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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 INTERIM RESULTS **FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Grandshores Technology Group Limited (the “**Company**”) is pleased to present the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2020 (the “**Review Period**”), together with the comparative figures for the corresponding six months ended 30 September 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		Six months ended	
		30 September	
		2020	2019
	<i>Note</i>	S\$	S\$
		(Unaudited)	(Unaudited)
Revenue	4	17,328,873	19,952,224
Costs of sales and services		(11,888,504)	(13,621,206)
Gross profit		5,440,369	6,331,018
Other income		787,664	147,287
Other gains and losses		(687,413)	562,351
Selling expenses		(20,593)	(43,399)
Administrative expenses		(3,713,243)	(6,163,545)
Finance costs	5	(23,636)	(54,637)
Share of loss of an associate		(1,717)	(55,350)
Profit before taxation		1,781,431	723,725
Income tax expense	6	(610,909)	(276,897)
Profit for the period	7	1,170,522	446,828

		Six months ended	
		30 September	
		2020	2019
	<i>Note</i>	S\$	S\$
		(Unaudited)	(Unaudited)
Other comprehensive income/(loss) for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>423,583</u>	<u>(219,877)</u>
Total comprehensive income for the period		<u>1,594,105</u>	<u>226,951</u>
Profit/(loss) for the period attributable to:			
Owners of the Company		877,897	(377,546)
Non-controlling interests		<u>292,625</u>	<u>824,374</u>
		<u>1,170,522</u>	<u>446,828</u>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		1,388,620	(597,423)
Non-controlling interests		<u>205,485</u>	<u>824,374</u>
		<u>1,594,105</u>	<u>226,951</u>
Basic and diluted earnings/(loss) per share (S\$ cents)	9	<u>0.09</u>	<u>(0.04)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		30 September	31 March
		2020	2020
	<i>Note</i>	S\$	S\$
		(Unaudited)	(Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		8,726,463	8,739,130
Interest in an associate		725,085	727,365
Equity Investment at FVTOCI		—	—
Financial assets at fair value through profit or loss		701,063	729,514
Finance lease receivable	<i>11</i>	1,692,987	—
Loan receivable		77,327	80,465
		<u>11,922,925</u>	<u>10,276,474</u>
Current assets			
Inventories		3,458,097	4,412,467
Trade receivables	<i>10</i>	4,689,454	12,059,231
Other receivables, deposits and prepayments		17,898,612	10,986,764
Amounts due from related companies		741,382	773,514
Tax refundable		16,560	99,613
Financial assets at fair value through profit or loss		—	484,458
Finance lease receivable	<i>11</i>	970,483	—
Pledged bank deposits		1,501,558	1,499,901
Bank balances and cash		25,896,292	25,518,479
		<u>55,172,438</u>	<u>55,834,427</u>
Current liabilities			
Trade and other payables	<i>12</i>	8,944,963	8,363,480
Borrowings		502,506	2,621,672
Lease liabilities		451,811	355,404
Income tax payable		1,282,635	980,220
		<u>11,181,915</u>	<u>12,320,776</u>
Net current assets		<u>43,990,523</u>	<u>43,513,651</u>
Total assets less current liabilities		<u>55,913,448</u>	<u>53,790,125</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 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.

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

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

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

2. BASIS OF PREPARATION

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

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

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

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

4. REVENUE AND SEGMENT INFORMATION

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

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

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

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

Note:

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

Information about the Major Customers

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

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

Note:

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

Geographical Information

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

(a) Revenue from external customers

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

(b) Non-current assets

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

Disaggregation of revenue

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

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

Disaggregation by timing of
revenue recognition

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

5. FINANCE COSTS

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

6. INCOME TAX EXPENSE

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

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

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

Six months ended	
30 September	
2020	2019
S\$	S\$
(Unaudited)	(Unaudited)

Tax expense comprises:

Current income tax

— Singapore corporate income tax	456,654	160,881
— Hong Kong profits tax	154,255	116,016
— PRC corporate income tax	—	—
	<u>610,909</u>	<u>276,897</u>

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

Six months ended	
30 September	
2020	2019
S\$	S\$
(Unaudited)	(Unaudited)

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

8. DIVIDENDS

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

9. EARNINGS /(LOSS) PER SHARE

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

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

10. TRADE RECEIVABLES

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

Note:

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

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

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

11. FINANCE LEASE RECEIVABLE

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

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

Finance lease receivable is secured by lease assets.

12. TRADE AND OTHER PAYABLES

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

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

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

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

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

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

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

Future Prospects

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

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

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

FINANCIAL REVIEW

Revenue

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

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

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

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

Cost of sales and services

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

Gross profit and gross profit margin

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

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

Other gains and losses

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

Administrative expenses

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

Finance costs

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

Income tax expense

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

Profit/(loss) attributable to owners of the Company

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

Interim dividend

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

Liquidity and financial resources

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

Exposure to foreign exchange rate risks

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

Material acquisitions and disposals of subsidiaries and associates and joint ventures

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

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

Employees and remuneration policy

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

Events after the Reporting Period

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

Compliance with the Corporate Governance Code

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

Purchase, Sales or Redemption of the Company’s Securities

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

Review of Interim Results by the Audit Committee

The unaudited consolidated financial results of the Group for the six months ended 30 September 2020 has been reviewed by the Audit Committee of the Company.

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

Hong Kong, 30 November 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.