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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2019

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.

Given that 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.

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This announcement, for which the directors (the “Directors”) of Shi Shi Services Limited (formerly known as Heng Sheng Holdings 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.

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 nine months ended 31 December 2019, together with the unaudited comparative figures for the corresponding period in 2018 are set out as follows:

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

	Notes	Three months ended		Nine months ended	
		31 December		31 December	
		2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	3	122,264	107,650	361,804	316,748
Cost of services		<u>(96,161)</u>	<u>(83,226)</u>	<u>(280,114)</u>	<u>(242,446)</u>
Gross profit		26,103	24,424	81,690	74,302
Interest revenue	4	146	931	388	2,865
Other income/(loss)	5	(1,682)	79	(1,267)	219
Share of profits/(loss) of an associate		774	(236)	241	5,009
Administrative expenses		(14,584)	(13,351)	(42,274)	(38,589)
Other operating expenses		(5,035)	(4,793)	(14,745)	(15,196)
Listing expenses		(6,276)	–	(10,648)	–
Finance costs	7	<u>(252)</u>	<u>(152)</u>	<u>(774)</u>	<u>(426)</u>
(Loss)/profit before tax		(806)	6,902	12,611	28,184
Income tax expense	9	<u>(1,816)</u>	<u>(1,471)</u>	<u>(6,360)</u>	<u>(5,471)</u>
(Loss)/profit for the period	8	(2,622)	5,431	6,251	22,713
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		<u>1,318</u>	<u>587</u>	<u>(3,267)</u>	<u>(620)</u>
Total comprehensive income for the period		<u><u>(1,304)</u></u>	<u><u>6,018</u></u>	<u><u>2,984</u></u>	<u><u>22,093</u></u>

		Three months ended		Nine months ended	
		31 December		31 December	
Notes	2019	2018	2019	2018	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
(Loss)/profit for the period attributable to:					
Owners of the Company	(2,619)	4,268	6,236	19,485	
Non-controlling interests	(3)	1,163	15	3,228	
	<u>(2,622)</u>	<u>5,431</u>	<u>6,251</u>	<u>22,713</u>	
Total comprehensive (expenses)/ income for the period attributable to:					
Owners of the Company	(1,318)	4,678	3,015	19,050	
Non-controlling interests	14	1,340	(31)	3,043	
	<u>(1,304)</u>	<u>6,018</u>	<u>2,984</u>	<u>22,093</u>	
Earnings/(loss) per share					
Basic (HK Cent)	10	(0.26)	0.46	0.61	2.21
Diluted (HK Cent)	10	(0.26)	0.46	0.61	2.21

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Equity investment revaluation reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 April 2018 (audited)	8,554	141,056	3,872	4,750	(13,000)	121	47,401	192,754	3,322	196,076
Placing of shares (unaudited)	1,710	38,919	-	-	-	-	-	40,629	-	40,629
Transfer (unaudited)	-	-	(3,872)	-	-	-	3,872	-	-	-
Capital injection by non-controlling interests of a subsidiary (unaudited)	-	-	-	-	-	-	-	-	900	900
Total comprehensive income/ (expenses) for the period (unaudited)	-	-	-	-	-	(435)	19,485	19,050	3,043	22,093
Changes in equity for the period (unaudited)	1,710	38,919	(3,872)	-	-	(435)	23,357	59,679	3,943	63,622
At 31 December 2018 (unaudited)	<u>10,264</u>	<u>179,975</u>	<u>-</u>	<u>4,750</u>	<u>(13,000)</u>	<u>(314)</u>	<u>70,758</u>	<u>252,433</u>	<u>7,265</u>	<u>259,698</u>
At 1 April 2019 (audited)	10,264	179,975	-	4,750	-	690	92,547	288,226	901	289,127
Total comprehensive income/ (expenses) for the period (unaudited)	-	-	-	-	-	(3,221)	6,236	3,015	(31)	2,984
Changes in equity for the period (unaudited)	-	-	-	-	-	(3,221)	6,236	3,015	(31)	2,984
At 31 December 2019 (unaudited)	<u>10,264</u>	<u>179,975</u>	<u>-</u>	<u>4,750</u>	<u>-</u>	<u>(2,531)</u>	<u>98,783</u>	<u>291,241</u>	<u>870</u>	<u>292,111</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 the Group are provision of property management 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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

These unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2019 (the “Third Quarterly Financial Statements”) have been prepared in accordance with accounting principles generally accepted in Hong Kong and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”).

The according policies adopted by the Group are consistent with the consolidated financial statement for the year ended 31 March 2019 except for those new and revised HKFRSs and interpretations issued by the Hong Kong Institute of Certified Public Accountants that are adopted for the first time in the consolidated financial statements for the nine months ended 31 December 2019.

3. REVENUE

The Group is principally engaged in the provision of property management and related services, properties investment and money lending business during the nine months ended 31 December 2019. An analysis of the Group’s revenue recognised during the periods is as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2019 <i>HK\$’000</i> (unaudited)	2018 <i>HK\$’000</i> (unaudited)	2019 <i>HK\$’000</i> (unaudited)	2018 <i>HK\$’000</i> (unaudited)
Provision of property management and related services	<u>121,635</u>	<u>107,258</u>	<u>359,939</u>	<u>315,519</u>
Revenue from contracts with customers	121,635	107,258	359,939	315,519
Rental income from an investment property	<u>402</u>	<u>392</u>	<u>1,187</u>	<u>1,081</u>
Loan interest income from money lending	<u>227</u>	<u>–</u>	<u>678</u>	<u>148</u>
Total revenue	<u>122,264</u>	<u>107,650</u>	<u>361,804</u>	<u>316,748</u>

Disaggregation of revenue from contracts with customers:*Provision of property management and related services*

	Three months ended 31 December		Nine months ended 31 December	
	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)
Geographical markets:				
Hong Kong	110,069	101,498	323,783	298,914
The People's Republic of China (the "PRC")	11,566	5,760	36,156	16,605
Total	121,635	107,258	359,939	315,519
Major services:				
Property management services	109,880	97,598	324,964	279,823
Stand-alone security services	8,576	7,157	24,776	22,781
Property management consultancy services	3,179	2,503	10,199	12,915
Total	121,635	107,258	359,939	315,519

During the period, all revenue from provision of property management services, stand-alone security services and property management consultancy services are recognised over time.

4. INTEREST REVENUE

	Three months ended 31 December		Nine months ended 31 December	
	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)
Bank interest income	77	39	180	37
Interest income from investments at fair value through profit or loss	–	854	–	2,610
Interest income from deposits placed for life insurance policies	69	38	208	218
Total	146	931	388	2,865

5. OTHER INCOME/(LOSS)

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Fair value gain on investments at fair value through profit and loss	–	–	149	–
Fair value loss on investment property	(2,100)	–	(2,100)	–
Exchange gain	(11)	–	125	–
Commission income	–	79	–	140
Others	429	–	559	79
	<u>(1,682)</u>	<u>79</u>	<u>(1,267)</u>	<u>219</u>

6. SEGMENT INFORMATION

(a) Reportable segments

The Group has three (2018: 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. Segment assets do not include investments and deferred tax 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:**

	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)
Nine months ended 31 December 2019				
Reportable segment revenue:				
Revenue from external customers	<u>359,939</u>	<u>1,187</u>	<u>678</u>	<u>361,804</u>
Reportable segment profit	<u>30,041</u>	<u>(1,124)</u>	<u>511</u>	<u>29,428</u>
Depreciation of property, plant and equipment	976	3	–	979
Depreciation of right-of-use assets	2,214	–	32	2,246
Amortisation of intangible assets	1,584	–	–	1,584
Income tax expense	6,122	153	85	6,360
Interest revenue	388	–	–	388
Interest expense	684	–	3	687
Additions to segment non-current assets	<u>11,874</u>	<u>13</u>	<u>–</u>	<u>11,887</u>
	Provision of property management and related services <i>HK\$'000</i> (unaudited)	Properties investment <i>HK\$'000</i> (unaudited)	Money lending business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
At 31 December 2019				
Reportable segment assets	244,328	30,962	19,142	294,432
Reportable segment liabilities	<u>87,056</u>	<u>341</u>	<u>350</u>	<u>87,747</u>

	Provision of property management and related services <i>HK\$'000</i> (unaudited)	Properties investment <i>HK\$'000</i> (unaudited)	Money lending business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Nine months ended 31 December 2018				
Reportable segment revenue:				
Revenue from external customers	<u>315,519</u>	<u>1,081</u>	<u>148</u>	<u>316,748</u>
Reportable segment profit	<u>27,859</u>	<u>846</u>	<u>13</u>	<u>28,718</u>
Depreciation of property, plant and equipment	1,056	2	–	1,058
Amortisation of intangible assets	1,536	–	–	1,536
Income tax expense	5,393	66	12	5,471
Interest revenue	253	–	–	253
Interest expense	426	–	–	426
Additions to segment non-current assets	<u>660</u>	<u>3</u>	<u>–</u>	<u>663</u>
	Provision of property management and related services <i>HK\$'000</i> (audited)	Properties investment <i>HK\$'000</i> (audited)	Money lending business <i>HK\$'000</i> (audited)	Total <i>HK\$'000</i> (audited)
At 31 March 2019				
Reportable segment assets	218,557	32,818	18,115	269,490
Reportable segment liabilities	<u>83,939</u>	<u>305</u>	<u>–</u>	<u>84,244</u>

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

	Nine months ended	
	31 December	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Reportable segment revenue and consolidated revenue	<u>361,804</u>	<u>316,748</u>
Profit or loss		
Reportable segment profits	29,428	28,718
Unallocated other income	–	2,759
Share of profits of an associate	241	5,009
Unallocated corporate expenses	(16,971)	(8,302)
Unallocated finance cost	<u>(87)</u>	<u>–</u>
Consolidated profit before tax	<u>12,611</u>	<u>28,184</u>
	At	At
	31 December	31 March
	2019	2019
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Assets		
Reportable segment assets	294,432	269,490
Unallocated cash and cash equivalents	43,568	64,184
Other unallocated corporate assets	<u>47,130</u>	<u>45,041</u>
Consolidated total assets	<u>385,130</u>	<u>378,715</u>
Liabilities		
Reportable segment liabilities	87,747	84,244
Unallocated corporate liabilities	<u>5,272</u>	<u>5,344</u>
Consolidated total liabilities	<u>93,019</u>	<u>89,588</u>

(b) **Geographical information**

	Revenue	
	2019	2018
	HK\$'000	HK\$'000
Nine months ended 31 December	(unaudited)	(unaudited)
Hong Kong	325,648	300,143
The PRC	36,156	16,605
	<u>361,804</u>	<u>316,748</u>

7. **FINANCE COSTS**

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest expenses on:				
– bank borrowings	151	138	441	346
– promissory notes	–	–	–	63
Finance lease charges	–	14	–	17
Interest on lease liabilities	101	–	333	–
	<u>252</u>	<u>152</u>	<u>774</u>	<u>426</u>

8. **PROFIT FOR THE PERIOD**

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

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Staff costs (including directors' remuneration):				
– Salaries, wages and allowances	96,171	87,586	279,941	254,704
– Retirement benefits scheme contributions	2,474	1,991	7,379	5,963
	<u>98,645</u>	<u>89,577</u>	<u>287,320</u>	<u>260,667</u>
Auditors' remuneration	272	180	654	524
Depreciation of property, plant and equipment	293	366	986	1,065
Depreciation of right-of-use assets	1,153	–	3,075	–
Fair value loss on investment property	(2,100)	–	(2,100)	–
Amortisation of intangible assets	532	512	1,584	1,536
Operating lease charges in respect of				
– Premises	–	1,057	–	2,567
– Motor vehicles	–	12	–	220
Expenses related to short-term lease	(151)	–	121	–
	<u>(151)</u>	<u>–</u>	<u>121</u>	<u>–</u>

9. INCOME TAX EXPENSE

For the nine months ended 31 December 2018 and 2019, Hong Kong Profit Tax is calculated under two-tier profit tax system under first HK\$2 millions of estimated assessable profit is taxed at rate of 8.25% and remaining estimated assessable profit 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 standard rate of 25% (2018: 25%) on the estimated assessable profits arising from the operation of the Group's PRC subsidiaries.

	Three months ended 31 December		Nine months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Current tax – Hong Kong Profits Tax	<u>544</u>	<u>530</u>	<u>2,692</u>	<u>2,232</u>
Current tax – PRC – Provision for the period	<u>730</u>	<u>1,303</u>	<u>3,498</u>	<u>3,598</u>
Deferred tax	<u>542</u>	<u>(362)</u>	<u>170</u>	<u>(359)</u>
	<u>1,816</u>	<u>1,471</u>	<u>6,360</u>	<u>5,471</u>

10. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the loss and profit for the three and nine months ended 31 December 2019 attributable to owners of the Company of approximately HK\$2.6 million and HK\$6.2 million respectively (three and nine months ended 31 December 2018: HK\$4.3 million and HK\$19.5 million respectively) and the weighted average number of ordinary shares of 1,026,351,515 (three and nine months ended 31 December 2018: 933,416,732 and 881,467,879) in issue during the periods.

Diluted earnings/(loss) per share

No diluted earnings/(loss) per share are presented as the Company did not have any dilutive potential ordinary shares during the three and nine months ended 31 December 2019 and 2018.

11. DIVIDEND

The Directors do not recommend the payment of any dividend for the three and nine months ended 31 December 2019 (2018: Nil).

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 nine months ended 31 December 2019, 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\$0.7 million (2018: HK\$0.1 million). As at 31 December 2019, the Company has loan receivables with a carrying amount of approximately HK\$18 million (31 March 2019: HK\$18 million).

Borrowers	Drawdown date	Principal amount	Interest rate	Terms	Notes
A	27 March 2019	HK\$18 million	5% per annum	1 year	(i)

Notes:

- (i) Details of the above are set out in the Company’s announcement dated 27 March 2019.

For the properties investment business, the Group recorded rental income from an investment property of approximately HK\$1.2 million for the nine months ended 31 December 2019 (2018: HK\$1.1 million).

REVENUE

For the nine months ended 31 December 2019, the Group’s revenue was derived from its operations in Hong Kong and the PRC of approximately HK\$325.6 million (2018: HK\$300.1 million) and HK\$36.2 million (2018: HK\$16.6 million), respectively.

The Group derived revenue of approximately HK\$24.8 million and HK\$22.8 million respectively from stand-alone security services contracts for the nine months ended 31 December 2019 and 2018 respectively, representing approximately 6.9% and 7.2% of its total revenue.

The following table sets out the Group's revenue by contract type for the nine months ended 31 December 2019 and 2018 respectively:

	Nine months ended 31 December			
	2019		2018	
	<i>HK\$ million</i>	<i>Percentage</i>	<i>HK\$ million</i>	<i>Percentage</i>
Property management services contracts	324.9	89.8%	279.8	88.3%
Stand-alone security services contracts	24.8	6.9%	22.8	7.2%
Property management consultancy services contract	10.2	2.8%	12.9	4.1%
Rental services contracts	1.2	0.3%	1.1	0.3%
Money lending services	0.7	0.2%	0.1	0.1%
	<u>361.8</u>	<u>100%</u>	<u>316.7</u>	<u>100%</u>

The Group's revenue improved by approximately 14.2% from approximately HK\$316.7 million for the nine months ended 31 December 2018 to approximately HK\$361.8 million for the nine months ended 31 December 2019. The increase was primarily attributable to the significant growth of its property management service in the Hong Kong and PRC for the nine months ended 31 December 2019. During the period, the number of management service contracts obtained by the Group had been increased by 4 from 440 during the six months ended 30 September 2019 to 444 for the nine months ended 31 December 2019. Revenue generated from property management services contracts in Hong Kong recorded an increase of approximately 16.1% to approximately HK\$324.9 million for the nine months ended 31 December 2019.

GROSS PROFIT

The gross profit of the Group increased by approximately 9.9% from approximately HK\$74.3 million for the nine months ended 31 December 2018 to approximately HK\$81.7 million for the nine months ended 31 December 2019. The gross profit margin was approximately 22.6% and 23.5% for the nine months ended 31 December 2019 and 2018 respectively.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company significantly decreased by approximately 68.2% from approximately HK\$19.5 million for the nine months ended 31 December 2018 to approximately HK\$6.2 million for the nine months ended 31 December 2019. The net profit margin decreased from approximately 6.1% to 1.7% for the nine months ended 31 December 2018 and 2019 respectively.

The Group has recorded a profit of approximately HK\$6.3 million for the nine months ended 31 December 2019 as compared to the profit of approximately HK\$22.7 million for the nine months ended 31 December 2018. The significant decrease was mainly due to:

- (i) Listing expenses arising from the proposed transfer of listing from GEM to the Main Board of the Stock Exchange;
- (ii) Decrease in share of profits of an associate, namely Dakin Holdings Inc.; and
- (iii) Fair value loss on an investment property.

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 nine months ended 31 December 2019, the Group has recorded revenue of approximately HK\$36.2 million (2018: HK\$16.6 million) from its property management serviced in 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 December 2019, the Group had a total of 1,409 employees (31 March 2019: 2,021 employees). The Group's staff costs for the nine months ended 31 December 2019 amounted to approximately HK\$287.3 million (31 December 2018: HK\$260.7 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 nine months ended 31 December 2019, 24 property management contracts were awarded to the Group in Hong Kong.

For the nine months ended 31 December 2019, there were a total of 444 service contracts (covering around 74,886 households) comprising 416 property management service contracts, 13 stand-alone security service contracts and 15 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 444 contracts in force as at 31 December 2019, 186 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 258 valid contracts as at 31 December 2019 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 nine months ended 31 December 2019 included the mandatory term requiring the client to follow the said procedural requirements, if applicable.

Client Accounts

As at 31 December 2019, the Group held 64 (31 March 2019: 57) client accounts amounting to approximately HK\$39.8 million (31 March 2019: HK\$56.1 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 December 2019, a bank and an insurance company issued 6 (31 March 2019: 6) bond certificates amounting to approximately HK\$8.8 million (31 March 2019: HK\$8.8 million) on behalf of the Group to the clients as required in the service contracts.

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

The Group made no material acquisition or disposal for the nine months ended 31 December 2019 and up to date of this announcement.

Proposed transfer of listing from GEM to the Main Board of the Stock Exchange

On 28 October 2019 (after trading hours), the Board announced that the Company submitted a formal application to the Stock Exchange in respect of the proposed transfer of Listing pursuant to Chapter 9A and Appendix 28 of the Main Board Listing Rules (the “Proposed Transfer”).

The Company has applied for the listing of and permission to deal in (i) all existing shares in issue, and (ii) new shares which may be issued upon the exercise of options granted or may be granted under the Share Option Scheme, on the Main Board by way of transfer of the listing from GEM to the Main Board. The Proposed Transfer of Listing will not involve any issue of new shares by the Company. As at the date of this announcement, the Company has 1,026,351,515 shares in issue.

The Company has appointed Fortune Financial Capital Limited as the sole sponsor in connection with the Proposed Transfer of Listing.

The Board would like to emphasise that the definitive timetable for the Proposed Transfer of Listing has not yet been finalised. There is no assurance that the Company will proceed with the Proposed Transfer of Listing.

Details of above are set out in the Company’s announcement dated 28 October 2019.

Change of address of head office and principal place of business in Hong Kong

As disclosed in the announcement of the Company dated 30 October 2019, the address of the head office and principal place of business of the Company in Hong Kong has changed to Unit 903, 9 Floor, Haleson Building, 1 Jubilee Street, Central, Hong Kong with effect from Friday, 1 November 2019. The telephone number, facsimile number and website of the Company remain unchanged.

UPDATE ON DIRECTORS' INFORMATION

There is 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 2018–2019 or the announcement in relation to the appointment and/or resignation of the Directors.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 emphasize a quality Board, sound internal controls, transparency and accountability to all shareholders.

During the nine months ended 31 December 2019, the Company has complied with all CG Code except for the following deviation:

- (i) 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.

- (ii) CG Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Lo Chi Ho, Richard, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 31 July 2019 due to his other business engagement.

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

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

Notes:

1. Mr. Huang is interested in the said shares through his wholly owned company, Heng Sheng Capital Limited.
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 nine months ended 31 December 2019 was the Company, its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

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

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

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

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

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 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.

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 nine months ended 31 December 2019, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

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. Tso Siu Lun, Alan and Mr. Lo Chi Ho, Richard.

The Audit Committee has reviewed and approved the Company’s unaudited third quarterly results for the nine months ended 31 December 2019 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 nine months ended 31 December 2019.

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 nine months ended 31 December 2019.

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.64 of the annual report of the Company for the year ended 31 March 2019, 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 nine months ended 31 December 2019.

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 non-executive Director

Hong Kong, 14 February 2020

As at the date of this announcement, the executive Directors are Mr. Eric Todd, Mr. Lee Chin Ching, Cyrinx and Mr. Ho Ying Choi and non-executive Director is Mr. Huang Liming (Chairman), and the independent non-executive Directors are Mr. Tso Siu Lun, Alan, Mr. Lam Kai Yeung and Mr. Lo Chi Ho, Richard.

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

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company’s website at www.shishiservices.com.hk.