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 UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

UNAUDITED CONSOLIDATED RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Grandshores Technology Group Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2020 (the "**Review Year**"), together with the comparative figures for the year ended 31 March 2019. For the reasons explained in the paragraph headed "Review of Unaudited Annual Results" in this announcement, the auditing process of the annual results of the Group has not been completed.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2020

	Notes	**2020** ***S$*** **(Unaudited)**	2019 *S$* (Audited)
Revenue	*4*	**46,611,664**	52,806,323
Cost of services		**(33,834,055)**	(34,942,253)
Gross profit		**12,777,609**	17,864,070
Other income		**1,530,324**	266,479
Other gains and losses		**282,900**	954,958
Selling expenses		**(214,392)**	(188,083)
Administrative expenses		**(13,713,056)**	(12,610,700)
Finance costs	*5*	**(84,778)**	(89,397)
Share of loss of an associate		**(84,128)**	(2,018)
Profit before taxation	*6*	**494,479**	6,195,309
Income tax expense	*7*	**(970,688)**	(1,306,785)
(Loss)/profit for the year		**(476,209)**	4,888,524

	Notes	2020 S$ (Unaudited)	2019 S$ (Audited)
Other comprehensive (loss)/income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(530,776)**	74,297
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI — net movement in investment revaluation reserve (non-recycling)		**(1,310,180)**	—
Other comprehensive (loss)/income for the year		**(1,840,956)**	74,297
Total comprehensive (loss)/income for the year		**(2,317,165)**	4,962,821
(Loss)/profit for the year attributable to:			
Owners of the Company		**(938,380)**	4,892,204
Non-controlling interests		**462,171**	(3,680)
		(476,209)	4,888,524
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(2,779,336)**	4,966,501
Non-controlling interests		**462,171**	(3,680)
		(2,317,165)	4,962,821
Basic and diluted (loss)/earnings per share (S$ cents)	9	**(0.09)**	0.47

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 S$ (Unaudited)	2019 S$ (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**8,630,723**	8,013,240
Interest in an associate		**727,365**	853,354
Equity investment at FVOCI		**—**	1,231,389
Financial assets at fair value through profit or loss		**729,514**	—
Loan receivables		**80,465**	5,326,002
		10,168,067	15,423,985
Current assets			
Inventories		**4,412,467**	1,697,686
Trade receivables	*10*	**12,059,231**	14,587,678
Other receivables, deposits and prepayments		**11,013,456**	8,948,615
Contract assets		**—**	51,479
Amounts due from related companies		**773,514**	878,250
Tax refundable		**99,613**	—
Financial assets at fair value through profit or loss		**484,458**	—
Pledged bank deposits		**1,499,901**	1,738,187
Bank balances and cash		**25,518,479**	22,567,211
		55,861,119	50,469,106
Current liabilities			
Trade and other payables	*11*	**8,363,480**	8,350,883
Borrowings		**2,621,672**	238,332
Lease liabilities		**271,834**	—
Income tax payable		**980,220**	939,763
		12,237,206	9,528,978
Net current assets		**43,623,913**	40,940,128

	2020	2019
	S$	*S$*
	(Unaudited)	(Audited)
Total assets less current liabilities	**53,791,980**	56,364,113
Non-current liabilities		
Borrowings	**—**	2,621,672
Deferred tax liabilities	**205,701**	236,435
	205,701	2,858,107
Net assets	**53,586,279**	53,506,006
EQUITY		
Capital and reserves		
Share capital	**1,853,341**	1,855,859
Reserves	**49,188,724**	50,780,995
Equity attributable to owners of the Company	**51,042,065**	52,636,854
Non-controlling interests	**2,544,214**	869,152
Total equity	**53,586,279**	53,506,006

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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 3709, 37/F., Tower 2, Lippo Centre, 89 Queensway, Admiralty, Hong Kong. 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 unaudited consolidated financial statements are presented in Singapore Dollars ("**S$**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited 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 unaudited 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

On 1 April 2019, the Group has adopted all the new and revised IFRS and Interpretations of IFRS ("**INT IFRS**") that are effective and relevant to its operations. The adoption of these new/revised IFRSs and INT IFRSs does not result in significant changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods, except for:

IFRS 16 "Leases"

The Group has adopted IFRS 16 Leases retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening unaudited consolidated statement of financial position on 1 April 2019.

On adoption of IFRS 16 Leases, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The incremental borrowing rates range used for determination of the present value of the remaining lease payments was 2.38%-2.90% per annum.

(i) Practical expedients applied

In applying IFRS 16 Leases for the first time, the Group has used the following practical expedients permitted by the standard:

— applying a single discount rate to a portfolio of leases with reasonably similar characteristics;

— relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review there were no onerous contracts as at 1 April 2019;

— accounting for operation leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;

— excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

— using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made by applying IAS 17 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease.

(ii) Measurement of lease liabilities

	2020 ***S\$*** **(Unaudited)**
Operating lease commitments disclosed as at 31 March 2019	**820,063**
Discounted using the lessee's incremental borrowing rate as of the date of initial application	**803,362**
Less: short-term leases recognised on a straight-line basis as expense	**(13,392)**
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	**235,280**
Lease liabilities recognised as at 1 April 2019	**1,025,250**
Of which are:	
Current lease liabilities	**767,836**
Non-current lease liabilities	**257,414**
	1,025,250

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the unaudited consolidated statement of financial position as at 31 March 2019.

(iv) Adjustments recognised in the unaudited consolidated statement of financial position on 1 April 2019

Unaudited consolidated financial statement items	As at 31 March 2019 As originally presented S$ (Audited)	IFRS 16 Leases S$ (Unaudited)	IFRS 16 Reclassification S$ (Unaudited)	As at 1 April 2019 Restated S$ (Unaudited)
ASSETS				
Right-of-use assets	—	1,025,250	46,000	1,071,250
Prepayment	3,429,134	—	(46,000)	3,383,134
LIABILITIES				
Lease liabilities (Current)	—	767,836	—	767,836
Lease liabilities (Non-current)	—	257,414	—	257,414

A number of new standards and amendments and interpretations are effective for annual periods beginning after 1 April 2020 and have not been early adopted in preparing the unaudited consolidated financial statements for the year ended 31 March 2020.

IFRS 17	Insurance Contracts[4]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[1]

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1 January 2021

5 Effective for annual periods beginning on or after 1 January 2022

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 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 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:

	Year ended 31 March	
	2020	2019
	S$	*S$*
	(Unaudited)	(Audited)
Contract revenue from:		
Integrated Building Services	**35,609,800**	49,657,780
Building Construction Works	**7,391,795**	3,148,543
Blockchain Technology Development and Application	**3,517,589**	—
Industrial Hemp	**92,480**	—
	46,611,664	52,806,323

Information about major customers

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

	Year ended 31 March	
	2020	2019
	S$	*S$*
	(Unaudited)	(Audited)
Customer A	**11,327,698**	22,391,982
Customer B	**5,084,335**	5,491,268
Customer C	**4,953,131**	note b
Customer D	**4,859,395**	note b
Customer E	**note b**	7,213,289

Notes:

(a) For the year ended 31 March 2020 and 2019, revenue from customer A, B, C and E 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	
	2020	2019
	S$	*S$*
	(Unaudited)	(Audited)
Revenue from external customers		
Singapore	**43,001,595**	52,806,323
Hong Kong	**3,468,804**	—
Canada	**48,785**	—
People's Republic of China ("**PRC**")	**92,480**	—
	46,611,664	52,806,323

	As at 31 March	
	2020	2019
	S$	*S$*
	(Unaudited)	(Audited)
Non-current assets		
Singapore	**7,730,115**	8,000,984
Hong Kong	**999,428**	865,610
Canada	**625,785**	—
PRC	**2,760**	—
	9,358,088	8,866,594

Disaggregation of revenue

	Integrated Building Services		Building Construction Works		Blockchain Technology Development and Application		Industrial Hemp		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	S$	*S$*	***S$***	*S$*	***S$***	*S$*	***S$***	*S$*	***S$***	*S$*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Disaggregated by timing of revenue recognition										
Point in time	**—**	—	**—**	—	**3,517,589**	—	**92,480**	—	**3,610,069**	—
Over time	**35,609,800**	49,657,780	**7,391,795**	3,148,543	**—**	—	**—**	—	**43,001,595**	52,806,323
	35,609,800	49,657,780	**7,391,795**	3,148,543	**3,517,589**	—	**92,480**	—	**46,611,664**	52,806,323

5. FINANCE COSTS

	Year ended 31 March	
	2020	2019
	S$	*S$*
	(Unaudited)	(Audited)
Interest on bank borrowings	**65,468**	89,397
Interest on lease liabilities	**19,310**	—
	84,778	89,397

6. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	Year ended 31 March	
	2020	2019
	S$	*S$*
	(Unaudited)	(Audited)
Depreciation of property, plant and equipment	**1,406,925**	1,024,350
Depreciation of right-of-use assets	**765,465**	—
Audit fees paid to auditors of the Company:		—
— Annual audit fees	**229,915**	318,870
Directors' remuneration	**1,724,341**	1,983,522
Other staff costs		
— Equity-settled share-based payment	**111,658**	26,636
— Salaries and other benefits	**8,021,476**	9,040,509
— Contributions to retirement benefit scheme	**354,285**	420,374
Total staff costs	**10,211,760**	11,471,041
Cost of materials recognised as cost of services	**4,878,518**	8,523,017
Subcontractor costs recognised as cost of services	**20,040,632**	21,163,945

7. INCOME TAX EXPENSE

	Year ended 31 March	
	2020	2019
	S$	*S$*
	(Unaudited)	(Audited)
Tax expense comprises:		
Current tax		
— Singapore corporate income tax ("**CIT**")	**655,089**	1,213,550
— Hong Kong profits tax	**293,299**	—
— PRC corporate income tax	**—**	—
Deferred tax	**22,300**	93,235
	970,688	1,306,785

8. DIVIDENDS

No dividend has been declared by the Company during the year or subsequent to the year ended 31 March 2020 (2019: Nil).

9. (LOSS)/EARNINGS PER SHARE

	Year ended 31 March	
	2020	2019
	(Unaudited)	(Audited)
(Loss)/profit attributable to the owners of the Company *(S$)*	**(938,380)**	4,892,204
Weighted average number of ordinary shares in issue *(number of shares)*	**1,032,499,479**	1,037,408,027
Basic and diluted (loss)/earnings per share *(S$ cents)*	**(0.09)**	0.47

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

For the year ended 31 March 2020 and 2019, the computation of diluted (loss)/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 (loss)/earnings per share are the same.

10. TRADE RECEIVABLES

	As at 31 March	
	2020	2019
	S$	*S$*
	(Unaudited)	(Audited)
Billed trade receivables	**10,665,213**	11,233,310
Unbilled trade receivables *(note a)*	**1,394,018**	3,354,368
	12,059,231	14,587,678

Notes:

(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 (2019: 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	
	2020	2019
	S$	*S$*
	(Unaudited)	(Audited)
Within 90 days	**9,651,054**	9,346,112
91 days to 180 days	**381,663**	1,476,690
181 days to 365 days	**488,121**	237,723
Over 1 year but not more than 2 years	**109,545**	121,904
More than 2 years	**34,830**	50,881
	10,665,213	11,233,310

11. TRADE AND OTHER PAYABLES

	As at 31 March	
	2020	2019
	S$	*S$*
	(Unaudited)	(Audited)
Trade payables	**3,428,930**	6,045,758
Trade accruals	**2,209,943**	661,885
	5,638,873	6,707,643
Accrued operating expenses	**1,980,715**	705,156
Other payables		
GST payable	**561,403**	613,977
Others	**182,489**	324,107
	8,363,480	8,350,883

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	
	2020	2019
	S$	*S$*
	(Unaudited)	(Audited)
Within 90 days	**2,708,877**	4,768,163
91 to 180 days	**276,583**	281,061
181 days to 365 days	**162,116**	332,824
Over 1 year but not more than 2 years	**270,723**	595,606
Over 2 years	**10,631**	68,104
	3,428,930	6,045,758

The credit period on purchases from suppliers and subcontractors is between 15 to 90 days (2019: 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 2020 was approximately S$46.6 million (31 March 2019: approximately S$52.8 million). The Group's gross profit decreased from approximately S$17.9 million for the year ended 31 March 2019 to approximately S$12.8 million for the year ended 31 March 2020, while the Group's gross profit margin decreased from 33.9% for the year ended 31 March 2019 to 27.5% for the year ended 31 March 2020.

For the integrated building services business, the Group has several contracts with a major customer expired during the year. However, facing fierce competition in pricing, the Group was not able to obtain new tender from this customer, giving rise to unsatisfactory performance for the Review Year. The Group will revisit our tendering strategy and actively tender for both integrated building services and constructions projects, in order to remediate the impact of losing this major customer.

On 3 April 2020, the Ministry of Health of Singapore issued a press release on "Circuit Breaker to Minimise Further Spread of Coronavirus Disease 2019 (or COVID-19)" which outlined enhanced safe distancing measures to reduce the risk of further local transmission of COVID-19. The measures include the closure of workplace premises. In the upcoming year, we expect challenge in the construction industry in Singapore given the COVID-19 outbreak has created ripple effect on all sectors.

The above have delayed project progress and the Group is monitoring the situation closely and working with the relevant Singapore government authorities and customers to mitigate any potential issues. The Group will continue to manage its expenditure, review the business strategy constantly and look for opportunities in a cautious and prudent manner.

The Group started to engage in blockchain technology development and application business since mid-2018, including operation, maintenance and management of data centres and high performance data processing facilities and equipment in relation to blockchain technologies, digital assets trading platform, blockchain strategic advisory service as well as render farm services that applied blockchain technologies. The blockchain technology development and application business have progressed steadily and started to generate revenue during the Review Year. Furthermore, the Group received Bitcoin from the daily operation of blockchain technology development and application business, hence benefited from the rise of Bitcoin price from approximately US$4,100 level at the beginning of April 2019 to the highest at US$13,000 level in July 2019, the Group was able to capture the opportunities of the rise in Bitcoin price. The Bitcoin price at the end of March 2020 was approximately US$6,500. Regarding the Group's new render farm service, the Group has commenced business with a well-known animation studio in the United States in the Review Year.

The Group also started to obtain revenue from the industrial hemp business in the Review Year by selling the crop of industrial hemp.

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 commenced to bring revenue to the Group in 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.

The Group started to invest in setting up the facilities for our blockchain related render farm business in Canada since mid-2019, which is expected to become an important income source of the Group in the future. A render farm is a high-performance computer system built to render computer-generated imagery for film and television visual effect.

In March 2019, the Group further expanded its business to industrial and medical related fields. The Group's industrial hemp business involves hemp seed research, hemp cultivation, Cannabidiol ("**CBD**") extraction and CBD downstream product application. The Group will continue to actively capture development opportunities and enhance operation in this business.

Financial Review

Revenue

For the year ended 31 March 2020, the Group recorded a revenue of approximately S$46.6 million (31 March 2019: approximately S$52.8 million), a decrease of approximately S$6.2 million or 11.7%. Such decrease was mainly due to the decreased contribution from the integrated building services, which dropped from approximately S$49.7 million for the year ended 31 March 2019 to approximately S$35.6 million for the year ended 31 March 2020, a decrease of approximately S$14.1 million. The decrease in revenue from the integrated building services was mainly due to decrease in the amount of integrated building services works performed to a major customer, which dropped from approximately S$22.4 million for the year ended 31 March 2019 to approximately S$11.5 million for the year ended 31 March 2020. The integrated building contracts with this customer has ended on 30 June 2019 and the Group did not successful in winning the tender of this customer for next contract period.

Revenue attributable to the building construction works increased by approximately S$4.3 million or 138.7%, from S$3.1 million for the year ended 31 March 2019 to approximately S$7.4 million for the year ended 31 March 2020, mainly due to works performed for two new building and construction projects during the financial year, amounting to approximately S$6.8 million for the year ended 31 March 2020.

The revenue generated from the blockchain technology development and application business was approximately S$3.5 million (31 March 2019: Nil). The industrial hemp business also recorded revenue of approximately S$92,000 (31 March 2019: Nil).

Costs of Services

The Group's cost of services decreased from approximately S$34.9 million for the year ended 31 March 2019 to approximately S$33.8 million for the year ended 31 March 2020, representing a decrease of approximately S$1.1 million or 3.2%, which was mainly due to the decrease in revenue from integrated building services as discussed above. The decrease was partly offset by the increase costs of services from blockchain technology development and application business and industrial hemp business which commence to generate revenue from the current Review Year.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased from approximately S$17.9 million for the year ended 31 March 2019 to approximately S$12.8 million for the year ended 31 March 2020, a decrease of approximately S$5.1 million or 28.5%. Such decrease was mainly due to the decrease in revenue discussed above.

The Group's gross profit margin decreased from 33.9% for the year ended 31 March 2019 to 27.5% for the year ended 31 March 2020. The decrease was mainly due to the increased contribution from the building and construction works, from approximately S$3.1 million for the year ended 31 March 2019 to approximately S$7.4 million for the year ended 31 March 2019, an increase of approximately S$4.3 million; and the decreased contribution from the integrated building services, which dropped from approximately S$49.7 million for the year ended 31 March 2019 to approximately S$35.6 million for the year ended 31 March 2020, a decrease of S$14.1 million. Gross profit margin for building and construction works is relatively lower than the gross profit margin for integrated building services, resulted in the Group's lower gross profit margin.

Other income

Other income increased from approximately S$266,000 for the year ended 31 March 2019 to approximately S$1.5 million for the year ended 31 March 2020, an increase of approximately S$1.2 million. The increase is mainly due to the commission income in introducing customers to use internet data centres of telecommunications service provider of approximately S$1.2m (31 March 2019: Nil).

Other Gains and Losses

The Group's other gains and losses decreased significantly from gain of approximately S$955,000 for the year ended 31 March 2019 to gain of approximately S$283,000 for the year ended 31 March 2020. The recognition of foreign exchange gain was approximately S$1.3 million (31 March 2019: approximately S$998,000) mainly for the monetary items and cash and cash equivalent denominated in Hong Kong dollars as the level of appreciation for Hong Kong dollars against Singapore dollars for the year ended 31 March 2020 is higher than that for the year ended 31 March 2019. The gain was offset by the recognition of fair value loss from an equity investment of approximately S$909,000 (31 March 2019: Nil).

Administrative Expenses

The Group's administrative expenses increased from approximately S$12.6 million for the year ended 31 March 2019 to approximately S$13.7 million for the year ended 31 March 2020, an increase of approximately S$1.1 million or 8.7%. Such increase was mainly due to the increase in equity-settled share-based payments of approximately S$1.3 million (31 March 2019: approximately S$107,000).

Finance Costs

The Group's finance costs decreased from approximately S$89,000 for the year ended 31 March 2019 to approximately S$85,000 for the year ended 31 March 2020. Such decrease was mainly due to the higher interest rate paid for the first three months of financial year ended 31 March 2019 before the Group entered into a revised bank loan agreement for conversion of interest rate and loan tenure in May 2018. The reduced interest expenses were effective from July 2018. The decrease was partly offset by the application of new IFRS, the Group has recognised approximately S$19,000 (31 March 2019: Nil) interest on lease liabilities.

Income Tax Expense

The Group's income tax expense decreased from approximately S$1.3 million for the year ended 31 March 2019 to approximately S$971,000 for the year ended 31 March 2020. Even though the profit before taxation for the year ended 31 March 2020 dropped approximately 92% as compared with year ended 31 March 2019, the income tax expenses did not decrease to the same extent as the loss incurred in some entities may not have future taxable profits for offset and therefore no deferred tax credit was recognised for these entities.

(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$4.9 million for the year ended 31 March 2019 to loss of approximately S$938,000 for the year ended 31 March 2020. This is mainly due to the decrease in revenue as discussed above.

Final Dividend

The Directors do not recommend the payment of final dividend for the year ended 31 March 2020 (31 March 2019: Nil).

Liquidity and Financial Resources

The Group maintained a healthy financial position during the year ended 31 March 2020. As at 31 March 2020, the Group had total bank balances and cash of approximately S$25.5 million (31 March 2019: approximately S$22.6 million). The total interest-bearing loans of the Group as at 31 March 2020 was approximately S$2.6 million (31 March 2019: approximately S$2.9 million), and current ratio of the Group as at 31 March 2020 was approximately 4.6 times (31 March 2019: approximately 5.3 times). As at 31 March 2020, the gearing ratio (calculated based on borrowing divided by equity attributable to owners of the Company) of the Group was 0.1 times (31 March 2019: 0.1 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 2020, 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$1.3 million for the year ended 31 March 2020 (31 March 2019: gain of approximately S$998,000).

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

(a) On 25 April 2019, the Company through its wholly owned subsidiary, Grandshores Technology (Hong Kong) Limited, entered into an equity transfer agreement with an individual to acquire 40% equity interest in Hangzhou Yupu Trading Co., Ltd.* (杭州舜樸貿易有限公司) for a consideration of RMB4,000,000. For details, please refer to the announcement of the Company dated 25 April 2019.

(b) On 10 June 2019, the Company through its wholly owned subsidiary, Silver Fame Investment Limited ("**Silver Fame**") and an individual entered into an equity transfer agreement to acquire 51% equity interest in Heilongjiang Yinma Technology Development Co., Ltd.* ("**Heilongjiang Yinma**") (黑龍江銀麻科技發展有限公司) For details, please refer to the announcement of the Company dated 10 June 2019. In March 2020, Silver Fame acquired the remaining 49% equity interests of Heilongjiang Yinma. Heilongjinag Yinma became a wholly owned subsidiary of the Company.

* *for identification purposes only*

Employees and Remuneration Policy

As at 31 March 2020, the Group employed a total of 287 full-time employees (including executive Directors), as compared to 327 full-time employees as at 31 March 2019. 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

On 26 June 2020, the Group and other relevant parties entered into a series of Variable Interest Entity ("**VIE**") Agreements to acquire 100% equity interest of Ordos Blockchain Cloud Computing Technology Co., Ltd.* (鄂爾多斯市區塊鏈雲計算科技有限公司) ("**Target Company**").

The Target Company is principally engaged in operation of internet data centre in PRC, its principal business falls under value-added telecommunication services and is subject to foreign investment restrictions.

Pursuant to the VIE Agreements (comprising a VIE Main Agreement, an Equity Transfer Agreement and other VIE Operating Agreements), Hangzhou Grandshores Weicheng Technology Co., Ltd.* (杭州雄岸偉成科技有限公司) ("**Hangzhou Grandshores**"), a company established in the PRC with limited liability and wholly owned by the Company shall acquire the entire economic interests and gain effective control of the Target Company by way of contractual arrangements upon Completion.

For details, please refer to the announcement of the Company dated 26 June 2020.

Save as disclosed, no other significant events have been taken place subsequent to 31 March 2020.

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 2020.

* *for identification purposes only*

Purchase, Sales or Redemption of the Company's Securities

During the year ended 31 March 2020, the Company bought back a total of 3,365,000 Shares on the Stock Exchange. All the Shares bought back were subsequently cancelled by the Company. Details of those transactions are as follows:

Month of repurchase	Number of Shares repurchased	Purchase price per share		Aggregate purchase price (including transaction costs of HK$3,733)
		Highest	Lowest	
		HK$	*HK$*	*HK$*
July 2019	1,400,000	0.63	0.58	845,303
August 2019	1,965,000	0.50	0.47	954,805
	3,365,000			1,800,108

Saved as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year ended 31 March 2020.

Review of Unaudited Annual Results

The auditing process for the annual results for year ended 31 March 2020 has not been completed due to the outbreak of coronavirus disease and circuit breaker measure enforced by the Singapore Government. The unaudited consolidated financial results contained herein have not been agreed by the Company's auditor under Rule 13.49(2) of the Listing Rules due to the delay in the auditing process. An announcement relating to the audited results will be made when the auditing process has been completed.

The unaudited annual results for the year ended 31 March 2020 (the "**Unaudited Annual Results**") contained herein have been reviewed and agreed by the audit committee of the Company.

Further announcement

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for year ended 31 March 2020 as agreed by the Company's auditors and the material differences (if any) as compared with the Unaudited Annual Results contained herein.

It is expected that the audited final results will be agreed with the Company's auditor and the annual report for the year ended 31 March 2020 will be despatched on or before 31 July 2020.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 30 June 2020

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