

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

shishi

shi shi services limited

時時服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8181)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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.

The board of directors (the “Board”) of the Company is pleased to present the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2022, together with the audited comparative figures for the corresponding year in 2021 are set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3	524,951	511,116
Cost of services		<u>(424,665)</u>	<u>(402,478)</u>
Gross profit		100,286	108,638
Interest revenue	4	458	1,006
Other income and expenses, net	5	3,280	20,519
Share of loss of an associate	12	(8,133)	(5,130)
Administrative expenses		(70,377)	(62,287)
Other operating expenses		(32,437)	(22,377)
Impairment of investment in an associate	12	(4,428)	(16,500)
Impairment of property, plant and equipment		(7,049)	–
Impairment of goodwill		(2,132)	–
Impairment of trade receivables		(2,197)	
Listing expenses		(941)	(2,893)
Finance costs	7	(664)	(581)
(Loss)/profit before tax		(24,334)	20,395
Income tax expense	9	(1,615)	(4,541)
(Loss)/profit for the year	8	(25,949)	15,854
Other comprehensive (expense)/income, net of tax			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operation		2,848	5,183
Reclassification of translation reserve to profit or loss upon deregistration of a subsidiary		<u>–</u>	<u>(3)</u>
Other comprehensive (expense)/income for the year		2,848	5,180
Total comprehensive (expense)/income for the year		<u>(23,101)</u>	<u>21,034</u>

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
(Loss)/profit for the year attributable to:			
Owners of the Company		(25,949)	15,856
Non-controlling interests		–	(2)
		<u>(25,949)</u>	<u>15,854</u>
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		(23,101)	21,010
Non-controlling interests		–	24
		<u>(23,101)</u>	<u>21,034</u>
(Loss)/earnings per share			
Basic (<i>HK\$</i>)	10	<u>(0.025)</u>	<u>0.015</u>
Diluted (<i>HK\$</i>)	10	<u>(0.025)</u>	<u>0.015</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		97,510	48,249
Investment property		30,300	30,300
Intangible assets	11	215	362
Right-of-use assets		9,915	13,322
Goodwill		1,100	3,232
Deposits placed for life insurance policies		9,155	8,962
Deferred tax assets		2,744	1,974
Investment in an associate	12	6,237	18,798
Prepayments, trade and other receivables	13	4,500	39,867
		161,676	165,066
Current assets			
Prepayments, trade and other receivables	13	165,002	149,543
Pledged bank deposits		574	574
Cash and cash equivalents		67,696	105,328
Current tax assets		2,837	2,133
		236,109	257,578
Current liabilities			
Trade and other payables	14	71,127	80,159
Contract liabilities		6,227	3,189
Bank borrowings – secured		9,000	5,354
Lease liabilities		3,094	4,184
Current tax liabilities		2,360	1,609
		91,808	94,495
Net current assets		144,301	163,083
Total assets less current liabilities		305,977	328,149

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		7,017	9,138
Deferred tax liabilities		571	40
		<u>7,588</u>	<u>9,178</u>
NET ASSETS		<u>298,389</u>	<u>318,971</u>
Equity			
Share capital	15	11,290	10,264
Reserves		287,099	308,707
TOTAL EQUITY		<u>298,389</u>	<u>318,971</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company									
	Share capital	Share premium account	Merger reserve	Share-based payment reserve	Other reserve	Foreign currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020	10,264	179,975	4,750	-	-	(3,749)	106,721	297,961	861	298,822
Capital return to non-controlling interests upon de-registration of a subsidiary	-	-	-	-	-	-	-	-	(885)	(885)
Total comprehensive income for the year	-	-	-	-	-	5,154	15,856	21,010	24	21,034
At 31 March 2021	<u>10,264</u>	<u>179,975</u>	<u>4,750</u>	<u>-</u>	<u>-</u>	<u>1,405</u>	<u>122,577</u>	<u>318,971</u>	<u>-</u>	<u>318,971</u>
At 1 April 2021	10,264	179,975	4,750	-	-	1,405	122,577	318,971	-	318,971
Award shares granted under share award plan	-	-	-	2,519	-	-	-	2,519	-	2,519
Issuance of award shares	1,026	-	-	-	(1,026)	-	-	-	-	-
Total comprehensive (expenses)/income for the year	-	-	-	-	-	2,848	(25,949)	(23,101)	-	(23,101)
At 31 March 2022	<u>11,290</u>	<u>179,975</u>	<u>4,750</u>	<u>2,519</u>	<u>(1,026)</u>	<u>4,253</u>	<u>96,628</u>	<u>298,389</u>	<u>-</u>	<u>298,389</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

Shi Shi Services Limited (the “Company”) 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, 9 Floor, Haleson Building, 1 Jubilee Street, Central, Hong Kong.

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

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

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies and amounts reported for the current year and prior years.

The Group has not applied new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE

The Group is principally engaged in the provision of property management and related services, properties investment and money lending business during the year. An analysis of the Group’s revenue recognised during the year is as follows:

	2022	2021
	HK\$’000	HK\$’000
Provision of property management and related services	<u>519,778</u>	<u>508,986</u>
Revenue from contracts with customers	519,778	508,986
Rental income from investment property	1,377	1,242
Loan interest income from money lending	<u>3,796</u>	<u>888</u>
Total revenue	<u><u>524,951</u></u>	<u><u>511,116</u></u>

Disaggregation of revenue from contracts with customers:

Provision of property management and related services

	2022	2021
For the year ended 31 March	HK\$'000	HK\$'000
Geographical markets		
Hong Kong	482,448	469,452
People's Republic of China ("PRC")	37,330	39,534
	519,778	508,986
Major services		
Property management services	488,801	471,398
Stand-alone security services	30,977	32,614
Property management consultancy services	–	4,974
	519,778	508,986

For the years ended 31 March 2022 and 2021, all revenue from provision of property management services, stand-alone security services and property management consultancy services are recognised over time.

Property management services fees, stand-alone security services and property management consultancy services fees are recognized on a monthly basis when the services are rendered. The amount for which can be reliably estimated and it is probable that the income will be received. The property management services fees and property management consultancy services fees are due on the end of each month.

There was no performance obligations that are unsatisfied pursuant to HKFRS 15.120 during the years ended 31 March 2022 and 31 March 2021.

4. INTEREST REVENUE

	2022	2021
	HK\$'000	HK\$'000
Bank interest income	134	702
Interest income from bond receivable	26	–
Interest income from deposits placed for life insurance policies	298	304
	458	1,006

5. OTHER INCOME AND EXPENSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gain on disposal of property, plant and equipment	–	100
Government subsidies (<i>Note 1</i>)	–	38,279
Other expenses paid to incorporate owners	–	(18,351)
Commission income	30	–
Exchange gain	–	150
Others (<i>Note 2</i>)	3,250	341
	<hr/> 3,280 <hr/>	<hr/> 20,519 <hr/>

Notes:

- (1) The Group recognised government subsidies of approximately HK\$38.3 million for the year ended 31 March 2021 from the Employment Support Scheme launched by the HKSAR Government.
- (2) Amount included approximately HK\$2,865,000 which represented reversal of provision for special allowance to incorporate owners.

6. SEGMENT INFORMATION

(a) Reportable segments

The Group has three (2021: 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.

The accounting policies of the operating segments are the same as those described in note 3 to the consolidated financial statements. Segment profits or losses do not include dividend income and gains or losses from investments. Segment assets do not include investments. Segment non-current assets do not include deferred tax assets and financial instruments.

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

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

	2022	2021
Year ended 31 March	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Reportable segment revenue and consolidated revenue	<u>524,951</u>	<u>511,116</u>
Profit or loss		
Reportable segment (loss)/profits	(2,263)	51,284
Unallocated other income	30	38
Share of loss of an associate	(8,133)	(5,130)
Impairment of investment in an associate	(4,428)	(16,500)
Unallocated corporate expenses	(9,540)	(9,263)
Unallocated finance costs	–	(34)
Consolidated (loss)/profit before tax	<u>(24,334)</u>	<u>20,395</u>
At 31 March		
Assets		
Reportable segment assets	380,652	354,946
Unallocated cash and cash equivalents	7,238	36,191
Other unallocated corporate assets	<u>9,895</u>	<u>31,507</u>
Consolidated total assets	<u>397,785</u>	<u>422,644</u>
Liabilities		
Reportable segment liabilities	97,733	102,570
Unallocated corporate liabilities	<u>1,663</u>	<u>1,103</u>
Consolidated total liabilities	<u>99,396</u>	<u>103,673</u>

(b) **Geographical information**

	Revenue		Non-current assets	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	487,621	471,582	78,811	103,600
The PRC	<u>37,330</u>	<u>39,534</u>	<u>82,865</u>	<u>61,466</u>
	<u>524,951</u>	<u>511,116</u>	<u>161,676</u>	<u>165,066</u>

(c) **Information about major customers**

An analysis of the Group's revenue from major services is set out in note 3 above. No customer accounted for 10 percent or more of the total revenue for the years ended 31 March 2022 and 2021.

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses on bank borrowings	74	110
Interest on lease liabilities	<u>590</u>	<u>471</u>
	<u>664</u>	<u>581</u>

8. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
– Salaries, wages and allowances	417,847	398,402
– Employee share-based compensation benefits of Share Award Scheme	2,519	–
– Retirement benefits scheme contributions	<u>12,068</u>	<u>11,156</u>
	<u>432,434</u>	<u>409,558</u>
Auditors' remuneration	750	750
Depreciation of property, plant and equipment	10,600	4,677
Depreciation of right-of-use assets	4,648	4,674
Amortisation of intangible assets	157	1,705
Expenses related to short-term lease	<u>46</u>	<u>107</u>

9. INCOME TAX EXPENSE

For the years ended 31 March 2022 and 2021, Hong Kong Profit Tax is calculated under two-tier profit tax system under first HK\$2 millions of estimated assessable profits is taxed at a 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 profit tax rate.

The PRC corporate income tax is calculated at a rate of 25% unless otherwise specified, on the estimated assessable profits arising from the operation of the PRC subsidiaries.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax– Hong Kong Profits Tax		
– Provision for the year	1,681	3,104
– One-off deduction	(70)	(70)
	<u>1,611</u>	<u>3,034</u>
Current tax- the PRC		
– Provision for the year	<u>243</u>	<u>782</u>
Deferred tax	<u>(239)</u>	<u>725</u>
	<u>1,615</u>	<u>4,541</u>

The reconciliation between the income tax expense and the product of (loss)/profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit before tax	<u>(24,334)</u>	<u>20,395</u>
Tax calculated at Hong Kong Profit tax rate of 8.25% (2021: 8.25%)	165	165
Tax calculated at Hong Kong Profit tax rate of 16.5% (2021: 16.5%)	(4,345)	3,035
Effect of different tax calculation basis for the PRC	(350)	(330)
Tax effect of income that is not taxable (<i>Note a</i>)	(3,952)	(7,561)
Tax effect of expenses that are not deductible (<i>Note b</i>)	10,167	9,302
One-off deduction	<u>(70)</u>	<u>(70)</u>
Income tax expense	<u>1,615</u>	<u>4,541</u>

Notes:

- (a) Income that is non-taxable mainly include non-taxable government subsidies (net of other expenses paid to incorporate owners), interest income and compensation income.
- (b) Expenses that are not tax deductible mainly include directors' salaries, rent, impairment loss on property, plant and equipment, goodwill and investment in an associate, legal and profession fees for the Company and subsidiaries which no assessable income was generated during the year.

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$25,949,000 (2021: profit of approximately HK\$15,856,000) and the weighted average number of ordinary shares of 1,048,846,890 (2021: 1,026,351,515) in issue during the year.

Diluted earnings per share

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 March 2022.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary share outstanding during the years ended 31 March 2021.

11. INTANGIBLE ASSETS

	Customer contracts HK\$'000	Computer softwares HK\$'000	Total HK\$'000
COST			
At 1 April 2021	2,148	6,927	9,075
Additions	–	(91)	(91)
Exchange realignment	16	21	37
	<u>2,164</u>	<u>6,857</u>	<u>9,021</u>
At 31 March 2021 and 1 April 2021	2,164	6,857	9,021
Exchange realignment	–	13	13
	<u>–</u>	<u>13</u>	<u>13</u>
At 31 March 2022	2,164	6,870	9,034
	<u>2,164</u>	<u>6,870</u>	<u>9,034</u>
ACCUMULATED AMORTISATION			
At 1 April 2021	1,588	5,344	6,932
Amortisation for the year	446	1,259	1,705
Exchange realignment	11	11	22
	<u>2,045</u>	<u>6,614</u>	<u>8,659</u>
At 31 March 2021 and 1 April 2021	2,045	6,614	8,659
Amortisation for the year	117	40	157
Exchange realignment	2	1	3
	<u>2,164</u>	<u>6,655</u>	<u>8,819</u>
At 31 March 2022	2,164	6,655	8,819
	<u>2,164</u>	<u>6,655</u>	<u>8,819</u>
CARRYING AMOUNT:			
At 31 March 2022	–	215	215
	<u>–</u>	<u>215</u>	<u>215</u>
At 31 March 2021	119	243	362
	<u>119</u>	<u>243</u>	<u>362</u>

Customer contracts of approximately HK\$2,054,000 and HK\$94,000 were acquired through the acquisition of Yorkshire Property Management Company Limited (“YSL”) on 30 June 2016 and Shi Shi Property (Cayman) Limited (“Shi Shi Property Cayman”) on 29 March 2019 respectively.

The customer contracts are the property management business's critical value driver. They represent the values of rights that arise from contractual arrangement. The customer contracts is fully amortised during the year ended 31 March 2022.

The computer software mainly included an internal management system acquired during the year ended 31 March 2017 which functions address book management for office usage, office communication and office bulletin for property management business, and accounting software. The remaining amortisation period of the computer softwares are 1.25 years.

Impairment test of intangible assets

Customer contract

Goodwill of HK\$785,000 and intangible assets (customer contracts) of approximately HK\$2,054,000 were acquired through the business combination of Yorkshire Property Management Limited ("YSL") on 30 June 2016. Goodwill of approximately HK\$2,447,000 and intangible assets of approximately HK\$94,000 was acquired through acquisition of Shi Shi Property (Cayman) Limited ("Shi Shi Property Cayman") on 29 March 2019. These goodwill and intangible assets were belongs to the cash generating unit ("CGU") of provision of property management services. Goodwill is tested annually for impairment. The recoverable amounts of the CGU are determined on the basis of their value in use using discounted cash flow method.

The Group's impairment test on goodwill with reference to the recoverable amounts of the CGU also covered the impairment test for intangible assets belongs to the same CGU.

For computer software

The Group's computer software mainly used for property management business. No impairment was recorded during the year.

12. INVESTMENT IN AN ASSOCIATE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Unlisted investment in Hong Kong		
Share of net assets	4,516	12,649
Goodwill	<u>22,649</u>	<u>22,649</u>
	<u>27,165</u>	<u>35,298</u>
Less: impairment loss	<u>(20,928)</u>	<u>(16,500)</u>
	<u><u>6,237</u></u>	<u><u>18,798</u></u>

Below is the information of the associate. The associate is accounted for in the consolidated financial statements using the equity method.

Name	Principal place of business/country of incorporation	Principal activities	% of ownership interests/voting rights held by the Company	
			2022	2021
Dakin Holding Inc.	Hong Kong/BVI	Provision of financial services in Hong Kong	30%/30%	30%/30%

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 31 March:		
Non-current assets	22,333	35,184
Current assets	24,851	33,162
Non-current liabilities	(8,575)	(8,057)
Current liabilities	(23,556)	(18,125)
	<u>15,053</u>	<u>42,164</u>
Net assets	15,053	42,164
Group's share of net assets	4,516	12,649
Goodwill	22,649	22,649
Less: impairment	(20,928)	(16,500)
	<u>6,237</u>	<u>18,798</u>
Group's share of carrying amount of interests	6,237	18,798
Year ended 31 March:		
Revenue	10,420	20,489
	<u>10,420</u>	<u>20,489</u>
Loss for the year	(27,110)	(17,100)
	<u>(27,110)</u>	<u>(17,100)</u>
Total comprehensive loss	(27,110)	(17,100)
	<u>(27,110)</u>	<u>(17,100)</u>
Dividend received from associate	<u>–</u>	<u>–</u>

Impairment review on investment in an associate

The Directors of the Company has engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a professional valuer, to prepare a business valuation on the value of Dakin Holdings Inc. Based on the result of the valuation, impairment of approximately HK\$4,428,000 was recorded for the year ended 31 March 2022 (For the year ended 31 March 2021: impairment of approximately HK\$16,500,000 on the Group's investment in an associate has been recognized).

13. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables (<i>Note a</i>)	104,996	83,414
Less: Impairment on trade receivables	<u>(2,230)</u>	<u>–</u>
	102,766	83,414
Loan receivables (<i>Note b</i>)	24,000	18,000
Bond receivable (<i>Note c</i>)	4,000	–
Prepayments, deposits and other receivables (<i>Note d</i>)	<u>38,736</u>	<u>87,996</u>
	169,502	189,410
Less: Prepayments-non-current (<i>Note c</i>)	<u>(4,500)</u>	<u>(39,867)</u>
Amounts shown as current assets	<u><u>165,002</u></u>	<u><u>149,543</u></u>

Note a: The Group does not grant credit terms to its customers (2021: Nil). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management and directors.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1 to 30 days	39,913	36,917
31 to 60 days	33,886	19,378
61 to 90 days	9,432	9,545
Over 90 days	<u>19,535</u>	<u>17,574</u>
	<u><u>102,766</u></u>	<u><u>83,414</u></u>

Reconciliation of loss allowance for trade receivables:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At beginning of the reporting period	–	–
Allowance for the year	2,197	–
Exchange difference	<u>33</u>	<u>–</u>
	<u><u>2,230</u></u>	<u><u>–</u></u>

As of 31 March 2022, trade receivables of approximately HK\$102,766,000 (2021: HK\$83,414,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have good settlement records with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Pass due within 30 days	Over 30 days past due	Over 60 days past due	Over 90 days past due	Total
At 31 March 2022					
Expected loss rate	0%	0%	0%	10%	
Receivables amount (HK\$'000)	39,913	33,886	9,432	21,765	104,996
Loss allowance (HK\$'000)	–	–	–	2,230	2,230
At 31 March 2021					
Expected loss rate	0%	0%	0%	0%	
Receivables amount (HK\$'000)	36,917	19,378	9,545	17,574	83,414
Loss allowance (HK\$'000)	–	–	–	–	–

Included in trade receivables were amounts of approximately HK\$1,947,000 and HK\$947,000 due from related parties as at 31 March 2022 and 31 March 2021 respectively.

Note b: The money lenders license was granted on 15 June 2017 and renewed annually. The Group's latest money lenders license is valid until 16 June 2022. The Group is in the process of renewing the money lender license. As at 31 March 2022, the loan receivables of HK\$24,000,000 were granted to a director. (2021: Loans of HK\$18,000,000 were granted to independent third parties).

The loan receivables of HK\$24,000,000 as at 31 March 2022 carry interest at 10% per annum and is secured by a first mortgage and second mortgage on two private residential properties and car park space in Hong Kong (As at 31 March 2021: Loan receivables of HK\$18,000,000 is secured by a second mortgage on a private residential property in Hong Kong). The maturity date of the loan receivables of HK\$24,000,000 was 20 April 2022. The Group is has entered into a renewal agreement with the borrower on 3 May 2022 and the renewed loan balance is HK\$21,000,000.

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.

Note c: The bond represented a one-year 12% coupon bond. It is unsecured and is redeemable in February 2023.

Note d: Details of the prepayments, deposits and other receivables are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Prepayments	10,682	48,894
Deposits	8,688	2,292
Other receivables (note i)	19,366	36,810
	38,736	87,996
Less: Prepayments-non-current (note ii)	(4,500)	(39,867)
Amounts shown as current assets	34,236	48,129

Notes:

- (i) Other receivables mainly included amounts paid on behalf of incorporated owners of buildings for property management and government subsidies receivables.
- (ii) Prepayments of approximately HK\$4,500,000 as at 31 March 2022 classified as non-current assets represented consideration prepaid for acquisition of 33% equity interests in an associate. The acquisition was completed on 28 April 2022.

Prepayments of approximately HK\$39,867,000 as at 31 March 2021 (equivalent to approximately RMB36,000,000) classified as non-current assets represented 80% deposit for acquisition of a property in the PRC.

14. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	2,521	2,542
Building management deposits received	6,192	5,020
Accruals and other payables	62,414	72,597
	71,127	80,159

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1 to 30 days	1,298	1,297
31 to 60 days	1,223	1,236
61 to 90 days	–	9
	2,521	2,542

Details of the accruals and other payables are as follows:

	2022	2021
	HK\$'000	HK\$'000
Accrued staff cost and staff benefits	32,562	33,569
Accrued expenses	4,379	15,804
Other payables (<i>note</i>)	25,473	23,224
	<u>62,414</u>	<u>72,597</u>

Note: Included in other payable were amount of approximately HK\$54,000 and approximately HK\$52,000 and due to related parties as at 31 March 2022 and 31 March 2021 respectively.

15. SHARE CAPITAL

Ordinary shares of HK\$0.01 each	Number of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2020, 31 March 2021 and 31 March 2022	5,000,000,000	50,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2020, 31 March 2021 and 1 April 2021	1,026,351,515	10,264
Issuance of award shares (<i>Note</i>)	102,635,150	1,026
At 31 March 2022	<u>1,128,986,665</u>	<u>11,290</u>

Note:

On 11 January 2022, the Board approved the grant of award of a total of 102,635,150 awarded shares under the Share Award Plan. For details refer to the Company's announcements on 6 August 2021 and 11 January 2022.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, retained profits and other reserves).

16. DIVIDEND

No dividend was paid or proposed for the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period and up to the date of this report.(2021: Nil).

17. RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(i) Interest income from loans to the Director, Mr. Ho Ying Choi	2,262	–
(ii) Property management service fee received from related company – 恒生地產有限公司	640	879
(iii) Compensation paid to director	<u>5,816</u>	<u>4,101</u>

At 31 March 2022 and 2021, Mr. Ho Ying Choi, a director of the Company and Mr. Ho Ying Cheung, a director of KSU, 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 incorporated in the PRC and indirectly wholly-owned by Mr. Huang Liming (“Mr. Huang”), the chairman of the board of director of the Company, an executive director and a controlling shareholder of the Company. During the year ended 31 March 2020, 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 year were under this Framework Agreement.

(b) Key management personnel remuneration

Members of key management personnel during the year comprised only of the directors of the company whose remuneration is as follow.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Fees, salaries, allowances and other benefits	5,768	4,056
Retirement benefit scheme and contributions	<u>48</u>	<u>45</u>
	<u>5,816</u>	<u>4,101</u>

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 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 31 March 2022, the amount of outstanding performance bond was approximately HK\$16.4 million (2021: HK\$15.7 million).

As at 31 March 2022, the aggregate amount of the bank balances in the client accounts not dealt with in the consolidated financial statements of the Group is approximately HK\$50.8 million (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 31 March 2022.

19. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment		
– Contracted but not provided for	<u>5,438</u>	<u>15,093</u>

20. EVENTS AFTER REPORTING PERIOD

(a) Acquisition of an associate

On 15 March 2022, Lucky Stone Investments Limited, a subsidiary of the Company, entered into a sale and purchase agreement with an independent third party for acquisition of 33% issued shares of Sky Asia Construction Engineering Limited (“Sky Asia”) at a consideration of HK\$4,500,000 to be satisfied by cash (the “Acquisition”).

The Acquisition was completed on 28 April 2022. Following the completion, the Company is holding 33% of the equity interest in Sky Asia and Sky Asia has become an associate of the Group and the investment of the Group will be classified as investment in an associate.

(b) Provision of loan

On 3 May 2022, Lucky Stone Finance Limited, a wholly-owned subsidiary of the Company, entered into a loan agreement with Mr. Ho Ying Choi (“Mr. Ho”), an executive Director of the Company, pursuant to which Lucky Stone Finance Limited has conditionally agreed to provide the Loan in the principal amount of HK\$21 million to Mr. Ho, as borrower, 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 agreement was approved by the Company’s shareholders in the extraordinary general meeting held on 9 June 2022.

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 year ended 31 March 2022, the Group provided property security services for 14 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\$3.8 million for the year ended 31 March 2022 (2021: HK\$0.9 million). As at 31 March 2022, the Company has loan receivable with a carrying amount of approximately HK\$24 million (31 March 2021: HK\$18 million).

The maturity date of the loan receivable of approximately HK\$24,000,000 was 20 April 2022, and was subsequently renewed to approximately HK\$21,000,000 on 3 May 2022 at an interest rate of 10% per annum. The renewed loan will be matured on 20 April 2023.

Borrowers	Drawdown date	Principal amount	Interest rate	Terms	Notes
A	21 April 2021	HK\$24 million	10% per annum	1 year	(i)

Note:

- (i) Details of the above are set out in the Company’s announcements dated 25 February 2021, 12 March 2021, 26 March 2021, 16 April 2021, 3 May 2022, 23 May 2022 and 9 June 2022. The borrower has settled the principal and accrued interest of approximately HK\$21 million on 13 June 2022.

For the properties investment business, the Group recorded rental income from an investment property of approximately HK\$1.4 million for the year ended 31 March 2022 (2021: HK\$1.2 million).

FINANCIAL REVIEW

Summary Financial Performance

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	Change
Revenue	524,951	511,116	2.7%
Cost of services	(424,665)	(402,478)	5.5%
Gross Profit	100,286	108,638	-7.7%
Gross profit margin	19.10%	21.3%	n/a
Interest revenue	458	1,006	-57.1%
Other income and expenses, net	3,280	20,519	-83.9%
Share of loss of an associate	(8,133)	(5,130)	58.5%
Administrative expenses	(70,377)	(62,287)	13%
Other operating expenses	(32,437)	(22,377)	45%
Impairment of Investment in an associate	(4,428)	(16,500)	n/a
Impairment of property, plant and equipment	(7,049)	–	n/a
Impairment of goodwill	(2,132)	–	n/a
Impairment of trade receivables	(2,197)	–	n/a
Listing expenses	(941)	(2,893)	n/a
Finance costs	(664)	(581)	14.2%
(Loss)/profit before tax	(24,334)	20,395	-219.3%
Income tax expense	(1,615)	(4,541)	-64.4%
(Loss)/profit attributable to owners of the Company	(25,949)	15,854	-263.7%
Net (loss)/profit margin	-4.9%	3.1%	n/a

REVENUE

For the year ended 31 March 2022, the Group's revenue was derived from its operations in Hong Kong and the PRC of approximately HK\$487.6 million (2021: HK\$471.6 million) and HK\$37.4 million (2021: HK\$39.5 million), respectively.

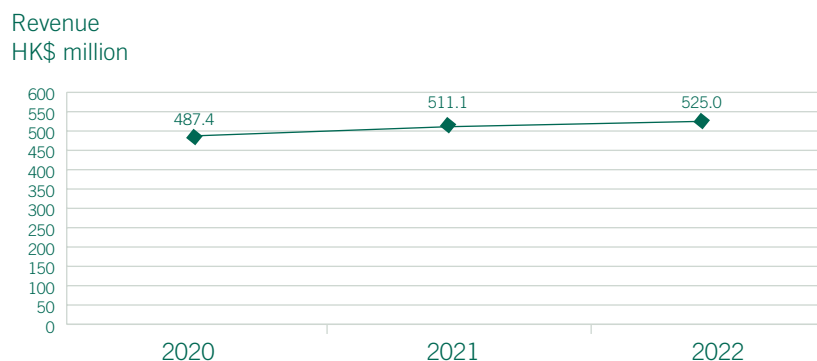
The Group derived revenue of approximately HK\$32.6 million and HK\$31.0 million respectively from stand-alone security services contracts for the year ended 31 March 2021 and 2022 respectively, representing approximately 6.4% and 5.9% of its total revenue.

The following table sets out the Group's revenue by contract type for the years ended 31 March 2022 and 2021 respectively:

	2022		2021	
	<i>HK\$ million</i>	<i>Percentage</i>	<i>HK\$ million</i>	<i>Percentage</i>
Property management services contracts	488.8	93.1%	471.4	92.2%
Stand-alone security services contracts	31.0	5.9%	32.6	6.4%
Property management consultancy services contract			5.0	1.0%
Rental services contracts	1.4	0.3%	1.2	0.2%
Money lending services	3.8	0.7%	0.9	0.2%
	525.0	100.0%	511.1	100.0%

The Group's revenue improved by approximately 2.7% from approximately HK\$511.1 million for the year ended 31 March 2021 to approximately HK\$525.0 million for the year ended 31 March 2022. The increase was primarily attributable to the growth of its property management service in Hong Kong for the year ended 31 March 2022. During the year, the number of management service contracts obtained by Hong Kong increased by 6 from 442 during the year ended 31 March 2021 to 448 for the year ended 31 March 2022. Revenue generated from property management services contracts recorded an increase of approximately 3.7% to approximately HK\$488.8 million for the year ended 31 March 2022.

The following graph sets out the revenue for the years ended 31 March 2020, 2021, 2022.



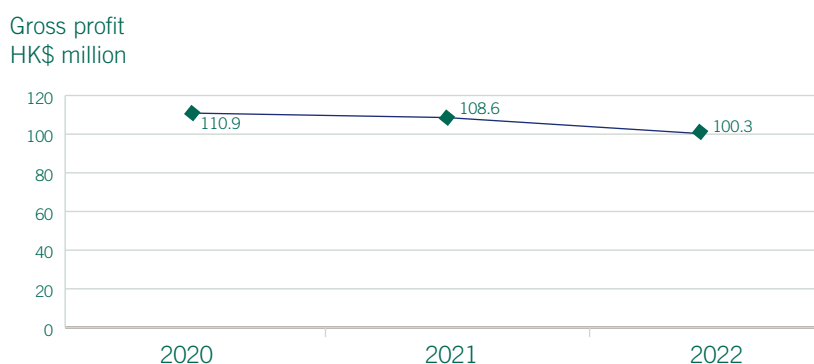
COST OF SERVICES

The total cost of services amounted to approximately HK\$402.5 million and HK\$424.7 million for the years ended 31 March 2021 and 2022 respectively, representing approximately 78.7% and 80.9% respectively of the Group's revenue. Increase in the cost of services during the year of approximately 5.5% was mainly due to the increase in the wages of the front line staff of the Group.

GROSS PROFIT

The gross profit of the Group decreased by approximately 7.6% from approximately HK\$108.6 million for the year ended 31 March 2021 to approximately HK\$100.3 million for the year ended 31 March 2022. The gross profit margin was approximately 21.3% and 19.1% for the year ended 31 March 2021 and 2022 respectively.

The following graph sets out the gross profit for the years ended 31 March 2020, 2021 and 2022.



PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit/(loss) attributable to owners of the Company was significant decreased by approximately 263.7% from profit of approximately HK\$15.9 million for the year ended 31 March 2021 to loss of approximately HK\$25.9 million for the year ended 31 March 2022. The net profit margin decreased by approximately 8% from approximately 3.1% to -4.9% for the years ended 31 March 2021 and 2022 respectively.

The Group recorded net loss during the year ended 31 March 2022 mainly due to:

- (i) No other income arising from government subsidies for the year ended 31 March 2022 regarding the Employment Support Scheme under the Government's Anti-epidemic Fund (2021: HK\$19.9 million);
- (ii) Increase in share of loss of an associate, namely Dakin Holdings Inc. from approximately HK\$5.1 million to approximately HK\$8.1 million for the year ended 31 March 2022;
- (iii) Increase in administrative expenses of approximately HK\$8 million as a result of increase in staff cost; and
- (iv) Increase in other operating expenses of approximately HK\$10 million due to increase in (a) depreciation and amortization; and (b) share-based payment expenses.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses for the year ended 31 March 2022 were approximately HK\$70.4 million (2021: HK\$62.3 million), representing an increase of approximately 13% as compared to the corresponding year in 2021 as a result of increase in staff salaries and bonus incurred for the year ended 31 March 2022.

OTHER OPERATING EXPENSES

The Group's other operating expenses for the year ended 31 March 2022 were approximately HK\$32.4 million (2021: HK\$22.4 million), representing an increase of approximately 44.6% as compared to the corresponding year in 2021 as a result of increase in depreciation of property, plant and equipment and share-based payment expenses during the year.

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

	For the years ended 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditors' remuneration	750	750
Consultancy fee	886	994
Depreciation and amortisation	10,675	6,324
Exchange difference	(89)	139
Insurance fee	4,994	4,763
Legal and professional fee	2,945	2,973
Office expenses	3,642	2,221
Others	2,519	600
Registration, licence and subscription fee	170	153
Travelling and entertainment expenses	5,945	3,460
	<u>32,437</u>	<u>22,377</u>

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	For the year ended/ as at 31 March	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial position		
Current assets	236,109	257,578
Current liabilities	91,808	94,495
Net current assets	144,301	163,083
Total assets	397,785	422,644
Bank borrowings and lease liabilities	19,111	18,676
Bank balances and cash	67,697	105,328
Total equity	298,389	318,971
Key ratios		
Return on equity (1)	-8.4%	5.1%
Return on assets (2)	-6.3%	3.9%
Current ratio (3)	2.57 times	2.73 times
Gearing ratio (4)	6.4%	5.9%
Net Debt to equity ratio (5)	0%	0%
Debtors turnover day (6)	65.5 days	61.8 days
Creditors turnover day (7)	34.8 days	40.2 days

Notes:

- Return on equity is calculated as the profit for the year divided by average total equity.
- Return on assets is calculated as the profit for the year divided by average total assets.
- Current ratio is calculated as the current assets divided by current liabilities.
- Gearing ratio is calculated as the total debt divided by total equity. For the avoidance of doubt, total debt represents bank borrowings, and lease liabilities.
- Net debt to equity ratio is calculated as the total debt net of cash and bank balances and divided by total equity. For the avoidance of doubt, total debt represents bank borrowings, and lease liabilities.
- Debtors' turnover day is calculated as average trade receivables divided by revenue times number of days in the period.
- Creditors' turnover day is calculated as average trade payables divided by cost of services times number of days in the period.

The Group maintained sufficient working capital as at 31 March 2022 with bank balances and cash of approximately HK\$67.7 million (2021: HK\$105.3 million).

As at 31 March 2022, the Group had bank borrowings, obligations under finance lease and lease liabilities of approximately HK\$19.1 million (2021: HK\$18.7 million).

As at 31 March 2022, the Group's net current assets amounted to approximately HK\$144.3 million (2021: HK\$163.1 million). The Group's operations are financed principally by revenue generated from its business operations, available cash and bank balances.

RETURN ON EQUITY

The return on equity decreased from approximately 5.1% for the year ended 31 March 2021 to approximately -8.4% for the year ended 31 March 2022, mainly due to the increase in expenses for the year.

RETURN ON ASSETS

The return on assets decreased from approximately 3.9% for the year ended 31 March 2021 to approximately -6.3% for the year ended 31 March 2022, mainly due to the increase in expenses for the year.

CURRENT RATIO

The Group's current ratio slightly decrease from approximately 2.73 times as at 31 March 2021 to approximately 2.57 times as at 31 March 2022.

GEARING RATIO

The Group's gearing ratio, defined as the total debt (i.e. bank borrowings and lease liabilities) divided by total equity, as at 31 March 2022 is approximately 6.4% (2021: 5.9%).

DEBTORS' TURNOVER DAY

The debtors' turnover day increased from approximately 61.8 days for the year ended 31 March 2021 to approximately 65.5 days for the year ended 31 March 2022 due to increased collecting time on trade debtors.

CREDITORS' TURNOVER DAY

The creditors' turnover day decreased by 5.4 days from approximately 40.2 days for the year ended 31 March 2021 to approximately 34.8 days for the year ended 31 March 2022. The decrease was due to the early settlement of some creditors.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

DIVIDEND POLICY

Under the Dividend Policy, the declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Law of the Cayman Islands and the articles of association of the Company.

The Company do not have any pre-determined dividend payout ratio. In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, inter alia, results of operations, financial condition, the payment by the Group's subsidiaries of cash dividends to the Company, future prospects, legal and tax considerations and other factors the Board deems appropriate. Our Directors will consider that if there is material adverse impact on our Group's financial and liquidity position arising out of the dividend payments. Dividends may be paid out by way of cash or by other means that our Group considers appropriate.

The Company will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

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 year, the Group has recorded revenue of approximately HK\$525.0 million (2021: HK\$511.1 million) from its property management services in Hong Kong and the PRC. Looking forward, the provision of property management 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 31 March 2022, the Group had a total of 1,801 employees (2021: 1,857 employees). The Group's staff costs for year ended 31 March 2022 amounted to approximately HK\$432.4 million (2021: HK\$409.6 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, 25 property management contracts were awarded to the Group in Hong Kong during the year ended 31 March 2022.

For the year ended 31 March 2022, there were in total 448 service contracts (covering around 67,984 households) comprising 423 property management service contracts, 11 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 448 contracts in force as at 31 March 2022, 236 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 228 valid contracts as at 31 March 2022 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 year ended 31 March 2022 included the mandatory term requiring the client to follow the said procedural requirements, if applicable.

Client Accounts

As at 31 March 2022, the Group held 63 (31 March 2021: 68) client accounts amounting to approximately HK\$50.8 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 31 March 2022, 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.

Capital Expenditure

The Group purchased property, plant and equipment amounting to approximately HK\$65.5 million (approximately HK\$57.2 million for direct additions and approximately HK\$8.2 million for construction in progress) for the year ended 31 March 2022 (2021: HK\$29.5 million).

Capital Commitments

Details of capital commitments of the Group are set out in note 39 to the consolidated financial statements.

Contingent Liabilities

Details of contingent liabilities of the Group are set out in note 38 to the 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.

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.

As at 28 December 2020, Mr. Huang indirectly holds approximately 61.00% equity interest in the Company through Heng Sheng Capital Limited. Thus, Mr. Huang is a connected person of the Company as defined under the Chapter 20 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”). As such, the entering into of the Property Sale Agreement constitute connected transaction of the Company.

As the consideration is more than HK\$10.00 million, according to GEM Listing Rules, the Property Sale Agreement and the transactions contemplated thereunder are subject to reporting, announcement, circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

As all the applicable ratios under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Property Sale Agreement and the transactions contemplated thereunder also constitute disclosable transaction for the Company under Chapter 19 of the GEM Listing Rules.

Completion of the Acquisition is subject to the fulfilment of various conditions precedent and therefore the Acquisition together with the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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.

Major Shareholders

Heng Sheng Capital Limited is an investment holding company incorporated in the British Virgin Islands on 4 August 2011 with limited liability and is beneficially and wholly owned by Mr. Huang Liming. Mr. Huang Liming is the sole director of Heng Sheng Capital Limited.

As at 31 March 2022, Heng Sheng Capital Limited owns an aggregate of 626,071,950 shares of the Company, representing 55.45% of the issued share capital of the Company.

Charges over Assets of the Group

As at 31 March 2022, certain bank deposits of approximately HK\$0.6 million (2021: HK\$0.6 million) and the deposits placed for life insurance policies of approximately HK\$9.2 million (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\$7,978,000 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 lease. Carrying values of the right-of-use assets (motor vehicles) amounted to approximately HK\$1.0 million and HK\$1.0 million were under lease liabilities as at 31 March 2022 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.

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 until 31 March 2022, 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 was no fund raising activities during the year ended 31 March 2022 and fund raising activities in the prior years were fully utilised of intended during the year ended 31 March 2021, as detailed below:

Date of initial announcement	Fund raising activities	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
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\$40.4 million has been utilised as intended of which approximately HK\$32.3 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.

Events after the Reporting Period

Disclosable and Connected Transaction in relation to an Provision of the loan

On 25 February 2021 and 12 March 2021, Lucky Stone Finance Limited (“Lucky Stone”), a wholly-owned subsidiary of the Company, entered into the Loan Agreement and the Supplemental Agreement, respectively with Mr. Ho Ying Choi (“Mr. Ho”), pursuant to which Lucky Stone has conditionally agreed to provide the Loan in the principal amount of not more than HK\$24 million to Mr. Ho, as borrower, for a period of one year commencing from the date of drawdown of the Loan at an interest rate of 10% per annum.

Lucky Stone is principally engaged in money lending business as licensed under the MLO. Therefore, the Provision of the Loan is part of the ordinary and usual course of business of the Group.

As at 12 March 2021, Mr. Ho is an executive Director and therefore is a connected person of the Company as defined under the Chapter 20 of the GEM Listing Rules. As such, the entering into of the Loan Agreement constitutes a connected transaction of the Company.

The Loan was approved at the extraordinary general meeting (the “EGM”) of the Company held on 16 April 2021 and the HK\$24 million loan has been drawn by Mr. Ho Ying Choi on 21 April 2021.

Details of this transaction are disclosed in the Company’s announcements dated 25 February 2021, 12 March 2021, 26 March 2021 and 16 April 2021.

As the principal amount of the Loan is more than HK\$10 million, according to the GEM Listing Rules, the Loan Agreement and the transactions contemplated thereunder are subject to reporting, announcement, circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

As all the applicable ratios under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Loan Agreement and the transactions contemplated thereunder also constitute a disclosable transaction of the Company under Chapter 19 of the GEM Listing Rules.

As the principal amount of the Loan exceeds 8% under the assets ratio of the Group defined under Rule 19.07(1) of the GEM Listing Rules and therefore the Loan may also constitute advance to an entity under Rule 17.15 of the GEM Listing Rules and subject to the general disclosure obligations under Rules 17.15 and 17.17 of the GEM Listing Rules.

Completion of the Provision of the Loan is subject to the fulfilment of various conditions precedent and therefore the Provision of the Loan may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

On 3 May 2022, Lucky Stone has conditionally agreed to provide the Loan in the principal amount of not more than HK\$21 million to Mr. Ho for a period of one year commencing from the drawdown date of the Loan at the interest rate of 10% per annum.

The Loan was approved at the extraordinary general meeting (the “EGM”) of the Company held on 9 June 2022 and the HK\$21 million loan has been drawn by Mr. Ho Ying Choi.

Mr. Ho Ying Choi has settled the principal and accrued interest of approximately HK\$21 million on 13 June 2022.

Details of this transaction are disclosed in the Company’s announcements dated 3 May 2022, 23 May 2022 and 9 June 2022.

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.

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. The Company engaged a third-party professional firm to conduct an internal control review for the year ended 31 March 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 March 2022, 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.

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 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 Directors during the year ended 31 March 2022.

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>)	55.45%

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 626,071,950 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 year ended 31 March 2022 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 (<i>note 1</i>)	Beneficial Owner	626,071,950 (L) (<i>note 2</i>)	55.45%
Li Mengya (<i>note 1</i>)	Interest of Spouse	626,071,950 (L) (<i>note 2</i>)	55.45%

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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2022.

SHARE OPTION SCHEME

On 19 September 2013, the Company has adopted a share option scheme (the “Share Option Scheme”) under which the Board 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 fulltime 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 year ended 31 March 2022, 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 selected participant (the “**Selected Participant(s)**”) 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. Movements in the number of awarded shares during the year ended 31 March 2022 are set out below:

Grantee <i>(Note ii)</i>	Number of awarded shares at 1 April 2021	Date of grant	Granted during the Year	Vested and exercised during the Year	Number of awarded shares at 31 March 2022
The Selected Participants <i>(Note i)</i>	–	24 February 2022	102,635,150	–	102,635,150

Notes:

- (i) 10,263,515 awarded shares were granted to each of ten Selected Participant under the Plan.
- (ii) Subject to the terms and conditions of the Plan and the fulfilment of relevant conditions, the awarded shares granted to the Selected Participants shall vest on 11 January 2023.

Details of the Plan are set out in the Company's announcements dated 6 August 2021 and 11 January 2022.

CONNECTED TRANSACTION

So far as the Directors and chief executive are aware, no non-exempt connected transactions or continuing connected transactions were entered into by the Group during the year ended 31 March 2022.

A summary of the related party transactions entered into by the Group during the year ended 31 March 2021 and 31 March 2022 respectively is contained in note 41 to the consolidated financial statements. The related party transactions disclosed in note 40 to the consolidated financial statements are connected transactions or continuing connected transactions that were fully exempt from reporting, announcement, independent shareholders' approval and/or annual review pursuant to the GEM Listing Rules. The Company has complied with the applicable disclosure requirements under Chapter 20 of the GEM Listing Rules in respect of such connected transactions.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's revenue and purchases attributable to the major customers and suppliers respectively during the year are as follows:

	Revenue <i>HK\$</i>	Purchases and cleaning subcontracting <i>HK\$</i>
The largest customer	16,275,986	N/A
Five largest customers in aggregate	66,032,324	N/A
The largest supplier	N/A	8,440,447
Five largest suppliers in aggregate	N/A	20,993,850

For the year ended 31 March 2022, the aggregate percentage of purchase attributable to the Group's five largest suppliers is approximately 40.3% of the total purchases of the Group and the largest supplier included therein amounted to approximately 16.2%.

For the year ended 31 March 2022, the aggregate percentage of sales attributable to the Group's five largest customers is approximately 12.6% of the total sales of the Group and the largest customer included therein amounted to approximately 3.1%.

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors owned more than 5% of the Company's issued shares) had any interest in the Group's five largest customers or suppliers.

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 year ended 31 March 2022.

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 held four meetings during the year ended 31 March 2022 and reviewed the Company's audited annual results for the year ended 31 March 2022 and the unaudited quarterly and interim results during the year ended 31 March 2022.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors for the year ended 31 March 2022. The Audit Committee has reviewed the audited financial statements of the Group for the year and recommended approval to the Board.

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, 9th Floor, Haleson Building, 1 Jubilee Street, Central, Hong Kong.

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 share as at the latest practicable date prior to the issue of this announcement.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

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

Hong Kong, 28 June 2022

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 Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 “Latest Listed Company Information” page on the GEM website at www.hkgem.com for a minimum year of 7 days from the date of its publication and on the Company’s website at <http://www.shishiservices.com.hk>. In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.