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**shishi**

**shi shi services limited**

**時時服務有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8181)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of the companies listed on GEM and the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “Directors”) of Shi Shi Services Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2021 (the “Period”) was approximately HK\$258.3 million, representing an increase of approximately 1.7% as compared to the corresponding period in 2020.
- Gross profit of the Group for the six months ended 30 September 2021 was approximately HK\$50.9 million, representing a decrease of approximately 2.4% as compared to the corresponding period in 2020.
- The profit for the period attributable to owners of the Company was approximately HK\$1.0 million, representing a significant decrease of approximately 95.9% as compared to the corresponding period in 2020. Decrease in profit for the period attributable to owners of the Company mainly due to:
  - (i) No other income arising from government subsidies for the six months ended 30 September 2021 under the Employment Support Scheme under Government’s Anti-epidemic Fund (2020: HK\$19.6 million); and
  - (ii) Increase in the share of loss of an associate, namely Dakin Holdings Inc. from approximately HK\$1.4 million to approximately HK\$2.6 million; for the period ended 30 September 2021.
- Earnings per share for the Period was HK Cents 0.10 (2020: HK Cents 2.38).
- The Directors do not recommend the payment of any dividend for the Period (2020: Nil).

## UNAUDITED FINANCIAL RESULTS

The board of directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2021, together with the unaudited comparative figures for the corresponding period in 2020 are set out as follows:

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

	Notes	Three months ended 30 September		Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>131,588</b>	127,520	<b>258,317</b>	254,121
Cost of services		<u>(106,119)</u>	<u>(103,275)</u>	<u>(207,404)</u>	<u>(201,976)</u>
<b>Gross profit</b>		<b>25,469</b>	24,245	<b>50,913</b>	52,145
Interest revenue	4	<b>117</b>	246	<b>226</b>	572
Other income and expenses, net	5	<b>37</b>	15,204	<b>60</b>	17,117
Share of loss of an associate		<b>(772)</b>	(785)	<b>(2,594)</b>	(1,391)
Administrative expenses		<b>(15,911)</b>	(16,077)	<b>(31,107)</b>	(29,224)
Other operating expenses		<b>(7,027)</b>	(4,176)	<b>(13,815)</b>	(9,765)
Listing expenses		<b>(66)</b>	(350)	<b>(696)</b>	(1,790)
Finance costs	7	<b>(166)</b>	(72)	<b>(355)</b>	(225)
<b>Profit before tax</b>		<b>1,681</b>	18,235	<b>2,632</b>	27,439
Income tax expense	9	<b>(706)</b>	(858)	<b>(1,636)</b>	(3,007)
<b>Profit for the period</b>	8	<b>975</b>	17,377	<b>996</b>	24,432
<b>Other comprehensive income, net of tax</b>					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operation		<u>24</u>	<u>2,562</u>	<u>1,335</u>	<u>2,694</u>
<b>Total comprehensive income for the period</b>		<u><b>999</b></u>	<u>19,939</u>	<u><b>2,331</b></u>	<u>27,126</u>

	<i>Notes</i>	<b>Three months ended</b>		<b>Six months ended</b>	
		<b>30 September</b>		<b>30 September</b>	
		<b>2021</b>	2020	<b>2021</b>	2020
		<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
<b>Profit for the period</b>					
<b>attributable to:</b>					
Owners of the Company		<b>975</b>	17,357	<b>996</b>	24,412
Non-controlling interests		<b>–</b>	20	<b>–</b>	20
		<b>975</b>	17,377	<b>996</b>	24,432
<b>Total comprehensive income</b>					
<b>for the period attributable</b>					
<b>to:</b>					
Owners of the Company		<b>999</b>	19,905	<b>2,331</b>	27,090
Non-controlling interests		<b>–</b>	34	<b>–</b>	36
		<b>999</b>	19,939	<b>2,331</b>	27,126
<b>Earnings per share</b>					
Basic ( <i>HK Cent</i> )	10	<b>0.09</b>	1.69	<b>0.10</b>	2.38
Diluted ( <i>HK Cent</i> )	10	<b>0.09</b>	1.69	<b>0.10</b>	2.38

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	12	100,580	48,249
Investment property		30,300	30,300
Intangible assets		243	362
Right-of-use assets		11,070	13,322
Goodwill		3,232	3,232
Deposits placed for life insurance policies		9,059	8,962
Deferred tax assets		2,523	1,974
Investment in an associate		16,203	18,798
Prepayments, trade and other receivables	13	–	39,867
		<b>173,210</b>	165,066
<b>Current assets</b>			
Prepayments, trade and other receivables	13	166,014	149,543
Pledged bank deposits		574	574
Cash and cash equivalents		70,135	105,328
Current tax assets		–	2,133
		<b>236,723</b>	257,578
<b>Current liabilities</b>			
Trade and other payables	14	69,112	80,159
Contract liabilities		3,156	3,189
Bank borrowings – secured		3,252	5,354
Lease liabilities		3,230	4,184
Current tax liabilities		1,916	1,609
		<b>80,666</b>	94,495
<b>Net current assets</b>		<b>156,057</b>	163,083
<b>Total assets less current liabilities</b>		<b>329,267</b>	328,149

		<b>As at 30 September 2021 <i>HK\$'000</i> (unaudited)</b>	As at 31 March 2021 <i>HK\$'000</i> (audited)
<b>Non-current liabilities</b>			
Lease liabilities		<b>7,942</b>	9,138
Deferred tax liabilities		<b>23</b>	40
		<u><b>7,965</b></u>	<u>9,178</u>
<b>NET ASSETS</b>		<u><b>321,302</b></u>	<u>318,971</u>
<b>Equity</b>			
Share capital	15	<b>10,264</b>	10,264
Reserves		<b>311,038</b>	308,707
<b>TOTAL EQUITY</b>		<u><b>321,302</b></u>	<u>318,971</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Merger reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
At 1 April 2020(audited)	10,264	179,975	4,750	(3,749)	106,721	297,961	861	298,822
Total comprehensive income for the period (unaudited)	–	–	–	2,678	24,412	27,090	36	27,126
Changes in equity for the period (unaudited)	–	–	–	2,678	24,412	27,090	36	27,126
At 30 September 2020 (unaudited)	<u>10,264</u>	<u>179,975</u>	<u>4,750</u>	<u>(1,071)</u>	<u>131,133</u>	<u>325,051</u>	<u>897</u>	<u>325,948</u>
At 1 April 2021(audited)	<b>10,264</b>	<b>179,975</b>	<b>4,750</b>	<b>1,405</b>	<b>122,577</b>	<b>318,971</b>	–	<b>318,971</b>
Total comprehensive income for the period (unaudited)	–	–	–	1,335	996	2,331	–	2,331
Changes in equity for the period (unaudited)	–	–	–	1,335	996	2,331	–	2,331
At 30 September 2021 (unaudited)	<u>10,264</u>	<u>179,975</u>	<u>4,750</u>	<u>2,740</u>	<u>123,573</u>	<u>321,302</u>	–	<u>321,302</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Net cash flows (used in)/generated from operating activities	<b>(20,346)</b>	13,654
Net cash flows used in investing activities	<b>(10,648)</b>	(8,133)
Net cash flows used in financing activities	<b>(4,530)</b>	(10,913)
Net decrease in cash and cash equivalents	<b>(35,524)</b>	(5,392)
Effect of foreign exchange rate changes	<b>331</b>	2,350
Cash and cash equivalents at beginning of period	<b>105,328</b>	138,879
Cash and cash equivalents at end of period	<b>70,135</b>	135,837
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<b>70,135</b>	135,837



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Shi Shi Services Limited was incorporated in the Cayman Islands with limited liability. Its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited. The address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Unit 903, 9th Floor, Haleson Building, 1 Jubilee Street, Central, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are provision of property management and related services, properties investment and money lending business.

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), and all values are rounded to thousand (HK\$’000) unless otherwise stated.

## 2. BASIS OF PRESENTATION

These unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Report” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies adopted by the Group are consistent with the consolidated financial statements for the year ended 31 March 2021.

These unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2021.

In the current period, the Group has adopted all the new/revised HKFRSs issued by the HKICPA that are relevant to its operation and effective for its accounting period beginning on 1 April 2021.

The Group has not yet applied new/revised HKFRSs that have been issued but not yet effective. The Group is in the process of assessing, where applicable, the potential impact of these new/revised HKFRSs but is not yet in a position to state whether these new/revised HKFRSs would have a material impact on its results of operations.

### 3. REVENUE

The Group is principally engaged in the provision of property management and related services, properties investment and money lending business during the six months ended 30 September 2021. An analysis of the Group's revenue recognised during the periods is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Provision of property management and related services	<u>130,172</u>	<u>126,961</u>	<u>255,612</u>	<u>253,012</u>
<b>Revenue from contracts with customers</b>	<b>130,172</b>	126,961	<b>255,612</b>	253,012
Rental income from investment property	357	332	714	658
Loan interest income from money lending	<u>1,059</u>	<u>227</u>	<u>1,991</u>	<u>451</u>
<b>Total revenue</b>	<b><u>131,588</u></b>	<b><u>127,520</u></b>	<b><u>258,317</u></b>	<b><u>254,121</u></b>

#### Disaggregation of revenue from contracts with customers:

##### *Provision of property management and related services*

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Geographical markets:</b>				
Hong Kong	120,446	116,801	237,678	231,524
The People's Republic of China (the "PRC")	<u>9,726</u>	<u>10,160</u>	<u>17,934</u>	<u>21,488</u>
Total	<b><u>130,172</u></b>	<b><u>126,961</u></b>	<b><u>255,612</u></b>	<b><u>253,012</u></b>
<b>Major services:</b>				
Property management services	122,147	117,353	239,729	231,746
Stand-alone security services	7,796	8,276	15,654	16,529
Property management consultancy services	<u>229</u>	<u>1,332</u>	<u>229</u>	<u>4,737</u>
	<b><u>130,172</u></b>	<b><u>126,961</u></b>	<b><u>255,612</u></b>	<b><u>253,012</u></b>

All revenue from contracts with customers are recognised over time.

#### 4. INTEREST REVENUE

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Bank interest income	115	170	149	420
Interest income from deposits placed for life insurance policies	2	76	77	152
	<u>117</u>	<u>246</u>	<u>226</u>	<u>572</u>

#### 5. OTHER INCOME AND EXPENSES, NET

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Government subsidies ( <i>Note</i> )	–	17,788	–	19,627
Other expenses paid to incorporated owners	–	(2,829)	–	(2,829)
Exchange gain	–	82	–	86
Others	37	163	60	233
	<u>37</u>	<u>15,204</u>	<u>60</u>	<u>17,117</u>

*Note:* The Group recognised government subsidies of approximately HK\$19.6 million for the six months ended 30 September 2020 from the Employment Support Scheme launched by the HKSAR Government.

#### 6. SEGMENT INFORMATION

##### (a) Reportable segments

The Group has three (2020: three) reportable segments. The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- (i) Provision of property management and related services;
- (ii) Properties investment; and
- (iii) Money lending business.

Segment profits or losses do not include dividend income and gains or losses from investments at fair value through profit or loss, share of loss of an associate, unallocated corporate income and expenses. Segment assets do not include investments and deferred tax assets, financial instruments and unallocated corporate assets.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

(i) *Business segments:*

<b>Six months ended 30 September 2021</b>	<b>Provision of property management and related services <i>HK\$'000</i> (unaudited)</b>	<b>Properties investment <i>HK\$'000</i> (unaudited)</b>	<b>Money lending business <i>HK\$'000</i> (unaudited)</b>	<b>Total <i>HK\$'000</i> (unaudited)</b>
Reportable segment revenue:				
Revenue from external customers	<u>255,612</u>	<u>714</u>	<u>1,991</u>	<u>258,317</u>
Reportable segment profit	<u>7,047</u>	<u>438</u>	<u>1,206</u>	<u>8,691</u>
Depreciation of property, plant and equipment	4,382	235	–	4,617
Depreciation of right-of-use assets	2,215	–	95	2,310
Amortisation of intangible assets	124	–	–	124
Income tax expense	1,636	–	–	1,636
Interest revenue	226	–	–	226
Interest expense	353	2	–	355
Additions to property, plant and equipment	<u>55,624</u>	<u>–</u>	<u>–</u>	<u>55,624</u>
	<b>Provision of property management and related services <i>HK\$'000</i> (unaudited)</b>	<b>Properties investment <i>HK\$'000</i> (unaudited)</b>	<b>Money lending business <i>HK\$'000</i> (unaudited)</b>	<b>Total <i>HK\$'000</i> (unaudited)</b>
<b>At 30 September 2021</b>				
Reportable segment assets	<u>292,632</u>	<u>31,580</u>	<u>45,891</u>	<u>370,103</u>
Reportable segment liabilities	<u>87,286</u>	<u>380</u>	<u>214</u>	<u>87,880</u>

	Provision of property management and related services <i>HK\$'000</i> (unaudited)	Properties investment <i>HK\$'000</i> (unaudited)	Money lending business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
<b>Six months ended 30 September 2020</b>				
Reportable segment revenue:				
Revenue from external customers	253,012	658	451	254,121
Reportable segment profit	32,821	564	323	33,708
Depreciation of property, plant and equipment	934	3	–	937
Depreciation of right-of-use assets	1,473	–	95	1,568
Amortisation of intangible assets	1,056	–	–	1,056
Income tax expense	2,866	88	53	3,007
Interest revenue	572	–	–	572
Interest expense	184	–	7	191
Additions to property, plant and equipment	8,189	–	–	8,189
	Provision of property management and related services <i>HK\$'000</i> (audited)	Properties investment <i>HK\$'000</i> (audited)	Money lending business <i>HK\$'000</i> (audited)	Total <i>HK\$'000</i> (audited)
<b>At 31 March 2021</b>				
Reportable segment assets	303,890	31,061	19,995	354,946
Reportable segment liabilities	101,918	344	308	102,570

(ii) *Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:*

	<b>Six months ended 30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>		
Reportable segment revenue and consolidated revenue	<u>258,317</u>	<u>254,121</u>
<b>Profit or loss</b>		
Reportable segment profits	8,691	33,708
Unallocated other income	30	86
Share of loss of an associate	(2,594)	(1,391)
Unallocated corporate expenses	(3,495)	(4,930)
Unallocated finance costs	–	(34)
<b>Consolidated profit before tax</b>	<u><u>2,632</u></u>	<u><u>27,439</u></u>
	<b>At 30 September</b>	<b>At 31 March</b>
	<b>2021</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>Assets</b>		
Reportable segment assets	370,103	354,946
Unallocated cash and cash equivalents	16,608	36,191
Other unallocated corporate assets	<u>23,222</u>	<u>31,507</u>
<b>Consolidated total assets</b>	<u><u>409,933</u></u>	<u><u>422,644</u></u>
<b>Liabilities</b>		
Reportable segment liabilities	87,880	102,570
Unallocated corporate liabilities	<u>751</u>	<u>1,103</u>
<b>Consolidated total liabilities</b>	<u><u>88,631</u></u>	<u><u>103,673</u></u>

(b) Geographical information

	Revenue		Non-current assets	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
Six months ended 30 September				
Hong Kong	240,383	232,633	96,022	103,600
The PRC	17,934	21,488	77,188	61,466
	<u>258,317</u>	<u>254,121</u>	<u>173,210</u>	<u>165,066</u>

7. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest expenses on:				
– bank borrowings	17	2	42	79
– lease liabilities	149	70	313	146
	<u>166</u>	<u>72</u>	<u>355</u>	<u>225</u>

8. PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Staff costs (including directors' remuneration):				
– Salaries, wages and allowances	102,202	102,983	202,231	202,290
– Retirement benefits scheme contributions	2,949	2,612	5,951	5,132
	<u>105,151</u>	<u>105,595</u>	<u>208,182</u>	<u>207,422</u>
Auditors' remuneration	258	225	437	403
Depreciation of property, plant and equipment	2,214	661	4,617	941
Depreciation of right-of-use assets	1,155	1,122	2,310	2,122
Amortisation of intangible assets	11	523	124	1,056
Expenses related to short-term lease	12	12	25	25

## 9. INCOME TAX EXPENSE

For the six months ended 30 September 2021 and 2020, Hong Kong Profits Tax is calculated under two-tier profits tax system under first HK\$2 millions of estimated assessable profits is taxed at rate of 8.25% and remaining estimated assessable profits is taxed at 16.5%. The Group should elect one of the Hong Kong subsidiaries to apply the two-tier profits tax rate.

The PRC corporate income tax is calculated at a standard rate of 25% (2020: 25%) unless otherwise specified by the PRC tax authority, on the estimated assessable profits arising from the operation of the PRC subsidiaries.

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax – Hong Kong Profits Tax	<u>927</u>	<u>810</u>	<u>2,185</u>	<u>2,167</u>
Current tax – PRC – Provision/(overprovision) for the period	<u>(21)</u>	<u>242</u>	<u>17</u>	<u>1,152</u>
Deferred tax	<u>(200)</u>	<u>(194)</u>	<u>(566)</u>	<u>(312)</u>
	<u><b>706</b></u>	<u><b>858</b></u>	<u><b>1,636</b></u>	<u><b>3,007</b></u>

## 10. EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the three and six months ended 30 September 2021 attributable to owners of the Company of approximately HK\$1.0 million and HK\$1.0 million respectively (three and six months ended 30 September 2020: HK\$17.4 million and HK\$24.4 million respectively) and the weighted average number of ordinary shares of 1,026,351,515 and 1,026,351,515 respectively (three and six months ended 30 September 2020: 1,026,351,515 and 1,026,351,515 respectively) in issue during the periods.

### Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the three and six months ended 30 September 2021 and 2020.

## 11. DIVIDEND

The Directors do not recommend the payment of any dividend for the three and six months ended 30 September 2021 (2020: Nil).

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired property, plant and equipment at a cash consideration of approximately HK\$55.6 million mainly for leasehold improvement and construction in progress (six months ended 30 September 2020: HK\$8.2 million).



### 13. PREPAYMENTS TRADE AND OTHER RECEIVABLES

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Trade receivables (note a)	87,059	83,414
Loan receivables (note b)	42,341	18,000
Deposits, prepayments and other receivables (note c)	<u>36,614</u>	<u>87,996</u>
	<u>166,014</u>	<u>189,410</u>
Less: Prepayments (non-current)	<u>–</u>	<u>(39,687)</u>
Amounts shown as current assets	<u><u>166,014</u></u>	<u><u>149,543</u></u>

*Notes:*

- a. The Group does not grant credit terms to its customers (2020: Nil). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management and the Directors.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
1 to 30 days	45,437	36,917
31 to 60 days	12,924	19,378
61 to 90 days	10,203	9,545
Over 90 days	<u>18,495</u>	<u>17,574</u>
	<u><u>87,059</u></u>	<u><u>83,414</u></u>

Included in trade receivables were amounts of approximately HK\$1,173,000 and HK\$947,000 due from related parties as at 30 September 2021 and 31 March 2021 respectively.

- b. The Group's latest money lenders license was granted on 25 August 2021 for a period of twelve months.

As at 30 September 2021 and 31 March 2021, the Group had loan receivables of HK\$42,341,000 and HK\$18,000,000, respectively. The Loan receivables of HK\$18,000,000 is secured by a second mortgage on a private residential property in Hong Kong as at 30 September 2021 and 31 March 2021.

Loan receivables of HK\$24,000,000 was granted to Mr. Ho Ying Choi, an executive director of the Company, for a period of one year commencing from the date of drawdown of the loan at an interest rate of 10% per annum. The loan was secured by charges over two residential units and a private car parking space in Hong Kong.

For loan receivables, management has taken into accounts the credit assessment on the borrowers and the pledged properties and considered the expected credit loss rate is nil.

- c. Other receivables mainly included amounts paid on behalf of incorporated owners of buildings for property management.

#### 14. TRADE AND OTHER PAYABLES

	As at <b>30 September</b> <b>2021</b> <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
Trade payables	2,559	2,542
Building management deposits received	4,598	5,020
Other payables and accruals	61,955	72,597
	<u>69,112</u>	<u>80,159</u>

*Note:* Included in other payables were amounts of approximately HK\$53,000 and HK\$52,000 due to related parties as at 30 September 2021 and 31 March 2021 respectively.

The aging analysis of the trade payables based on invoice date is as follows:

	As at <b>30 September</b> <b>2021</b> <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
1 to 30 days	1,308	1,297
31 to 60 days	1,250	1,236
61 to 90 days	–	9
	<u>2,559</u>	<u>2,542</u>

## 15. SHARE CAPITAL

### Authorised and issued share capital

	2021		2020	
	Number of ordinary shares	Nominal Value HK\$'000 (unaudited)	Number of ordinary shares	Nominal Value HK\$'000 (unaudited)
Ordinary shares of HK\$0.01 each				
<b>Authorised:</b>				
As at 1 April and 30 September	<u>5,000,000,000</u>	<u>50,000</u>	<u>5,000,000,000</u>	<u>50,000</u>
<b>Issued and fully paid:</b>				
As at 1 April and 30 September	<u>1,026,351,515</u>	<u>10,264</u>	<u>1,026,351,515</u>	<u>10,264</u>

## 16. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed financial statements, the Group had the following material transactions with its related parties during the three and six months ended 30 September 2021 and 2020:

	Three months ended 30 September		Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Interest income from loans to a director Mr. Ho Ying Choi</b>				
Related party transactions:				
(i) Interest income from loans to a director, Mr. Ho Ying Choi	<u>605</u>	<u>–</u>	<u>1,065</u>	<u>–</u>
(ii) Property management service fee received from related companies 恒生地產有限公司	<u>157</u>	<u>235</u>	<u>338</u>	<u>506</u>
(iii) Directors				
– Compensation of key management personnel	<u>1,434</u>	<u>1,538</u>	<u>2,868</u>	<u>3,075</u>
– Rent expenses of director's quarter	<u>12</u>	<u>294</u>	<u>33</u>	<u>588</u>

Notes:

Mr. Ho Ying Choi and Mr. Ho Ying Cheung had provided joint and several unlimited personal guarantees in favour of banking facilities granted to certain subsidiaries within the Group.

恒生地產有限公司 is companies incorporated in the PRC and indirectly wholly-owned by Mr. Huang Liming, the chairman of the Board, an executive Director and a controlling shareholder of the Company. The Company and 恒生地產有限公司 entered into a property management framework agreement (the "Framework Agreement"). The property management service fee received from 恒生地產有限公司 during the reporting period was under this Framework Agreement.

## 17. LEASE COMMITMENTS

### Arrangements under operating leases

#### *As lessor*

The Group leases out certain of its investment property. At the end of each reporting period, the future minimum lease payments under non-cancellable leases are receivables as follows:

	At <b>30 September</b> <b>2021</b> <i>HK\$'000</i> <b>(unaudited)</b>	At 31 March 2021 <i>HK\$'000</i> (audited)
Within one year	<b>1,397</b>	1,201
In the second to fifth years, inclusive	<b>739</b>	294
	<b><u>2,136</u></b>	<b><u>1,495</u></b>

Operating lease income represent rentals receivables by the Group for its investment property. Leases are negotiated for terms of 2 years and rentals are fixed over the lease terms and do not include contingent rentals.

## 18. CONTINGENT LIABILITIES

### (a) Performance bond and incorporated owners' fund

Performance bond has been issued by a bank and an insurance company as the Group maintains certain incorporated owners' funds in the form of client accounts which were held on trust for and on behalf of the incorporated owners. These client accounts are not recognised as assets and associated liabilities in the financial statements of the Group. At the end of the reporting period, the Directors of the Company do not consider it probable that a claim on the performance bonds will be made against the Group.

As at 30 September 2021, the amount of outstanding performance bond was approximately HK\$16.4 million (31 March 2021: HK\$15.7 million).

As at 30 September 2021, the aggregate amount of the bank balances in the client accounts not dealt with in the condensed consolidated financial statements of the Group was approximately HK\$50.0 million (31 March 2021: HK\$46.8 million).

### (b) Legal cases

In carrying out the ordinary course of business, the Group is subject to the risk of being named as defendant in legal actions, claims and disputes in connection with its business activities. The nature of the legal proceedings initiated against the Group generally include (i) claims for employees' compensation by the Group's employees; (ii) claims for personal injury caused by the negligence of the Group and owners' corporations of the properties by passersby, residents or other users of the respective properties; (iii) claims for property damage or economic loss caused by the negligence of the Group and owners' corporations of the properties by residents or other users of the respective properties; and (iv) claims for property damage caused by the negligence of individual flat owners by other residents or users of the respective properties. The Group maintains insurance cover and, in the opinion of the directors of the Company, based on current evidence, any such existing claims have no material financial impact to the Group as at 30 September 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group is principally engaged in the provision of property management services primarily targeting residential properties, properties investment and money lending business. The Group operates under the brand name of “Kong Shum” in Hong Kong and provides a range of management services in Hong Kong and the PRC including security, repair and maintenance, cleaning, financial management, administrative and legal support. Under an established functional structure with various departments, the Group has dedicated teams to carry out the aforementioned management services. The Group also employs a team of security staff to provide security services as part of the services provided under property management contracts or under stand-alone security services contracts. For the six months ended 30 September 2021, the Group provided property security services for 13 properties under stand-alone security services contracts in Hong Kong. The operating arm of the Group’s security services is mainly Q & V Security Company Limited (“Q&V”). The Group hires its own security staff to provide property security services. The Group also employs registered technicians to provide basic repair and maintenance services to its customers if required. In relation to the cleaning services, the Group subcontracts substantially all of its cleaning services to third-party contractors.

In relation to the provision of money lending business, the Group recorded loan interest income of approximately HK\$2.0 million (2020: HK\$0.5 million). As at 30 September 2021, the Group has loan receivables with carrying amount of approximately HK\$42.3 million (31 March 2021: HK\$18.0 million). Principal terms of the loan receivables as at 30 September 2021 are as follows:

<b>Borrowers</b>	<b>Drawdown date</b>	<b>Principal amount</b>	<b>Interest rate</b>	<b>Terms</b>	<b>Notes</b>
A	27 March 2021	HK\$18 million	10% per annum	1 year	(i)
B	21 April 2021	HK\$24 million	10% per annum	1 year	(ii)

*Notes:*

- (i) Details of the above are set out in the Company’s announcements dated 5 May 2020, 8 May 2020 and 29 June 2021.
- (ii) Details of the above are set out in the Company’s announcements dated 25 February 2021, 12 March 2021, 26 March 2021 and 16 April 2021.

For the properties investment business, the Group recorded rental income from an investment property of approximately HK\$0.7 million for the six months ended 30 September 2021 (2020: HK\$0.7 million).

## REVENUE

For the six months ended 30 September 2021, the Group's revenue was derived from its operations in Hong Kong and the PRC of approximately HK\$240.4 million (2020: HK\$232.6 million) and HK\$17.9 million (2020: HK\$21.5 million), respectively.

The Group derived revenue of approximately HK\$15.7 million and HK\$16.5 million respectively from stand-alone security services contracts for the six months ended 30 September 2021 and 2020 respectively, representing approximately 6.0% and 6.5% of its total revenue.

The following table sets out the Group's revenue by contract type for the six months ended 30 September 2021 and 2020 respectively:

	Six months ended 30 September			
	2021		2020	
	<i>HK\$ million</i>	<i>Percentage</i>	<i>HK\$ million</i>	<i>Percentage</i>
Property management services contracts	<b>239.7</b>	<b>92.8%</b>	231.7	91.2%
Stand-alone security services contracts	<b>15.7</b>	<b>6.0%</b>	16.5	6.5%
Property management consultancy services contract	<b>0.2</b>	<b>0.1%</b>	4.7	1.8%
Rental services contracts	<b>0.7</b>	<b>0.3%</b>	0.7	0.3%
Money lending services	<b>2.0</b>	<b>0.8%</b>	0.4	0.2%
	<b>258.3</b>	<b>100%</b>	254.1	100%

The Group's revenue slightly improved by approximately 1.7% from approximately HK\$254.1 million for the six months ended 30 September 2020 to approximately HK\$258.3 million for the six months ended 30 September 2021. During the period, the number of Hong Kong management service contracts obtained by the Group had been increased by 3 from 442 to 445. Revenue generated from property management services contracts in Hong Kong recorded an increase of approximately 3.5% to approximately HK\$239.7 million for the six months ended 30 September 2021.

## GROSS PROFIT

The gross profit of the Group decreased by approximately 2.3% from approximately HK\$52.1 million for the six months ended 30 September 2020 to approximately HK\$50.9 million for the six months ended 30 September 2021. The gross profit margin was approximately 19.7% and 20.5% for the six months ended 30 September 2021 and 2020 respectively.

## PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company decreased by approximately 95.9% from approximately HK\$24.4 million for the six months ended 30 September 2020 to approximately HK\$1.0 million for the six months ended 30 September 2021. The net profit margin decreased by approximately 9.2% from approximately 9.6% to 0.4% for the six months ended 30 September 2021 and 2020 respectively.

The Group has recorded a profit of approximately HK\$1.0 million for the six months ended 30 September 2021 as compared to the profit of approximately HK\$24.4 million for the six months ended 30 September 2020. The significant decrease was mainly due to:

- (i) No other income arising from government subsidies for the six months ended 30 September 2021 under the Employment Support Scheme under Government's Anti-epidemic Fund (2020: HK\$19.6 million); and
- (ii) Increase in the share of loss of an associate, namely Dakin Holding Inc. from approximately HK\$1.4 million to approximately HK\$2.6 million; for the period ended 30 September 2021.

## OTHER OPERATING EXPENSES

The Group's other operating expenses for the six months ended 30 September 2021 were approximately HK\$13.8 million (2020: HK\$9.8 million), representing an increase of approximately 41.5% as compared to the corresponding period in 2020.

The following table sets out other operating expenses by nature for the periods indicated.

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Auditors' remuneration	437	403
Consultancy fee	396	524
Depreciation and amortisation	4,740	1,997
Exchange difference	(39)	69
Insurance fee	2,506	2,360
Legal and professional fee	1,842	1,072
Office expenses	1,210	1,135
Others	578	302
Registration, licence and subscription fee	163	78
Travelling and entertainment expenses	1,982	1,825
	<b>13,815</b>	<b>9,765</b>

## **OPERATION REVIEW**

### **Outlook**

The property market in Hong Kong is expanding. Public opinion voices concern over the housing stock production and the speeding up of the completion of construction of properties in the near future is expected to solve the heavy demand on housing. It is envisaged that the property management business will expand simultaneously. On the other hand, even though strong competition and soaring cost resulting from statutory minimum wage revision and inflation are unavoidable, the Directors are confident that the Group is now on an appropriate stage to increase its market share.

During the period, the Group has recorded revenue of approximately HK\$255.6 million (2020: HK\$253.0 million) from its property management services in Hong Kong and the PRC. Looking forward, the provision of property management and related services in Hong Kong and the PRC will continue to be the core business of the Group while the management will continue to explore other investment opportunities in order to increase the Group's income source and will therefore be in the interest of the Company and the shareholders of the Company as a whole.

### **Human Resources**

As at 30 September 2021, the Group had a total of 1,820 employees (31 March 2021: 1,857 employees). The Group's staff costs for the six months ended 30 September 2021 amounted to approximately HK\$208.2 million (2020: HK\$207.4 million). To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance.

### **Services Contracts**

Due to well-established team and project planning, during the six months ended 30 September 2021, 9 property management contracts were awarded to the Group in Hong Kong.

For the six months ended 30 September 2021, there were in total 445 service contracts (covering around 75,469 households) comprising 419 property management service contracts, 12 stand-alone security service contracts and 14 facility management service contracts in Hong Kong.



## **Contract Renewal Complying with Procedural Requirements**

A service contract which does not comply with the procedural requirements for contract renewal as stipulated in section 20A of the Building Management Ordinance (Chapter 344 of the Laws of Hong Kong) may be cancelled by the owners' corporation. Included in 445 contracts in force as at 30 September 2021, 232 service contracts are not in strict compliance with the said contract renewal requirements, hence, termination notices were served on clients involving in these contracts. All of the remaining 213 valid contracts as at 30 September 2021 are in compliance with the said procedural requirements or not applicable under the Building Management Ordinance. Senior management adopts a tight control system to monitor the full compliance of the procedural requirements. All newly signed contracts during the six months ended 30 September 2021 included the mandatory term requiring the client to follow the said procedural requirements, if applicable.

## **Client Accounts**

As at 30 September 2021, the Group held 64 (31 March 2021: 68) client accounts amounting to approximately HK\$50.0 million (31 March 2021: HK\$46.8 million) on trust for and on behalf of customers. These client accounts are opened in the names of the Group and the relevant properties. The management fees received from the tenants or owners of the properties were deposited into these client accounts and the expenditure of these customers was paid from these client accounts.

## **Performance Bond**

As at 30 September 2021, a bank and an insurance company issued 11 (31 March 2021: 10) bond certificates amounting to approximately HK\$16.4 million (31 March 2021: HK\$15.7 million) on behalf of the Group to the clients as required in the service contracts.

## **Liquidity, Financial Resources and Capital Structure**

The Group maintained sufficient working capital as at 30 September 2021 with bank balances and cash of approximately HK\$70.1 million (31 March 2021: HK\$105.3 million).

As at 30 September 2021, the Group had bank borrowings and lease liabilities approximately HK\$14.4 million (31 March 2021: HK\$18.7 million).

As at 30 September 2021, the Group's net current assets amounted to approximately HK\$156.1 million (31 March 2021: HK\$163.1 million). The Group's operations are financed principally by revenue generated from its business operations, available cash and bank balances.

## **Capital expenditure**

The Group purchased property, plant and equipment mainly for leasehold improvement and construction in progress amounting to approximately HK\$55.6 million for the six months ended 30 September 2021 (six months ended 30 September 2020: HK\$8.2 million).

## **Capital commitments**

The Group did not have any significant capital commitments as at 30 September 2021.

## **Contingent liabilities**

Details of contingent liabilities of the Group are set out in note 18 to the unaudited consolidated financial statements.

## **Foreign Currency Risk**

The Group has certain exposure to foreign currency risk as the Group's deposits placed for life insurance policies are denominated in United States dollar ("US\$"). The Group considers the risk exposure to foreign currency fluctuation is limited as long as the HK\$ remains pegged to the US\$. The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the group entities.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## **Charges over Assets of the Group**

As at 30 September 2021, certain bank deposits of approximately HK\$0.6 million (31 March 2021: HK\$0.6 million) and the deposits placed for life insurance policies of approximately HK\$9.1 million (31 March 2021: HK\$9.0 million) were pledged to a bank to secure banking facilities granted to the Group. In addition, the Group's leasehold land building and investment property with carrying value of approximately HK\$8,132,000 and HK\$30,300,000 respectively were pledged to secured bank facilities granted to the Group. Besides, the Group had certain motor vehicles acquired under finance lease. Carrying values of motor vehicles amounted to approximately HK\$0.6 million and HK\$0.9 million were under lease liabilities and finance lease as at 30 September 2021 and 31 March 2021 respectively.

The deposits placed for life insurance policies are denominated in United States dollars, a currency other than the functional currency of the Group.

## **Gearing ratio**

The Group's gearing ratio, being as the total debt (i.e. bank borrowing, finance lease payables and lease liabilities) divided by total equity, as at 30 September 2021, was approximately 4.5% (31 March 2021: 5.9%).

## **Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates, Joint Ventures and Future Plans for Material Investments or Capital Asset**

### ***Disclosable and Connected Transaction in relation to an Acquisition of Property***

On 28 December 2020, Shishi Network Technology Co., Ltd ("Shishi Network"), a wholly-owned subsidiary of the Company (the "Purchaser"), entered into the property sale agreement with Mr. Huang Liming ("Mr. Huang"), the chairman of the Board and an executive director of the Company, pursuant to which Mr. Huang has conditionally agreed to sell and Shishi Network has conditionally agreed to acquire five office units 222105 to 222109 on level 18 in Block 6 (Unit 2) on No.1 Futong East Street, Chaoyang District, Beijing, the PRC (the "Property") at the consideration of RMB42 million which will be settled by cash (the "Acquisition").

The Property will serve the purposes of the Company as a headquarter office in the PRC and the Shi Shi Living Service Centre for conference with potential clients and demonstration of its concept on property management in the PRC aided by information and technology with a view to reduce labour costs and optimize efficiency. The Acquisition was approved at the extraordinary general meeting of the Company held on 29 January 2021 and completed on 4 June 2021. Details of this transaction are disclosed in the Company's announcements dated 28 December 2020, 14 January 2021, 29 January 2021 and 4 June 2021.

Save as disclosed above, the Group made no material acquisition or disposal for the six months ended 30 September 2021 and up to date of this announcement.

### **Impact of coronavirus disease 2019 (COVID-19)**

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the world. It has brought about additional uncertainties in the Group's operating environment and may impact the Group's operations and financial position. The Group has been closely monitoring the impact from COVID-19 on the Group's businesses and has commenced to put in place various measures. Based on the information currently available, the directors confirm that there has been no material adverse change in the financial and operating position of the Group up to the date of this announcement.

The Group will pay close attention to the development of the COVID-19 outbreak and perform further assessment of its impact and take relevant measures.

## OPERATION REVIEW

### Use of proceeds from the Listing

The actual net proceeds from the issue of new shares of the Company under the Placing as set out in the Prospectus were approximately HK\$17.5 million, which was different from the estimated net proceeds of approximately HK\$24.4 million (estimated on the assumption that the placing price would be the mid-point of the stated range as stated in the Prospectus). For the period from 20 September 2013 to 30 September 2021, the Group has applied the net proceeds as follows:

	Net proceeds (HK\$ million)		
	Available	Utilised	Unutilised
Repayment of bank loans	7.5	7.5	–
Implementation of old district property management scheme	4.3	–	4.3
Expansion of the property management portfolio	5.7	5.7	–
	<u>17.5</u>	<u>13.2</u>	<u>4.3</u>

The unutilised balance of the net proceeds will be applied in the manner consistent with that mentioned in the Prospectus.

The Group expect the remaining proceed of HK\$4.3 million will be fully utilised by the year ending 31 March 2026.

## Fund raising activity

The Company has no fund raising activities during the six months ended 30 September 2021. The Group's fund raising activity in the prior years which has been fully utilised as intended during the year ended 31 March 2021 was detailed below:

Date of initial announcement	Fund raising activities	Net proceeds	Intended use of proceeds	Actual use of proceeds
31 October 2018 (completed on 20 November 2018)	Placing of 171,000,000 new ordinary shares of HK\$0.01 each under general mandate at the placing price of HK\$0.24 per Share to not less than six places who are independent professional, institutional or other investors (closing price of the Share as quoted on the Stock Exchange on the date of the placing agreement is HK\$0.28)	Approximately HK\$40.4 million (net proceeds raised per Share was approximately HK\$0.236 per Share)	Intended to be used (i) approximately HK\$32.3 million for expansion of the Group's property management business in the PRC and provision of living value-added services in community; and (ii) approximately HK\$8.1 million for the general working capital of the Group	Approximately HK\$32.3 million has been utilised as intended of which approximately HK\$24.2 million was utilised for expansion of the Group's property management business in the PRC and provision of living value-added services in community; and approximately HK\$8.1 million was utilised for working capital of the Group

## RISKS RELATING TO THE GROUP AND ITS BUSINESS

The Group faces intense competition which may adversely affect its market share and profitability. The property management industry in Hong Kong is competitive and the competition may exert some pressure on the service fees of property management companies. The Group may therefore be required to reduce its fees or maintain low service fees in view of the market pressure so as to retain customers or pursue new business opportunities. The Group's revenue stream and profitability may also be adversely affected if the customers terminate the service contracts with the Group, whether by serving written notice or for the reason of breach or material breach of the terms or conditions thereunder, prior to the expiry date.

## CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group are committed to upholding high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial for the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of shareholders of the Company.

The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules. The principles adopted by the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders of the Company.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the six months ended 30 September 2021, the Company has complied with all CG Code except for the following deviation:

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company did not officially have a chief executive officer since 8 September 2015. Daily operation and management of the Company is monitored by the executive Directors as well as the senior management. The Board is of the view that although there is no chief executive officer of the Company, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who meet from time to time to discuss issues affecting the operations of the Company. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Company’s business operations. The Board will continue to review the effectiveness of the Company’s structure as business continues to grow and develop in order to assess whether any changes, including the appointment of a chief executive officer, is necessary.

Code provision A.2.7 of the CG Code requires that the chairman of the Board shall at least annually hold meetings with non-executive Directors (including independent non-executive Directors) without the executive Directors present.

As Mr. Huang Liming serves as the Chairman and executive Director concurrently, the code provision does not apply and the Company deviates from such code provision. In addition, the Chairman of the Board is of the view that, the independent non-executive Directors can express their opinions to all executive Directors more directly and effectively at the Board meetings, hence the Board is of the view that the deviation from the code provision does not have material impact on the operation of the Board.

## **UPDATE ON DIRECTORS’ INFORMATION**

The change of the Directors’ information pursuant to Rule 17.50A(1) of the GEM Listing Rules since the disclosure made in the Company’s annual report 2020-2021 or the announcement in relation to the appointment and/or resignation of the Directors is set out as follows:

- Mr. Lam Kai Yueng, an independent non-executive Director, has been appointed as an executive director of Sunway International Holdings Limited (stock code: 0058) with effect from 27 August 2021.

## DIRECTORS' SECURITIES TRANSACTIONS

The Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' securities transactions in securities of the Company. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 September 2021.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at date of this announcement, the interests and short positions of the Directors and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

### Long positions in the ordinary shares of HK\$0.01 each of the Company

Name of Shareholders	Capacity and nature of interest	Number of shares	Approximate percentage of interests in the issued share capital
Huang Liming ( <i>note 1</i> )	Interest in controlled corporation	626,071,950 (L) ( <i>note 2</i> )	61.00%

*Notes:*

1. Mr. Huang Liming is interested in the said shares through his wholly owned company, Heng Sheng Capital Limited, which is the beneficial owner of 626,071,750 shares of the Company.
2. The Letter "L" denotes long position in the shares.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at date of this announcement.

## ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the six months ended 30 September 2021 was the Company, its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at date of this announcement, the following persons/entities (other than a Director or chief executive of the Company) had or were deemed or taken to have interests and short positions in the Shares and underlying shares of the Company as recorded in the register of interests and short positions of substantial shareholders (the "Register of Substantial Shareholders") required to be kept by the Company pursuant to section 336 of the SFO:

### Long Positions in the ordinary shares of HK\$0.01 each of the Company

Name of Shareholders	Capacity and nature of interest	Number of shares	Approximate percentage of interests in the issued share capital
Heng Sheng Capital Limited (note 1)	Beneficial owner	626,071,950 (L) (note 2)	61.00%
Li Mengya (note 1)	Interest of spouse	626,071,950 (L) (note 2)	61.00%

#### Notes:

1. Heng Sheng Capital Limited is a company incorporated in the British Virgin Islands whose entire issued share capital is owned by Mr. Huang Liming, and accordingly under the SFO, Mr. Huang Liming is deemed to be interested in the Shares held by Heng Sheng Capital Limited. Ms. Li Mengya is the spouse of Mr. Huang Liming and, accordingly under the SFO, she is deemed to be interested in the same number of Shares in which Mr. Huang Liming is interested.
2. The letter "L" denotes long position in the Shares.

Save as disclosed above, as at date of this announcement, the Directors were not aware of any persons/entities (other than a Director or chief executive of the Company) who/which had or were deemed or taken to have any other interests or short positions in Shares or underlying shares of the Company as recorded in the Register of Substantial Shareholders required to be kept by the Company pursuant to under section 336 of the SFO.



## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. The Company was not aware of any noncompliance with the required standard of dealings and its code of conduct regarding securities transaction by Directors for the six months ended 30 September 2021.

## **SHARE OPTION SCHEME**

On 19 September 2013, the Company has adopted a share option scheme (the “Share Option Scheme”) under which the board of directors is authorised to grant share options to any employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the board, has contributed or may contribute to the Group as incentive or reward for their contribution to the Group.

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme (i.e. 19 September 2013) until the termination date as provided therein which being the close of business of the Company on the date which falls ten years from the date of the adoption of the Share Option Scheme (i.e. 18 September 2023). The principal terms of the Share Option Scheme are summarised in the section headed “Share Option Scheme” in Appendix IV to the Prospectus of the Company dated 30 September 2013.

For the six months ended 30 September 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

## **SHARE AWARD PLAN**

On 6 August 2021, the Company has adopted the share aware plan (the “Plan”) to recognise and reward the contribution of certain eligible participants to the growth and development of the Group and to give incentives thereto in order to motivate them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. The Plan is a discretionary share plan of the Company and does not constitute a share option scheme within the meaning of Chapter 23 of the GEM Listing Rules. Details of the Plan are set out in the Company’s announcement dated 6 August 2021.

For the six months ended 30 September 2021, the Company has not awarded any shares to the eligible participants under the Plan.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part the business of the Company were entered into or existed during the period.

## **COMPETING BUSINESS**

None of the controlling Shareholders or Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the "Audit Committee") with written terms of reference, available on the Company's website, in compliance with the GEM Listing Rules. The Audit Committee is currently composed of all the independent non-executive Directors, namely, Mr. Lam Kai Yeung (chairman), Mr. Lin Dongming and Mr. Lo Chi Ho, Richard.

The Audit Committee has reviewed and approved the Company's unaudited interim results for the six months ended 30 September 2021 and recommended approval to the Board.

## **BOARD COMPOSITION AND DIVERSITY POLICY**

The Company has adopted the board diversity policy since 11 October 2013. The policy sets out the approach to achieve diversity in the Board that should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business and compliance with policies. The composition and diversity policies of the Board are reviewed annually and regularly. The Board should ensure that its changes in composition will not result in any undue interference. The Board members should possess appropriate professionalism, experience and trustworthiness in performing duties and functions. The Board would diversify its members according to the Company's situations and needs. While participating in nomination and recommendation of director candidates during the year, each member of the Board may consider a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, or professional experience in achieving diversity for the benefit of the Company's various business development and management. The Board is to review the policy concerning diversity of Board members, and to disclose the policy or a summary of the policy in the corporate governance report, including any quantitative targets and standards and its progress with policy implementation.

## **PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR**

Any Shareholder who wishes to propose a person other than a retiring director of the Company or the Shareholder himself/herself for election as Director in general meeting of the Company should follow the procedures available on the Company's website.

## **PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2021.

## **CONTRACT OF SIGNIFICANCE**

Save for the respective director service contract with each Director, and save as disclosed under the paragraph headed "Connected Transactions" on p.61 of the annual report of the Company for the year ended 31 March 2021, no Director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the period under review.

## **SHAREHOLDERS' RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING**

Pursuant to Article 58 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting ("EGM"). EGM shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 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 DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD**

Shareholders and other stakeholders can make any enquiry in respect of the Company in writing to our head office at Unit 903, 9 Floor, Haleson Building, 1 Jubilee Street, Central, Hong Kong.

## **PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS**

There are no provisions allowing Shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles, Shareholders who wish to move a resolution may by means of requisition convene an EGM following the procedures set out above.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares as at the latest practicable date prior to the issue of this announcement.

On behalf of the board  
**Shi Shi Services Limited**  
**Huang Liming**  
*Chairman and executive Director*

Hong Kong, 11 November 2021

*As at the date of this announcement, the executive Directors are Mr. Huang Liming (Chairman), Mr. Lee Chin Ching, Cyrix and Mr. Ho Ying Choi, and the independent non-executive Directors are Mr. Lin Dongming, Mr. Lam Kai Yeung and Mr. Lo Chi Ho, Richard.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting and the Company's website at [www.shishiservices.com.hk](http://www.shishiservices.com.hk).*