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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 2023

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 2023 (the “**Review Year**”), together with the comparative figures for the corresponding year ended 31 March 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2023

	<i>Note</i>	2023 S\$	2022 S\$
Revenue	4	57,768,008	44,702,564
Cost of sales and services		<u>(48,674,212)</u>	<u>(32,657,745)</u>
Gross profit		9,093,796	12,044,819
Other income		558,224	740,453
Other gains and losses		(3,170,837)	(2,364,454)
Selling expenses		(23,701)	(41,951)
Administrative expenses		(12,760,462)	(9,929,972)
Impairment loss on financial assets	6	(70,591)	(890,811)
Finance costs	5	(47,375)	(6,158)
Share of loss of associates		<u>(37,977)</u>	<u>(24,578)</u>
Loss before taxation	6	(6,458,923)	(472,652)
Income tax expense	7	<u>(29,565)</u>	<u>(694,955)</u>
Loss for the year		<u>(6,488,488)</u>	<u>(1,167,607)</u>

	2023	2022
Note	S\$	S\$
Other comprehensive income for the year		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(380,023)	310,160
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on equity investments at FVOCI	<u>(226,553)</u>	<u>—</u>
Other comprehensive (loss)/income for the year	<u>(606,576)</u>	<u>310,160</u>
Total comprehensive loss for the year	<u>(7,095,064)</u>	<u>(857,447)</u>
Loss for the year attributable to:		
Owners of the Company	(6,428,856)	(982,487)
Non-controlling interests	<u>(59,632)</u>	<u>(185,120)</u>
	<u>(6,488,488)</u>	<u>(1,167,607)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(6,992,325)	(525,258)
Non-controlling interests	<u>(102,739)</u>	<u>(332,189)</u>
	<u>(7,095,064)</u>	<u>(857,447)</u>
Basic and diluted loss per share (S cents)	9	
	<u>(0.55)</u>	<u>(0.09)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	2023 S\$	2022 S\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		6,772,069	6,610,981
Interests in associates		2,864,880	672,131
Finance lease receivable		—	395,770
Equity investments at FVOCI		318,346	215,376
Financial assets at fair value through profit or loss		391,963	1,742,166
		<u>10,347,258</u>	<u>9,636,424</u>
Current assets			
Inventories		787,414	1,162,512
Trade receivables	<i>10</i>	12,748,632	9,080,148
Finance lease receivable		328,732	1,399,320
Other receivables, deposits and prepayments		3,301,576	12,643,108
Amount due from a related company		—	215,376
Financial assets at fair value through profit or loss		3,707,026	6,414,903
Fixed bank deposits		21,996,000	—
Bank balances and cash		15,317,016	32,433,321
		<u>58,186,396</u>	<u>63,348,688</u>
Current liabilities			
Trade and other payables	<i>11</i>	7,494,208	7,553,464
Amounts due to related companies		50,208	583,728
Amount due to an associate		2,285,424	—
Lease liabilities		374,216	157,790
Income tax payable		145,338	1,000,777
		<u>10,349,394</u>	<u>9,295,759</u>
Net current assets		<u>47,837,002</u>	<u>54,052,929</u>

	2023	2022
	S\$	S\$
Total assets less current liabilities	<u>58,184,260</u>	<u>63,689,353</u>
Non-current liabilities		
Lease liabilities	138,083	81,575
Deferred tax liabilities	<u>65,467</u>	<u>120,701</u>
	<u>203,550</u>	<u>202,276</u>
Net assets	<u><u>57,980,710</u></u>	<u><u>63,487,077</u></u>
EQUITY		
Capital and reserves		
Share capital	2,142,708	1,966,310
Reserves	<u>55,411,503</u>	<u>59,964,732</u>
Equity attributable to owners of the Company	<u>57,554,211</u>	<u>61,931,042</u>
Non-controlling interests	<u>426,499</u>	<u>1,556,035</u>
Total equity	<u><u>57,980,710</u></u>	<u><u>63,487,077</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

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 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 engaged in information technology development and application 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 interpretations issued by the International Accounting Standards Board.

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 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 operations are mandatory for the year ended 31 March 2023.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

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

The Group has not early applied the following new standards and amendments and interpretations that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments ¹
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 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ²

¹ Effective for accounting period beginning on or after 1 January 2023

² Effective for accounting period beginning on or after 1 January 2024

³ Effective for accounting period 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 systems (“**M&E**”) and including minor repairs and improvement works (“**Integrated Building Services**”), (ii) undertaking building and construction works (“**Building Construction Works**”) and (iii) engaging in information technology development and application businesses, including provision of service related to blockchain technologies and other internet applications, as well as digital assets trading (“**Information Technology Development and Application**”).

During the year, the Group renamed the Blockchain Technology Development and Application business to Information Technology Development and Application business as the Group strives to engage in more comprehensive scope of internet technologies related businesses. Details of the rename are as follows:

Old Name	New Name
Blockchain Technology Development and Application:	Information Technology Development and Application:
— 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	— engaging in information technology development and application business, including provision of services related to blockchain technologies and other internet applications, and digital assets trading

The Group ceased the industrial hemp business during the year.

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” and “Information Technology Development and Application” 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:

	Year ended 31 March	
	2023	2022
	S\$	S\$
Revenue from contracts with customers within the scope of IFRS 15		
Integrated Building Services	48,036,403	36,538,748
Building Construction Works	10,108,019	8,286,771
	58,144,422	44,825,519
Loss from other sources		
Information Technology Development and Application	(376,414)	(122,955)
	57,768,008	44,702,564

Information about major customers

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

	Year ended 31 March	
	2023	2022
	S\$	S\$
Customer A	12,424,081	8,518,793
Customer B	6,205,218	9,435,336
Customer C	5,571,421	4,887,962
Customer D	16,331,291	4,825,835

Note:

The revenue from all the above customers is generated from provision of integrated building services and building construction works in Singapore.

Geographical information

The following table sets out information about the geographical locations of 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 are 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 interests in associates.

	Year ended 31 March	
	2023	2022
	S\$	S\$
Revenue from external customers		
Singapore	<u>58,144,422</u>	<u>44,825,519</u>
Loss from external customers		
Hong Kong	<u>(376,414)</u>	<u>(122,955)</u>
	<u>57,768,008</u>	<u>44,702,564</u>
	As at 31 March	
	2023	2022
	S\$	S\$
Non-current assets		
Singapore	<u>6,510,331</u>	<u>6,542,132</u>
The People's Republic of China (“PRC”) including Hong Kong	<u>3,126,618</u>	<u>740,980</u>
	<u>9,636,949</u>	<u>7,283,112</u>

Disaggregation of revenue

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

	Integrated		Building		Total	
	Building Services		Construction Works			
	2023	2022	2023	2022	2023	2022
	S\$	S\$	S\$	S\$	S\$	S\$
Disaggregated by timing of revenue recognition						
Over time	<u>48,036,403</u>	<u>36,538,748</u>	<u>10,108,019</u>	<u>8,286,771</u>	<u>58,144,422</u>	<u>44,825,519</u>
	<u>48,036,403</u>	<u>36,538,748</u>	<u>10,108,019</u>	<u>8,286,771</u>	<u>58,144,422</u>	<u>44,825,519</u>

5 FINANCE COSTS

	Year ended 31 March	
	2023	2022
	S\$	S\$
Interest on other borrowings	27,275	—
Interest on lease liabilities	20,100	6,158
	<u>47,375</u>	<u>6,158</u>

6 LOSS BEFORE TAXATION

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

	Year ended 31 March	
	2023	2022
	S\$	S\$
Depreciation of property, plant and equipment	773,067	907,628
Equity-settled share-based payments to consultants	—	34,969
Impairment loss on investment in an associate	—	70,184
Impairment loss on amount due from a related company	—	727,096
Impairment loss on trade receivable	238,725	—
Impairment loss on other receivable	6,243	—
Impairment loss (reversed)/recognised on finance lease receivable	(174,377)	163,715
	<u>70,591</u>	<u>890,811</u>
Auditor's remuneration:		
— Audit services	201,159	222,428
— Non-audit services	1,710	1,751
Directors' remuneration	1,596,230	1,591,663
Other staff costs		
— Equity-settled share-based payments	—	4,114
— Salaries and other benefits	9,451,481	7,627,713
— Contributions to retirement benefit scheme	358,417	315,687
	<u>11,406,128</u>	<u>9,539,177</u>
Total staff costs		
	<u>11,406,128</u>	<u>9,539,177</u>
Cost of inventories recognised as cost of sales and services	2,678,476	3,192,648
Subcontractor costs recognised as cost of sales and services	41,439,138	25,762,952
	<u>41,439,138</u>	<u>25,762,952</u>

7 INCOME TAX EXPENSE

	Year ended 31 March	
	2023	2022
	S\$	S\$
Tax expense comprises:		
Current tax		
— Singapore corporate income tax (“CIT”)	84,744	908,502
— PRC corporate income tax	55	52
Over provision in respect of prior year	—	(128,599)
Deferred tax	(55,234)	(85,000)
	<u>29,565</u>	<u>694,955</u>

8 DIVIDENDS

No dividend has been declared by the Company during the year or subsequent to the year ended 31 March 2023 (2022: Nil).

9 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company for the year is based on the following data:

	Year ended 31 March	
	2023	2022
Loss attributable to the owners of the Company (S\$)	<u>(6,428,856)</u>	<u>(982,487)</u>
Weighted average number of ordinary shares in issue (number of shares)	<u>1,178,601,644</u>	<u>1,095,040,000</u>

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 both years.

10 TRADE RECEIVABLES

	As at 31 March	
	2023	2022
	S\$	S\$
Billed trade receivables	8,685,761	5,749,789
Unbilled trade receivables (<i>note</i>)	4,062,871	3,330,359
	<u>12,748,632</u>	<u>9,080,148</u>

Note:

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 which are entitled to billing.

For the 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 aged analysis of billed trade receivables presented based on the invoice date at the end of the reporting period:

	As at 31 March	
	2023	2022
	S\$	S\$
Within 90 days	7,770,309	4,656,247
91 days to 180 days	614,721	377,287
181 days to 365 days	183,808	414,207
Over 1 year but not more than 2 years	23,454	235,708
More than 2 years	93,469	66,340
	<u>8,685,761</u>	<u>5,749,789</u>

11 TRADE AND OTHER PAYABLES

	As at 31 March	
	2023	2022
	S\$	S\$
Trade payables	2,538,862	3,456,967
Trade accruals	<u>3,294,210</u>	<u>2,860,764</u>
	5,833,072	6,317,731
Accrued operating expenses	1,111,633	541,658
Other payables		
GST payable	393,268	286,449
Others	<u>156,235</u>	<u>407,626</u>
	<u>7,494,208</u>	<u>7,553,464</u>

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

	As at 31 March	
	2023	2022
	S\$	S\$
Within 90 days	2,396,024	3,198,874
91 to 180 days	28,763	107,008
181 days to 365 days	13,446	62,159
Over 1 year but not more than 2 years	26,042	71,053
Over 2 years	<u>74,587</u>	<u>17,873</u>
	<u>2,538,862</u>	<u>3,456,967</u>

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 increased from approximately S\$44.7 million for the year ended 31 March 2022 (the "Last Year") to approximately S\$57.8 million for the Review Year. The Group's gross profit decreased from approximately S\$12.0 million for the Last Year to approximately S\$9.1 million for the Review Year. The Group's gross profit margin decreased from approximately 26.8% for the Last Year to approximately 15.7% 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 2023 is projected to be between S\$27 billion and S\$32 billion. The public sector is expected to contribute about 60 percent 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 2023, comparable with 2022 figures. Both residential and industrial building construction demand are expected to be similar to Last Year's level, underpinned by the development of new condominiums and high-specification industrial buildings. Due to the rescheduling of some major projects from 2022 to 2023 as well as the redevelopment of old commercial premises to enhance asset values, commercial building demand is anticipated to increase.

Over the medium-term, BCA expects the total construction demand to reach between S\$25 billion and S\$32 billion per year from 2024 to 2027. The public sector will continue to lead demand and is expected to contribute S\$14 billion to S\$18 billion per annum from 2024 to 2027, with about 60% of demand made up by building projects and the rest by civil engineering works. Private sector construction demand is projected to remain steady over the medium-term, reaching approximately S\$11 billion to S\$14 billion per annum from 2024 to 2027, in view of healthy investment commitments amid Singapore's strong economic fundamentals.

The Group believes that the outlook for the construction sector will remain challenging for 2023 in view of the continued uncertainties in the external environment and negative economic outlook in Singapore and major economies around the world impacted by COVID-19. All of these constraints make tenders far more competitive and profitability far lesser than were the cases previously. Another challenge is the labor shortage in Singapore has driven up the Group's labor and subcontracting charges. 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.

As the Group strives to engage in more comprehensive scope of internet technologies related businesses instead of simply focus on Blockchain Technology Development and Application, the Group renamed the "**Blockchain Technology Development and Application**" business to "**Information Technology Development and Application**" business, in order to better describe the business nature and reflect the Group's strategy. The change in business name does not affect the comparative figures.

During the Review Year, the Group recorded a loss from Information Technology Applications and Development due to the negative market environment for crypto assets.

The Group's industrial hemp business was not active since the year ended 31 March 2021 and ceased to operate during the Review Year.

Future Prospect

The Group intends to continue the existing principal businesses. At the same time, the Group intends to expand and diversify our business by investing into new business opportunities which can enhance shareholder value as well as complement and leverage existing business lines.

In May 2022, the Securities and Futures Commission 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.

Furthermore, the Group continues to expand into more comprehensive scope of internet technologies related businesses, including but not limited to e-commerce, digital media marketing, live commerce, multi-channel network, artificial intelligence, industrial internet, virtual reality technology and mobile internet video products production, etc.; instead of simply focus on blockchain technology application and development.

Financial Review

Revenue

For the Review Year, the Group recorded a revenue of approximately S\$57.8 million (approximately S\$44.7 million for the Last Year), an increase of approximately S\$13.1 million or approximately 29.3%.

The revenue from the Integrated Building Services increased from approximately S\$36.5 million for the Last Year to approximately S\$48.0 million for the Review Year, an increase of approximately S\$11.5 million or 31.5%. The increase is mainly due to the increase in amount of the integrated building services works performed resulted from a more aggressive pricing strategy implemented by the Group during the Review Year.

Revenue attributable to the Building Construction Works increased by approximately S\$1.8 million or approximately 21.7%, from approximately S\$8.3 million for the Last Year to approximately S\$10.1 million for the Review Year, mainly due to more aggressive pricing strategy implemented by the Group with an intention to increase market penetration, more construction jobs were tendered and performed during the Review Year.

The Group recorded a loss from the Information Technology Development and Application business for both the Review Year and the Last Year. The loss increased from approximately S\$123,000 for the Last Year to approximately S\$376,000 for the Review Year was mainly due to the decrease in Bitcoin Price and transaction volume during the Review Year.

Costs of Sales and Services

The Group's cost of sales and services increased from approximately S\$32.7 million for the Last Year to approximately S\$48.7 million for the Review Year, representing an increase of approximately S\$16.0 million or approximately 48.9%. The increase was mainly driven by the increase in revenue from Integrated Building Services business and Building Construction Works business.

During the Review Year, the magnitude of increase in the Group's cost of sales and services from Integrated Building Services and Building Construction Works business was higher than the increase in the Group's revenue from the same business which was mainly resulted from the following factors:

- (i) Due to the continued uncertainties in the external environment and negative economic outlook in Singapore and major economies around the world as impacted by Coronavirus Disease 2019 (“COVID-19”) make tenders far more competitive and less profitable than prior years;
- (ii) In order to increase market penetration, the Group implemented an aggressive pricing strategy during the Review Year that sacrifices certain profit margin in short to medium term; and
- (iii) The construction labors shortage in Singapore has driven up the direct labour costs and subcontracting charges for the Review Year. The Group is facing difficulties in recruiting workers to meet the increased job orders hence increased the use of subcontractors during the Review Year to meet the committed projects timeline which further reduced its gross profit margins.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased from approximately S\$12.0 million for the Last Year to approximately S\$9.1 million for the Review Year, a decrease of approximately S\$2.9 million or approximately 24.2%.

The Group's gross profit margin also decreased from 26.8% for the Last Year to approximately 15.7% for the Review Year. The decrease was mainly due to the increase in magnitude in cost of sales and services from Integrated Building Services and Building Construction Works business is higher than the increase in revenue from the same business as discussed above.

Other income

Other income decreased from approximately S\$740,000 for the Last Year to approximately S\$558,000 for the Review Year, a decrease of approximately S\$182,000. The decrease was mainly resulted from net effect of the decrease in government grants, finance lease interest income and others and the increase in interest income during the Review Year.

Other Gains and Losses

The Group's other gains and losses increased from loss of approximately S\$2.4 million for the Last Year to loss of approximately S\$3.2 million for the Review Year. The increase was mainly due the increase in recognition of foreign exchange loss from approximately S\$145,000 for the Last Year to approximately S\$720,000 for the Review Year.

Administrative Expenses

The Group's administrative expenses increased from approximately S\$9.9 million for the Last Year to approximately S\$12.8 million for the Review Year, an increase of approximately S\$2.9 million or approximately 29.3%. The increase was mainly resulted from increased employee numbers, as well as the labour shortage in Singapore driving up the salary and foreign worker levy expenses in Singapore. Moreover, more setup and payroll costs were incurred for the Group's newly developed financial service and widened-scope information technology development and application businesses.

Finance Costs

The Group's finance costs increased from approximately S\$6,000 for the Last Year to approximately S\$47,000 for the Review Year. This is due to the increase in lease interest as the Group entered into additional dormitory leases and increase in interest expenses incurred on other borrowings during the Review Year.

Income Tax Expense

The Group's income tax expense decreased from approximately S\$695,000 for the Last Year to approximately S\$30,000 for the Review Year, a decrease of approximately S\$665,000 was due to the decrease in taxable profit.

Loss Attributable to Owners of the Company

The Group's loss attributable to owners of the Company has increased from approximately S\$982,000 for the Last Year to approximately S\$6,429,000 for the Review Year. This is mainly due to i) the decrease in gross profit and gross profit margin in Integrated Building Services and Building Construction Works and ii) the increase in administrative expenses 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 2022: 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\$15.3 million (31 March 2022: approximately S\$32.4 million). The current ratio of the Group as at the end of the Review Year was approximately 5.6 times (31 March 2022: approximately 6.8 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 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\$720,000 for the Review Year (31 March 2022: loss of approximately S\$145,000).

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

- (a) 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.
- (b) On 3 October 2022, Grand Shores Blockchain Group Limited ("**GS Blockchain**"), a wholly-owned subsidiary of the Company, and Ms. Zhou Hongmei ("**Ms. Zhou**") entered into agreement, under which GS Blockchain as purchaser has conditionally agreed to acquire, and Ms. Zhou as vendor has conditionally agreed to sell 40% of the total issued share capital of Grandshores Creative Technology Limited ("**GS Creative**") for a consideration of HK\$6,050,000. Upon completion, GS Creative became a wholly-owned subsidiary of the Company. For details, please refer to the announcement of the Company dated 3 October 2022.

Employees and Remuneration Policy

As at the end of the Review Year, the Group employed a total of 333 full-time employees (including executive Director), as compared to 246 full-time employees as at 31 March 2022. The Group's employees are remunerated according to their job scope, responsibilities, and performance. Local employees are also entitled to discretionary bonus depending on their respective performances and the profitability of the Group. The Group's foreign workers of the Singapore Integrated Building Services 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.

Significant Events After the Reporting Period

- (a) On 29 May 2023, The Company was informed by Mr. Yao Yongjie (“**Mr. Yao**”), the Chairman and an executive director of the Company and the sole ultimate beneficial owner of Great Scenery Venture Limited (“**Great Scenery**”), that he intended to transfer 50% of the issued share capital of Great Scenery to his son, Mr. Yao Zeqian (the “**Transferee**”) (the “**Proposed Transfer**”). Mr. Yao has written to the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (the “**Executive**”) and the Executive has ruled that the Transferee would not be required to make a general offer for the Shares as a result of the Proposed Transfer. For details, please refer to the announcement of the Company dated 29 May 2023.
- (b) On 13 June 2023, SH Integrated Services Pte. Ltd. (“**SH Integrated**”), an indirect wholly-owned subsidiary, entered into the option to purchase agreement with Avenue Engineering Pte. Ltd. (“**AE**”), pursuant to which SH Integrated agreed to purchase and AE agreed to sell, a property located at 40 Kaki Bukit Crescent, Singapore 416266, with a consideration of S\$9,050,000 (exclusive of GST). For details, please refer to the announcement of the Company dated 13 June 2023.
- (c) The market price of Bitcoin has increased from approximately US\$28,000 as at 31 March 2023 to approximately US\$30,000 as at the date of this announcement, resulting to fair value gain on digital assets inventories of approximately US\$30,000 (equivalent to approximately S\$41,000).

Save as disclosed above, no other significant events have 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 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

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

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

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

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.

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 this 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) and on the website of the Company (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 2023.

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

Hong Kong, 30 June 2023

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. Fan Jianyin as independent non-executive Directors.