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## 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 2022

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 2022 (the “**Review Year**”), together with the comparative figures for the corresponding year ended 31 March 2021.

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

For the financial year ended 31 March 2022

	<i>Note</i>	2022 S\$	2021 S\$
<b>Revenue</b>	4	44,702,564	49,149,302
Cost of sales and services		<u>(32,657,745)</u>	<u>(27,381,933)</u>
<b>Gross profit</b>		12,044,819	21,767,369
Other income		740,453	1,225,844
Other gains and losses		(2,364,454)	(950,619)
Selling expenses		(41,951)	(79,942)
Administrative expenses		(9,929,972)	(12,053,191)
Impairment loss on financial assets		(890,811)	(789,928)
Finance costs	5	(6,158)	(30,689)
Share of loss of associates		<u>(24,578)</u>	<u>(3,655)</u>
<b>(Loss)/profit before taxation</b>	6	(472,652)	9,085,189
Income tax expense	7	<u>(694,955)</u>	<u>(2,083,834)</u>
<b>(Loss)/profit for the year</b>		<u>(1,167,607)</u>	<u>7,001,355</u>

	<i>Notes</i>	<b>2022</b> <b>S\$</b>	2021 S\$
<b>Other comprehensive income 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>310,160</b>	589,933
<i>Release of translation reserve upon disposal of a subsidiary</i>		—	37,491
Other comprehensive income for the year		<b>310,160</b>	627,424
<b>Total comprehensive (loss)/income for the year</b>		<b>(857,447)</b>	7,628,779
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		<b>(982,487)</b>	5,276,960
Non-controlling interests		<b>(185,120)</b>	1,724,395
		<b>(1,167,607)</b>	7,001,355
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company		<b>(525,258)</b>	6,037,729
Non-controlling interests		<b>(332,189)</b>	1,591,050
		<b>(857,447)</b>	7,628,779
<b>Basic and diluted (loss)/earnings per share (S cents)</b>	<b>9</b>	<b>(0.09)</b>	0.51

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 S\$	2021 S\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		6,610,981	7,407,434
Interests in associates		672,131	737,781
Finance lease receivable		395,770	1,467,879
Equity investments at FVOCI		215,376	207,230
Financial assets at fair value through profit or loss		1,742,166	597,688
Loan receivables		—	75,878
		<u>9,636,424</u>	<u>10,493,890</u>
<b>Current assets</b>			
Inventories		1,162,512	2,570,484
Trade receivables	10	9,080,148	9,681,659
Finance lease receivable		1,399,320	956,266
Other receivables, deposits and prepayments		12,643,108	27,672,661
Amounts due from related companies		215,376	746,604
Financial assets at fair value through profit or loss		6,414,903	1,163,662
Pledged bank deposits		—	786,008
Bank balances and cash		32,433,321	21,698,546
		<u>63,348,688</u>	<u>65,275,890</u>
<b>Current liabilities</b>			
Trade and other payables	11	7,553,464	8,111,258
Amount due to a related company		583,728	508,600
Lease liabilities		157,790	268,603
Income tax payable		1,000,777	2,085,042
		<u>9,295,759</u>	<u>10,973,503</u>
<b>Net current assets</b>		<u>54,052,929</u>	<u>54,302,387</u>

	2022	2021
	S\$	S\$
<b>Total assets less current liabilities</b>	<b>63,689,353</b>	64,796,277
<b>Non-current liabilities</b>		
Deferred tax liabilities	120,701	205,701
Lease liabilities	81,575	128,100
	<b>202,276</b>	333,801
<b>Net assets</b>	<b>63,487,077</b>	64,462,476
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	1,966,310	1,966,310
Reserves	59,964,732	60,360,426
<b>Equity attributable to owners of the Company</b>	<b>61,931,042</b>	62,326,736
Non-controlling interests	1,556,035	2,135,740
<b>Total equity</b>	<b>63,487,077</b>	64,462,476

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 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 is located at Unit 1503, 15/F., Greenfield Tower, Concordia Plaza, No.1 Science Museum Road, Kowloon. The principal place of business in Singapore is located 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”), which collective term includes all International Financial Reporting Standards, International Accounting Standards (“**IAS**”) and related interpretation issued by the International Accounting Standards Board (“**IASB**”).

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the applicable disclosures required by the Hong Kong 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 2022.

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

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 2022 and have not been early adopted in preparing the consolidated financial statements for the year ended 31 March 2022.

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 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 8	Definition of accounting estimates <sup>1</sup>
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction <sup>1</sup>
Amendments to IAS 1 and IFRS Practice Statements 2	Disclosure of accounting policies <sup>1</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 2018-2022 <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

The Group's management assessed that the application of those new and amendments to IFRSs would not have a material impact on the consolidated financial statements.

## 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 as the CODM does not regularly review such information for the purpose of resource allocation and performance assessment. 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>2022</b>	2021
	<b>S\$</b>	S\$
Revenue from contracts with customers within the scope of IFRS 15		
Integrated Building Services	<b>36,538,748</b>	31,924,774
Building Construction Works	<b>8,286,771</b>	3,658,670
Industrial Hemp	—	—
	<u><b>44,825,519</b></u>	<u>35,583,444</u>
Income from other sources		
Blockchain Technology Development and Application	<b>(122,955)</b>	13,565,858
	<u><b>44,702,564</b></u>	<u>49,149,302</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>2022</b>	2021
	<b>S\$</b>	S\$
Customer A	<b>8,518,793</b>	8,131,611
Customer B	<i>note b</i>	5,410,723
Customer C	<b>9,435,336</b>	<i>note b</i>
Customer D	<b>4,887,962</b>	<i>note b</i>
Customer E	<b>4,825,835</b>	<i>note b</i>
	<u><b>44,702,564</b></u>	<u>49,149,302</u>

*Note:*

- (a) The revenue from all the above customers are generated from provision of integrated building services and building construction works in Singapore.
- (b) The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## Geographical information

The following table sets out information about the geographical location of (i) the Group’s revenue from customers and the Group’s property, plant and equipment and interest in associates (“**specified non-current assets**”). The geographical locations of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of operations, in the case of interest in associates.

	Year ended 31 March	
	2022 S\$	2021 S\$
<b>Revenue from external customers</b>		
Singapore	<u>44,825,519</u>	<u>35,583,444</u>
<b>Income from external customers</b>		
Hong Kong	<u>(122,955)</u>	<u>13,565,858</u>
	<u><b>44,702,564</b></u>	<u><b>49,149,302</b></u>
	As at 31 March	
	2022 S\$	2021 S\$
<b>Non-current assets</b>		
Singapore	<u>6,542,132</u>	<u>7,231,336</u>
The People’s Republic of China (“ <b>PRC</b> ”) including Hong Kong	<u>740,980</u>	<u>913,879</u>
	<u><b>7,283,112</b></u>	<u><b>8,145,215</b></u>

## Disaggregation of revenue

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

	Integrated		Building		Industrial Hemp		Total	
	Building Services		Construction Works					
	2022	2021	2022	2021	2022	2021	2022	2021
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Disaggregated by timing of revenue recognition								
Over time	<u>36,538,748</u>	<u>31,924,774</u>	<u>8,286,771</u>	<u>3,658,670</u>	<u>—</u>	<u>—</u>	<u>44,825,519</u>	<u>35,583,444</u>
	<u><b>36,538,748</b></u>	<u><b>31,924,774</b></u>	<u><b>8,286,771</b></u>	<u><b>3,658,670</b></u>	<u><b>—</b></u>	<u><b>—</b></u>	<u><b>44,825,519</b></u>	<u><b>35,583,444</b></u>



## 5 FINANCE COSTS

	Year ended 31 March	
	2022	2021
	S\$	S\$
Interest on bank borrowings	—	19,431
Interest on lease liabilities	<b>6,158</b>	11,258
	<b>6,158</b>	<b>30,689</b>

## 6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging:

	Year ended 31 March	
	2022	2021
	S\$	S\$
Depreciation of property, plant and equipment	<b>907,628</b>	1,438,685
Loss on termination of a lease arrangement	—	2,242
Equity-settled share-based payments to consultants	<b>34,969</b>	596,959
Impairment loss of a deposit	—	737,428
Impairment loss on investment in an associate	<b>70,184</b>	—
Impairment loss on amount due from a related company	<b>727,096</b>	—
Impairment loss on finance lease receivable	<b>163,715</b>	52,500
Audit fees paid to auditors of the Company:		
— Annual audit fees	<b>222,428</b>	227,262
Directors' remuneration	<b>1,591,663</b>	2,072,340
Other staff costs		
— Equity-settled share-based payments	<b>4,114</b>	46,050
— Salaries and other benefits	<b>7,627,713</b>	7,101,410
— Contributions to retirement benefit scheme	<b>315,687</b>	339,864
Total staff costs	<b>9,539,177</b>	9,559,664
Cost of inventories recognised as cost of sales and services	<b>3,192,648</b>	6,711,957
Subcontractor costs recognised as cost of sales and services	<b>25,762,952</b>	17,663,727

## 7 INCOME TAX EXPENSE

	Year ended 31 March	
	2022	2021
	S\$	S\$
Tax expense comprises:		
Current tax		
— Singapore corporate income tax (“CIT”)	908,502	1,050,261
— Hong Kong profits tax	—	1,013,315
— PRC corporate income tax	52	—
(Over)/under provision in respect of prior year	(128,599)	20,258
Deferred tax	(85,000)	—
	<u>694,955</u>	<u>2,083,834</u>

## 8 DIVIDENDS

No dividend has been declared by the Company during the year or subsequent to the year ended 31 March 2022 (2021: Nil).

## 9 (LOSS)/EARNINGS PER SHARE

	Year ended 31 March	
	2022	2021
(Loss)/profit attributable to the owners of the Company (S\$)	<u>(982,487)</u>	<u>5,276,960</u>
Weighted average number of ordinary shares in issue (number of shares)	1,095,040,000	1,031,423,562
Basic and diluted (loss)/earnings per share (S cents)	<u>(0.09)</u>	<u>0.51</u>

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

The computation of diluted loss per share does not assume the exercise of the outstanding share options since the assumed conversion would result in a decrease in loss per share for the year ended 31 March 2022.

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.

## 10 TRADE RECEIVABLES

	As at 31 March	
	2022	2021
	S\$	S\$
Billed trade receivables	5,749,789	8,222,562
Unbilled trade receivables ( <i>note a</i> )	3,330,359	1,459,097
	<u>9,080,148</u>	<u>9,681,659</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:

	As at 31 March	
	2022	2021
	S\$	S\$
Within 90 days	4,656,247	7,359,036
91 days to 180 days	377,287	672,807
181 days to 365 days	414,207	97,562
Over 1 year but not more than 2 years	235,708	48,195
More than 2 years	66,340	44,962
	<u>5,749,789</u>	<u>8,222,562</u>

## 11 TRADE AND OTHER PAYABLES

	As at 31 March	
	2022	2021
	S\$	S\$
Trade payables	3,456,967	5,593,779
Trade accruals	2,860,764	1,151,447
	<hr/>	<hr/>
	6,317,731	6,745,226
Accrued operating expenses	541,658	768,232
Other payables		
GST payable	286,449	455,374
Others	407,626	142,426
	<hr/>	<hr/>
	7,553,464	8,111,258
	<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	
	2022	2021
	S\$	S\$
Within 90 days	3,198,874	3,030,069
91 to 180 days	107,008	1,805,252
181 days to 365 days	62,159	612,932
Over 1 year but not more than 2 years	71,053	94,668
Over 2 years	17,873	50,858
	<hr/>	<hr/>
	3,456,967	5,593,779
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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 Review Year was approximately S\$44.7 million (31 March 2021: approximately S\$49.1 million). The Group's gross profit decreased from approximately S\$21.8 million for the year ended 31 March 2021 to approximately S\$12.0 million for the Review Year. The Group's gross profit margin decreased from approximately 44.3% for the year ended 31 March 2021 to approximately 26.9% for the Review Year.

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.

The Group believes that the outlook for the construction sector will be challenging for 2022 in view of the continued uncertainties in the external environment and negative economic outlook in Singapore and major economies around the world impacted by Coronavirus Disease 2019 ("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 Year, Bitcoin price is highly volatile and the Group strategically reduced the volume of Bitcoin trading. The Group's revenue from trading of digital assets decreased from approximately S\$11.5 million for the year ended 31 March 2021 to approximately S\$1.2 million for the Review Year. Furthermore, as a result of the drop in Bitcoin price from approximately US\$59,000 at the end of March 2021 to approximately US\$46,000 at the end of the Review Year, the Group recognized a loss on fair value changes of digital assets inventories for the Review Year of approximately S\$1.3 million as compared with a gain of approximately S\$2.1 million for the year ended 31 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.

Although the revenue and gross profit of the blockchain technology development decreased during the Review Year, our Directors stay 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.

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.

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 Review Year, the Group recorded a revenue of approximately S\$44.7 million (31 March 2021: approximately S\$49.1 million), a decrease of approximately S\$4.4 million or approximately 9.0%.

Revenue from integrated building services raised from approximately S\$31.9 million for the year ended 31 March 2021 to approximately S\$36.5 million for the Review Year, an increase of approximately S\$4.6 million. The increase is mainly due to the lifting of the Circuit Breaker measures imposed by Singapore Government from 7 April 2020 to 1 June 2020 (the “**Circuit Breaker Period**”) to combat the local transmission of 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 in prior year.

Revenue attributable to the building construction works increased by approximately S\$4.6 million or approximately 126.5%, from S\$3.7 million for the year ended 31 March 2021 to approximately S\$8.3 million for the Review Year, mainly due to the lifting of the Circuit Breaker measures imposed by Singapore Government as discussed above.

The increases in revenue in integrated building services and building construction works were offset by the decrease in revenue generated from the blockchain technology development and application business of approximately S\$13.7 million, decreased from approximately S\$13.6 million revenue for the year ended 31 March 2021 to a loss of approximately S\$123,000 for the Review Year. The decrease is mainly because the Group strategically reduced the volume of Bitcoin trading in view of the high volatility of Bitcoin price during the Review Year, as well as the drop of Bitcoin price at the end of March 2021 as compared with that at the end of the Review Year.

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

The Group’s cost of sales and services increased from approximately S\$27.4 million for the year ended 31 March 2021 to approximately S\$32.7 million for the Review Year, representing an increase of approximately S\$5.3 million or approximately 19.3%, which was mainly due to the increase in revenue from integrated building services and building construction work as discussed above. Even though the revenue from blockchain technology development and application business decreased substantially, this business has high gross profit margin and hence the significant drop in revenue did not result in significant decrease in cost of sales and services.

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

The Group’s gross profit decreased from approximately S\$21.8 million for the year ended 31 March 2021 to approximately S\$12.0 million for the Review Year, a decrease of approximately S\$9.8 million or approximately 44.7%. Such decrease was mainly due to the decrease in revenue and increase in costs of sales and services discussed above.

The Group's gross profit margin decreased from approximately 44.3% for the year ended 31 March 2021 to approximately 26.9% for the year ended 31 March 2022. The decrease was mainly due to the decrease in revenue contribution from blockchain technology development and application business from approximately S\$13.6 million revenue for the year ended 31 March 2021 to a loss of approximately S\$123,000 for the Review Year. 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, the significant drop in the revenue of blockchain technology development and application business resulted in the Group's lower gross profit margin. Furthermore, the gross profit margin of integrated building services and building construction works decreased because of the continued uncertainties in the external environment and negative economic outlook in Singapore and major economies around the world impacted by COVID-19, integrated building services and building construction works tenders during the Review Year is far more competitive than prior year.

### ***Other Income***

Other income decreased from approximately S\$1.2 million for the year ended 31 March 2021 to approximately S\$740,000 for the Review Year, a decrease of approximately S\$485,000. The decrease was mainly because there was a gain on derecognition of inventory of approximately S\$319,000 resulted from finance lease arrangement for the year ended 31 March 2021, while there was no similar item for the Review Year. Moreover, the government grant received has decreased from approximately S\$360,000 for the year ended 31 March 2021 to approximately S\$256,000 for the Review Year.

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

The Group's other gains and losses increased from loss of approximately S\$951,000 for the year ended 31 March 2021 to loss of approximately S\$2.4 million for the Review Year. The increase was mainly due to recognition of fair value loss on financial assets through profit or loss of approximately S\$2.4 million (31 March 2021: gain of approximately S\$177,000). Furthermore, there was a gain on disposal of subsidiary of approximately S\$305,000 for the year ended 31 March 2021 but no such item for the Review Year. The decrease was partly offset by the decrease in recognition of foreign exchange loss from approximately S\$1.4 million for the year ended 31 March 2021 to approximately S\$145,000 for the Review Year.



### ***Administrative Expenses***

The Group's administrative expenses decreased from approximately S\$12.1 million for the year ended 31 March 2021 to approximately S\$9.9 million for the Review Year, a decrease of approximately S\$2.2 million or approximately 17.6%. The Group's legal and professional expenses decreased from approximately S\$1 million for the year ended 31 March 2021 to approximately S\$275,000 for the Review Year due to less transactions requiring such services for the Review Year. The Group's equity-settled share option expense decreased from approximately S\$649,000 for the year ended 31 March 2021 to approximately S\$39,000 for the Review Year, because most of equity-settled share option expenses for the share options granted were fully recognised in prior years. The Group's depreciation expenses that included in administrative expenses decreased from approximately S\$1.1 million for the year ended 31 March 2021 to approximately S\$811,000 for the Review Year, because of the disposal of Innovative Plus Investments Limited ("**Innovative Plus**") and its wholly-owned subsidiary, DRC Engineering Pte. Ltd., that principally engaged in provision of integrated building services to small and medium size customers in Singapore in prior year.

### ***Finance Costs***

The Group's finance costs decreased from approximately S\$31,000 for the year ended 31 March 2021 to approximately S\$6,000 for the Review Year. As the mortgage loan was fully repaid in prior year, there was no bank loan interest for the Review Year (31 March 2021: approximately S\$19,000). Interest on lease liabilities also reduced from approximately S\$11,000 for the year ended 31 March 2021 to approximately S\$6,000 for the Review Year.

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

The Group's income tax expense decreased from approximately S\$2.1 million for the year ended 31 March 2021 to approximately S\$695,000 for the Review Year, a decrease of approximately S\$1.4 million 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\$5.3 million for the year ended 31 March 2021 to loss of approximately S\$982,000 for the Review Year. This is mainly due to the decrease in income from Blockchain Technology Development and Application business as discussed above.

### ***Contingent Liabilities***

As at the end of the Review Year, the Group had no material contingent liabilities.

## **Final Dividend**

The Directors do not recommend the payment of final dividend for the Review Year (31 March 2021: Nil).

## **Liquidity and Financial Resources**

The Group maintained a healthy financial position during the Review Year. As at the end of the Review Year, the Group had total bank balances and cash of approximately S\$32.4 million (31 March 2021: approximately S\$21.7 million). The current ratio of the Group as at the end of the Review Year was approximately 6.8 times (31 March 2021: approximately 5.9 times).

## **Exposure to Foreign Exchange Rate Risks**

The functional currency of the Group's major operating subsidiaries in Singapore 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 with respect to recognised assets and liabilities which are denominated in currencies other than Singapore dollars. During the Review Year, 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\$145,000 for the Review Year (31 March 2021: loss of approximately S\$1.4 million).

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

During the Review Year, the Group did not have any material acquisitions nor disposals of subsidiaries, associated companies and joint ventures.

## **Employees and Remuneration Policy**

As at the end of the Review Year, the Group employed a total of 246 full-time employees (including executive Director), as compared to 257 full-time employees as at 31 March 2021. 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

- (a) On 4 April 2022, Grand Shores Blockchain Group Limited (“**GS Blockchain**”), a wholly owned subsidiary of the Company, entered into a loan agreement with Ms. Zhou Hongmei (“**Ms. Zhou**”), pursuant to which GS Blockchain agreed to provide Ms. Zhou with a loan in the principal amount of HK\$5,800,000 at an interest rate of 8% per annum for a period of six months (the “**Loan**”). Ms. Zhou holds 40% equity interest in Grandshores Creative Technology Limited, a 60%-owned subsidiary of the Company. Ms. Zhou is a substantial shareholder of a subsidiary of the Company and is therefore a connected person of the Company under the Listing Rules. The transaction contemplated under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated 4 April 2022.
- (b) On 25 April 2022, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with Mr. Liu Zihao (“**Mr. Liu**”) pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Liu has conditionally agreed to subscribe for 100,000,000 new ordinary shares (“**Subscription Shares**”) of the Company at the subscription price of HK\$0.1438 per Subscription Share (the “**Subscription**”). All the conditions precedent under the Subscription Agreement have been fulfilled and completion took place on 30 May 2022. For details, please refer to the announcement of the Company dated 25 April 2022 and 30 May 2022.
- (c) 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.
- (d) The market price of Bitcoin has been decreased from approximately US\$46,000 as at 31 March 2022 to approximately US\$20,000 as at the date of this announcement, resulting to fair value loss on digital assets inventories of approximately US\$398,000 (equivalent to approximately S\$553,000).

Save as disclosed above, no other significant events have been taken place subsequent to the end of the Review Year.

## 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 Review Year.

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

During the Review Year, 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 Review Year 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 Review Year. 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Emphasis of Matter**

We draw attention to Notes 36.1 and 36.2 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 Review Year 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 Review Year 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 2022.

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

Hong Kong, 30 June 2022

*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, Mr. Li Kanlin and Mr. Yu Wenzhuo as independent non-executive Directors.*