	Year ended 31 March	
	2021	2020
Profit/(loss) attributable to the owners of the Company (S\$)	<u>5,276,960</u>	<u>(900,568)</u>
Weighted average number of ordinary shares in issue ( <i>number of shares</i> )	1,031,423,562	1,032,499,479
Basic and diluted earnings/(loss) per share ( <i>S cents</i> )	<u>0.51</u>	<u>(0.09)</u>

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the year attributable to owners of the Company and the weighted average number of shares in issue.

For the year ended 31 March 2021, the computation of diluted earnings per share does not assume the exercise of the Company’s outstanding share options since their exercise price is higher than the average market price of the Company’s share for the year. Accordingly, the basic and diluted earnings per share are the same. (2020: No adjustment has been made to the basic loss per share amount presented for the year ended 31 March 2020 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.)

## 10 FINANCE LEASE RECEIVABLE

	Minimum lease payments receivable		Present value of minimum lease payments receivable	
	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Finance lease receivable comprises:				
Within 1 year	1,160,306	—	1,008,766	—
After 1 year but within 3 years	1,547,074	—	1,467,879	—
	<u>2,707,380</u>		<u>2,476,645</u>	
Less: Unearned finance lease income	(230,735)	—	—	—
	<u>2,476,645</u>	—	<u>2,476,645</u>	—
Less: Provision for impairment loss	(52,500)	—	(52,500)	—
	<u>2,424,145</u>	<u>—</u>	<u>2,424,145</u>	<u>—</u>
Present value of minimum lease payments receivable				
			2021 S\$	2020 S\$
Representing:				
Current			956,266	—
Non-current			1,467,879	—
			<u>2,424,145</u>	<u>—</u>
Effective interest rate Finance lease receivable			7.5%	—
			<u>7.5%</u>	<u>—</u>

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

	2021 S\$	2020 S\$
Not past due	<u>2,424,145</u>	<u>—</u>

Finance lease receivable is secured by lease assets. 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.

The movements in the provision for impairment loss of finance lease receivable is as follows:

	<b>2021</b>
	<b>S\$</b>
<b>At beginning of year</b>	—
Provision for impairment loss	<u>52,500</u>
<b>At end of year</b>	<u><u>52,500</u></u>

## 11 TRADE RECEIVABLES

	<b>As at 31 March</b>	
	<b>2021</b>	2020
	<b>S\$</b>	S\$
Billed trade receivables	<b>8,222,562</b>	10,665,213
Unbilled trade receivables ( <i>note a</i> )	<b>1,459,097</b>	1,394,018
	<u><b>9,681,659</b></u>	<u>12,059,231</u>

*Note:*

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

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

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

	<b>As at 31 March</b>	
	<b>2021</b>	2020
	<b>S\$</b>	S\$
Within 90 days	<b>7,359,036</b>	9,651,054
91 days to 180 days	<b>672,807</b>	381,663
181 days to 365 days	<b>97,562</b>	488,121
Over 1 year but not more than 2 years	<b>48,195</b>	109,545
More than 2 years	<b>44,962</b>	34,830
	<u><b>8,222,562</b></u>	<u>10,665,213</u>

## 12 TRADE AND OTHER PAYABLES

	As at 31 March	
	2021	2020
	S\$	S\$
Trade payables	5,593,779	3,428,930
Trade accruals	1,151,447	2,209,943
	<hr/>	<hr/>
	6,745,226	5,638,873
Accrued operating expenses	768,232	1,980,715
Other payables		
GST payable	455,374	561,403
Others	142,426	182,489
	<hr/>	<hr/>
	8,111,258	8,363,480
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 31 March	
	2021	2020
	S\$	S\$
Within 90 days	3,030,069	2,708,877
91 to 180 days	1,805,252	276,583
181 days to 365 days	612,932	162,116
Over 1 year but not more than 2 years	94,668	270,723
Over 2 years	50,858	10,631
	<hr/>	<hr/>
	5,593,779	3,428,930
	<hr/> <hr/>	<hr/> <hr/>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Outlook

The Group's revenue for the year ended 31 March 2021 was approximately S\$49.1 million (31 March 2020: approximately S\$46.6 million). The Group's gross profit increased from approximately S\$12.8 million for the year ended 31 March 2020 to approximately S\$21.8 million for the year ended 31 March 2021, while the Group's gross profit margin increased from 27.5% for the year ended 31 March 2020 to 44.4% for the year ended 31 March 2021.

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 resuming integrated building services and building construction works at project sites in compliance with all existing social distancing measures and regulations.

According to Singapore Building and Construction Authority ("**BCA**"), the total construction demand in 2021 is projected to recover to between S\$23 billion and S\$28 billion. This is up from 2020's demand of S\$21.3 billion based on preliminary estimates, due to the ongoing COVID-19 pandemic. Public sector projects are also expected to drive this year's demand — to between S\$15 billion and S\$18 billion, with an anticipated stronger demand for public housing and infrastructure projects. Meanwhile, private sector construction demand is projected to be between S\$8 billion and S\$10 billion in 2021.

In the medium term, BCA expects a steady improvement in construction demand. Demand is projected to reach between S\$25 billion and S\$32 billion per year from 2022 to 2025. Similarly, the public sector is expected to lead the demand and contribute some S\$14-18 billion per year from 2022 to 2025, with similar proportions of demand coming from building projects and civil engineering works. Meanwhile, private sector construction demand is also expected to improve steadily in the same period, to reach between S\$11 billion and S\$14 billion per year. This is in anticipation of a gradual recovery of the global economy, contingent on the successful deployment and effectiveness of COVID-19 treatment and vaccines as well as easing of lockdown restrictions.

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.

During the Review Year, the Group's blockchain technology development and application business expanded and grown rapidly, with revenue increased by approximately 288.6%, from approximately S\$3.5 million for the year ended 31 March 2020 to S\$13.6 million for the year ended 31 March 2021. 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\$59,000 at the end of March 2021.

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

## **Future Prospect**

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 recorded an impressive growth during the current Review Year. 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.

## **Financial Review**

### ***Revenue***

For the year ended 31 March 2021, the Group recorded a revenue of approximately S\$49.1 million (31 March 2020: approximately S\$46.6 million), an increase of approximately S\$2.5 million or 5.4%.

Revenue from integrated building services dropped from approximately S\$35.6 million for the year ended 31 March 2020 to approximately S\$31.9 million for the year ended 31 March 2021, a decrease of approximately S\$3.7 million. The decrease in revenue from the integrated building services was 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 by approximately S\$3.7 million or 50.0%, from S\$7.4 million for the year ended 31 March 2020 to approximately S\$3.7 million for the year ended 31 March 2021, mainly due to lesser construction activities performed as a result of the Circuit Breaker measures being imposed by Singapore Government during the Review Year.

The decreases in revenue in integrated building services and building construction works were offset by the increase in revenue generated from the blockchain technology development and application business of approximately S\$10.1 million, increased from approximately S\$3.5 million for the year ended 31 March 2020 to approximately S\$13.6 million for the year ended 31 March 2021. The increase is mainly because the Group receives Bitcoin from its daily operation and has benefited from the rise in price of Bitcoin during the Review Year, which resulted in a higher recorded sales revenue.

### ***Costs of Sales and Services***

The Group's cost of sales and services decreased from approximately S\$33.8 million for the year ended 31 March 2020 to approximately S\$27.4 million for the year ended 31 March 2021, representing a decrease of approximately S\$6.4 million or 18.9%, which was mainly due to the decrease in revenue from integrated building services and building construction work as discussed above. Even though the revenue from blockchain technology development and application business increased substantially, the business has high gross profit margin and did not give rise to a significant increase in cost of sales and services.

### ***Gross Profit and Gross Profit Margin***

The Group's gross profit increased from approximately S\$12.8 million for the year ended 31 March 2020 to approximately S\$21.8 million for the year ended 31 March 2021, an increase of approximately S\$9.0 million or 70.3%. Such increase was mainly due to the increase in revenue and decrease in costs of sales and services discussed above.

The Group's gross profit margin increased from 27.5% for the year ended 31 March 2020 to 44.4% for the year ended 31 March 2021. The increase was mainly due to the increase in revenue contribution from blockchain technology development and application business from approximately S\$3.5 million for the year ended 31 March 2020 to approximately S\$13.6 million for the year ended 31 March 2021. Gross profit margin for blockchain technology development and application business is higher than the gross profit margin for integrated building services and building construction works, resulted in the Group's higher gross profit margin.

### ***Other income***

Other income decreased from approximately S\$1.5 million for the year ended 31 March 2020 to approximately S\$1.2 million for the year ended 31 March 2021, a decrease of approximately S\$0.3 million. Such decrease was mainly due to the decrease in commission income in introducing customers to use internet data centres of telecommunications service provider due to expiry of contracts, from approximately S\$1.1 million for the year ended 31 March 2020 to approximately S\$74,000 for the year ended 31 March 2021. The decrease was partly offset by the increase in government grant from approximately S\$75,000 for the year ended 31 March 2020 to approximately S\$378,000 for the year ended 31 March 2021 which is mainly due to the Covid-Safe Firm-Based and Project-Based supports in Singapore, amounting to approximately S\$210,000 and the Employment Support Scheme in Hong Kong amounting to approximately S\$58,000.

### ***Other Gains and Losses***

The Group's other gains and losses changed significantly from gain of approximately S\$396,000 for the year ended 31 March 2020 to loss of approximately S\$951,000 for the year ended 31 March 2021. The recognition of foreign exchange loss was approximately S\$1.4 million (31 March 2020: gain of approximately S\$1.3 million) for the monetary items and cash and cash equivalent denominated in Hong Kong dollars as Hong Kong dollars depreciate against Singapore dollars for the year ended 31 March 2021. The loss was offset by the disposal gain of equity investment of approximately S\$747,000 (31 March 2020: Nil).

### ***Administrative Expenses***

The Group's administrative expenses decreased from approximately S\$13.7 million for the year ended 31 March 2020 to approximately S\$12.8 million for the year ended 31 March 2021, a decrease of approximately S\$0.9 million or 6.6%. 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 Review Year dropped significantly.

### ***Finance Costs***

The Group's finance costs decreased from approximately S\$85,000 for the year ended 31 March 2020 to approximately S\$31,000 for the year ended 31 March 2021. The interest on bank loan decreased from approximately S\$65,000 for the year ended 31 March 2020 to approximately S\$19,000 for the year ended 31 March 2021. The decrease was due to the partial principal prepayment of S\$2,000,000 being made to the outstanding property loan and the conversion of interest rate in June 2020. Lease interest also reduced from S\$19,000 for the year ended 31 March 2020 to S\$11,000 for the year ended 31 March 2021.

### ***Income Tax Expense***

The Group's income tax expense increased from approximately S\$971,000 for the year ended 31 March 2020 to approximately S\$2.1 million for the year ended 31 March 2021, an increase of approximately S\$1.1 million due to the increase in profit before taxation.

### ***Profit/(loss) Attributable to Owners of the Company***

The Group's profit/(loss) attributable to owners of the company changed from loss of approximately S\$901,000 for the year ended 31 March 2020 to profit of approximately S\$5.3 million for the year ended 31 March 2021. This is mainly due to the increase in revenue and decrease in administrative expenses as discussed above.

### **Contingent Liabilities**

As at 31 March 2021, the Group had no material contingent liabilities.

### **Final Dividend**

The Directors do not recommend the payment of final dividend for the year ended 31 March 2021 (31 March 2020: Nil).

### **Liquidity and Financial Resources**

The Group maintained a healthy financial position during the year ended 31 March 2021. As at 31 March 2021, the Group had total bank balances and cash of approximately S\$21.7 million (31 March 2020: approximately S\$25.5 million). The interest-bearing loans of the Group were fully repaid as at 31 March 2021 (31 March 2020: approximately S\$2.6 million), and current ratio of the Group as at 31 March 2021 was approximately 5.9 times (31 March 2020: approximately 4.5 times).

### **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 currencies other than Singapore dollars. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in currencies other than Singapore dollars. During the year ended 31 March 2021, 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\$1.4 million for the year ended 31 March 2021 (31 March 2020: gain of approximately S\$1.3 million).

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

- (a) 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. 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.
- (b) 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.
- (c) On 6 November 2020, HZGS Weicheng and Mr. Du Zijian (“**Mr. Du**”) entered into a co-operation framework agreement to set up a joint venture company in the PRC. 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. For details, please refer the Company’s announcement dated 6 November 2020.
- (d) On 18 December 2020, the Company entered into the Share Purchase Agreement with an individual (“**the Purchaser I**”) pursuant to which the Company has conditionally agreed to dispose of the entire issued share capital of Innovation Plus Investments Limited (“**Innovation Plus**”) to the Purchaser I at the consideration of S\$2,100,000. Innovation Plus and its subsidiary is principally engaged in provision of integrated building services to small and medium size customers in Singapore. For details, please refer to the Company’s announcement dated 18 December 2020.
- (e) On 4 January 2021, HZGS Weicheng entered into an equity transfer agreement (the “**Agreement**”) with Hangzhou Tunlan Investment Management Co., Ltd.\* (杭州瞰瀾投資管理有限公司) (“**Tunlan Investment**”) in respect of the acquisition of 51% equity interest in Hangzhou Grandshores Investment Management Co., Ltd.\* (杭州雄岸投資管理有限公司) at a consideration of RMB256,000. Mr. Yao Yongjie (“**Mr. Yao**”), the chairman of the Board and an executive Director that owns 51% equity interest in the controlling shareholder of the Company, is the ultimate beneficial owner that owns approximately 49.04% equity interest in Tunlan Investment. Except for Mr. Yao, none of Tunlan Investment’s shareholders has a shareholding interest in Tunlan Investment of more than 25%. For details, please refer to the Company’s announcement dated 4 January 2021.

\* for identification purposes only

## **Employees and Remuneration Policy**

As at 31 March 2021, the Group employed a total of 257 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.

## **Events After the Reporting Period**

Subsequent to the year ended 31 March 2021 and up to the approval date of these financial statements, the market price of Bitcoin has been decreased to approximately US\$34,580 resulting to fair value loss on digital assets inventories of approximately US\$744,000 (equivalent to approximately S\$999,000).

## **Compliance with the Corporate Governance Code**

The Group is committed to maintaining good corporate governance to safeguard the interest of shareholders and to achieve effective accountability. The Company has adopted the corporate governance code (the "CG code") contained in Appendix 14 of the Listing Rules. To the best of the knowledge of the Board, the Company has complied with the CG code for the year ended 31 March 2021.

## **Purchase, Sales or Redemption of the Company's Securities**

During the year ended 31 March 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

## **Review of Annual Results by the Audit Committee**

The consolidated financial results of the Group for the year ended 31 March 2021 has been reviewed by the Audit Committee of the Company.

## **Extract from Independent Auditor’s Report**

The following is an extract of the independent auditor’s report on the Group’s audited consolidated financial statements for the year ended 31 March 2021. The report includes an emphasis of matter, without qualification.

### **“Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS issued by the IASB and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Emphasis of Matter**

We draw attention to Notes 37.1 and 37.2 to the consolidated financial statements, which describes the risks and uncertainties with respect to blockchain technology and the evolving nature of the digital asset markets. The currently immature nature of digital asset markets including evolving regulations, custody and trading mechanisms, the dependency on information technology integrity and security, as well as valuation and volume volatility all subject the blockchain technology development and application business of the Group to unique risks. These conditions in our view are of such importance that they are fundamental to users’ understanding of the Group’s blockchain technology development and application business and the consolidated financial statements. Our opinion is not modified in respect of this matter.”

### **Scope of Work of the Independent Auditor**

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto as set out in the preliminary announcement of the Group’s results for the year ended 31 March 2021 have been agreed by the Company’s independent auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

## **Publication of Annual Results Announcement and Annual Report**

The annual results announcement of the Company is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.grandshorestech.com](http://www.grandshorestech.com)). The annual report of the Company for the year ended 31 March 2021 containing all the relevant information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company on or before 31 July 2021.

By Order of the Board  
**Grandshores Technology Group Limited**  
**Yao Yongjie**  
*Chairman and Executive Director*

Hong Kong, 29 June 2021

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