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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 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.**

*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 2022 (the “Period”) was approximately HK\$270.6 million, representing an increase of approximately 4.8% as compared to the corresponding period in 2021.
- Gross profit of the Group for the six months ended 30 September 2022 was approximately HK\$45.4 million, representing a decrease of approximately 10.8% as compared to the corresponding period in 2021.
- The loss for the Period attributable to owners of the Company was approximately HK\$9.9 million, representing a significant decrease of approximately 1,094% as compared to the corresponding period in 2021. Decrease in profit for the Period attributable to owners of the Company mainly due to:
  - (i) increase in administrative expenses and other operating expenses of approximately HK\$17 million as a result of increase in staff cost and share-based payment expenses; and partly offset by
  - (ii) increase in other income arising from government subsidies for the six months ended 30 September 2022 under the Employment Support Scheme under Government’s Anti-epidemic Fund of approximately HK\$3.2 million (2021: Nil); and
  - (iii) increase in other income arising from gain on bargain purchase of approximately HK\$4.8 million.
- The loss per share for the Period was HK Cents (0.88) (2021: earnings per share HK Cents 0.10).
- The Directors do not recommend the payment of any dividend for the Period (2021: 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 2022, together with the unaudited comparative figures for the corresponding period in 2021 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	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>136,954</b>	131,588	<b>270,593</b>	258,317
Cost of services		<b>(114,528)</b>	(106,119)	<b>(225,199)</b>	(207,404)
<b>Gross profit</b>		<b>22,426</b>	25,469	<b>45,394</b>	50,913
Interest revenue	4	<b>263</b>	117	<b>525</b>	226
Other income and expenses, net	5	<b>6,553</b>	37	<b>8,804</b>	60
Share of loss of associates		<b>(674)</b>	(772)	<b>(1,911)</b>	(2,594)
Administrative expenses		<b>(28,749)</b>	(15,911)	<b>(45,726)</b>	(31,107)
Other operating expenses		<b>(5,885)</b>	(7,027)	<b>(16,277)</b>	(13,815)
Listing expenses		<b>–</b>	(66)	<b>–</b>	(696)
Finance costs	7	<b>(129)</b>	(166)	<b>(309)</b>	(355)
<b>(Loss)/Profit before tax</b>		<b>(6,195)</b>	1,681	<b>(9,500)</b>	2,632
Income tax expense	9	<b>55</b>	(706)	<b>(400)</b>	(1,636)
<b>(Loss)/Profit for the period</b>	8	<b>(6,140)</b>	975	<b>(9,900)</b>	996
<b>Other comprehensive (expenses)/ income, net of tax</b>					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operation		<b>(4,165)</b>	24	<b>(9,022)</b>	1,335
<b>Total comprehensive (expenses)/ income for the period attributable to owners of the Company</b>		<b>(10,305)</b>	999	<b>(18,922)</b>	2,331
<b>(Loss)/Earnings per share</b>					
Basic (HK Cent)	10	<b>(0.55)</b>	0.09	<b>(0.88)</b>	0.10
Diluted (HK Cent)	10	<b>(0.55)</b>	0.09	<b>(0.88)</b>	0.10

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2022	As at 31 March 2022
	<i>Notes</i>	<i>HK\$'000</i> <b>(unaudited)</b>	<i>HK\$'000</i> <b>(audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	12	90,553	97,510
Investment property		30,300	30,300
Intangible assets		759	215
Right-of-use assets		11,732	9,915
Goodwill		1,100	1,100
Deposits placed for life insurance policies		9,247	9,155
Deferred tax assets		2,302	2,744
Investment in associates		13,613	6,237
Prepayments, trade and other receivables	13	–	4,500
		<b>159,606</b>	161,676
<b>Current assets</b>			
Prepayments, trade and other receivables	13	133,725	165,002
Pledged bank deposits		574	574
Cash and cash equivalents		71,802	67,696
Current tax assets		2,865	2,837
		<b>208,966</b>	236,109
<b>Current liabilities</b>			
Trade and other payables	14	66,248	71,127
Contract liabilities		2,334	6,227
Bank borrowings – secured		–	9,000
Lease liabilities		4,171	3,094
Current tax liabilities		2,776	2,360
		<b>75,529</b>	91,808
<b>Net current assets</b>		<b>133,437</b>	144,301
<b>Total assets less current liabilities</b>		<b>293,043</b>	305,977

		<b>As at 30 September 2022 HK\$'000 (unaudited)</b>	As at 31 March 2022 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Lease liabilities		7,788	7,017
Deferred tax liabilities		<u>24</u>	<u>571</u>
		<u>7,812</u>	<u>7,588</u>
<b>NET ASSETS</b>		<b><u>285,231</u></b>	<b><u>298,389</u></b>
<b>Equity</b>			
Share capital	15	11,290	11,290
Reserves		<u>273,941</u>	<u>287,099</u>
<b>TOTAL EQUITY</b>		<b><u>285,231</u></b>	<b><u>298,389</u></b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Merger reserve HK\$'000	Share-based payment reserve HK\$'000	Other reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained profits HK\$'000	
At 1 April 2021 (audited)	10,264	179,975	4,750	–	–	1,405	122,577	318,971
Total comprehensive income for the period (unaudited)	–	–	–	–	–	1,335	996	2,331
Changes in equity for the period (unaudited)	–	–	–	–	–	1,335	996	2,331
At 30 September 2021 (unaudited)	<u>10,264</u>	<u>179,975</u>	<u>4,750</u>	<u>–</u>	<u>–</u>	<u>2,740</u>	<u>123,573</u>	<u>321,302</u>
At 1 April 2022 (audited)	<b>11,290</b>	<b>179,975</b>	<b>4,750</b>	<b>2,519</b>	<b>(1,026)</b>	<b>4,253</b>	<b>96,628</b>	<b>298,389</b>
Award shares granted under share award plan	–	–	–	<b>5,764</b>	–	–	–	<b>5,764</b>
Total comprehensive expense for the period (unaudited)	–	–	–	–	–	<b>(9,022)</b>	<b>(9,900)</b>	<b>(18,922)</b>
Changes in equity for the period (unaudited)	–	–	–	<b>5,764</b>	–	<b>(9,022)</b>	<b>(9,900)</b>	<b>(13,158)</b>
At 30 September 2022 (unaudited)	<u><b>11,290</b></u>	<u><b>179,975</b></u>	<u><b>4,750</b></u>	<u><b>8,283</b></u>	<u><b>(1,026)</b></u>	<u><b>(4,769)</b></u>	<u><b>86,728</b></u>	<u><b>285,231</b></u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Net cash flows generated from/(used in) operating activities	<b>21,128</b>	(20,346)
Net cash flows used in investing activities	<b>(5,259)</b>	(10,648)
Net cash flows used in financing activities	<b>(10,223)</b>	(4,530)
Net increase/(decrease) in cash and cash equivalents	<b>5,646</b>	(35,524)
Effect of foreign exchange rate changes	<b>(1,540)</b>	331
Cash and cash equivalents at beginning of period	<b>67,696</b>	105,328
Cash and cash equivalents at end of period	<b>71,802</b>	70,135
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<b>71,802</b>	70,135

# 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 2022 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 2022.

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 2022.

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 2022.

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 2022. An analysis of the Group's revenue recognised during the periods is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Provision of property management and related services	<u>136,599</u>	<u>130,172</u>	<u>269,756</u>	<u>255,612</u>
<b>Revenue from contracts with customers</b>	<b>136,599</b>	<b>130,172</b>	<b>269,756</b>	<b>255,612</b>
Rental income from investment property	355	357	699	714
Loan interest income from money lending	<u>–</u>	<u>1,059</u>	<u>138</u>	<u>1,991</u>
<b>Total revenue</b>	<b><u>136,954</u></b>	<b><u>131,588</u></b>	<b><u>270,593</u></b>	<b><u>258,317</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	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Geographical markets:</b>				
Hong Kong	<u>128,099</u>	<u>120,446</u>	<u>253,235</u>	<u>237,678</u>
The People's Republic of China (the "PRC")	<u>8,500</u>	<u>9,726</u>	<u>16,521</u>	<u>17,934</u>
Total	<b><u>136,599</u></b>	<b><u>130,172</u></b>	<b><u>269,756</u></b>	<b><u>255,612</u></b>

##### **Major services:**

Property management services	<u>126,309</u>	<u>122,147</u>	<u>251,294</u>	<u>239,729</u>
Stand-alone security services	<u>10,290</u>	<u>7,796</u>	<u>18,462</u>	<u>15,654</u>
Property management consultancy services	<u>–</u>	<u>229</u>	<u>–</u>	<u>229</u>
	<b><u>136,599</u></b>	<b><u>130,172</u></b>	<b><u>269,756</u></b>	<b><u>255,612</u></b>

All revenue from contracts with customers are recognised over time.

#### 4. INTEREST REVENUE

	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	68	115	95	149
Interest income from bond receivable	120	–	280	–
Interest income from deposits placed for life insurance policies	75	2	150	77
	<u>263</u>	<u>117</u>	<u>525</u>	<u>226</u>

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

	Three months ended		Six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Government subsidies ( <i>Note</i> )	1,020	–	3,220	–
Gain on bargain purchase of an associate	4,787	–	4,787	–
Others	746	37	797	60
	<u>6,553</u>	<u>37</u>	<u>8,804</u>	<u>60</u>

*Note:* The Group recognised government subsidies of approximately HK\$3.2 million for the six months ended 30 September 2022 from the Employment Support Scheme launched by the HKSAR Government.

#### 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.

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 2022</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>269,756</u>	<u>699</u>	<u>138</u>	<u>270,593</u>
Reportable segment (loss)/profit	<u>(871)</u>	<u>615</u>	<u>(1,935)</u>	<u>(2,191)</u>
Depreciation of property, plant and equipment	3,090	234	–	3,324
Depreciation of right-of-use assets	1,163	–	91	1,254
Amortisation of intangible assets	536	–	–	536
Income tax expense	304	96	–	400
Interest revenue	245	–	280	525
Interest expense	302	–	7	309
Additions to property, plant and equipment	<u>4,160</u>	<u>–</u>	<u>–</u>	<u>4,160</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 2022</b>				
Reportable segment assets	301,302	31,350	8,008	340,660
Reportable segment liabilities	<u>81,400</u>	<u>382</u>	<u>800</u>	<u>82,582</u>

Six months ended 30 September 2021	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)
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>
At 31 March 2022				
Reportable segment assets	306,567	31,075	43,010	380,652
Reportable segment liabilities	<u>96,274</u>	<u>388</u>	<u>1,071</u>	<u>97,733</u>

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

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Revenue</b>		
Reportable segment revenue and consolidated revenue	<u>270,593</u>	<u>258,317</u>
<b>Profit or loss</b>		
Reportable segment (loss)/profit	(2,191)	8,691
Unallocated other income	4,787	30
Share of loss of associates	(1,911)	(2,594)
Unallocated corporate expenses	<u>(10,185)</u>	<u>(3,495)</u>
<b>Consolidated (loss)/profit before tax</b>	<b><u>(9,500)</u></b>	<b><u>2,632</u></b>
	At <b>30 September</b> 2022 HK\$'000 (unaudited)	At 31 March 2022 HK\$'000 (audited)
<b>Assets</b>		
Reportable segment assets	340,660	380,652
Unallocated cash and cash equivalents	10,576	7,238
Other unallocated corporate assets	<u>17,336</u>	<u>9,895</u>
Consolidated total assets	<b><u>368,572</u></b>	<b><u>397,785</u></b>
<b>Liabilities</b>		
Reportable segment liabilities	82,582	97,733
Unallocated corporate liabilities	<u>759</u>	<u>1,663</u>
Consolidated total liabilities	<b><u>83,341</u></b>	<b><u>99,396</u></b>

(b) **Geographical information**

	Revenue		Non-current assets	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Six months ended 30 September				
Hong Kong	254,072	240,383	83,109	78,811
The PRC	<u>16,521</u>	<u>17,934</u>	<u>76,497</u>	<u>82,865</u>
	<b><u>270,593</u></b>	<b><u>258,317</u></b>	<b><u>159,606</u></b>	<b><u>161,676</u></b>

## 7. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest expenses on:				
– bank borrowings	3	17	60	42
– lease liabilities	126	149	249	313
	<u>129</u>	<u>166</u>	<u>309</u>	<u>355</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	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Staff costs (including directors' remuneration):				
– salaries, wages and allowances	118,932	102,202	229,374	202,231
– employee share-based compensation benefits of share award scheme	2,898	–	5,764	–
– retirement benefits scheme contributions	3,112	2,949	6,096	5,951
	<u>124,942</u>	<u>105,151</u>	<u>241,234</u>	<u>208,182</u>
Auditors' remuneration	265	258	440	437
Depreciation of property, plant and equipment	1,692	2,214	3,324	4,617
Depreciation of right-of-use assets	675	1,155	1,254	2,310
Amortisation of intangible assets	525	11	536	124
Expenses related to short-term lease	9	12	18	25

## 9. INCOME TAX (CREDIT)/EXPENSE

For the six months ended 30 September 2022 and 2021, 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% (2021: 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	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current tax – Hong Kong Profits Tax	<u>(180)</u>	<u>927</u>	<u>405</u>	<u>2,185</u>
Current tax – PRC – provision/(overprovision) for the period	<u>55</u>	<u>(21)</u>	<u>100</u>	<u>17</u>
Deferred tax	<u>70</u>	<u>(200)</u>	<u>(105)</u>	<u>(566)</u>
	<u><u>(55)</u></u>	<u><u>706</u></u>	<u><u>400</u></u>	<u><u>1,636</u></u>

## 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 three and six months ended 30 September 2022 attributable to owners of the Company of approximately HK\$6.2 million and HK\$9.9 million respectively (three and six months ended 30 September 2021: profit of HK\$1.0 million and HK\$1.0 million respectively) and the weighted average number of ordinary shares of 1,128,986,665 and 1,128,986,665 respectively (three and six months ended 30 September 2021: 1,026,351,515 and 1,026,351,515 respectively) in issue during the periods.

### Diluted earnings per share

The effect of all potential ordinary shares are anti-dilutive for the three and six months ended 30 September 2022. 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.

## 11. DIVIDEND

The Directors do not recommend the payment of any dividend for the three and six months ended 30 September 2022 (2021: Nil).

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired property, plant and equipment at a cash consideration of approximately HK\$4.2 million mainly for leasehold improvement and construction in progress (six months ended 30 September 2021: HK\$55.6 million).

### 13. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Trade receivables ( <i>Note a</i> )	90,141	104,996
Less: Impairment on trade receivables	<u>(2,230)</u>	<u>(2,230)</u>
	<b>87,911</b>	102,766
Loan receivable ( <i>Note b</i> )	–	24,000
Bond receivables ( <i>Note c</i> )	4,000	4,000
Prepayments, deposits and other receivables ( <i>Note d</i> )	<u>41,814</u>	<u>38,736</u>
	<b>133,725</b>	169,502
Less: Prepayments-non-current	<u>–</u>	<u>(4,500)</u>
Amounts shown as current assets	<u><b>133,725</b></u>	<u>165,002</u>

*Notes:*

- 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 the Directors.

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

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
1 to 30 days	46,644	36,913
31 to 60 days	11,489	33,886
61 to 90 days	10,337	9,432
Over 90 days	<u>19,441</u>	<u>19,535</u>
	<u><b>87,911</b></u>	<u>102,766</u>

Included in trade receivables were amounts due from related parties of approximately HK\$1,886,000 and HK\$1,947,000 as at 30 September 2022 and 31 March 2022 respectively.

- b. The Group's latest money lenders license was granted on 13 September 2022 for a period of twelve months.

As at 30 September 2022, the Group has no loan receivable (31 March 2022: HK\$24 million).

The loan receivable of HK\$24 million as at 31 March 2022 was granted to Mr. Ho Ying Choi (“Mr. Ho”), an executive director of the Company, for a period of one year commencing from the date of drawdown on 21 April 2021. The loan was secured by two residential units and a private car parking space in Hong Kong and interest bearing at 10% per annum. Mr. Ho has settled HK\$3 million in April 2022.

On 3 May 2022, the Group has conditionally agreed to provide a loan (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.

Mr. Ho 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.

- c. The bond receivables represented a one year 12% coupon bond. It is unsecured and is redeemable in February 2023.
- d. 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>2022</b> <i>HK\$’000</i> <b>(unaudited)</b>	As at 31 March 2022 <i>HK\$’000</i> (audited)
Trade payables	2,368	2,521
Building management deposits received	6,282	6,192
Other payables and accruals ( <i>Note</i> )	<u>57,598</u>	<u>62,414</u>
	<u><b>66,248</b></u>	<u><b>71,127</b></u>

*Note:* Included in other payables were amounts due to related parties of approximately HK\$53,000 and HK\$54,000 as at 30 September 2022 and 31 March 2022 respectively.

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

	As at <b>30 September</b> <b>2022</b> <i>HK\$’000</i> <b>(unaudited)</b>	As at 31 March 2022 <i>HK\$’000</i> (audited)
1 to 30 days	1,184	1,298
31 to 60 days	<u>1,184</u>	<u>1,223</u>
	<u><b>2,368</b></u>	<u><b>2,521</b></u>

## 15. SHARE CAPITAL

### Authorised and issued share capital

	2022		2021	
	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>1,128,986,665</u>	<u>11,290</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 2022 and 2021:

	Three months ended 30 September		Six months ended 30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Interest income from loans to a director</b>				
<b>Mr. Ho Ying Choi</b>				
Related party transactions:				
(i) interest income from loans to a director, Mr. Ho Ying Choi	-	605	138	1,065
(ii) property management service fee received from related companies 恒生地產有限公司	<u>-</u>	<u>157</u>	<u>-</u>	<u>338</u>
(iii) Directors				
- compensation of key management personnel	<u>8,002</u>	1,434	<u>10,386</u>	2,868
- rent expenses of director's quarter	<u>-</u>	<u>12</u>	<u>-</u>	<u>33</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 of 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>2022</b> <i>HK\$'000</i> <b>(unaudited)</b>	At 31 March 2022 <i>HK\$'000</i> (audited)
Within one year	<b>860</b>	1,125
In the second to fifth years, inclusive	<b>292</b>	360
	<b>1,152</b>	1,485

Operating lease income represent rental 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 2022, the amount of outstanding performance bond was approximately HK\$27.9 million (31 March 2022: HK\$16.4 million).

As at 30 September 2022, 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\$70.6 million (31 March 2022: HK\$50.8 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 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 six months ended 30 September 2022, the Group provided property security services for 12 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\$0.1 million for the six months ended 30 September 2022 (2021: HK\$2.0 million).

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

The borrower has settled the principal and accrued interest of approximately HK\$21 million on 13 June 2022. The Group has no loan receivable as at 30 September 2022 (31 March 2022: HK\$24.0 million). Principal terms of the loan receivable 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	21 April 2021	HK\$24 million	10% per annum	1 year	(i)

*Notes:*

- (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.

For the properties investment business, the Group recorded rental income of approximately HK\$0.7 million for the six months ended 30 September 2022 (2021: HK\$0.7 million).

## REVENUE

For the six months ended 30 September 2022, the Group's revenue was derived from its operations in Hong Kong and the PRC of approximately HK\$254.1 million (2021: HK\$240.4 million) and HK\$16.5 million (2021: HK\$17.9 million), respectively.

The Group derived revenue of approximately HK\$18.5 million and HK\$15.7 million respectively from stand-alone security services contracts for the six months ended 30 September 2022 and 2021 respectively, representing approximately 6.8% and 6.0% of its total revenue.

The following table sets out the Group's revenue by contract type for the six months ended 30 September 2022 and 2021 respectively:

	Six months ended 30 September			
	2022		2021	
	<i>HK\$ million</i>	<i>Percentage</i>	<i>HK\$ million</i>	<i>Percentage</i>
Property management services contracts	<b>251.3</b>	<b>92.9%</b>	239.7	92.8%
Stand-alone security services contracts	<b>18.5</b>	<b>6.8%</b>	15.7	6.0%
Property management consultancy services contract	–	–	0.2	0.1%
Rental services contracts	<b>0.7</b>	<b>0.3%</b>	0.7	0.3%
Money lending services	<b>0.1</b>	<b>0.1%</b>	2.0	0.8%
	<b><u>270.6</u></b>	<b><u>100%</u></b>	<b><u>258.3</u></b>	<b><u>100%</u></b>

The Group's revenue slightly improved by approximately 4.8% from approximately HK\$258.3 million for the six months ended 30 September 2021 to approximately HK\$270.6 million for the six months ended 30 September 2022. During the Period, the number of Hong Kong property management service contracts obtained by the Group had been increased by 10 from 445 for six months ended 30 September 2021 to 455 for the six months ended 30 September 2022. Revenue generated from property management services contracts in Hong Kong recorded an increase of approximately 4.8% to approximately HK\$251.3 million for the six months ended 30 September 2022.

## GROSS PROFIT

The gross profit of the Group decreased by approximately 10.8% from approximately HK\$50.9 million for the six months ended 30 September 2021 to approximately HK\$45.4 million for the six months ended 30 September 2022. The gross profit margin was approximately 16.8% and 19.7% for the six months ended 30 September 2022 and 2021 respectively.

## **PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY**

The profit/(loss) attributable to owners of the Company decreased by approximately 1,094% from a profit of approximately HK\$1.0 million for the six months ended 30 September 2021 to loss of approximately HK\$9.9 million for the six months ended 30 September 2022. The net profit/(loss) margin decreased by approximately 4.1% from approximately 0.4% to -3.7% for the six months ended 30 September 2022 and 2021 respectively.

The Group has recorded a loss of approximately HK\$9.9 million for the six months ended 30 September 2022 as compared to the profit of approximately HK\$1.0 million for the six months ended 30 September 2021. The significant decrease in profit was mainly due to:

- (i) increase in administrative expenses and other operating expenses of approximately HK\$17 million as a result of increase in staff cost and share-based payment expenses; and partly offset by
- (ii) increase in other income arising from government subsidies for the six months ended 30 September 2022 under the Employment Support Scheme under Government's Anti-epidemic Fund of approximately HK\$3.2 million (2021: Nil); and
- (iii) increase in other income arising from gain on bargain purchase of approximately HK\$4.8 million.

## OTHER OPERATING EXPENSES

The Group's other operating expenses for the six months ended 30 September 2022 were approximately HK\$16.3 million (2021: HK\$13.8 million), representing an increase of approximately 17.8% as compared to the corresponding period in 2021.

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

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Auditors' remuneration	440	437
Consultancy fee	1,086	396
Depreciation and amortisation	3,860	4,740
Exchange difference	60	(39)
Insurance fee	2,218	2,506
Legal and professional fee	1,983	1,842
Office expenses	1,140	1,210
Others	250	578
Registration, licence and subscription fee	163	163
Travelling and entertainment expenses	5,077	1,982
	<u>16,277</u>	<u>13,815</u>

## 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\$269.8 million (2021: HK\$255.6 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 2022, the Group had a total of 1,802 employees (31 March 2022: 1,801 employees). The Group's staff costs for the six months ended 30 September 2022 amounted to approximately HK\$241.2 million (2021: HK\$208.2 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 2022, 9 property management contracts were awarded to the Group in Hong Kong.

For the six months ended 30 September 2022, there were in total 455 service contracts (covering around 83,565 households) comprising 429 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 455 contracts in force as at 30 September 2022, 203 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 252 valid contracts as at 30 September 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 six months ended 30 September 2022 included the mandatory term requiring the client to follow the said procedural requirements, if applicable.

## **Client Accounts**

As at 30 September 2022, the Group held 66 (31 March 2022: 63) client accounts amounting to approximately HK\$70.6 million (31 March 2022: HK\$50.8 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 2022, a bank and an insurance company issued 16 (31 March 2022: 11) bond certificates amounting to approximately HK\$27.9 million (31 March 2022: HK\$16.4 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 2022 with bank balances and cash of approximately HK\$71.8 million (31 March 2022: HK\$67.7 million).

As at 30 September 2022, the Group had bank borrowings and lease liabilities approximately HK\$12.0 million (31 March 2022: HK\$19.1 million).

As at 30 September 2022, the Group's net current assets amounted to approximately HK\$133.4 million (31 March 2022: HK\$144.3 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\$4.2 million for the six months ended 30 September 2022 (six months ended 30 September 2021: HK\$55.6 million).

## **Capital commitments**

The Group did not have any significant capital commitments as at 30 September 2022.

## **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 2022, certain bank deposits of approximately HK\$0.6 million (31 March 2022: HK\$0.6 million) and the deposits placed for life insurance policies of approximately HK\$9.2 million (31 March 2022: HK\$9.2 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\$7,825,000 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\$0.8 million and HK\$1.0 million were under lease liabilities as at 30 September 2022 and 31 March 2022 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 and lease liabilities) divided by total equity, as at 30 September 2022, was approximately 4.2% (31 March 2022: 6.4%).

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

### ***Acquisition of an associate***

On 15 March 2022, Lucky Stone Investments Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("Agreement") with an independent third party for acquisition of 33% issued share capital of Sky Asia Construction Engineering Limited ("Sky Asia") at a total consideration of HK\$4.5 million, payable by cash (the "Acquisition").

The Board announced that all the conditions precedent set out in the Agreement have been fulfilled and completion ("Completion") took place on 28 April 2022 in accordance with the terms and conditions of the Agreement.

Upon Completion, the Company holds 33% issued share capital of Sky Asia and it has become an associate of the Company and classified as investment in an associate.

***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 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.

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 of the Company held on 9 June 2022 and the HK\$21 million loan has been drawn by Mr. Ho.

Mr. Ho 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.

## 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 2022, the Group has applied the net proceeds as follows:

	Net proceeds ( <i>HK\$ million</i> )		
	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 2022. The Group's fund raising activity in the prior years which has been fully utilised as intended during the year ended 31 March 2022 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 placeses 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.

## 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 2022, the Company has complied with all CG Code except for the following deviation:

CG Code provision C.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 C.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

There was no 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 2021–2022 or the announcement in relation to the appointment and/or resignation of the Directors.

## 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 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 six months ended 30 September 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**

<b>Name of Shareholders</b>	<b>Capacity and nature of interest</b>	<b>Number of shares</b>	<b>Approximate percentage of interests in the issued share capital</b>
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:*

- 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.
- 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 2022.

## **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 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 Directors approved the adoption of a share award plan (the “Share Award Plan”).

### **Purposes of the Share Award Plan**

The purpose of the Share Award Plan are to recognise and reward the contribution of Eligible Participants (as defined below) to the growth and development of the Group, to give incentives to Eligible Participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

### **Administration**

The Share Award Plan shall be subject to the administration of the Board and the trustee in accordance with the terms of the Share Award Plan.

### **Eligibility**

Under the rules constituting the Share Award Plan, the following classes of participants (excluding the excluded participants) (the “Eligible Participants”) are eligible for participation in the Share Award Plan:

- (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director, and including any person who has entered into an employment contract with the Group, provided that the commencement date of his tenure under the employment contract shall fall on a date before the Vesting Date and such employment contract shall remain valid and subsisting up to and including the vesting date, and provided that such person shall not be regarded as Eligible Employee if he dies before the commencement date of this tenure under the employment contract) of the Company, any subsidiary or any entity in which any member of the Group holds any equity interest (“Invested Entity”);
- (b) any non-executive directors (including independent non-executive directors) of the Company, any Subsidiary or any Invested Entity;
- (c) any supplier or vendors of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, and, for the purposes of the Plan, the Award may be made to any company wholly-owned by one or more of the above participants.

## Term

Subject to early termination by the Board, the Share Award Plan shall be valid and effective for a term of ten (10) years commencing from the adoption date. The total maximum number of Shares which may be awarded under the Plan must not in aggregate exceed 10% of the shares in issue as at the adoption date or the date of approval of any refreshed limit, if any.

## Grant of Award Shares

On 11 January 2022, the board approved the grant of award of a total of 102,635,150 Awarded Shares to 10 selected participants under the Share Award Plan.

Details of Awarded Shares granted by the Company pursuant to the Share Award Plan during the Period are as follows:

Grant date	Fair value per share (HK\$)	Vesting date	At 1 April 2022	Granted	Vested	Forfeited	At 30 September 2022
11 January 2022	0.112	11 January 2023	102,635,150	-	-	-	102,635,150

The fair value of the Awarded Shares was calculated based on the closing price of the Company's shares at the respective grant date.

The fair value of the Award Shares granted was approximately HK\$11,495,000 and the Group recognized share-based payments of approximately HK\$5,764,000 during the six months ended 30 September 2022. No Award Share is vested by the Selected Participants during the six months ended 30 September 2022.

No Awarded Shares is vested by the Selected Participants during the six months ended 30 September 2022.

## **Lapse of Awards and returned shares**

In the event that any Selected Participant who is an eligible employee ceases to be an eligible employee, the Award shall automatically lapse forthwith and all the Awarded Shares and other distributions attributable thereto shall not vest on the relevant vesting date but shall become returned shares for the purposes of 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 2022 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 2022.

## **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.62 of the annual report of the Company for the year ended 31 March 2022, 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 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 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 Stock Exchange website at [www.hkexnews.hk](http://www.hkexnews.hk) on the "Latest Listed Company Information" 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).*