SHIS Limited

(incorporated in the Cayman Islands with limited liability)

Stock code: 1647

2018
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Yao Yongjie (appointed on 30 May 2018)
Mr. Chua Seng Hai *(Chairman)*
Mr. Lim Kai Hwee

NON-EXECUTIVE DIRECTOR

Mr. Teng Rongsong (appointed on 30 May 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ng Peck Hoon
Mr. Toh Soo Bock, Bob
Mr. Sim Choon Hong

AUDIT COMMITTEE

Ms. Ng Peck Hoon *(Chairlady)*
Mr. Toh Soo Bock, Bob
Mr. Sim Choon Hong

REMUNERATION COMMITTEE

Mr. Toh Soo Bock, Bob *(Chairman)*
Ms. Ng Peck Hoon
Mr. Sim Choon Hong
Mr. Lim Kai Hwee
Mr. Yao Yongjie (appointed on 29 June 2018)
Mr. Teng Rongsong (appointed on 29 June 2018)

NOMINATION COMMITTEE

Mr. Sim Choon Hong *(Chairman)*
Ms. Ng Peck Hoon
Mr. Toh Soo Bock, Bob
Mr. Chua Seng Hai
Mr. Yao Yongjie (appointed on 29 June 2018)
Mr. Teng Rongsong (appointed on 29 June 2018)

COMPANY SECRETARY

Ms. Chan So Fun

AUTHORISED REPRESENTATIVES

Ms. Chan So Fun
Mr. Lim Kai Hwee

REGISTERED OFFICE

Cricket Square
Hutchins Drive P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

18 Kaki Bukit Place
Eunos Techpark
Singapore 416196

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19th Floor, Prosperity Tower
39 Queen's Road Central
Central
Hong Kong

COMPLIANCE ADVISER

Grande Capital Limited
1204B, 12/F, Tower 2
Lippo Centre
89 Queensway
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F,
148 Electric Road
North Point
Hong Kong

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way, OUE Downtown 2
#33-00
Singapore 068809

PRINCIPAL BANK

United Overseas Bank

COMPANY'S WEBSITE

www.shilimited.com

STOCK CODE

1647

CHAIRMAN STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of SHIS Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to present to our shareholders the annual report of the Group for the year ended 31 March 2018 (the "**Review Year**").

During the Review Year, the Group's revenue increased from approximately S$46.8 million for the year ended 31 March 2017 to approximately S$56.8 million for the year ended 31 March 2018 while the Group gross profit decreased from approximately S$18.0 million for the year ended 31 March 2017 to approximately S$16.9 million for the year ended 31 March 2018. The Group's gross profit margin also decreased from 38.4% for the year ended 31 March 2017 to 29.7% for the year ended 31 March 2018.

Based on the information provided by the Building and Construction Authority of Singapore ("**BCA**"), the total value of contracts awarded in 2017 was approximately S$24.5 billion which was lower than that awarded in 2016 of approximately S$26.4 billion. Based on the above, the Group facing an intense competition in 2017 and therefore, the Group had adopted a more aggressive pricing strategy in order to secure new contracts, which slightly affected its profit margin. Although we were facing an intense competition in 2017, we recorded an increase in our revenue for both integrated building services and building construction works. The executive Directors believe that such increase was mainly due to our proven track record and our experienced and dedicated management team.

Looking ahead, the Group is positive about the prospects of the integrated building services industry and construction market in Singapore. On 11 January 2018, BCA estimated that between S$16 billion and S$19 billion worth of public projects in Singapore would be awarded in 2018, more than S$15.5 billion in 2017. BCA also projected that the total construction demand in 2018 is likely to increase from S$24.5 billion in 2017 to between S$26 billion and S$31 billion. The Group will continue to focus on our core business of the provision of integrated building services and prepare for future opportunities, while maximising the shareholders' value.

I would like to take this opportunity to express my sincere gratitude to the management team and staff for their hard work and contributions, and to the shareholders, investors and business partners for their trust and support.

Chua Seng Hai
Chairman

29 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a contractor in Singapore and mainly (i) provides integrated building services, with a focus on maintenance and/or installations of mechanical and electrical (M&E) systems, and including minor repairs and improvement works; and (ii) undertakes building and construction works in Singapore. The Group has more than ten years of experience in the provision of maintenance services for various building systems in Singapore.

The Group's revenue increased from approximately S$46.8 million for the year ended 31 March 2017 to approximately S$56.8 million for the year ended 31 March 2018 while the Group gross profit decreased from approximately S$18.0 million for the year ended 31 March 2017 to approximately S$16.9 million for the year ended 31 March 2018. The Group's gross profit margin also decreased from 38.4% for the year ended 31 March 2017 to 29.7% for the year ended 31 March 2018.

Several key public projects in the Singapore construction industry scheduled in 2017 such as part of the planned upgrading works of the Housing and Development Board flats, the development of Jurong Town Council's Logistic Hub, etc. were at the initial startup stage or did not commence during the first half of 2017. In addition, based on the information provided by the BCA, the total value of contracts awarded in 2017 was approximately S$24.5 billion which was lower than that awarded in 2016 of approximately S$26.4 billion. Based on the above, the Group facing an intense competition in 2017 and therefore, the Group had adopted a more aggressive pricing strategy in order to secure new contracts, which slightly affected its profit margin.

Mr. Yao Yongjie ("**Mr. Yao**") and Mr. Teng Rongsong ("**Mr. Teng**") have been appointed as an executive Director and a non-executive Director respectively on 30 May 2018 after they together acquired the controlling stake of the Company. Morgan Hill Holdings Limited ("**Morgan Hill**"), a company indirectly owned as to 51% by Mr. Yao, owns approximately 60% of the issued share capital of the Company. As set out in the composite offer and response document dated 29 May 2018 issued by the Company, it is intended that the Group will leverage on Mr. Yao's experience and knowledge in blockchain technologies to tap into new business opportunities and to extend the Group's civil, mechanical and electrical engineering capabilities towards high-end specialist services, such as design and construction, operation and maintenance and management of data centres and other high-performance data processing facilities and equipment in relation to blockchain technologies, with the goal of generating synergistic effects with the Group's existing business.

FINANCIAL REVIEW

REVENUE

The Group's revenue increased from approximately S$46.8 million for the year ended 31 March 2017 to approximately S$56.8 million for the year ended 31 March 2018, representing an increase of approximately S$10.0 million or 21.3%. Such increase was mainly due to higher contribution by approximately S$7.3 million from the building construction works, which was approximately S$10.4 million for the year ended 31 March 2018 (31 March 2017: approximately S$3.1 million). The increase in revenue from the building construction works was mainly due to increase in works performed for a building and construction project, amounting to approximately S$7.0 million for the year ended 31 March 2018 (31 March 2017: approximately S$1.4 million). The aforesaid project is expected to complete in the first half of year ending 31 March 2019.

Revenue attributable to the integrated building services saw an increase of approximately S$2.6 million or 6.0% during the year ended 31 March 2018, from approximately S$43.7 million to approximately S$46.3 million, mainly due to increase in the amount of the integrated building services works performed by the Group during the year ended 31 March 2018 as compared to 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

COSTS OF SERVICES

The Group's cost of services increased from approximately S$28.8 million for the year ended 31 March 2017 to approximately S$39.9 million for the year ended 31 March 2018, representing an increase of approximately S$11.1 million or 38.5%, which was higher than the increase in the Group's revenue of approximately 21.3%. This has resulted in the Group's lower gross profit margin. Such decrease was mainly attributable to the increase in the use of subcontractor along with the increase in revenue derived from building and construction works during the year ended 31 March 2018. The subcontractor costs was approximately S$25.7 million for the year ended 31 March 2018 (31 March 2017: approximately S$16.2 million), representing an increase of approximately 58.9%. In the building and construction projects, the Group typically subcontract out the majority of the site works to subcontractors, and the Group's role is mainly to focus on project management and to ensure that the works are performed by its subcontractors properly and on a timely basis in accordance with the contract specifications and customers' requirements.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit decreased by approximately S$1.1 million or 6.1%, from approximately S$18.0 million for the year ended 31 March 2017 to approximately S$16.9 million for the year ended 31 March 2018. Such decrease was mainly due to the increase in the costs of services discussed above and the decrease in the gross profit margin.

The Group's gross profit margin decreased from 38.4% for the year ended 31 March 2017 to 29.7% for the year ended 31 March 2018. Such decrease was mainly due to the higher than proportionate increase in costs of services for building and construction works discussed above as compared with the increase in revenue. Consequentially, this resulted in a decrease in the Group's gross profit margin for the year. In addition, the Group adopted a more aggressive pricing strategy in order to secure new contracts which also slightly affected its profit margin.

OTHER GAINS AND LOSSES

The Group's other gains and losses significantly changed from losses of approximately S$6,000 for the year ended 31 March 2017 to losses of approximately S$1.7 million for the year ended 31 March 2018. Such change was mainly due to the recognition of unrealised foreign exchange loss of approximately S$1.8 million for the cash and cash equivalents, arising from the net proceeds for the Share Offer, denominated in Hong Kong dollars as Hong Kong dollars has depreciated against Singapore dollars.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased from approximately S$9.4 million for the year ended 31 March 2017 to approximately S$10.8 million for the year ended 31 March 2018. Such increase was mainly due to the higher expenses incurred for legal and professional fees, foreign worker levy and depreciation of plant and equipment. Such increase was mainly due to the additional administrative and compliance cost as a listed company in connection with the Company's listing, the higher monthly foreign worker levy rate with effective 1 July 2017 and the additional plant and equipment purchased during the year to cope with the Group's business growth.

OTHER EXPENSES

The Group's other expenses for the year ended 31 March 2017 was the recognition of listing expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE COSTS

The Group's finance costs increased from approximately S$77,000 for the year ended 31 March 2017 to approximately S$93,000 for the year ended 31 March 2018. Such increase was mainly due to the increase in interest rate of the mortgage loan over time in accordance with the repayment schedule.

INCOME TAX EXPENSE

The Group's income tax expenses decreased from approximately S$1.2 million for the year ended 31 March 2017 to approximately S$1.1 million for the year ended 31 March 2018. Such decrease was primarily due to the decrease in profit before taxation from approximately S$5.9 million for the year ended 31 March 2017 to approximately S$4.6 million for the year ended 31 March 2018.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Despite the increase in the Group's revenue, as a result of the aforementioned and in particular, the lower gross profit margin contributed by building and construction works, the foreign exchange loss and the increase in administrative expenses, the profit and other comprehensive income for the year decreased from approximately S$4.7 million for the year ended 31 March 2017 to approximately S$3.5 million for the year ended 31 March 2018.

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 March 2018 (31 March 2017: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy financial position during the year ended 31 March 2018. As at 31 March 2018, the Group had total bank balances and cash of approximately S$39.4 million (31 March 2017: approximately S$43.4 million). The total interest-bearing loans of the Group as at 31 March 2018 was approximately S$3.1 million (31 March 2017: approximately S$3.3 million), and current ratio as at 31 March 2018 was approximately 4.3 times (31 March 2017: approximately 2.7 times). As at 31 March 2018, the gearing ratio (calculated based on borrowings divided by equity attributable to owners of the Company) of the Group was 0.1 times (31 March 2017: 0.1 times).

For further details regarding to the borrowings, please refer to note 22 to the consolidated financial statements.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards it treasury policy and thus maintained a healthy financial position throughout the year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

PLEDGE OF ASSETS

As at 31 March 2018, the Group had approximately S$2.0 million (31 March 2017: approximately S$1.9 million) of pledged bank deposits for corresponding amounts of performance guarantees issued in favour of customers. The Group's owned property which is situated at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196 was pledged for mortgage loan as at 31 March 2018 and 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains some proceeds from the Listing in Hong Kong dollars amounting to approximately S$22.3 million as at 31 March 2018 (31 March 2017: approximately S$30.1 million) that are exposed to foreign exchange rate risks. The Group recorded an unrealised foreign exchange loss of approximately S$1.8 million for the year ended 31 March 2018 (31 March 2017: nil).

CAPITAL STRUCTURE

The shares of the Company were listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 30 March 2017 (the "**Listing Date**"). The share capital of the Company comprises of ordinary shares only. As at 31 March 2017, the issued share capital of the Company was HK$10,000,000 divided into 1,000,000,000 shares of HK$0.01 each.

On 20 April 2017, China Prospect Securities Limited, the sole lead manager, fully exercised the Over-allotment Option (as defined in the Prospectus of the Company dated 20 March 2017 (the "**Prospectus**")) in respect of 37,500,000 additional shares. For further details of the exercise of the Over-allotment Option, please refer to the paragraph headed "Exercise of the Over-allotment Option" below. As at 31 March 2018, the issued share capital of the Company was HK$10,375,000 divided into 1,037,500,000 shares of HK$0.01 each.

Save as disclosed, there was no change in the capital structure of the Company for the year ended 31 March 2018 and up to the date of this report.

As at 31 March 2018, the share capital and equity attributable to owners of the Company amounted to approximately S$1.9 million and S$48.5 million respectively (31 March 2017: approximately S$1.8 million and S$40.4 million respectively).

CAPITAL COMMITMENTS

As at 31 March 2018 and 2017, the Group did not have any material capital commitments.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 March 2018, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.

SIGNIFICANT INVESTMENT HELD

The Group did not hold any significant investments during the year ended 31 March 2018.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group employed a total of 328 full-time employees (including executive Directors), as compared to a total of 335 full-time employees as at 31 March 2017. 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The emoluments of Directors were reviewed by the remuneration committee of the Company, having regard to salaries paid by comparable companies, experience, responsibilities and performance of the Group, and approved by the Board.

CONTINGENT LIABILITIES

As at 31 March 2018 and 2017, the Group did not have any material contingent liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

As at 31 March 2018, except for the acquisition of the property, plant and equipment disclosed in note 14 to the consolidated financial statement, the Group does not have any other plans for material investments or capital assets.

EXERCISE OF THE OVER-ALLOTMENT OPTION

On 20 April 2017, China Prospect Securities Limited, the sole lead manager, fully exercised the Over-allotment Option (as defined in the Prospectus) in respect of 37,500,000 additional shares, representing approximately 15% of the total number of offer shares initially available under the share offer before any exercise of the Over-allotment Option, at the offer price of HK$0.70 per share to facilitate the return of the 37,500,000 shares borrowed by China Prospect Securities Limited, the stabilising manager, from Ruiheng Global Investments Limited under the stock borrowing agreement, which were used to cover the over-allocations in the placing.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

The net proceeds from the Listing (including the proceeds from the exercise of the Over-allotment Option), after deducting listing related expenses, were approximately S$21.6 million (equivalent to approximately HK$124.1 million), out of which approximately S$3.6 million has been utilised as at 31 March 2018.

Business objectives	**Net proceeds**	**Amount utilised as at 31 March 2018**	**Balance as at 31 March 2018**
	S$'000	*S$'000*	*S$'000*
Various investments in manpower and plant and equipment for expanding the scale of operation and undertake more integrated services projects in Singapore	12,475	853	11,622
Various investments in manpower and plant and equipment for expanding the in-house capabilities and reducing the use of subcontractors in relation to plumbing and sanitary works, electrical works and air-conditioning works	6,971	656	6,315
Working capital	2,137	2,137	–
	21,583	3,646	17,937

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management are set out as follows:

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Yao Yongjie ("**Mr. Yao**"), aged 47, was appointed as the executive Director on 30 May 2018. He graduated from Hunan University with a degree in architecture and was involved in a number of real estate projects. Mr. Yao is currently the chairman of a private equity investment company, Hangzhou Tunlan Investment Management Co., Ltd（杭州暾瀾投資管理有限公司）, and the chairman of an investment holding company, Hangzhou Grand Shores Investment Management Co., Ltd（杭州雄岸投資管理有限公司）, which will focus in blockchain and artificial intelligence related investments. Mr. Yao was an angel investor of Hangzhou Canaan Creative Information Technology Limited（杭州嘉楠耘智信息科技有限公司）("**Hangzhou Canaan**"), which is principally engaged in research and development of integrated circuits. He is also the president of the Zhejiang Grand Shores Blockchain Industrial Development Institute. Mr. Yao is a famous investor in the blockchain industry and has successfully invested in a few world-leading blockchain companies, such as Hangzhou Canaan and has broad influence and appeal in the industry. In 2018, Mr. Yao is one of the founders of Grand Shores Global Blockchain Ten-Billion Innovation Fund. Mr. Yao is also an independent non-executive director of Han Tang International Holdings Limited (stock code: 1187), a company listed on the Main Board of the Stock Exchange.

Mr. Chua Seng Hai ("**Mr. Chua**"), aged 57, founder of the Group, was appointed as the Director on 18 May 2016 and re-designated as the executive Director and appointed as the chairman of the Board on 5 July 2016. He is a member of the nomination committee. He is also a director of SH Integrated Services Pte. Ltd., CSH Development Pte. Ltd., Jinfeng Ventures Limited, Innovative Plus Investments Limited and Pine Vantage Limited. Mr. Chua is responsible for the overall strategic planning and business development of the Group. He obtained the National Trade Certificate Grade 3 in Electrical Fitting & Installation (Industrial) (Practical and Theory Parts) and in Electrical Fitting & Installation (Domestic) (Practical and Theory Parts) from the Vocational and Industrial Training Board (currently known as The Institute of Technical Education) of Singapore in August 1979. He is registered with the Building and Construction Authority as a building construction safety supervisor. He is also a licensed electrician registered with the Energy Market Authority in Singapore.

Mr. Chua has over 20 years of experience in the provision of integrated building services and in the building and construction industry in Singapore. Prior to founding the Group, Mr. Chua worked at JVL Engineering Pte Ltd as a manager from January 1999 to November 2005 and he was also a director of HAM Engineering Pte Ltd from March 1997 to November 2005.

Mr. Chua is the spouse of Ms. Bek Poi Kiang (member of the senior management of the Group).

Mr. Lim Kai Hwee ("**Mr. Lim**"), aged 41, was appointed as the executive Director on 5 July 2016. He is a member of the remuneration committee. Mr. Lim obtained a degree of Bachelor of Applied Science in construction management and economics from Curtin University of Technology in February 2004. He joined the Group as a general manager in August 2006. Mr. Lim is responsible for the overall management of both the integrated building services business and building and construction business and is responsible under the immediate authority of the Board for the conduct of the business of the Group and is therefore the chief executive for the purpose of the Listing Rules. Mr. Lim has over 10 years of experience in the provision of integrated building services and in the building and construction industry in Singapore. Prior to joining the Group, Mr. Lim was employed by United Premas Limited as a facilities manager from November 2001 to August 2005.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Teng Rongsong ("**Mr. Teng**"), aged 44, was appointed as the non-executive Director on 30 May 2018. He graduated from Peking University with a degree in science. Mr. Teng is the chairman of Fission Digital Asset Management Advisory Ltd. Mr. Teng had been the chairman, the chief executive officer and the executive director of China Development Bank International Investment Limited ("**China Development Bank**") (stock code:1062), a company listed on the Main Board of the Stock Exchange. Mr. Teng was responsible for the overseas investments and merger and acquisition business of the China Development Bank.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ng Peck Hoon ("**Ms. Ng**"), aged 48, was appointed as the independent non-executive Director on 5 January 2017. She is currently the chairlady of the audit committee and a member of the remuneration committee and nomination committee. Ms. Ng obtained a degree of Bachelor of Accountancy from the National University of Singapore in July 1991. Ms. Ng was admitted as a fellow member of the Institute of Singapore Chartered Accountants (formerly known as Institute of Certified Public Accountants of Singapore) in July 2004 and an associate member of the Institute of Chartered Accountants in Australia in July 1994.

Ms. Ng has more than 20 years of experience in the field of auditing and accounting. Ms. Ng was admitted as partner to Deloitte & Touche in August 2001 and subsequently was admitted as partner to Deloitte & Touche LLP in June 2008 and resigned in October 2014. She set up De Arta LLP in September 2014, an accounting firm in Singapore, and became a partner of De Arta LLP since then up to the present.

Mr. Toh Soo Bock, Bob ("**Mr. Toh**"), aged 58, was appointed as the independent non-executive Director on 5 January 2017. He is currently the chairman of the remuneration committee and a member of the audit committee and nomination committee. Mr. Toh graduated from the University of Wisconsin-Madison with a degree of Bachelor of Business Administration in May 1986.

Mr. Toh has over 15 years of experience in the finance industry in Singapore, primarily in investee and portfolio management. Mr. Toh was employed by AIA Singapore Private Limited as a financial services consultant from November 1989 to October 2005. He worked at Evia Capital Partners Pte Ltd since 2007, at which he is currently director of investment.

Mr. Sim Choon Hong (also known as Shen Junfeng) ("**Mr. Sim**"), aged 46, was appointed as the independent non-executive Director on 5 January 2017. He is currently the chairman of the nomination committee and a member of the audit committee and remuneration committee. Mr. Sim graduated from RMIT University with a degree of Bachelor of Business in business administration in August 2000.

Mr. Sim has around 9 years of experience in general management. Mr. Sim is currently the regional sales manager at JDV Control Valves S.E.A. Pte Ltd. From October 2008 to July 2013, Mr. Sim worked in a number of organisations including as a deputy general manager at NSL Chemicals Ltd and as a business manager at Econ Careskill Training Centre Pte Ltd.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Bek Poi Kiang ("Mrs. Chua"), aged 58, is the director of DRC Engineering Pte. Ltd. ("**DRC Engineering**") since October 2010. She is responsible for the general oversight of DRC Engineering's activities, including supervising the business operation and monitoring the financial position of DRC Engineering. Since becoming DRC Engineering's director in October 2010, Mrs. Chua has accumulated more than 7 years of experience in our business and operations. From April 2010 to June 2016, Mrs. Chua was a director of CA Lighting (S) Pte. Ltd. Mrs. Chua was also a director of SLT Services Pte. Ltd. from April 2013 to March 2016.

Mrs. Chua is the spouse of Mr. Chua Seng Hai (chairman of the Board and executive Director).

Mr. Kong Chen Yung ("**Mr. Kong**"), aged 36, joined the Group as a financial controller in October 2015 and is responsible for overseeing the financial, accounting, taxation and banking matters of the Group. Mr. Kong obtained a degree of Bachelor of Commerce in accounting and finance from Monash University in December 2006. He was admitted as a member of CPA Australia in July 2008 and as a certified practicing accountant of the CPA Australia in May 2013.

Mr. Kong has over 10 years of relevant experience in the field of auditing, accounting and financial management. From April 2007 to January 2011, Mr. Kong worked at Ernst & Young at which his last position was senior associate. From February 2011 to October 2015, Mr. Kong worked at KPMG at which his last position was manager.

Mr. Ng Chang Soon ("**Mr. Ng**"), aged 37, joined the Group in October 2009 and is currently the project and safety director and is responsible for the project management and supervision and overseeing the quality assurance, environmental health and workplace safety of the Group. Mr. Ng obtained a degree of Bachelor of Building and Project Management from SIM University in August 2015. He is registered with the Building and Construction Authority as a building construction safety supervisor. He is also a registered workplace safety and health officer registered with the Ministry of Manpower of Singapore.

Mr. Ng has over 10 years of experience in the provision of integrated building services. From May 2004 until prior to joining our Group in October 2009, Mr. Ng worked at Firstcom Engineering Pte Limited, where his last position was site manager.

COMPANY SECRETARY

Ms. Chan So Fun ("**Ms. Chan**"), aged 49, was appointed as the company secretary of the Company on 11 July 2016. Ms. Chan is currently a partner at the law firm of Michael Li & Co, specialising in corporate finance work including initial public offerings, mergers and acquisitions and restructuring. Ms. Chan is a practising solicitor and was admitted as a solicitor in Hong Kong in November 2007. She received a degree of Bachelor of Laws from the University of London in August 2004. She obtained a Master of Business Administration from The University of Hong Kong in December 1998 and she also obtained a degree of Bachelor of Social Science from The Chinese University of Hong Kong in December 1992. Ms. Chan has been the company secretary of BHCC Holding Limited (stock code: 1552) since August 2017, a company listed on the Main Board of the Stock Exchange. Prior to embarking her legal career, Ms. Chan had over five years of experience in marketing and corporate communications.

CORPORATE GOVERNANCE PRACTICES

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**"). To the best knowledge of the Board, the Company has complied with the CG code for the Review Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the required Model Code's standard for the Review Year.

NON-COMPETITION UNDERTAKING

Mr. Chua, Mrs. Chua and Ruiheng Global Investment Limited ("**Ruiheng Global**") (collectively, the "**Controlling Shareholders**") entered into a deed of non-competition dated 13 March 2017 in favour of the Company and the subsidiaries (the "**Deed of Non-Competition**"). Pursuant to the Deed of Non-Competition, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Company (for itself and for the benefit of the subsidiaries), among others, that, during the period which (i) the Shares remain listed in the Stock Exchange and (ii) the Controlling Shareholder and their close associates (other than members of the Group) individually or jointly, are entitled to exercise, or control the exercise of, not less 30% of the voting power at general meeting of the Company or the Controlling Shareholders or the relevant close associates remains as a director of any member of the Group. He/she/it shall not, and shall procure that his/her/its close associates (other than any member of the Group) not to carry on or be engaged, concerned or interested, or otherwise be involved be involved directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group or any business activity to be conducted by any member of the Group from time to time.

Each of the Controlling Shareholders further undertakes that if any business investment or other commercial opportunity which may compete with the business of the Group is identified by or offered to him/her/it, he/she/it shall procure that his/her/its close associates to promptly notify the Group in writing and the Group shall have a right of first refusal to take up such opportunity. The Group shall within 30 days after the receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Controlling Shareholders whether the Group will exercise the right of first refusal.

The Company has received a written confirmation from the Controlling Shareholders in respect of the compliance with and the enforcement of the terms of the Deed of Non-Competition by the Controlling Shareholders during the Review Year.

All independent non-executive Directors have reviewed the compliance of the Deed of Non-Competition entered into by the Controlling Shareholders as to whether the Controlling Shareholders had abided by the Deed of Non-Competition. All independent non-executive Directors also confirmed that the Controlling Shareholders had not been in breach of the Deed of Non-Competition during the Review Year.

CORPORATE GOVERNANCE PRACTICES

THE BOARD

COMPOSITION

As at the date of this report, the Board is chaired by Mr. Chua Seng Hai and comprised of seven members including three executive Directors, one non-executive Director and three independent non-executive Directors.

Biographic details of the Directors are set out in the section headed "Biographic Details of the Directors and Senior Management" in this report. There are no financial, business, family or other material/relevant relationships among members of the Board.

Executive Directors
Mr. Yao Yongjue (appointed on 30 May 2018)
Mr. Chua Seng Hai (Chairman)
Mr. Lim Kai Hwee

Non-Executive Director
Mr. Teng Rongsong (appointed on 30 May 2018)

Independent Non-Executive Directors
Ms. Ng Peck Hoon
Mr. Toh Soo Bock, Bob
Mr. Sim Choon Hong

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments are based on meritocracy, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board.

The nomination committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy for the Review Year.

CHAIRMAN AND CHIEF EXECUTIVE

The position of Chairman is held by Mr. Chua Seng Hai. The Chairman is responsible for the overall strategic planning and business development of the Group.

Mr. Lim Kai Hwee is responsible for the overall management of both the integrated building services business and building and construction business and is responsible under the immediate authority of the Board for the conduct of the business of the Group and is therefore the chief executive for the purpose of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS

For the year ended 31 March 2018 and up to date of this report, the Company has three independent non-executive Directors representing more than one-third of the Board, which is in compliance with Rules 3.10(1) and 3.10A of the Listing Rules. In compliance with Rule 3.10(2) of the Listing Rules, two of the independent non-executive Directors, namely Ms. Ng Peck Hoon and Mr. Toh Soo Bock, Bob, possess professional accounting qualifications, or financial management expertise.

In accordance with the Rule 3.13 of the Listing Rules, all independent non-executive Directors have confirmed their independence for the Review Year.

CORPORATE GOVERNANCE PRACTICES

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

In accordance with the Company's articles of association (the "**Articles**"), all the Directors are subject to retirement by rotation at least once every three years. Any new Director appointed by the Board (i) to fill a casual vacancy in the Board shall hold office only until the first general meeting of the Company following his/her appointment and shall be subject to re-election at such meeting; and (ii) as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

ROLE AND RESPONSIBILITIES

The Board is responsible for the overall management of the Group and all day-to-day operations and management of the Group's business has been delegated to management under the leadership of the chief executive officer of the Group.

The principal roles of the Board are:

- set long term objectives and strategies;
- approve major policies and guidelines;
- prepare and approve financial statements, annual report and interim report;
- approve major capital expenditures, acquisition and disposals;
- approve connected transactions;
- approve material borrowings and expenditures;
- review and monitor internal control and risk management; and
- declare and recommend the payments of dividends.

The Board is also responsible for the corporate governance functions of the Company, which includes:

- develop and review the Company's policies and practices on corporate governance;
- review and monitor the training and continuous professional development of directors and senior management;
- review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and
- review the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the Review Year, the Board had reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of the corporate governance policy of the Group.

CORPORATE GOVERNANCE PRACTICES

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged our Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance. During the Review Year, the Company had provided internal trainings and in-house briefings to the Directors to ensure awareness of best corporate governance practices. The Company also periodically circulated reading materials relating to the general business, investment, or director's duties and responsibility to all the Directors. In addition, the Group will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the Listing Rules.

BOARD PROCESS

The Group has in place a clear board process. Regular Board meetings are scheduled at least two times per year. Directors receive at least 14 days' prior written notice of regular Board meetings and agenda. The Board papers, including supporting analyses and relevant background information, are normally sent to all Directors at least three days before the Board meeting. For other Board meetings, Directors are given as much notice as possible in the circumstances. Directors may include any matters they wish to discuss in the agenda.

Minutes of the Board and committee meetings are prepared and kept by the company secretary of the Group, and are open for inspection by Directors upon request. All Directors have access to the advice and services of the company secretary, and are allowed to seek external professional advice if needed.

During the Review Year, 2 Board meetings were held and the attendance record of each Director is set out below:

	Number of meeting attended/held
Executive Directors:	
Mr. Chua Seng Hai	2/2
Mr. Lim Kai Hwee	2/2
Independent Non-Executive Directors:	
Ms. Ng Peck Hoon	2/2
Mr. Toh Soo Bock, Bob	2/2
Mr. Sim Choon Hong	2/2

BOARD COMMITTEES

To facilitate the work of the Board, the Board has established three board committees to oversee specific aspects of the Group's affairs, namely audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**"). Each board committee has its own terms of reference relating to its authority and duties, which have been approved by the Board and are reviewed periodically. The terms of reference of each committee are available on the websites of the Company and the Stock Exchange.

Each board committee has also been provided with sufficient resources to discharge its duties and, upon reasonable request, is able to seek independent professional advice in appropriate circumstances at the Group's expense.

AUDIT COMMITTEE

The Group established an Audit Committee on 5 January 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG code as set out in Appendix 14 of the Listing Rule. The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Ms. Ng Peck Hoon, Mr. Toh Soo Bock, Bob and Mr. Sim Choon Hong. Ms. Ng Peck Hoon is the chairlady of the Audit Committee.

During the Review Year, 2 meetings of the Audit Committee were held and the attendance record of each member of the Audit Committee is set out below:

Committee members	Number of meeting attended/held
Ms. Ng Peck Hoon (chairlady)	2/2
Mr. Toh Soo Bock, Bob	2/2
Mr. Sim Choon Hong	2/2

The following is a summary of the work performed by the Audit Committee during the Review Year:

- Review and discuss the annual financial statements, results announcements and reports, the related accounting principles and practices adopted by the Group and the relevant audit findings;
- Review and discuss the risk management and internal control system of the Group;
- Review and discuss the internal audit plan and reports issued; and
- Discuss and recommend the re-appointment of external auditors.

There had been no disagreement between the Board and the Audit Committee during the Review Year and up to this date of this report.

REMUNERATION COMMITTEE

The Group established a remuneration committee on 5 January 2017 with written terms of reference in compliance with paragraph B.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The remuneration committee consists of all of the independent non-executive Directors, namely Mr. Toh Soo Bock, Bob, Ms. Ng Peck Hoon and Mr. Sim Choon Hong, and Mr. Lim Kai Hwee. Mr. Toh Soo Bock, Bob is the chairman of the remuneration committee.

The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to our Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of the Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

The remuneration of the Directors and senior management is determined with reference to the responsibilities, workload, the time devoted and the performance of the Group. The Remuneration Committee also ensures that no individual will be involved in determining his/her own remuneration.

During the Review Year, the remuneration of senior management is listed as below by band:

Band of remuneration (HK$)	No. of person
HK$0 to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	2
	3

Further details of the remuneration of the Directors and the 5 highest paid employees is set out in note 11 to the consolidated financial statements.

During the Review Year, 1 meeting of the Remuneration Committee was held and the attendance record of each member of the Remuneration Committee is set out below:

Committee members	Number of meeting attended/held
Mr. Toh Soo Bock, Bob (chairman)	1/1
Ms. Ng Peck Hoon	1/1
Mr. Sim Choon Hong	1/1
Mr. Lim Kai Hwee	1/1

CORPORATE GOVERNANCE PRACTICES

The following is a summary of the work performed by the Remuneration Committee during the Review Year:

- Review on the remuneration packages for individual Directors and senior management and made recommendations to the Board.

NOMINATION COMMITTEE

The Group also established a nomination committee on 5 January 2017 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The nomination committee consists of all of the independent non-executive Directors, namely Mr. Sim Choon Hong, Ms. Ng Peck Hoon and Mr. Toh Soo Bock, Bob, and Mr. Chua Seng Hai. Mr. Sim Choon Hong is the chairman of the nomination committee.

The primary duties of our nomination committee are (i) to review the structure, size, composition and diversity of our Board on a regular basis; (ii) to identify individuals suitably qualified to become Board members; (iii) to assess the independence of independent non-executive Directors; (iv) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors; and (v) to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management.

During the Review Year, 1 meeting of the Nomination Committee was held and the attendance record of each member of the Nomination Committee is set out below:

Committee members	Number of meeting attended/held
Mr. Sim Choon Hong (chairman)	1/1
Ms. Ng Peck Hoon	1/1
Mr. Toh Soo Bock, Bob	1/1
Mr. Chua Seng Hai	1/1

The following is a summary of the work performed by the Nomination Committee during the Review Year:

- Review the structure, size and composition of the Board and make recommendations to the Board regarding any proposed changes;

- Assess the independence of the independent non-executive Directors; and

- Make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors.

CORPORATE GOVERNANCE PRACTICES

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors also acknowledge their responsibility to ensure the financial statements are published in a timely manner. The Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The Auditor's reporting responsibilities are set out in the section headed "Independent Auditor's Report" in this report.

AUDITOR'S REMUNERATION

For the Review Year, the fee paid/payable to the Deloitte & Touche LLP and its member firms, is set out as follows:

	S$
Audit services	128,000

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Company's risk management and internal control systems, and for reviewing its effectiveness.

In meeting such responsibility, the management of the Group conducts internal audit which includes analysis and appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. The departmental heads of the Group have to complete a risk management and internal control self-assessment questionnaires, identify and evaluate those significant risks and confirm to the management that appropriate internal control policies and procedures have been established and properly complied with. The management then reviews the findings and summarises all material issues to the Board and Audit Committee annually.

In particular, the Group has established guidelines and procedures for the approval and control of expenditures, to ensure the reliability of the financial reporting, effectiveness and efficiency of operation and the compliance with applicable laws and regulations. Whilst these guidelines and procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material misstatement, errors, losses, fraud or non-compliance.

The Board considers that the Group has put in place adequate measures to perform the internal audit function at different aspects of the Group. The Audit Committee and the Board are satisfied with the effectiveness and efficiency of the risk management and internal control systems of the Group.

CORPORATE GOVERNANCE PRACTICES

INSIDE INFORMATION POLICY

The Group has established policy for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with applicable laws and regulations. Procedures such as limit access to inside information to those who need to know and requiring external parties to execute confidentiality agreement have been implemented by the Company to guard against mishandling of inside information. The Group also reminds those relevant personnel and other professional parties to preserve confidentiality of the inside information until it is publicly disclosed.

COMPANY SECRETARY

The Group has appointed Ms. Chan So Fun, who is responsible for facilitating the Board process, as well as communications among the Directors, with shareholders and management. Ms. Chan has confirmed that for the Review Year, she has taken no less than 15 hours of professional training to upgrade her skills and knowledge. The biography of Ms. Chan is set out in the section headed "Biographical Details of the Directors and Senior Management" in this report.

SHAREHOLDERS' RIGHTS

PROCEDURES FOR CONVENING GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to article 58 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting.

Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings.

Such requisition shall be made in writing to the Board or the secretary of the Company by mail at 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING

Shareholders are requested to follow article 58 of the Articles for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Procedures for Convening General Meetings by Shareholders".

Pursuant to article 85 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

PROCEDURES BY WHICH ENQUIRIES MAY BE PUT TO THE BOARD

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Shareholders are welcomed to send their enquiries to the Board by post to the principal place of business set out in the section headed “Corporation Information” in this report.

INVESTOR RELATIONS

The Board strives to maintain on-going dialogue with shareholders and the investment community. The Company has established a shareholders communication policy to set out the Company’s procedures in providing the shareholders and investment community with ready, equal and timely access to balanced and understandable information about the Company.

Latest information on the Group including, but not limited to annual and interim reports, circulars, announcements and notices of annual general meetings are updated on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.shilimited.com).

In addition, the Company regards the annual general meeting as an important event as it provides an opportunity for direct communication between the Board and its shareholders. Shareholders are encouraged to attend the annual general meeting, where all Board members and external auditors are available to answer questions on the Group’s business.

The forthcoming annual general meeting will be held on 15 August 2018, the notice of which shall be sent to the shareholders of the Company at least 20 clear business days prior to the meeting.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Review Year, there had been no significant changes in the constitutional documents of the Company.

DIRECTORS' REPORT

The Board is pleased to submit this annual report together with the audited consolidated financial statements of the Group for the Review Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and the principal activities of its principal subsidiaries are set out in note 27 to the consolidated financial statements.

REORGANISATION AND SHARE OFFER

The Company was incorporated in the Cayman Islands on 18 May 2016 as an exempted company with limited liability. Its shares were listed on the Main Board of the Stock Exchange on 30 March 2017.

Pursuant to the reorganisation of the Group in connection with the Listing, the Company underwent a corporate reorganisation (the "**Reorganisation**"), the Company became the holding company of the Group on 29 December 2016. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure – Reorganisation" to the Prospectus of the Company dated 20 March 2017.

RESULTS/BUSINESS REVIEW

The results of the Group for the Review Year are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 50 in this report. The business review of the Group for the Review Year and the outlook are set out in the section headed "Management Discussion and Analysis" on pages 4 to 8 in this report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Review Year are set out in note 24 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the Review Year are set out in the consolidated financial statement of changes in equity on page 52 and note 29 to the consolidated financial statements.

The Company did not have distributable reserve as at 31 March 2018, calculated under the Companies Law of Cayman Islands, as it has accumulated losses.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the Review Year.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

For the year ended 31 March 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Review Year are set out in note 14 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the restated Articles or the Laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme (as defined below), no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year ended 31 March 2018.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Practices" on pages 12 to 21 in this report.

ANNUAL GENERAL MEETING ("AGM")

The AGM will be held on Wednesday, 15 August 2018.

CLOSURE OF REGISTER OF MEMBERS

The Hong Kong branch register of members of the Company will be closed from Friday, 10 August 2018 to Wednesday, 15 August 2018 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming annual general meeting. No transfer of shares may be registered on those dates. In order to qualify for the shareholders' entitlement to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates should be lodged with the Company's branch registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited, 2103B, 21/F., 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Thursday, 9 August 2018.

DIRECTORS

The Directors of the Company during the Review Year and up to the date of this report are:

Executive Directors:
Mr. Yao Yongjie (appointed on 30 May 2018)
Mr. Chua Seng Hai *(Chairman)*
Mr. Lim Kai Hwee

Non-Executive Director:
Mr. Teng Rongsong (appointed on 30 May 2018)

Independent Non-Executive Directors:
Ms. Ng Peck Hoon
Mr. Toh Soo Bock, Bob
Mr. Sim Choon Hong

DIRECTORS' REPORT

Pursuant to article 83(3) of the Articles, any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. As such, Mr. Yao Yongjie and Mr. Teng Rongsong will retire from office as Directors at the forthcoming annual general meeting of the Company, being eligible, and offer themselves for re-election.

Pursuant to article 84(1) of the Articles, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation and shall then be eligible for re-election. Mr. Lim Kai Hwee, Ms. Ng Peck Hoon, Mr. Toh Soo Bock, Bob and Mr. Sim Choon Hong have resigned as Director with effect from 30 June 2018. As such, Mr. Chua Seng Hai will retire from office as Director at the forthcoming annual general meeting of the Company, being eligible, and offer himself for re-election.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to the Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Save for Mr. Yao Yongjie, each of the executive Directors has entered into a service contract with the Company for an initial term of three years.

The non-executive Director has entered into a service contract with the Company for an initial term of three years.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming AGM has a service contract or letter of appointment with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

CHANGE OF COMPLIANCE ADVISER

Dakin Capital Limited ("**Dakin**") has resigned as the compliance adviser of the Company with effect from 1 February 2018 due to the change in personnel of Dakin. Grande Capital Limited ("**Grande**") has been appointed as the new compliance adviser to the Company pursuant to the Listing Rules with effect from 1 February 2018. For further details, please refer to the announcement of the Company dated 29 January 2018.

COMPLIANCE ADVISER'S INTERESTS

As at 31 January 2018, as notified by the Company's compliance adviser, Dakin, except for the compliance adviser agreement entered into between the Company and Dakin dated 14 July 2016, neither Dakin nor its directors, employees or close associates had any interest in the securities of the Company which is required to be notified to the Group pursuant to the Listing Rules. As at the date of this report, as notified by the Company's current compliance adviser, Grande, except for the compliance adviser agreement entered into between the Company and Grande dated 29 January 2018, neither Grande nor its directors, employees or close associates had any interests in the securities of the Company which is required to be notified to the Group pursuant to the Listing Rules.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Review Period, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements in this report and the Prospectus, is set out on page 102.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group are set out in the section headed "Management Discussion and Analysis" in this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any significant transaction, arrangement and contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party since the date of the Listing up to 31 March 2018.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Group are set out in the section headed "Biographical Details of the Directors and Senior Management" on pages 9 to 11.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in note 11 to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2018.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Up to the date of this report, there were no changes of information which are required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

DIRECTORS' REPORT

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 31 March 2018, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") in the Listing Rules, notified to the Company and the Stock Exchange, were as follows:

I. LONG POSITION IN THE SHARES

Name of Director	Capacity/Nature	Number of Shares held/ interested	Approximate percentage of shareholding
Mr. Chua Seng Hai	Interest in a controlled corporation	520,000,000 (Notes 1 & 2)	50.12%

Notes:

(1) These Shares are held by Ruiheng Global Investments Limited ("**Ruiheng Global**"). The issued share capital of Ruiheng Global is legally and beneficially owned as to 90% by Mr. Chua Seng Hai and as to 10% by Mdm. Bek Poi Kiang ("**Mrs. Chua**"). Mr. Chua Seng Hai is deemed to be interested in the Shares in which Ruiheng Global is interested in under Part XV of the SFO.

(2) On 27 April 2018, Morgan Hill and Trinity Gate Limited ("**Trinity Gate**") (as purchasers), and Ruiheng Global and Metro Win Investment Holdings Limited ("**Metro Win**") (as vendors) entered into the sale and purchase agreement, pursuant to which (i) Morgan Hill has agreed to acquire 623,000,000 Shares, representing approximately 60.05% of the issued share capital of the Company; and (ii) Trinity Gate has agreed to acquire 127,000,000 Shares, representing approximately 12.24% of the issued share capital of the Company, for the total consideration of HK$652.5 million. Completion took place on 7 May 2018. As at the date of this report, Ruiheng Global does not hold any Shares.

(3) As at the date of this report, 623,035,000 Shares are held by Morgan Hill, representing approximately 60.05% of the issued share capital of the Company. The issued share capital of Morgan Hill is legally and beneficially owned as to 51% by Great Scenery Ventures Limited, which, in turn, is wholly-owned by Mr. Yao. Mr. Yao is deemed to be interested in the Shares in which Morgan Hill is interested in under Part XV of the SFO.

(4) As at the date of this report, 127,000,000 Shares are held by Trinity Gate, representing approximately 12.24% of the issued share capital of the Company. The entire issued share capital of Trinity Gate is legally and beneficially owned by Timeness Vision Limited, which, in turn, is wholly-owned by Mr. Teng. Mr. Teng is deemed to be interested in the Shares in which Trinity Gate is interested in under Part XV of the SFO.

II. LONG POSITION IN THE SHARES OF ASSOCIATED CORPORATION, RUIHENG GLOBAL

Name of Director	Capacity/Nature of interest	Number of Shares held in Ruiheng Global	Percentage of interest in Ruiheng Global	Number of Shares held by Ruiheng Global	Approximate percentage of interest in the Company
Mr. Chua Seng Hai ("**Mr. Chua**") (Notes 1 & 2)	Beneficial owner	9	90%	520,000	50.12%

Notes:

(1) The issued share capital of Ruiheng Global is legally and beneficially owned as to 90% by Mr. Chua and as to 10% by Mrs. Chua. Mr. Chua is deemed to be interested in the shares in which Ruiheng Global is interested in under Part XV of the SFO.

(2) On 27 April 2018, Morgan Hill and Trinity Gate (as purchasers), and Ruiheng Global and Metro Win (as vendors) entered into the sale and purchase agreement, pursuant to which (i) Morgan Hill has agreed to acquire 623,000,000 Shares, representing approximately 60.05% of the issued share capital of the Company; and (ii) Trinity Gate has agreed to acquire 127,000,000 Shares, representing approximately 12.24% of the issued share capital of the Company, for the total consideration of HK$652.5 million. Completion took place on 7 May 2018. As at the date of this report, Ruiheng Global does not hold any Shares and each of Morgan Hill and Trinity Gate is a substantial Shareholder which is interested in 623,035,000 Shares, representing approximately 60.05% of the issued share capital of the Company, and 127,000,000 Shares, representing approximately 12.24% of the issued share capital of the Company respectively.

Save as disclosed above, as at 31 March 2018, none of the Directors had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

INTERESTS OF SUBSTANTIAL AND OTHER SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2018, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name	Capacity/Nature	Number of Shares held/ interested in	Percentage of interest
Ruiheng Global Investments Limited ("**Ruiheng Global**")	Beneficial owner	520,000,000 (Notes 1 & 4)	50.12%
Mdm. Bek Poi Kiang ("**Mrs. Chua**")	Interest of spouse	520,000,000 (Notes 1,2 & 4)	50.12%
Metro Win Investment Holdings Limited ("**Metro Win**")	Beneficial owner	230,000,000 (Notes 3 & 4)	22.17%
Ms. Cheung Tsui Ling ("**Ms. Cheung**")	Interest in a controlled corporation	230,000,000 (Notes 3 & 4)	22.17%

Notes:

(1) The issued share capital of Ruiheng Global is legally and beneficially owned as to 90% by Mr. Chua Seng Hai ("**Mr. Chua**") and as to 10% by Mrs. Chua. Mr. Chua is deemed to be interested in the Shares in which Ruiheng Global is interested in under Part XV of the SFO.

(2) Mrs. Chua is the spouse of Mr. Chua. Mrs. Chua is deemed to be interested in the Shares in which Mr. Chua is interested in under Part XV of the SFO.

(3) The entire issued share capital of Metro Win is legally and beneficially owned by Ms. Cheung. Ms. Cheung is deemed to be interested in the Shares in which Metro Win is interested in under Part XV of the SFO.

(4) On 27 April 2018, Morgan Hill and Trinity Gate (as purchasers), and Ruiheng Global and Metro Win (as vendors) entered into the sale and purchase agreement, pursuant to which (i) Morgan Hill has agreed to acquire 623,000,000 Shares, representing approximately 60.05% of the issued share capital of the Company; and (ii) Trinity Gate has agreed to acquire 127,000,000 Shares, representing approximately 12.24% of the issued share capital of the Company, for the total consideration of HK$652.5 million. Completion took place on 7 May 2018. As at the date of this report, Ruiheng Global and Metro Win do not hold any Shares and each of Morgan Hill and Trinity Gate is a substantial Shareholder which is interested in 623,035,000 Shares, representing approximately 60.05% of the issued share capital of the Company, and 127,000,000 Shares, representing approximately 12.24% of the issued share capital of the Company respectively.

Save as disclosed above, as at 31 March 2018, no other persons had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 5 January 2017 (the "**Adoption Date**"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(A) PURPOSE OF THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest ("Invested Entity").

(B) PARTICIPANTS OF THE SHARE OPTION SCHEME

The participants of the Share Option Scheme shall be:

(1) any employee (whether full-time or part-time) of the Company, any of the subsidiaries and any Invested Entity;

(2) any director (including executive, non-executive and independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of the Group or any Invested Entity;

(5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; and

(6) or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

(C) TOTAL NUMBER OF SHARES AVAILABLE FOR ISSUE UNDER THE SHARE OPTION SCHEME

Under the Share Option Scheme, the total number of Shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time.

As at the date of this annual report, a total of 100,000,000 shares, representing approximately 9.64% of the issued share capital of the Company are available for issue under the Share Option Scheme.

(D) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT UNDER THE SHARE OPTION SCHEME

The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue.

(E) THE PERIOD WITHIN WHICH THE SHARES MUST BE TAKEN UP UNDER AN OPTION

The period during which an option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant.

(F) THE MINIMUM PERIOD FOR WHICH AN OPTION MUST BE HELD BEFORE IT CAN BE EXERCISED

As determined by the Board upon the grant of an option.

(G) THE AMOUNT PAYABLE ON ACCEPTANCE OF AN OPTION AND THE PERIOD WITHIN WHICH PAYMENTS SHALL BE MADE

A consideration of S$1 is payable on acceptance of the offer of grant of an option where the grantee should accept or decline the offer of grant of an option within the date as specified in the offer letter issued by the Company, being a date not later than 21 business days from the date upon which it is made.

(H) THE BASIS OF DETERMINING THE EXERCISE PRICE

The exercise price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an eligible person, and shall be at least the higher of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, (2) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant, and (3) the nominal value of a share on the date of grant.

(I) THE REMAINING LIFE OF THE SHARE OPTION SCHEME

The Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date until 4 January 2027.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 5 January 2017, and there is no outstanding share option as at 31 March 2018.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Review Year and up to the date of this report was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the Review Year attributable to the Group' major customers and suppliers are as follow:

SALES

–	the largest customer	38.7%
–	five largest customers	76.2%

PURCHASES

–	the largest supplier	5.8%
–	five largest suppliers	23.7%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

RELATED PARTIES TRANSACTIONS

During the year ended 31 March 2018, details of the significant related party transactions undertaken in the normal course of business are set out in the note 26 to the consolidated financial statements, and none of which constitutes a disclosable connected transaction as defined under the Listing Rules. In addition to note 26 to the consolidated financial statements, the personal guarantees provided by the Controlling Shareholders will be released and replaced by corporate guarantees.

CONNECTED TRANSACTIONS

During the year ended 31 March 2018, the Company has no connected transaction which is subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 27 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the Review Year.

RETIREMENT SCHEME

The Group participates in the Central Provident Fund in Singapore which is a defined contribution retirement plan, when employees have rendered service entitling them to the contributions. Save as the aforesaid, the Group did not participate in any other pension schemes during the Review Year.

ENVIRONMENTAL POLICIES

The environmental policies and performance of the Group are provided in the section headed "Environmental, Social and Governance Report" in this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group fully complies with all laws and regulations and regularly monitors and gathers information about changes in laws, rules and regulations relevant to the Group's businesses to ensure the Group's observance of those applicable laws, rules and regulations, especially those which may have material impact on the Group.

EVENTS AFTER THE REPORTING PERIOD

On 27 April 2018 (after trading hours of the Stock Exchange), the Company was informed that, Morgan Hill Holdings Limited ("**Morgan Hill**") and Trinity Gate Limited ("**Trinity Gate**") (as purchasers), and Ruiheng Global Investments Limited and Metro Win Investment Holdings Limited ("**Metro Win**") (as vendors) entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") in relation to the sale and purchase of an aggregate of 750,000,000 Shares, representing approximately 72.29% of the issued share capital of the Company, for the total consideration of HK$652.5 million (equivalent to HK$0.87 per Share).

Under the Sale and Purchase Agreement, (i) Morgan Hill has agreed to acquire 623,000,000 Shares, representing approximately 60.05% of the issued share capital of the Company; and (ii) Trinity Gate has agreed to acquire 127,000,000 Shares, representing approximately 12.24% of the issued share capital of the Company. Completion took place on 7 May 2018.

Pursuant to Rule 26.1 of the Hong Kong Codes on Takeovers and Mergers, Morgan Hill made a mandatory unconditional cash offer (the "**General Offer**") for all the issued shares (other than those already owned or to be acquired by Morgan Hill and the parties acting in concert with it (including Trinity Gate)). The General Offer was closed on 19 June 2018 and Morgan Hill received acceptances of a total of 35,000 Shares, representing approximately 0.003% of the issued share capital of the Company.

Immediately after the close of the General Offer, Morgan Hill and parties acting in concert with it (including Trinity Gate) were interested in a total of 750,035,000 Shares, representing approximately 72.29% of the issued share capital of the Company, of which 623,035,000 Shares was owned by Morgan Hill, representing approximately 60.05% of the issued share capital of the Company; and (ii) 127,000,000 Shares was owned by Trinity Gate, representing approximately 12.24% of the issued share capital of the Company.

Please refer to the announcements of the Company dated 8 May 2018, 29 May 2018 and 19 June 2018 and the composite offer and response document dated 29 May 2018, jointly issued by Morgan Hill and the Company for further information relating to the Sale and Purchase Agreement and the General Offer.

Save as disclosed, no significant events have taken place subsequent to 31 March 2018.

AUDITORS

The consolidated financial statements for the Review Year have been audited by Deloitte & Touche LLP, who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM.

By Order of the Board
SHIS Limited
Chua Seng Hai
Chairman

Singapore, 29 June 2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is pleased to present this Environmental, Social and Governance ("ESG") Report, which describes the initiatives of the Group with regard to ESG issues for the Review Year.

We have an Integrated Management System ("IMS") which comprise of (i) ISO 9001 (Quality Management System); (ii) OHSAS 18001 (Occupational Health & Safety Management System); and (iii) ISO 14001 (Environmental Management System) for the provision of integrated building services works and building and construction works to govern ESG-related aspect of our operations.

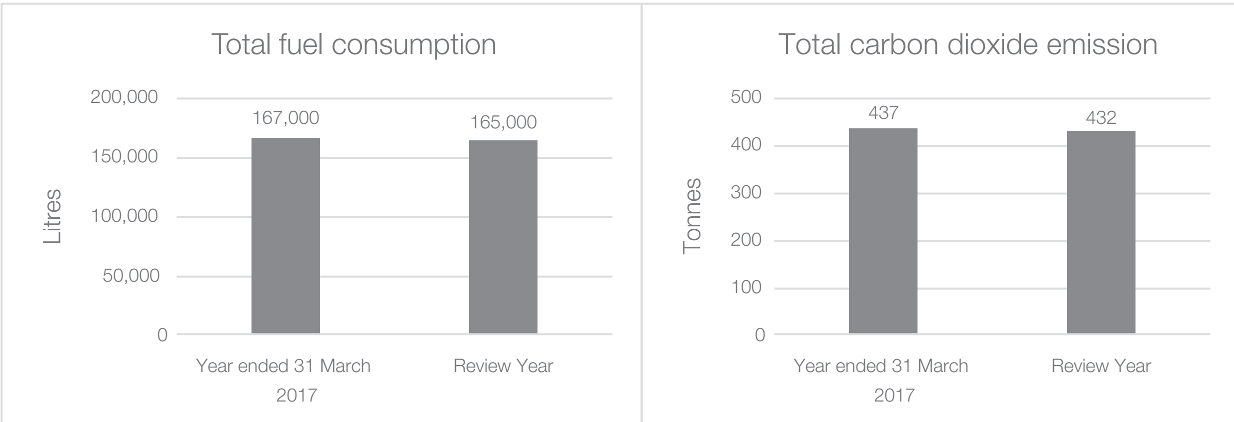
ENVIRONMENTAL

EMISSIONS

In the provision of integrated building services works, we do not generate significant amount of greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste.

In the building and construction projects, the Group typically subcontract out the majority of the site works to subcontractors, and the Group's role is mainly to focus on project management and to ensure that the works are performed by our subcontractors properly and on a timely basis in accordance with the contract specifications and customers' requirements. As such, we do not generate significant amount of greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste. We have our own policies in monitoring and managing environmental and social risks of our subcontractors. Please see the paragraph headed "Supply chain management" below for further details.

We typically consume fuel for our motor vehicles. The number of our motor vehicles remained unchanged at 42 as at 31 March 2017 and 31 March 2018. Our motor vehicles undergo regular maintenance and we instruct our drivers to switch off idling engines. Due to our efforts in reducing fuel consumption, our fuel consumption decreased slightly from approximately 167,000 litres for the year ended 31 March 2017 to approximately 165,000 litres for the Review Year, and thus a reduction in carbon dioxide emission from approximately 437 tonnes for the year ended 31 March 2017 to approximately 432 tonnes for the Review Year, as the chart below represents:



Applicable laws and regulations relating to air and greenhouse gas emission include "Noise emission under National Environment Agency (NEA) – Noise Pollution Control regulations" which limits the amount of noise pollution by contractors, and in response we have deployed the following measures:

- Contain noise at source, deploy of low emitting noise equipment/maintenance of equipment.
- Scheduling of activities to avoid time slot where surrounding neighbours can be adversely affected.
- Set up of noise monitoring system to ensure that noise emission is kept within limits.

Applicable laws and regulations relating to discharge into water include "Sewerage and Drainage Act" which qualifies persons or professional engineers are required to submit detailed building plans to Public Utilities Board ("PUB") for clearance related to any building and structural works. Earth control measures ("ECM") are implemented in construction sites to prevent silt from polluting our waterways. Before starting any construction work, contractors are required to obtain a clearance certificate to commence works from PUB by submitting the ECM plan which is designed and endorsed by the qualified erosion control professional. Contractors are then required to install the ECM on site according to the ECM plan.

We have deployed the following erosion control measures to minimize the extent of soil loss and water pollution:–

- Provision of wash bays and use of treated water for washing truck tires.
- Provision of perimeter drains, silts traps and setting up of earth control measure to treat water before discharge to public.
- Erect silt fences in front and along perimeter cut-off drain along the perimeter of the boundary of the site.
- Minimise formation of bare surfaces by retaining as much of the existing vegetation during site clearance.
- Pave bare surfaces and all construction access with concreting, or other suitable materials.
- Protect bare slopes with close turfing, concrete grouting, erosion control blanket or canvas sheet.
- Protect earth stockpiles with erosion control blanket or canvas sheet.
- Install a treatment system equipped with CCTV before discharge into public drain.

Applicable laws and regulations relating to discharge into land include “Workplace Safety and Health (Construction) regulations”, and in response we have deployed measures to ensure that debris are cleared daily at site with trunk to designated dispose area.

During the Review Year, we did not record any material non-compliance with applicable environmental laws, regulations and requirements relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

USE OF RESOURCES

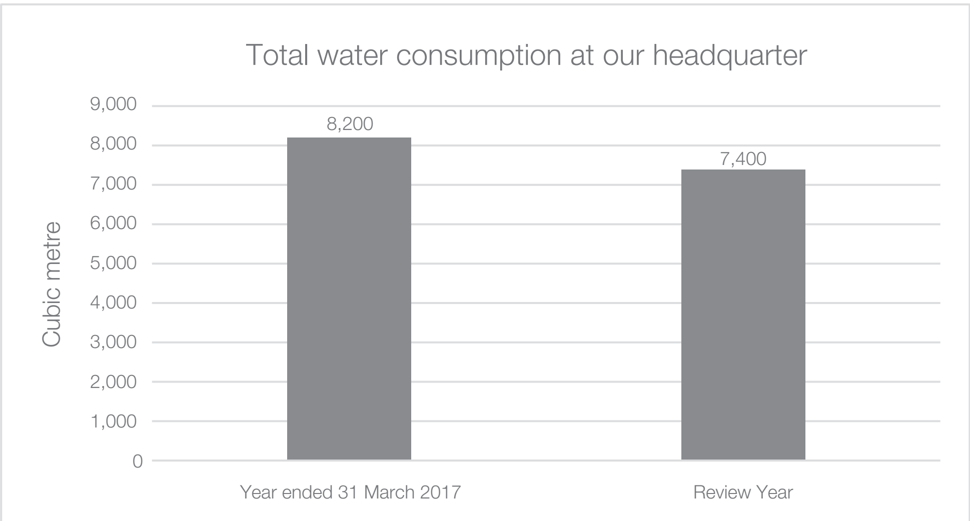
Our Group’s policies on the efficient use of resources primarily reflect on the concept of “Reduce/Reuse/Recycle”. Regular campaigns and training are provided to our employees to cultivate the concept of “Reduce/Reuse/Recycle” into their mindset. One of our policies the provision of recycling bins for different types of waste such as paper, drink cans and plastic bottles. Old and replaced air-conditioners, fans and other building systems from the provision of integrated building services works are sometimes reused in our temporary site offices and meeting rooms (where appropriate).

We keep track of our consumption of water, electricity and paper every month to ensure that the usage remains stable as compared to previous months.

WATER CONSERVATION

The Group does not primarily engage in businesses which produce a large amount of industrial wastewater. We check our water consumption regularly and repair leakages and broken pipes in a timely manner. We have placed notices near our water taps to remind our employees to turn off the tap after using. There is no issue in sourcing water for our headquarter.

We monitor water consumption for our headquarter. Our water consumption at the headquarter decreased from approximately 8,200 cubic metre for the year ended 31 March 2017 to approximately 7,400 cubic metre for the Review Year as a result of our initiatives as mentioned above.

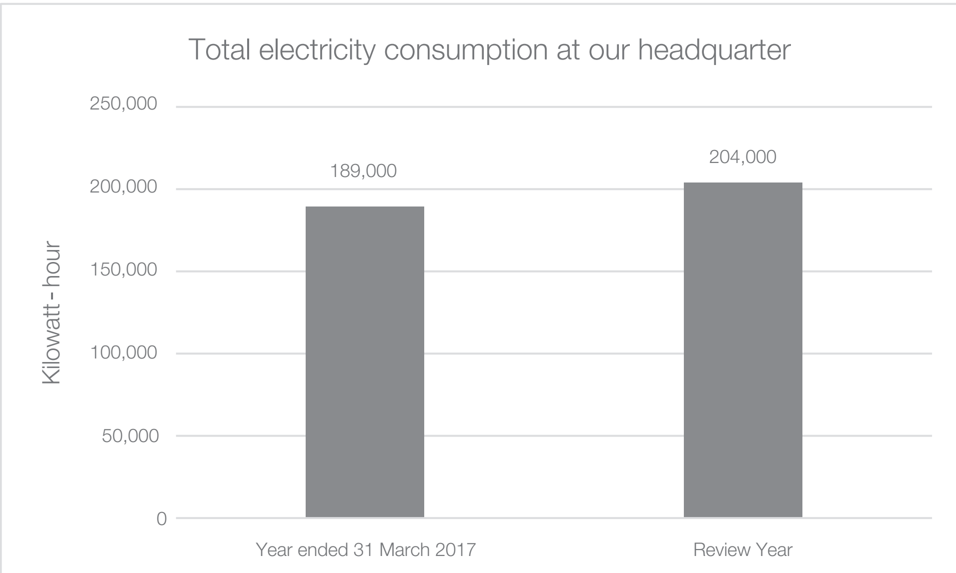


Our Group has not experienced any difficulties in sourcing water that is fit for purpose.

ELECTRICITY CONSERVATION

We have implemented various energy-saving measures such as the use of energy saving lightings and energy efficient air-conditioning system. We also encourage our employees to turn off the lights, air-conditioners and electrical appliances when not in use. We have placed reminders near all our switches to remind our employees to switch off all electricity when not in use. In particular, we designated a worker to be responsible to switch off all machines and equipment such as printers, lights, air-conditioners and fans at the end of the day.

Our electricity consumption at the headquarter increased from approximately 189,000 kilowatt-hour for the year ended 31 March 2017 to approximately 204,000 kilowatt-hour for the Review Year. Such increase was mainly due to we began to utilise another floor of our headquarter for office purpose during the Review Year as a result of an increase in the overall number of office staff for the Review Year which led to greater electricity consumption for lighting, air-conditioners, printers, etc.

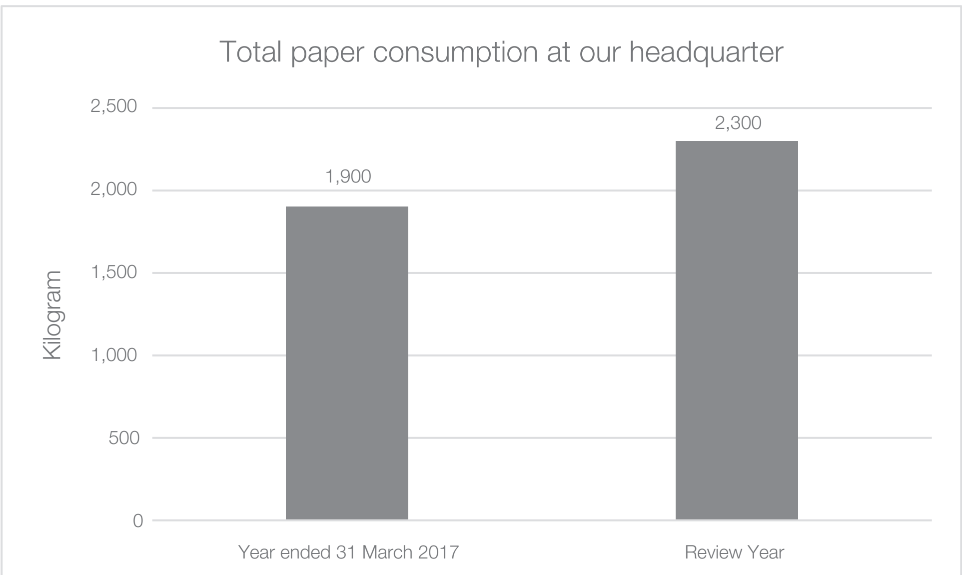


PAPER CONSERVATION

The Group has adopted green office practices to reduce paper usage and the impact on the environment. In order to reduce waste paper, we have developed the following measures:–

- Reusing single-sided paper to minimise paper usage, provided that the paper does not contain any confidential information;
- Deploying recycling bins to collect used paper products such as waste papers, posters, letters and envelopes;
- Using double-sided printing where feasible and appropriate;
- Writing on both sides of the papers where feasible and appropriate; and
- Bringing your own cup and avoid using paper cups.

Our paper consumption at the headquarter increased from approximately 1,900 kilogram for the year ended 31 March 2017 to approximately 2,300 kilogram for the Review Year. Such increase was mainly due to the increase in the overall number of office staff for the Review Year compared to the year ended 31 March 2017.



Due to the nature of our business, no packaging materials was required to be used for our operation.

THE ENVIRONMENT AND NATURAL RESOURCES

Save as disclosed in the paragraphs headed "Emissions" and "Use of resources" above, the Group's operating activities have no significant impact on the environment and natural resources. Having said that, our Group embarks on the Green & Gracious scheme initiated by the Building and Construction Authority. The implementation of the Green and Gracious practices will enhance and complement our environmental management system as well as raising the environmental consciousness and professionalism of our project teams. We are also aware of our responsibility to the environment and the general public, hence we are dedicated to work closely with the communities affected by our business operation.

EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT AND LABOUR STANDARDS

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wage rates are usually subject to an annual review that are based on performance appraisals and other relevant factors. We strongly encourage internal promotion and a variety of job opportunities is offered to the existing staff when it is best suited.

The Group ensures all employees are protected under the employment protection laws of Singapore, our procedures generally include:

(i) when an employee has handed in his/her resignation letter or being laid off, our human resources staff will interview him/her to find out the reason of resignation;

(ii) when we terminate an employment contract, the dismissed employee shall be given his/her due notice or wages in lieu of notice, and the notice should not be served during his/her annual leave and maternity leave;

(iii) an employee cannot be dismissed when she has been confirmed pregnant by a qualified medical doctor or have given notice of pregnancy to us; and

(iv) an employee cannot be dismissed when he/she takes a paid medical leave.

When there is a need for a job position to be filled, the department head will complete and submit approved hiring requisition form to Human Resource ("HR") department for processing. HR department will then proceed for job vacancy posting. The HR staff will find out the job responsibilities and screen the job applicants to find the right fit for the job without discrimination. We welcome candidates with different background to bring diversity into our Group. The HR manager will then consult with the general manager in deciding on job applicants to be selected for an interview. In Singapore, all companies must comply with the Tripartite Guidelines on fair Employment Practices and adopt fair employment practices that are open, merit-based and non-discriminatory. At SHIS Limited, we make reasonable efforts to attract and consider Singaporeans for job positions on merit and to train and develop their potential and careers. Examples of such efforts in our Group include:

- Ensuring that job positions must be open to Singaporeans

- Developing skills and expertise of Singaporean employees for higher level jobs

Additionally, in compliance for jobs bank advertising under the fair consideration framework, our job advertisement posted:

- Is open to Singaporeans

- Is compliant with Tripartite Guidelines on Fair Employment Practices by avoiding stating a preference for nationality, age, gender, race, religion, marital status, family responsibilities

We also do not include words or phrases that exclude Singaporeans or indicate preference for non-Singaporeans.

Successful interviewees will be awarded with a letter of appointment. Confirmed employees are entitled to all sorts of different employee benefits including but not limited to medical benefits, insurance coverage, allowance for certain expenses incurred in the course of work, etc.

In Singapore, for dismissal due to misconduct (S14) of Employment Act, employers may dismiss an employee, without notice and without salary in lieu of notice if he is found guilty of misconduct. Employer must establish misconduct through due inquiry before deciding whether to dismiss the employee or take other forms of disciplinary action. Examples include theft, dishonest, disorderly or immoral conduct at work (fighting, sexual harassment), wilful insubordination etc. At SHIS Limited, we have established misconduct through due inquiry and the person hearing the inquiry is not in a position which may suggest bias, in order to achieve fairness to all employees.

We advocate a community spirit that thrives on mutual respect and equal opportunities. We firmly comply with equal opportunities legislation and to ensure diversity and equality, our selection process is non-discriminatory and is solely based on the employees' performance, experience and skills. Employees are also encouraged to discuss their targets in job advancement and career development with their senior management. Additionally, we are fully committed to comply with the equal opportunities legislations as well as any relevant law and regulation and does not engage in any forced or child labour. In Singapore, employers need to comply with employment of children & young persons under the employment act of Singapore (the "Employment Act"). In particular,

- A child who is below the age of 13 years cannot be employed in any occupation.

- A child aged between 13 to less than 15 should only carry out light duties suited to his capacity in a non-industrial setting.

- A young person aged 15 to less than 16 years can work both in a non-industrial setting and an industrial setting. For industrial setting, notification must be submitted to MOM.

At SHIS Limited, we do not employ any children or young persons less than the age of 16. Our HR staff will check the age of each candidate before signing the employment contract with the candidate. Additionally, our Group aims to provide a conducive working environment that is characterized by equality and mutual respect.

Further, none of our employees should be made to work against his/her will or work as bonded/forced labour, or subject to corporal punishment or coercion. Our human resources department and our site foreman are responsible for the implementation of this policy.

Working hours and rest period falls under part IV of the Employment Act. All our on-site workers and supervisors are covered under part IV of the Employment Act. In Singapore, normal contractual hours are 44 hours a week. At SHIS Limited, all our office and site staff normal contractual working hours are less than or equal to 44 hours a week. In Singapore, employees covered under part IV of Employment Act are

- Entitled to at least one rest day per week, comprising one whole day.
- Rest day is not a paid day.
- Fixed rest day is determined by employer, it can be a Sunday or any other day of 24 hours (from midnight to midnight).

If an employee is needed to work on their rest day, employer must seek employee's agreement and pay employee two days of salary if employee work more than half of the daily contractual working hours. At SHIS Limited, all our all staff has a fixed rest day on Sunday as part of the employment contract and employees are not compelled to work on the rest day. In the event when employee on-site is required and agrees to work on their rest day, their salary will be calculated as per statutory requirement. Our payslips and attendance records are fully compliant with all applicable laws and regulations relating to working hours and rest periods.

All employees are given a staff handbook which they are required to adhere to. Our staff handbook detailed out the general terms and conditions of employment as well as certain employment procedures of our Group. It includes conditions of employment, holidays and leaves, employee benefits and welfare, performance appraisal and promotion, code of conduct, working hours, rest periods and other matters such as disposal of confidential papers and energy conservation.

At SHIS Limited, we treat every member of our employee as part of our big family, whether it is managerial, executive or rank-and-file employee positions. To induce a sense of belonging in our Company, we organise annual company trips for all employees to give them time to get to know each other outside the workplace.

To attract, retain and motivate employees, we are committed to offer professional development opportunities and a healthy work environment for all employees and on-site staff. One of our main task is to ensure the wage rates of our employees are reasonable and competitive among our peers in the market. In addition, our employees' total remuneration including basic salary and bonus system are unbiased and correlated with their individual performance.

We maintain high standards of business ethnics and sustain good personal conduct of our employee. Our staff handbook and internal control manual are readily accessible to all employees.

During the Review year, the Group had no violations with any laws and regulations that have a significant impact on us relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, preventing child and forced labour, and other benefits and welfare.

EMPLOYEE HEALTH AND SAFETY

We recognised the importance of maintaining a safe, effective and congenial working environment and policies to provide sufficient protection to our staff. Under the Workplace Safety and Health (Risk Management) Regulations, employers must provide a safe working environment and protecting employees from occupational hazards. Hence, we have put various occupational health and safety measures in place and regularly perform check on the working environment and staff facilities. Not only that, we have obtained OHSAS 18001 as a recognition of our compliance with occupational health and safety requirements.

Our occupational health and safety management system include, among others, the following four steps:

1. *Hazard identification, risk assessment and controls' determination*

   We maintain a list of relevant occupational and health safety hazards, based on analysis of our services and works performed, inspection reports and incident reports. Upon identification of the potential hazards, a risk assessment will be carried out to designate certain potential hazards as significant. Particular attention will be paid to these significant hazards during our formulation and implementation of controls. The list of potential hazards is reviewed and changes are updated on an annual basis.

2. *Legal and regulatory compliance*

   We maintain a list of applicable occupational health and safety regulations and ensure that this is up-to-date. Changes to these rules and regulations will be communicated to our relevant departments and evaluation of our occupational health and safety compliance will be carried out.

3. *Objectives, targets and key performance indicators*

   We have a key target of zero incident relating to occupational health and safety. The performance indicators are clearly defined, measured in terms of number of incidents.

4. *Training and responsibility of our employees*

   We provide training to our employees and contractors to educate them to prevent accidents and injuries, and promoting a healthy lifestyle. We encourage every employee to take responsibility in taking care of himself/herself and his/her fellow colleagues.

During the Review year, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on us relating to providing a safe working environment and protecting employees from occupational hazards.

TRAINING AND DEVELOPMENT

We are committed to providing staff training and development programmes designed to help our employees enhancing their knowledge and skills to meet the challenges of a changing era. The Group recognises that the knowledge and skills of our employees are vital to the Group's continued business development and success, we, therefore, encourage our staff to pursue further with their professional development. We nominate staff to attend both internal and external training programmes from time to time and when appropriate. Our training programmes range from professional and technical training to personal development skills. In addition, the Group provides adequate job training to employees in order to equip them with practical knowledge and skills to tackle situations and challenges encountered in diverse work sites. To continuously attract new talents, the Group also provides education subsidies to encourage our staff in further developing their skills and broaden their knowledge.

OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

The Group relies on suppliers and subcontractors to ensure the quality and execute our works on a timely and reliable basis, consistent with the project requirements of our customers. All our suppliers and subcontractors are based in Singapore, effectively mitigating carbon emissions that result from haulage and transportation. For projects where we are the main contractor, our subcontractors are required to adhere to our IMS policy. We place a huge emphasis on the environmental and social risks of our subcontractors with an aim to reduce the impact of our subcontractors on the environment and the society. We provide on-site training to our subcontractors and our site foreman regularly inspect the practices of our subcontractors in order to achieve efficient use of resources and minimize emission of greenhouse gas. In addition, we will also perform assessments on all our suppliers and subcontractors prior to engaging them and inclusion in our approved suppliers list and our approved subcontractors list (the "Approved Lists"). We also monitor and assess our suppliers and subcontractors annually whereby those with poor performance will be removed from our Approved Lists. One of the criteria in our assessment relates to the existence and performance of the suppliers' and subcontractors' environmental, health and safety system.

SERVICE RESPONSIBILITY

We recognise that good customer and after-sales services are the key influential factors to our success and sustainability. Therefore, we have set up a customer communication channel dedicated to handle customers' queries and feedbacks efficiently. Similarly, customer complaints are thoroughly investigated and root causes are identified and acted upon accordingly. If any defect works occur, we will rectify the works until our customers are satisfied. Protecting and safe-guarding our customers' privacy have been one of our top agenda. Review and revision of the financial data and privacy policy are carried out regularly to ensure its effectiveness and compliance with relevant laws. Every employee shall respect any information which is confidential to the Group including but not limited to trade secrets, confidential knowledge or any information concerning the process or invention used by our Group. Breaches of confidentiality may be cause for disciplinary action. All of our employees are required to sign an undertaking letter on compliance with the personal data protection act 2012. Moreover, we acquired an ISO 9001 as an identification of our success in meeting customer expectations and delivering customer satisfaction. Our Group does not engage in any advertising or labelling activities.

Please refer to the paragraph headed "Employee health and safety" above for details on our policy on health and safety of our employees.

During the Review year, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on us relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

ANTI-CORRUPTION

We are committed to maintain the highest ethical standards and vigorously enforce the integrity of our business practices in all aspects of our operations. We have in place a policy to ensure our Groups and our employees comply with anti-bribery, anti-corruption and anti-money laundering laws and governmental guidance. Our Group and employees (i) are prohibited from paying or receiving a bribe of any kind; (ii) are prohibited from giving or offering anything of value to a public official; (iii) are required to comply with the Group's guidelines and authorisation levels in relation to the giving and receiving of gifts and hospitality; and (iv) fully comply with the applicable laws and regulations relating to anti-money laundering and terrorist financing.

We provide channels for our employees to report instances that they believe to be unethical or in breach of the Group's policies such as instances relating to fraud and extortion. The Group's whistleblowing policy allows employees to report suspicious cases in a confidential manner.

During the Review Year, the Group was not aware of any material breach of laws and regulations relating to regarding bribery, extortion, fraud and money laundering that have a significant impact on the Group.

COMMUNITY

COMMUNITY INVESTMENT

We actively seek opportunities to repay society and in hope of creating a better living environment for local community. For the upcoming year, we are looking to set aside an agreed amount allocated to donations charity and support for good causes depending on the profitability of our Group. We are also looking into planning a series of charitable events in the upcoming year to inculate the culture of participating in community work and giving back to the society.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SHIS Limited
(Incorporated in the Cayman Islands with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of SHIS Limited (the "Company") and its subsidiaries (herein referred to as the "Group") set out on pages 50 to 101, which comprise the consolidated statement of financial position as at 31 March 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition (Note 6)	
(a) Revenue from Integrated Building Services The Group recognised revenue from the provision of Integrated Building Services of S$46,373,650 for the year ended 31 March 2018, where the period in which such revenue is recorded is an inherent risk due to the ad hoc nature and large volumes of customer work orders. (b) Revenue from Building Construction Works Revenue from the provision of Building Construction Works by the Group for the year ended 31 March 2018 amounted to S$10,439,607. Such revenue recognition is based on the percentage of completion method, where the stage of completion is measured by the proportion of surveys of work performed to date relative to the estimated total contract revenue ("fixed price contracts"). Significant judgements are required to estimate the total budgeted contract revenue or costs which include estimation for variation works and any contract claims for each construction contract as the contract progresses. Any changes to these variables will impact the percentage of completion, resulting in an impact to the revenue recognised. The Group's revenue recognition policy is set out in Note 4 to the consolidated financial statements.	We evaluated the design and implementation of relevant controls put in place by the Group in respect of revenue recognition, and assessed the Group's revenue recognition practices to determine whether they are in compliance with IAS 18 Revenue and IAS 11 Construction Contracts including stages of completion. In relation to management's recognition of revenue from Integrated Building Services, we selected, on a sample basis, invoices and credit notes issued prior to and subsequent to the year-end and tested the appropriateness of timing of recorded transactions, which is measured by the certification and acceptance of the customers, when the outcome of such work can be reliably estimated. In relation to management's recognition of revenue from Building Construction Works under fixed price contracts, we obtained from management the latest certifications by independent surveyors and variation orders and claims approved by customers to assess the appropriateness of revenue recorded during the year. Based on our work for revenue from Integrated Building Services, we noted no significant issues in the period in which revenue is recorded. We also found the Group's estimates of budgeted contract revenue and costs, and revenue and costs recognised in profit or loss for Building Construction Works to be appropriate.

INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THE DIRECTORS OF THE COMPANY (THE "DIRECTORS") FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Tay Hwee Ling.

Deloitte & Touche LLP
Public Accountants and Chartered Accountants

Singapore
29 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

	Note	**2018** **S$**	2017 S$
Revenue	6	**56,813,257**	46,822,435
Cost of services		**(39,918,514)**	(28,830,613)
Gross profit		**16,894,743**	17,991,822
Other income	7a	**374,035**	367,539
Other gains and losses	7b	**(1,711,363)**	(5,806)
Other expenses	7c	**–**	(2,860,452)
Selling expenses		**(120,635)**	(121,597)
Administrative expenses		**(10,790,018)**	(9,408,928)
Finance costs	8	**(92,930)**	(77,196)
Profit before taxation		**4,553,832**	5,885,382
Income tax expense	9	**(1,091,075)**	(1,196,812)
Profit and other comprehensive income for the year	10	**3,462,757**	4,688,570
Basic and diluted earnings per share (S$ cents)	13	**0.33**	0.57

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	**2018 S$**	2017 S$
ASSETS AND LIABILITIES			
Non-current asset			
Property, plant and equipment	14	**8,744,710**	9,302,653
Current assets			
Inventories	15	**208,410**	247,602
Trade receivables	16	**9,741,492**	8,598,213
Other receivables, deposits and prepayments	17	**671,873**	400,614
Amounts due from customers for construction work	18	**–**	130,749
Amounts due from related companies	19a	**32,025**	11,263
Pledged bank deposits	20	**1,969,553**	1,886,863
Bank balances and cash	20	**39,412,934**	43,418,665
		52,036,287	54,693,969
Current liabilities			
Trade and other payables	21	**7,675,279**	9,454,338
Amounts due to customers for construction work	18	**433,420**	–
Amounts due to Controlling Shareholders	19b	**–**	8,929,635
Borrowings	22	**3,098,336**	238,332
Income tax payable		**946,059**	1,586,804
		12,153,094	20,209,109
Net current assets		**39,883,193**	34,484,860
Total assets less current liabilities		**48,627,903**	43,787,513
Non-current liabilities			
Borrowings	22	**–**	3,098,336
Deferred tax liabilities	23	**143,200**	245,055
		143,200	3,343,391
Net assets		**48,484,703**	40,444,122
EQUITY			
Capital and reserves			
Share capital	24	**1,865,922**	1,798,496
Reserves		**46,618,781**	38,645,626
Equity attributable to owners of the Company		**48,484,703**	40,444,122

The consolidated financial statements on pages 50 to 101 were approved and authorised for issue by the Board of Directors on 29 June 2018 and are signed on its behalf by:

Chua Seng Hai
Chairman and Executive Director

Lim Kai Hwee
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

	Share capital S$	Share premium (Note a) S$	Merger reserve (Note b) S$	Accumulated profits S$	Total S$
Balance at 1 April 2017	2,100,000	–	–	14,497,808	16,597,808
Total comprehensive income for the year:					
Profit for the year	–	–	–	4,688,570	4,688,570
Transactions with owners, recognised directly in equity:					
Issue of shares pursuant to the reorganisation (Notes 2 and 24c)	2	2	2,099,996	–	2,100,000
Elimination of share capital pursuant to the reorganisation (Note 2)	(2,100,000)	–	–	–	(2,100,000)
Issue of shares under the capitalisation issue (Note 24d)	1,483,758	(1,483,758)	–	–	–
Issue of shares under the Share Offer (Note 24e)	314,736	21,716,845	–	–	22,031,581
Share issue expenses	–	(1,373,837)	–	–	(1,373,837)
Dividends (Note 12)	–	–	–	(1,500,000)	(1,500,000)
Total	(301,504)	18,859,252	2,099,996	(1,500,000)	19,157,744
Balance at 31 March 2017	1,798,496	18,859,252	2,099,996	17,686,378	40,444,122
Total comprehensive income for the year:					
Profit for the year	–	–	–	3,462,757	3,462,757
Transactions with owners, recognised directly in equity:					
Issue of shares under the over-allotment option (Note 24f)	67,426	4,652,355	–	–	4,719,781
Share issue expenses	–	(141,957)	–	–	(141,957)
Total	67,426	4,510,398	–	–	4,577,824
Balance at 31 March 2018	1,865,922	23,369,650	2,099,996	21,149,135	48,484,703

Note:

a. Share premium represents the excess of share issue over the par value.

b. Merger reserve represents the difference between the cost of acquisition pursuant to the reorganisation (Notes 2 and 24) and the total value of share capital of the entities acquired.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

	2018 S$	2017 S$
Operating activities		
Profit before taxation	**4,553,832**	5,885,382
Adjustments for:		
Depreciation of property, plant and equipment	**1,042,290**	860,748
Loss (gain) on disposal of property, plant and equipment	**6,167**	(5,710)
Finance costs	**92,930**	77,196
Foreign exchange loss, net	**1,700,895**	–
Interest income	**(121,508)**	(21,423)
Written off property, plant and equipment	**4,301**	11,516
Operating cash flows before working capital changes	**7,278,907**	6,807,709
Movements in working capital:		
Increase in trade receivables	**(1,143,279)**	(614,299)
(Increase) decrease in other receivables, deposits and prepayments	**(273,080)**	305,172
Decrease (increase) in amounts due from customers for construction work	**130,749**	(92,390)
(Increase) decrease in amounts due from related companies	**(20,762)**	6,301
Decrease (increase) in inventories	**39,192**	(87,155)
(Decrease) increase in trade and other payables	**(1,539,879)**	2,601,228
Decrease in amounts due to related companies	**–**	(221,928)
Increase in amounts due to customers for construction work	**433,420**	–
Cash generated from operations	**4,905,268**	8,704,638
Income tax paid	**(1,831,854)**	(1,103,388)
Net cash from operating activities	**3,073,414**	7,601,250
Investing activities		
Purchase of property, plant and equipment	**(581,991)**	(1,328,055)
Proceeds from disposal of property, plant and equipment	**87,176**	5,710
Placement of pledged bank deposits	**(82,690)**	(1,661,974)
Interest received	**121,508**	21,423
Proceeds from vendor sale shares	**–**	9,442,106
Payment to Controlling Shareholders in respect of vendor sale shares	**(8,872,787)**	–
Listing expenses paid on behalf of the Controlling Shareholders	**(62,395)**	(450,076)
Net cash (used in) from investing activities	**(9,391,179)**	6,029,134
Financing activities		
Repayments of borrowings	**(238,332)**	(238,332)
Repayments of hire purchases	**–**	(105,828)
Repayment of advance from a director	**–**	(3,800,000)
Proceeds from issue of shares	**4,719,781**	22,031,581
Listing expenses paid	**(176,785)**	(1,197,052)
Share issue expenses paid	**(141,957)**	–
Interest paid	**(92,930)**	(77,196)
Dividends paid	**–**	(1,500,000)
Net cash from financing activities	**4,069,777**	15,113,173
Net (decrease) increase in cash and cash equivalents	**(2,247,988)**	28,743,557
Cash and cash equivalents at beginning of the year	**43,418,665**	14,675,108
Effect of exchange rate fluctuations on cash held	**(1,757,743)**	–
Cash and cash equivalents at end of the year, represented by bank balances and cash	**39,412,934**	43,418,665

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

1 GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 18 May 2017 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 2017 and the principal place of business in Hong Kong registered is 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong. The head office and principal place of business of the Group 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 was previously a subsidiary of Ruiheng Global Investments Limited ("Ruiheng Global"), incorporated in the British Virgin Islands ("BVI"), which was also the Company's ultimate holding company. Mr. Chua Seng Hai and his spouse Mdm. Bek Poi Kiang jointly controlled the ultimate holding company and were the controlling shareholders of SHIS Limited and its subsidiaries (together referred as the "Controlling Shareholders").

On 27 December 2017, Ruiheng Global disposed 230,000,000 shares of the Company to Metro Win Investment Holdings Limited ("Metro Win"), incorporated in the BVI.

Subsequent to financial year end, on 27 April 2018, Ruiheng Global disposed all its remaining shares of the Company which amounted to 520,000,000 units, to Morgan Hill Holdings Limited ("Morgan Hill"), incorporated in the BVI and Trinity Gate Limited ("Trinity Gate"), incorporated in the BVI. On the same day, Metro Win disposed all of its shares of the Company, which amounted to 230,000,000 units to Morgan Hill.

Upon the completion of this transaction on 7 May 2018, the Company is a subsidiary of Morgan Hill, due to its collective holding of 623,000,000 shares, representing 60.05% of total authorised and issued shares of the Company. Mr. Yao Yongjie and Mr. Zhu Guangping jointly controls Morgan Hill and are now the controlling shareholders of SHIS Limited and its subsidiaries (the "Group").

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 details of the subsidiaries are set out in Note 27.

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

The consolidated financial statements are approved by the Board of Directors of the Company on 29 June 2018.

2 GROUP REORGANISATION AND BASIS OF PREPARATION

In the previous financial year, for the purpose of the listing of the Company's shares on the Main Board of the Stock Exchange, the Group underwent a group reorganisation ("Group Reorganisation").

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group as if the Group structure upon the completion of the Group Reorganisation had been in existence throughout the period, or since their respective dates of incorporation or establishment where this is a shorter period.

3 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 April 2017, the Group has adopted all the new and revised IFRSs 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:

AMENDMENTS TO IAS 7 STATEMENT OF CASH FLOWS: DISCLOSURE INITIATIVE

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes.

The Group's liabilities arising from financing activities and a reconciliation between the opening and closing balances of these liabilities are set out in Note 22. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in Note 22, the application of these amendments has had no impact on the Group's consolidated financial statements.

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]

[1] Effective for annual periods beginning on or after 1 January 2018, with early application permitted.

[2] Effective for annual periods beginning on or after 1 January 2019, with early application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

3 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Except as described below, the management of the Group considers that the application of the other new and revised standards and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure.

IFRS 9 *Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

3 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

IFRS 9 *Financial Instruments* (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management has performed an assessment on the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs. Based on the assessment and review of the Group's historical performance, management anticipates that no early recognition of credit losses are required, in view that there have not been any significant recoverability issues in regards to the Group's financial assets.

Other than the above, additional disclosures in respect of trade and other receivables including any significant judgements and estimations made, and enhanced disclosures about the Group's risk management activities as required in the adoption of IFRS 9 may not have any significant impact on amounts reported in respect of the Group's financial assets and financial liabilities as at 31 March 2018.

3 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

IFRS 15 *Revenue from Contracts with Customers*

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18, IAS 11 and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2017, Amendments to IFRS 15 were issued to add clarifications to (i) identifying performance obligations, (ii) principal versus agent considerations, and (iii) licensing application guidance. Amendments also included two additional transition reliefs on contract modifications and completed contracts.

Based on assessment performed by management, the management of the Group anticipates that the initial adoption of IFRS 15 will not have any significant impact on the Group's results and financial position. However, the application of IFRS 15 in the future may result in more disclosures in the financial statements.

3 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

IFRS 16 *Leases*

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16, which upon the effective date will supersede IAS 17, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of S$145,660 as disclosed in Note 25. The management of the Group expects that the adoption of IFRS 16 is unlikely to result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated financial statements in future as right-of-use assets and lease liabilities. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

4 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

In addition, the consolidated financial statements includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the applicable disclosures required by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BASIS OF CONSOLIDATION *(continued)*

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BASIS OF CONSOLIDATION *(continued)*

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses, as appropriate, from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is earlier.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Revenue from Integrated Building Services (as defined in Note 6)

Revenue from services on installations of mechanical and electrical systems is recognised by reference to the stage of completion, which is measured by the certification and acceptance of the customers, when the outcome of such work can be reliably estimated. When the outcome of such work cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

Revenue from maintenance services is recognised over the contractual maintenance period.

(ii) Revenue from Building Construction Works (as defined in Note 6)

Revenue from building construction works is recognised in accordance with the Group's accounting policy on construction contracts (see below construction contracts policy).

(iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

RETIREMENT BENEFIT COSTS

Payments made to Central Provident Fund ("CPF") are recognised as expense when employees have rendered service entitling them to the contributions.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deduction any amount already paid.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

LEASEHOLD LAND FOR OWN USE

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as ‘prepaid lease payments’ in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

FINANCIAL ASSETS

All financial assets are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into “loans and receivables”. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL ASSETS *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, bank balances and cash, pledged bank deposits, and amounts due from related companies) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting would be immaterial.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets held by the Group, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the counterparty will enter bankruptcy or financial reorganisation

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 15 to 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL ASSETS *(continued)*

Impairment loss on financial assets *(continued)*

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and equity instruments issued by the Group are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities (including trade and other payables and amounts due to Controlling Shareholders are subsequently measured at amortised cost, using the effective interest method except for short-term payables where the effect of discounting would be immaterial.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs (see above).

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group companies after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

DERECOGNITION

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred financial asset, the Group continues to recognise to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

OFFSETTING ARRANGEMENTS

Financial assets and financial liabilities are offset and the net amount presented in the consolidated financial statements when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

IMPAIRMENT OF TANGIBLE ASSETS

At the end of each reporting period, the management of the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

CONSTRUCTION CONTRACTS

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period.

The stage of completion is measured by the proportion of surveys of work performed to date relative to the estimated total contract revenue.

Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are expected to be recoverable from the customers. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of construction contracts include costs that relate directly to the specific contract and costs that are attributable to contract activity and can be allocated to the contract. Such costs include but are not limited to material, labour, depreciation and hire of equipment, interest expense, subcontract cost and estimated costs of rectification and guarantee work, including expected warranty costs.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for construction works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for construction works. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the period in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group's management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

ESTIMATED IMPAIRMENT OF RECEIVABLES (NOTE 16)

The Group recognises impairment of receivables based on the recoverability of the receivables. If there is any indication that the receivables may be unrecoverable, impairment shall be recognised. The recognition of impairment requires judgement and estimation. If there is a difference between the re-estimated results and the existing estimation, it will affect the profit and the carrying amount of receivables during the periods in which the estimation changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

CONSTRUCTION CONTRACTS (NOTE 18)

The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

Recognised amounts of construction contract revenue and related receivables reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going construction contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

CURRENT AND DEFERRED TAX (NOTE 9 AND 23)

Management evaluates the tax deductibility of certain expenses for the computation of tax provision based on the applicable income tax regulations, which are subject to interpretation. The income tax liabilities are recognised when it is more likely than not that the tax deductibility of certain expenses may be changed upon review by income tax authorities. At each of the reporting period, the tax deductibility is reviewed, and to the extent that new information becomes available that causes management to change their judgment regarding the adequacy of existing income tax liabilities, these changes to income tax liabilities are duly recognised in income tax expense in the year in which the determination is made.

As at 31 March 2018, a subsidiary of the Group recorded deferred tax asset arising from unutilised tax loss carried forward of $781,133, which are available for offset against future profits subject to the agreement by the tax authority. As disclosed in Note 1, there are changes in the controlling shareholders of the Company subsequent to year end. In order to satisfy the conditions imposed by the tax law to carry forward the tax loss, management is in the process of applying for waiver of the shareholding test. Management is confident that such waiver of shareholding test can be obtained given that the substantial change in shareholders is not for deriving any tax benefit or obtaining any tax advantage and it is more likely than not that such tax loss can be utilized based on the anticipated project pipelines. Should the waiver of shareholding test or future taxable profits not be sufficient to utilize the tax loss, an adjustment to the Group's deferred assets would decrease the Group's profit in the period where such determination is made.

6 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from (i) providing integrated building services, with a focus on maintenance and/or installations of mechanical and electrical (M&E) systems and including minor repairs and improvement works ("Integrated Building Services") and, (ii) undertaking building and construction works ("Building Construction Works") by the Group to external customers. The Group's operations are solely derived from provision of Integrated Building Services and Building Construction Works in Singapore during the financial year.

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 accounting policies are the same as Group's accounting policies described in Note 4. The CODM reviews revenue by nature of services, i.e. "Integrated Building Services" and "Building Construction Works" and profit for the year as a whole. No analysis of the Group's results, assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8.

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

	Year ended 31 March	
	2018	2017
	S$	S$
Revenue from:		
Integrated Building Services	**46,373,650**	43,730,199
Building Construction Works	**10,439,607**	3,092,236
	56,813,257	46,822,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

6 REVENUE AND SEGMENT INFORMATION *(continued)*

INFORMATION ABOUT THE MAJOR CUSTOMERS

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

	Year ended 31 March	
	2018	2017
	S$	S$
Customer I	**22,002,927**	21,909,721
Customer II	**8,026,722**	5,367,612
Customer III	**7,271,835**	N/A*

* Revenue did not contribute over 10% of the total revenue of the Group.

GEOGRAPHICAL INFORMATION

The Group principally operates in Singapore. All revenue are derived from Singapore based on the location of services delivered and the Group's property, plant and equipment are all located in Singapore.

7 A. OTHER INCOME

	Year ended 31 March	
	2018	2017
	S$	S$
Interest income	**121,508**	21,423
Government grants (Note)	**208,156**	307,618
Others	**44,371**	38,498
	374,035	367,539

7 A. OTHER INCOME *(continued)*

Note:

The government grants received mainly pertain to Capabilities Development Grant ("CDG") and Wage Credit Scheme ("WCS") as below:

- Amount of S$nil represents grants received under CDG for the financial year ended 31 March 2018 (2017: S$59,125). Under the CDG, SMEs are supported to scale up business capabilities and ensure business sustainability. The grant defrays up to 70 percent of qualifying project costs such as consultancy, training, certification and equipment costs.

- Amount of S$49,343 representing grants received under WCS for the financial year ended 31 March 2018 (2017: S$53,552). Under the WCS, over the period of the calendar year of 2017 to 2018, the government co-funds 20% of wage increases given to Singapore Citizen employees earning a gross monthly wage of S$4,000 and below. In addition, for wage increases given in 2015 which are sustained in 2017 and 2018 by the same employer, employers will continue to receive co-funding at 20% for the 2017 and 2018.

The remaining balances of grants are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial support with no future related costs nor related to any assets.

B. OTHER GAINS AND LOSSES

	Year ended 31 March	
	2018	2017
	S$	S$
(Loss) Gain arising on disposal of property, plant and equipment	**(6,167)**	5,710
Foreign exchange loss, net	**(1,700,895)**	–
Written off property, plant and equipment	**(4,301)**	(11,516)
	(1,711,363)	(5,806)

C. OTHER EXPENSES

	Year ended 31 March	
	2018	2017
	S$	S$
Listing expenses	**–**	2,860,452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

8 FINANCE COSTS

	Year ended 31 March	
	2018	2017
	S$	S$
Interest on:		
Bank borrowings		
– wholly repayable within 5 years	**92,930**	68,622
Obligations under finance leases	**–**	8,574
	92,930	77,196

9 INCOME TAX EXPENSE

	Year ended 31 March	
	2018	2017
	S$	S$
Tax (income) expense comprises:		
Current tax		
– Singapore corporate income tax ("CIT")	**1,192,930**	1,061,589
Deferred tax (Note 23)	**(101,855)**	135,223
	1,091,075	1,196,812

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 40%, capped at S$15,000 for the Year of Assessment 2018, and adjusted to 20%, capped at S$10,000 for the Year of Assessment 2019. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$290,000 of normal chargeable income.

9 INCOME TAX EXPENSE *(continued)*

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 March	
	2018	2017
	S$	S$
Profit before taxation	**4,553,832**	5,885,382
Tax at applicable tax rate of 17%	**774,151**	1,000,515
Effect of different tax rate of the Company operating in other jurisdiction	**356,100**	508,318
Tax effect of expenses not deductible for tax purpose	**55,190**	48,587
Tax effect of income not taxable for tax purpose	**(1,644)**	(971)
Effect of tax concessions and partial tax exemptions	**(92,722)**	(359,637)
Taxation for the year	**1,091,075**	1,196,812

10 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Year ended 31 March	
	2018	2017
	S$	S$
Depreciation of property, plant and equipment (Note a)	**1,042,290**	860,748
Audit fees paid to auditors of the Company:		
– Annual audit fees	**128,000**	78,000
– Audit fees in connection with the listing of the Company (Note c)	**–**	118,934
Non-audit fees paid to auditors of the Company (Note c):	**–**	150,000
Listing expenses (Note c)	**–**	2,860,452
Directors' remuneration (Note 11)	**2,085,960**	2,080,600
Other staff costs		
– Salaries and other benefits	**7,402,857**	7,277,304
– Contributions to CPF	**347,128**	368,883
Total staff costs (Note b)	**9,835,945**	9,726,787
Cost of materials recognised as cost of services	**9,361,817**	8,365,236
Subcontractor costs recognised as cost of services	**25,718,131**	16,183,527

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For the financial year ended 31 March 2018

10 PROFIT FOR THE YEAR *(continued)*

Note:

a. Depreciation of S$519,150 (2017: S$463,037) are included in cost of services.

b. Staff costs of S$4,319,416 (2017: $3,818,813) are included in cost of services.

c. In the previous financial year, included in listing expenses were audit and non-audit fees of S$118,934 and S$150,000 paid to auditors of the Company respectively, and non-audit fees of S$163,918 paid to other auditors of the Group.

In the previous financial year, included in share issue expenses were audit fees of S$33,751 paid to the auditors of the Company, and non-audit fees of S$46,438 paid to other auditors of the Group.

In the previous financial year, included in amount due to Controlling Shareholders were audit fees of S$11,915 paid to the auditors of the Company, and non-audit fees of S$16,394 paid to other auditors of the Group.

11 DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Mr. Chua Seng Hai and Mr. Lim Kai Hwee were appointed as executive directors of the Company on 18 May 2017 and 5 July 2017 respectively. Ms. Ng Peck Hoon, Mr. Toh Soo Bock, Bob and Mr. Sim Choon Hong were appointed as independent non-executive directors of the Company on 5 January 2018.

The emoluments paid or payable to the directors and chief-executive of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group are as follows:

YEAR ENDED 31 MARCH 2018

	Fees S$	Discretionary bonus (Note c)	Salaries and allowances	Contributions to retirement benefit scheme (Note d) S$	Total S$
Executive Directors					
Mr. Chua Seng Hai (Note a)	–	1,037,520	360,000	17,160	1,414,680
Mr. Lim Kai Hwee (Note b)	–	345,840	240,000	22,440	608,280
Independent Non-Executive Directors					
Ms. Ng Peck Hoon	21,000	–	–	–	21,000
Mr. Toh Soo Bock, Bob	21,000	–	–	–	21,000
Mr. Sim Choon Hong	21,000	–	–	–	21,000
	63,000	1,383,360	600,000	39,600	2,085,960

11 DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS *(continued)*

DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

YEAR ENDED 31 MARCH 2017

	Fees S$	Discretionary bonus (Note c)	Salaries and allowances	Contributions to retirement benefit scheme (Note d) S$	Total S$
Executive Directors					
Mr. Chua Seng Hai (Note a)	–	1,092,000	360,000	13,260	1,465,260
Mr. Lim Kai Hwee (Note b)	–	364,000	234,000	17,340	615,340
Independent Non-Executive Directors					
Ms. Ng Peck Hoon	–	–	–	–	–
Mr. Toh Soo Bock, Bob	–	–	–	–	–
Mr. Sim Choon Hong	–	–	–	–	–
	–	1,456,000	594,000	30,600	2,080,600

Note:

a. Mr. Chua Seng Hai acts as the chairman of the Company.

b. Mr. Lim Kai Hwee acts as chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

c. The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

d. No other retirement benefits were paid to Mr. Chua Seng Hai and Mr. Lim Kai Hwee in respect of their respective other services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

The emoluments for the executive directors shown above were for their services in connection with the management affairs of the Company and the Group.

The emoluments for the independent non-executive directors shown above were mainly for their services as directors of the Company.

None of the directors have waived any emoluments during the reporting period.

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For the financial year ended 31 March 2018

11 DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS *(continued)*

EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, 2 (2017: 2) were directors of the Company during the year ended 31 March 2018 whose emoluments are included in the disclosures above. The emoluments of the remaining 3 (2017: 3) individuals were as follows:

	Year ended 31 March	
	2018	2017
	S$	S$
Salaries and allowances	**357,560**	329,883
Discretionary bonus	**190,200**	355,814
Contributions to retirement benefits scheme	**41,152**	44,787
	588,912	730,484

Their emoluments were within the following bands presented in Hong Kong Dollars ("HK$"):

	Number of Employees	
	2018	2017
Emolument bands		
Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**–**	1
	3	3

During both reporting periods, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12 DIVIDENDS

During the year ended 31 March 2017, SH Integrated and DRC Engineering declared and paid dividends of S$400,000 and S$1,100,000 to Mr. Chua Seng Hai and Mdm. Bek Poi Kiang respectively, their then respective shareholders before the Group Reorganisation.

No dividend has been declared by the Company during the year or subsequent to the year end.

The rates of dividend and the number of shares ranking for dividends are not presented as such information are not meaningful.

13 EARNINGS PER SHARE

	Year ended 31 March	
	2018	2017
	S$	S$
Profit attributable to the owners of the Company (S$)	**3,462,757**	4,688,570
Weighted average number of ordinary shares in issue	**1,035,547,945**	825,958,904
Basic and diluted earnings per share (S$ cents)	**0.33**	0.57

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

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares during the years ended 31 March 2018 and 2017.

14 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Leasehold property	Computer and office equipment	Motor vehicles	Furniture and fittings	Leasehold improvement	Total
	S$	S$	S$	S$	S$	S$	S$
Cost:							
At 31 March 2016	307,300	7,150,000	322,414	2,250,045	50,947	213,343	10,294,049
Additions	166,700	–	423,036	621,691	11,560	105,068	1,328,055
Disposals/write-offs	–	–	(37,912)	(113,322)	(22,241)	–	(173,475)
At 31 March 2017	474,000	7,150,000	707,538	2,758,414	40,266	318,411	11,448,629
Additions	2,500	–	39,037	533,250	–	7,204	581,991
Disposals/write-offs	–	–	(24,824)	(307,788)	–	–	(332,612)
At 31 March 2018	476,500	7,150,000	721,751	2,983,876	40,266	325,615	11,698,008
Accumulated depreciation:							
At 1 April 2016	49,033	554,270	147,702	558,516	29,680	107,986	1,447,187
Charge for the year	74,508	166,279	69,665	498,937	3,438	47,921	860,748
Elimination on disposals/write-offs	–	–	(33,989)	(106,373)	(21,597)	–	(161,959)
At 31 March 2017	123,541	720,549	183,378	951,080	11,521	155,907	2,145,976
Charge for the year	95,300	166,279	132,452	579,349	4,027	64,883	1,042,290
Elimination on disposals/write-offs	–	–	(20,523)	(214,445)	–	–	(234,968)
At 31 March 2018	218,841	886,828	295,307	1,315,984	15,548	220,790	2,953,298
Carrying amount:							
At 31 March 2017	350,459	6,429,451	524,160	1,807,334	28,745	162,504	9,302,653
At 31 March 2018	257,659	6,263,172	426,444	1,667,892	24,718	104,825	8,744,710

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For the financial year ended 31 March 2018

14 PROPERTY, PLANT AND EQUIPMENT *(continued)*

As at 31 March 2018 and 2017, the leasehold property was pledged to a bank for a mortgage loan raised by the Group.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual values:

Plant and machinery	5 years
Leasehold property	43 years
Computer and office equipment	5 years
Motor vehicles	5 years
Furniture and fittings	5 to 10 years
Leasehold improvement	Shorter of 5 years or over the lease terms

15 INVENTORIES

	As at 31 March	
	2018	2017
	S$	S$
Low value consumables	**208,410**	247,602

16 TRADE RECEIVABLES

	As at 31 March	
	2018	2017
	S$	S$
Trade receivables	**8,219,300**	7,434,275
Unbilled revenue (Note a)	**1,470,713**	1,133,939
Retention receivable (Note b)	**51,479**	29,999
	9,741,492	8,598,213

Note:

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

b. Retention receivable represents retention monies withheld by customers of Building Construction Works, which are released after the completion of maintenance period of the relevant contracts, usually 12 months from the completion date, and are classified as current as they are expected to be received within the Group's normal operating cycle.

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 (2017: 15 to 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 as at the end of each reporting period:

	As at 31 March	
	2018	2017
	S$	S$
Within 90 days	**7,417,079**	6,297,804
91 days to 180 days	**277,790**	689,166
181 days to 365 days	**434,105**	347,433
Over 1 year but not more than 2 years	**20,996**	40,002
More than 2 years	**69,330**	59,870
	8,219,300	7,434,275

Before accepting any new customer, the Group assesses the potential customer's credit quality and defined credit limit to each customer on an individual basis. Limits attributed to customers are reviewed once a year.

In determining the recoverability of trade receivables, the management of the Group considers any change in the credit quality of the trade receivables from the initial recognition date to the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

16 TRADE RECEIVABLES *(continued)*

Included in the Group's trade receivables are carrying amounts of approximately S$1,568,755, which are past due at 31 March 2018 (2017: S$1,908,170), for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on repayment history of respective customer.

The following is an analysis of trade receivables by age, presented based on the due date at the end of each reporting period:

RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

	As at 31 March	
	2018	2017
	S$	S$
Less than 90 days	**933,594**	1,102,252
91 days to 180 days	**380,329**	410,795
More than 180 days	**254,832**	395,123
	1,568,755	1,908,170

In the opinion of the management of the Group, the trade receivables at the end of each reporting period are of good credit quality which considering the high credibility of these customers, good track record with the Group and subsequent settlement, the management believes that no impairment allowance is necessary in respect of the remaining unsettled balances.

The Group does not hold any collateral over these balances.

17 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2018	2017
	S$	S$
Deposits	**175,219**	200,600
Prepayments	**468,154**	169,693
Advances to staff	**28,500**	28,500
Income tax refund receivables	**–**	1,821
	671,873	400,614

18 AMOUNTS DUE (TO) FROM CUSTOMERS FOR CONSTRUCTION WORK

	As at 31 March	
	2018	2017
	S$	S$
Contract cost incurred plus recognised profits less recognised losses	**10,000,106**	2,289,317
Less: Progress billings	**(10,433,526)**	(2,158,568)
	(433,420)	130,749
Analysed for reporting purposes as:		
Amounts due from customers for construction work	**–**	130,749
Amounts due to customers for construction work	**(433,420)**	–

19 AMOUNTS DUE FROM (TO) RELATED COMPANIES/CONTROLLING SHAREHOLDERS

A. AMOUNTS DUE FROM RELATED COMPANIES

	As at 31 March	
	2018	2017
	S$	S$
Trade related	**32,025**	11,263

Amounts due from related companies are trade related, unsecured, interest-free and with a credit period of 30 days from the invoice date. The following is an aged analysis of amounts due from related companies presented based on the invoice date at the end of the reporting period:

	As at 31 March	
	2018	2017
	S$	S$
Within 90 days	**32,025**	10,728
91 days to 180 days	**–**	535
	32,025	11,263

B. AMOUNTS DUE TO CONTROLLING SHAREHOLDERS

The amounts due to controlling shareholders as at 31 March 2017 were fully repaid in April 2018. These amounts were non-trade related, unsecured, non-interest bearing and without a fixed repayment term. The amounts represented the net proceeds from the sale of 75,000,000 sale shares by the Controlling Shareholders of the Company upon listing.

20 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	As at 31 March	
	2018	2017
	S$	S$
Pledged bank deposits (Note a)	**1,969,553**	1,886,863
Cash and bank balances (Note b)	**39,412,934**	43,418,665

Note:

a. Pledged bank deposits represent deposits placed to banks with an original maturity of 12 months for corresponding amounts of performance guarantees granted to the Group in favour of customers. The balances carry interest of 0.25% per annum at 31 March 2018 and 2017.

b. Other than time deposits with an original maturity of six months amounting to S$15,248,951 (2017: S$2,500,000) which carry interest at 1.18% (2017: 1.08%) per annum as at 31 March 2018, and certain balances amounting to S$8,082,551 (2017: S$8,751,597) which carry interest at prevailing market rate of 0.1% per annum (2017: 0.1%) at 31 March 2018, the remaining balances do not carry interest.

Below is details of bank balances denominated in currency other than S$:

	As at 31 March	
	2018	2017
	S$	S$
HK$	**22,276,111**	30,107,947

21 TRADE AND OTHER PAYABLES

	As at 31 March	
	2018	2017
	S$	S$
Trade payables	**5,640,938**	6,310,519
Trade accruals	**519,870**	137,915
	6,160,808	6,448,434
Accrued operating expenses	**682,434**	636,845
Other payables		
GST payable	**730,645**	561,509
Payroll payables	**–**	599,000
Accrued listing expenses	**–**	946,356
Others	**101,392**	262,194
	7,675,279	9,454,338

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	
	2018	2017
	S$	S$
Within 90 days	**4,929,830**	5,232,567
91 to 180 days	**371,207**	675,433
181 days to 365 days	**216,578**	76,129
Over 1 year but not more than 2 years	**67,903**	259,646
Over 2 years	**55,420**	66,744
	5,640,938	6,310,519

The credit period on purchases from suppliers and subcontractors is between 15 to 90 days (2017: 15 to 90 days) or payable upon delivery.

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22 BORROWINGS

	As at 31 March	
	2018	2017
	S$	S$
Bank loan – secured	**3,098,336**	3,336,668
Analysed as:		
Carrying amount repayable within one year	**3,098,336**	238,332
Carrying amount repayable more than one year, but not exceeding two years	**–**	3,098,336
	3,098,336	3,336,668
Amount due within one year shown under current liabilities	**(3,098,336)**	(238,332)
Amount shown under non-current liabilities	**–**	3,098,336

The loan as at 31 March 2018 and 2017 was secured by the legal mortgage over the Group's leasehold property, carrying floating interest rates ranging from 1.98% to 5.10% per annum.

Subsequent to year end, the Group has entered into a revised bank loan agreement for conversion of interest rate and loan tenure where the loan tenure extended from 3 years (which is due for maturity on 22 March 2019) to 5 years (which is due for maturity on 22 March 2021). Accordingly, certain portion of loan will be reclassified as "non-current liability" subsequent to the revised loan agreement in force.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	At 1 Apr 2017	Financing cash flows	Non-cash changes	At 31 Mar 2018
	S$	S$	S$	S$
Interest payable	–	(92,930)	92,930	–
Borrowings (Note 22)	3,336,668	(238,332)	–	3,098,336
	3,336,668	(331,262)	92,930	3,098,336

23 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation[(1)] S$	Unutilised tax losses[(2)] S$	Total S$
At 1 April 2016	109,832	–	109,832
Charge to profit or loss for the year (Note 9)	135,223	–	135,223
At 31 March 2017	245,055	–	245,055
Charge (Credit) to profit or loss for the year (Note 9)	29,463	(131,318)	(101,855)
At 31 March 2018	274,518	(131,318)	143,200

(1) Deferred tax liabilities resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing tax laws in Singapore.

(2) Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of approximately S$781,133 (2017: S$8,674) available for offset against future profits. These losses may be carried forward indefinitely subject to the conditions imposed by law.

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	As at 31 March	
	2018	2017
	S$	S$
Deferred tax assets	**(22,675)**	–
Deferred tax liabilities	**165,875**	245,055
	143,200	245,055

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24 SHARE CAPITAL

The Company was successfully listed on the Main Board of the Stock Exchange on 30 March 2017 by way of placing of 125,000,000 ordinary shares (including 75,000,000 sale shares and 50,000,000 new shares) and public offer of 125,000,000 new shares at the price of HK$0.70 per share ("Share Offer").

	Number of shares	Par value HK$	Share capital HK$
Authorised share capital of SHIS Limited:			
At date of incorporation on 18 May 2016	38,000,000	0.01	380,000
Increase on 5 January 2017 (Note b)	4,962,000,000	0.01	49,620,000
At 31 March 2017 and 31 March 2018	5,000,000,000	0.01	50,000,000

	Number of shares	Share capital S$
At date of incorporation on 18 May 2016 (Note a)	1	–
Issue of shares pursuant to the reorganisation (Note c)	999	2
Issue of shares under the capitalisation issue (Note d)	824,999,000	1,483,758
Issue of shares under the Share Offer (Note e)	175,000,000	314,736
At 31 March 2017	1,000,000,000	1,798,496
Issue of shares under the over-allotment option (Note f)	37,500,000	67,426
At 31 March 2018	1,037,500,000	1,865,922

24 SHARE CAPITAL *(continued)*

Note:

a. On 18 May 2016, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares of a single class of par value of HK$0.01 each, of which one share was allotted and issued in nil paid form to the initial subscriber, an independent third party and the said share was transferred to Mr. Chua Seng Hai on the same date for nil consideration.

b. Pursuant to the written resolutions passed on 5 January 2017, the Company increased its authorised share capital from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 shares.

c. On 29 December 2016, the following transactions occurred:

- Mr. Chua Seng Hai transferred the one nil paid share to Ruiheng Global at nil consideration;

- Mr. Chua Seng Hai transferred the entire issued share capital in SH Integrated to JinFeng Ventures, at the consideration of S$2, which was settled by the Company allotting and issuing 898 new Shares to Ruiheng Global at the direction of Mr. Chua Seng Hai, all credited as fully paid;

- Mdm. Bek Poi Kiang transferred the entire issued share capital in DRC Engineering to Innovative Plus, at the consideration of S$1, which was settled by the Company allotting and issuing 99 new Shares to Ruiheng Global at the direction of Mdm. Bek Poi Kiang, all credited as fully paid; and

- Mr. Chua Seng Hai and Mdm. Bek Poi Kiang transferred the entire issued share capital in CSH Development to Pine Vantage, at the consideration of S$1, which was settled by the Company allotting and issuing 2 new Shares to Ruiheng Global at the directions of Mr. Chua Seng Hai and Mdm. Bek Poi Kiang, all credited as fully paid.

d. Pursuant to written resolutions passed on 5 January 2017, conditional on the share premium account of the Company being credited as a result of the share offer, the directors of the Company were authorised to capitalise the amount of HK$8,249,990 (equivalent to approximately S$1,483,758) from the amount standing to the credit of the share premium account of the Company by applying such sum to pay up in full at par a total of 824,999,000 ordinary shares for allotment and issue to the Controlling Shareholders.

e. The Company successfully listed on the Main Board of the Stock Exchange on 30 March 2017 by way of placing of 125,000,000 ordinary shares (including 75,000,000 sale shares and 50,000,000 new shares) and public offer of 125,000,000 new shares at the price of HK$0.70 per share. The Company's share of net proceeds after deducting the underwriting commissions and estimated expenses paid or payable by the Company in relation to the Share Offer amounted to approximately HK$98.7 million (S$17.7 million).

f. On 20 April 2017, China Prospect Securities Limited, the sole lead manager, fully exercised the Over-allotment Option (as defined in the Prospectus) in respect of 37,500,000 additional Shares, representing approximately 15% of the total number of offer Shares initially available under the Share Offer before any exercise of the Over-allotment Option, at the offer price of HK$0.70 per Share to facilitate the return of the 37,500,000 Shares borrowed by China Prospect Securities Limited, the stabilising manager, from Ruiheng Global Investments Limited under the stock borrowing agreement, which were used to cover the over-allocations in the placing.

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25 OPERATING LEASE COMMITMENTS

The Group as lessee	Year ended 31 March 2018 S$	2017 S$
Minimum lease payments paid during the year under operating lease in respect of staff dormitories	**582,372**	299,549

Future minimum rental payable under non-cancellable leases as at the end of reporting period are as follows:

	Year ended 31 March 2018 S$	2017 S$
Within 1 year	**118,876**	320,531
After 1 year but within 5 years	**26,784**	95,976
	145,660	416,507

The leases have tenures ranging from two months to two years (2017: two months to two years) and no contingent rent provision included in the contracts. There is no restriction placed upon the Group by entering into these leases.

26 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these consolidated financial statements. Related companies refer to entities in which a director of the Group and his spouse have beneficial interest in.

Apart from details disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties during the reporting Period:

	Year ended 31 March 2018 S$	2017 S$
Sales of services to related parties (1)	**203,740**	73,529
Purchase of materials and subcontracting work from related parties (2)	**–**	45,300

(1) The Controlling Shareholders are shareholders of these related parties.

(2) The Controlling Shareholders were shareholders of these related parties. They have fully disposed their shareholdings in these entities in the previous financial year.

26 RELATED PARTY TRANSACTIONS *(continued)*

GUARANTEED FROM CONTROLLING SHAREHOLDERS

The Controlling Shareholders provided personal guarantees in respect of performance guarantees and security bonds for foreign workers in favour of the Group during the year, of which S$844,552 remained outstanding as at 31 March 2018 (2017: S$2,846,893).

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management during the year were as follows:

	Year ended 31 March	
	2018	2017
	S$	S$
Short term benefits	**2,569,920**	2,887,607
Post-employment benefits	**76,393**	96,463
Total compensation	**2,646,313**	2,984,070

27 PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company as at 31 March 2018 are set out below.

Name	Place of incorporation/ operation	Paid up issued capital	Group's effective interest	Held by the Company	Principal activities
Jinfeng Ventures	BVI	US$1	100%	100%	Investment holding
Innovative Plus	BVI	US$1	100%	100%	Investment holding
Pine Vantage	BVI	US$1	100%	100%	Investment holding
SH Integrated	Singapore	S$3,000,000	100%	–	General contractors (building services with a focus on maintenance and/or installations of mechanical systems including repairs and renovation services and construction works)
DRC Engineering	Singapore	S$500,000	100%	–	General contractors (building services with a focus on maintenance and/or installations of mechanical systems including repairs and renovation services and construction works)
CSH Development	Singapore	S$100,000	100%	–	Property investment

None of the subsidiaries had issued any debt securities at the end of the year.

28 SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 5 January 2017 (the "Share Option Scheme") for the purpose of providing an incentive or a reward to any employee, director, supplier, customer, consultant, advisor or other eligible person (collectively the "Eligible Persons") for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest ("Invested Entity"). Under the Share Option Scheme, the Board of Directors of the Company may grant options to the aforementioned Eligible Persons, to subscribe for shares in the Company.

Under the Share Option Scheme, the total number of shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

The maximum number of shares issued and to be issued upon exercise of the options granted to each Eligible Persons (including both exercised and outstanding options), in any 12-month period shall not exceed 1% of the shares of the Company in issue for the time.

Options granted shall be taken up upon payment of S$1 as consideration for the grant of option. Options may be exercised at any time not exceeding a period of 10 years from the date which the share option is deemed to be granted and accepted. The exercise price is determined by the Board of Directors of the Company, and shall be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant and (iii) the nominal value of a share on the date of grant.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 5 January 2017, and there is no outstanding share option as at 31 March 2018.

29 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	As at 31 March	
	2018	2017
	S$	S$
ASSETS AND LIABILITIES		
Non-current asset		
Investment in subsidiaries	**7**	7
Current assets		
Prepayments	**8,358**	32,193
Bank balances and cash	**22,276,111**	30,107,947
	22,284,469	30,140,140
Current liabilities		
Other payables	**70,709**	431,754
Amounts due to subsidiaries	**2,063,011**	3,111,118
Amounts due to Controlling Shareholders	**–**	8,929,635
	2,133,720	12,472,507
Net current assets	**20,150,749**	17,667,633
Total assets less current liabilities, representing net assets	**20,150,756**	17,667,640
EQUITY		
Capital and reserves		
Share capital	**1,865,922**	1,798,496
Reserves	**18,284,834**	15,869,144
Equity attributable to owners of the Company	**20,150,756**	17,667,640

29 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

A summary of the Company's reserves is as follows:

	Share premium S$	Accumulated deficit S$	Total S$
At 18 May 2016 (date of incorporation)	–	–	–
Total comprehensive loss for the year:			
Loss for the year	–	(2,990,108)	(2,990,108)
Transactions with owners, recognised directly in equity:			
Issue of shares pursuant to the reorganisation	2	–	2
Issue of shares under the capitalisation issue	(1,483,758)	–	(1,483,758)
Issue of shares under the Share Offer	21,716,845	–	21,716,845
Share issue expenses	(1,373,837)	–	(1,373,837)
Total	18,859,252	–	18,859,252
At 31 March 2017	18,859,252	(2,990,108)	15,869,144
Total comprehensive loss for the year:			
Loss for the year	–	(2,094,708)	(2,094,708)
Transactions with owners, recognised directly in equity:			
Issue of shares under the over-allotment option	4,652,355	–	4,652,355
Share issue expenses	(141,957)	–	(141,957)
Total	4,510,398	–	4,510,398
At 31 March 2018	23,369,650	(5,084,816)	18,284,834

30 CAPITAL RISKS MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of debt, which includes borrowings as disclosed in Note 22, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and reserves.

30 CAPITAL RISKS MANAGEMENT *(continued)*

The management of the Group reviews the capital structure from time to time. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts. The Group's overall strategy remains unchanged from 2017.

31 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

CATEGORIES OF FINANCIAL INSTRUMENTS

	As at 31 March	
	2018	2017
	S$	S$
Financial assets		
– Loans and receivables		
Trade receivables	**9,741,492**	8,598,213
Other receivables and deposits	**203,719**	229,100
Amounts due from related companies	**32,025**	11,263
Pledged bank deposits	**1,969,553**	1,886,863
Bank balances and cash	**39,412,934**	43,418,665
Total	**51,359,723**	54,144,104
Financial liabilities		
– Amortised cost		
Trade and other payables	**6,944,634**	8,892,829
Amounts due to Controlling Shareholders	**–**	8,929,635
Borrowings	**3,098,336**	3,336,668
Total	**10,042,970**	21,159,132

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, amounts due from related companies, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to Controlling Shareholders and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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For the financial year ended 31 March 2018

31 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on some bank balances. The Group is also exposed to fair value interest rate risk in relation to fixed-rate borrowings and fixed interest on pledged bank deposits and time deposits. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The following sensitivity analysis represents management's assessment of the reasonably possible change in interest rates.

Variable-rate bank balances

If interest rate of variable-rate bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2018 would decrease/increase by approximately S$3,098 (2017: S$8,752).

(b) Currency risk

Certain bank balances are denominated in HK$ (Note 20).

Assuming that all other variables remain constant at year end, a 10% depreciation/appreciation of the S$ against HK$ would result in an increase/decrease in the Group's profit before tax for the year of approximately S$2,227,611 for the year ended 31 March 2018 (2017: S$3,010,795).

In the management's opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

The Group monitors foreign currency exposure and will consider hedging significant currency exposure should the need arise.

31 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Credit risk

Included in financial assets as at 31 March 2017 as a component of bank balances and cash is S$30,107,947, partially placed in a bank in Hong Kong and partially held by sole bookrunner, sole lead manager and underwriter to the Share Offer on behalf of the Group. As at 31 March 2018, the amount held by sole bookrunner, sole lead manager and underwriter has been transferred over to the Company's bank account in Hong Kong. The remaining bank deposits and balances are placed in 4 banks (2017: 4) in Singapore. All these counterparties have been assessed by management to be financially sound.

Other than the concentration of credit risk of bank balances and cash in Hong Kong, the Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 57% of the total financial assets as at 31 March 2018 (2017: 44%).

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt, including trade receivable and amounts due from related companies of trade nature, at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Approximately 87% of total trade receivables outstanding at 31 March 2018 (2017: 71%) were due from top 5 customers which exposed the Group to concentration of credit risk.

Other than concentration of credit risk on bank deposits and balances and on trade receivables from top 5 customers as disclosed above, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

Those five largest customers are with good creditworthiness based on historical settlement record. In order to minimise the concentration of credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

31 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

	Interest rate per annum	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$	S$
As at 31 March 2018								
Non-interest bearing instruments								
Trade and other payables	–	6,944,634	–	–	–	–	6,944,634	6,944,634
Fixed interest bearing instruments								
Borrowings	3.45	102,564	102,198	3,060,981	–	–	3,265,743	3,098,336
Total		7,047,198	102,198	3,060,981	–	–	10,210,377	10,042,970
As at 31 March 2017								
Non-interest bearing instruments								
Trade and other payables	–	8,892,829	–	–	–	–	8,892,829	8,892,829
Amounts due to Controlling shareholders	–	8,929,635	–	–	–	–	8,929,635	8,929,635
Fixed interest bearing instruments								
Borrowings	1.98	78,437	78,303	155,184	3,250,796	–	3,562,720	3,336,668
Total		17,900,901	78,303	155,184	3,250,796	–	21,385,184	21,159,132

31 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(d) Liquidity risk *(continued)*

Non-derivative financial assets

All financial assets of the Group as at 31 March 2018 and 2017 are non-interest bearing and repayable on demand or due within one year, except for bank deposits and time deposits as disclosed in Note 20.

(e) Fair value

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The Group had no financial assets or financial liabilities carried at fair value in 2018 and 2017.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published financial statements, is set out as below:

	2018 S$	2017 S$	2016 S$	2015 S$	2014 S$
RESULTS					
Revenue	**56,813,257**	46,822,435	40,504,968	34,963,602	34,825,609
Costs of services	**(39,918,541)**	(28,830,613)	(26,753,387)	(23,673,126)	(25,698,933)
Gross profit	**16,894,743**	17,991,822	13,751,581	11,290,476	9,126,676
Other income	**374,035**	367,539	161,673	116,032	85,846
Other gains and losses	**(1,711,363)**	(5,806)	(23,526)	(9,525)	1,857,784
Other expenses	**–**	(2,860,452)	(48,900)	–	–
Selling expenses	**(120,635)**	(121,597)	(98,867)	(82,288)	(106,376)
Administrative expenses	**(10,790,018)**	(9,408,928)	(6,739,724)	(5,672,600)	(5,259,227)
Finance costs	**(92,930)**	(77,196)	(114,454)	(102,346)	(81,749)
Profit before taxation	**4,553,832**	5,885,382	6,887,783	5,539,749	5,622,954
Income tax expense	**(1,091,075)**	(1,196,812)	(1,269,668)	(918,347)	(531,032)
Profit and other comprehensive income for the year	**3,462,757**	4,688,570	5,618,115	4,621,402	5,091,922
ASSETS AND LIABILITIES					
Non-current asset	**8,744,710**	9,302,653	8,846,862	7,375,762	7,378,482
Current assets	**52,036,287**	54,693,969	23,804,246	19,925,748	15,505,095
Total assets	**60,780,997**	63,996,622	32,651,108	27,301,510	22,883,577
Non-current liabilities	**143,200**	3,343,391	3,521,738	5,070,385	5,194,526
Current liabilities	**12,153,094**	20,209,109	12,531,562	7,826,432	7,905,760
Total liabilities	**12,296,294**	23,552,500	16,053,300	12,896,817	13,100,286
Total equity	**48,484,703**	40,444,122	16,597,808	14,404,693	9,783,291