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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)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021**

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

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

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

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

The board of directors (the “Board”) of the Company is pleased to present the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2021, together with the audited comparative figures for the corresponding year in 2020 are set out as follows:

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

For the year ended 31 March 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>511,116</b>	487,395
Cost of services		<u>(402,478)</u>	<u>(376,495)</u>
<b>Gross profit</b>		<b>108,638</b>	110,900
Interest revenue	4	<b>1,006</b>	568
Other income and expenses, net	5	<b>20,519</b>	(1,100)
Share of loss of an associate	12	<b>(5,130)</b>	(1,320)
Administrative expenses		<b>(62,287)</b>	(54,358)
Other operating expenses		<b>(22,377)</b>	(19,040)
Impairment of investment in an associate	12	<b>(16,500)</b>	–
Listing expenses		<b>(2,893)</b>	(11,367)
Finance costs	7	<b>(581)</b>	(1,018)
<b>Profit before tax</b>		<b>20,395</b>	23,265
Income tax expense	9	<b>(4,541)</b>	(9,065)
<b>Profit for the year</b>	8	<b>15,854</b>	14,200
<b>Other comprehensive income/(expense), net of tax</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operation		<b>5,183</b>	(4,505)
Reclassification of translation reserve to profit or loss upon deregistration of a subsidiary		<b>(3)</b>	–
<b>Other comprehensive income/(expense) for the year</b>		<b>5,180</b>	(4,505)
<b>Total comprehensive income for the year</b>		<b>21,034</b>	9,695

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		<b>15,856</b>	14,174
Non-controlling interests		<b>(2)</b>	26
		<u><b>15,854</b></u>	<u>14,200</u>
<b>Total comprehensive income/(expense) for the year attributable to:</b>			
Owners of the Company		<b>21,010</b>	9,735
Non-controlling interests		<b>24</b>	(40)
		<u><b>21,034</b></u>	<u>9,695</u>
<b>Earnings per share</b>			
Basic (HK\$)	10	<u><b>0.015</b></u>	<u>0.014</u>
Diluted (HK\$)	10	<u><b>0.015</b></u>	<u>0.014</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		48,249	22,183
Investment property		30,300	30,300
Intangible assets	11	362	2,143
Right-of-use assets		13,322	6,487
Goodwill		3,232	3,232
Deposits placed for life insurance policies		8,962	8,758
Deferred tax assets		1,974	2,767
Investment in an associate	12	18,798	40,428
Prepayments, trade and other receivables	13	39,867	–
		<u>165,066</u>	<u>116,298</u>
<b>Current assets</b>			
Prepayments, trade and other receivables	13	149,543	134,241
Pledged bank deposits		574	1,629
Cash and cash equivalents		105,328	141,422
Current tax assets		2,133	–
		<u>257,578</u>	<u>277,292</u>
<b>Current liabilities</b>			
Trade and other payables	14	80,159	69,353
Contract liabilities		3,189	4,004
Bank borrowings – secured		5,354	11,671
Lease liabilities		4,184	4,205
Current tax liabilities		1,609	3,141
		<u>94,495</u>	<u>92,374</u>
<b>Net current assets</b>		<u>163,083</u>	<u>184,918</u>
<b>Total assets less current liabilities</b>		<u>328,149</u>	<u>301,216</u>

	<i>Note</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<b>9,138</b>	2,286
Deferred tax liabilities		<b>40</b>	108
		<u><b>9,178</b></u>	<u>2,394</u>
<b>NET ASSETS</b>		<u><b>318,971</b></u>	<u>298,822</u>
<b>Equity</b>			
Share capital	15	<b>10,264</b>	10,264
Reserves		<b>308,707</b>	287,697
		<u><b>318,971</b></u>	<u>297,961</u>
Equity attributable to owners of the Company		<b>318,971</b>	297,961
Non-controlling interests		<b>–</b>	861
		<u><b>318,971</b></u>	<u>298,822</u>
<b>TOTAL EQUITY</b>		<u><b>318,971</b></u>	<u>298,822</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Merger reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 April 2019	10,264	179,975	4,750	690	92,547	288,226	901	289,127
Total comprehensive (expense)/income for the year	–	–	–	(4,439)	14,174	9,735	(40)	9,695
At 31 March 2020	<u>10,264</u>	<u>179,975</u>	<u>4,750</u>	<u>(3,749)</u>	<u>106,721</u>	<u>297,961</u>	<u>861</u>	<u>298,822</u>
At 1 April 2020	<b>10,264</b>	<b>179,975</b>	<b>4,750</b>	<b>(3,749)</b>	<b>106,721</b>	<b>297,961</b>	<b>861</b>	<b>298,822</b>
Capital return to non-controlling interests upon de-registration of a subsidiary (note)	–	–	–	–	–	–	(885)	(885)
Total comprehensive income for the year	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,154</u>	<u>15,856</u>	<u>21,010</u>	<u>24</u>	<u>21,034</u>
At 31 March 2021	<u><b>10,264</b></u>	<u><b>179,975</b></u>	<u><b>4,750</b></u>	<u><b>1,405</b></u>	<u><b>122,577</b></u>	<u><b>318,971</b></u>	<u><b>–</b></u>	<u><b>318,971</b></u>

Note: During the year, an indirect non-wholly owned subsidiary, 山東悅生活物業服務有限公司 was de-registered.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

### 1. GENERAL INFORMATION

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

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

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

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies and amounts reported for the current year and prior years.

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

### 3. REVENUE

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

	<b>2021</b>	2020
	<b>HK\$’000</b>	HK\$’000
Provision of property management and related services	<b>508,986</b>	485,010
Revenue from contracts with customers	<b>508,986</b>	485,010
Rental income from investment property	<b>1,242</b>	1,485
Loan interest income from money lending	<b>888</b>	900
Total revenue	<b>511,116</b>	487,395

Disaggregation of revenue from contracts with customers:

**Provision of property management and related services**

	<b>2021</b>	2020
<b>For the year ended 31 March</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Geographical markets</b>		
Hong Kong	<b>469,452</b>	437,122
The People's Republic of China (the "PRC")	<b>39,534</b>	47,888
	<b>508,986</b>	485,010
<b>Major services</b>		
Property management services	<b>471,398</b>	438,666
Stand-alone security services	<b>32,614</b>	32,715
Property management consultancy services	<b>4,974</b>	13,629
	<b>508,986</b>	485,010

For the years ended 31 March 2021 and 2020, all revenue from provision of property management services, stand-alone security services and property management consultancy services are recognised over time.

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

There was no performance obligations that are unsatisfied pursuant to HKFRS 15.120 during the years ended 31 March 2021 and 31 March 2020.

**4. INTEREST REVENUE**

	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Bank interest income	<b>702</b>	290
Interest income from deposits placed for life insurance policies	<b>304</b>	278
	<b>1,006</b>	568



## 5. OTHER INCOME AND EXPENSES, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gain on disposal of property, plant and equipment	100	–
Fair value loss on an investment property	–	(2,100)
Fair value gain on investments at fair value through profit or loss	–	152
Government subsidies ( <i>Note</i> )	38,279	–
Other expenses paid to incorporate owners	(18,351)	–
Commission income	–	9
Exchange gain	150	111
Others	341	728
	<u>20,519</u>	<u>(1,100)</u>

*Note:* The Group recognised government subsidies of approximately HK\$38.3 million from the Employment Support Scheme launched by the HKSAR Government.

## 6. SEGMENT INFORMATION

### (a) Reportable segments

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

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

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

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

(i) *Business segments*

	For the year ended 31 March 2021			
	Provision of property management and related services <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue:				
Revenue from external customers	<u>508,986</u>	<u>1,242</u>	<u>888</u>	<u>511,116</u>
Reportable segment profit	<u>49,533</u>	<u>1,106</u>	<u>645</u>	<u>51,284</u>
Depreciation of property, plant and equipment	4,597	8	-	4,605
Depreciation of right-of-use assets	3,932	-	189	4,121
Amortisation of intangible assets	1,705	-	-	1,705
Income tax expense	4,285	158	98	4,541
Interest revenue	1,006	-	-	1,006
Interest expense	536	-	11	547
Additions to property, plant and equipment	<u>29,427</u>	<u>-</u>	<u>-</u>	<u>29,427</u>
	At 31 March 2021			
	Provision of property management and related services <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	303,890	31,061	19,995	354,946
Reportable segment liabilities	<u>101,918</u>	<u>344</u>	<u>308</u>	<u>102,570</u>

	For the year ended 31 March 2020			
	Provision of property management and related services <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue:				
Revenue from external customers	<u>485,010</u>	<u>1,485</u>	<u>900</u>	<u>487,395</u>
Reportable segment profit/(loss)	<u>44,041</u>	<u>(813)</u>	<u>669</u>	<u>43,897</u>
Depreciation of property, plant and equipment	1,111	4	–	1,115
Depreciation of right-of-use assets	2,722	–	79	2,801
Amortisation of intangible assets	2,119	–	–	2,119
Income tax expense	8,799	181	85	9,065
Interest revenue	567	–	–	567
Interest expense	902	–	7	909
Additions to property, plant and equipment	<u>13,112</u>	<u>13</u>	<u>–</u>	<u>13,125</u>
	At 31 March 2020			
	Provision of property management and related services <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	253,826	31,001	19,315	304,142
Reportable segment liabilities	<u>91,543</u>	<u>282</u>	<u>391</u>	<u>92,216</u>

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

	2021	2020
Year ended 31 March	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue and consolidated revenue	<u>511,116</u>	<u>487,395</u>
<b>Profit or loss</b>		
Reportable segment profits	51,284	43,897
Unallocated other income	38	9
Share of loss of an associate	(5,130)	(1,320)
Unallocated corporate expenses	(25,763)	(19,212)
Unallocated finance costs	<u>(34)</u>	<u>(109)</u>
<b>Consolidated profit before tax</b>	<u>20,395</u>	<u>23,265</u>
<b>At 31 March</b>		
<b>Assets</b>		
Reportable segment assets	354,946	304,142
Unallocated cash and cash equivalents	36,191	43,973
Other unallocated corporate assets	<u>31,507</u>	<u>45,475</u>
Consolidated total assets	<u>422,644</u>	<u>393,590</u>
<b>Liabilities</b>		
Reportable segment liabilities	102,570	92,216
Unallocated corporate liabilities	<u>1,103</u>	<u>2,552</u>
Consolidated total liabilities	<u>103,673</u>	<u>94,768</u>

(b) **Geographical information**

	Revenue		Non-current assets	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	471,582	439,507	103,600	100,940
The PRC	<u>39,534</u>	<u>47,888</u>	<u>61,466</u>	<u>15,358</u>
	<u>511,116</u>	<u>487,395</u>	<u>165,066</u>	<u>116,298</u>

(c) **Information about major customers**

An analysis of the Group's revenue from major services is set out in note 3 above. No customer accounted for 10 percent or more of the total revenue for the years ended 31 March 2021 and 2020.

## 7. FINANCE COSTS

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on bank borrowings	<b>110</b>	596
Interest on lease liabilities	<b>471</b>	422
	<u>581</u>	<u>1,018</u>

## 8. PROFIT FOR THE YEAR

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
– Salaries, wages and allowances	<b>398,402</b>	370,832
– Retirement benefits scheme contributions	<b>11,156</b>	9,837
	<u>409,558</u>	<u>380,669</u>
Auditors' remuneration	<b>750</b>	540
Depreciation of property, plant and equipment	<b>4,677</b>	1,232
Depreciation of right-of-use assets	<b>4,674</b>	4,130
Fair value loss on investment property	–	2,100
Amortisation of intangible assets	<b>1,705</b>	2,119
Expenses related to short-term lease	<b>107</b>	133

## 9. INCOME TAX EXPENSE

For the years ended 31 March 2021 and 2020, Hong Kong Profit Tax is calculated under two-tier profit tax system under first HK\$2 millions of estimated assessable profits is taxed at a rate of 8.25% and remaining estimated assessable profits is taxed at 16.5%. The Group should elect one of the Hong Kong subsidiaries to apply the two-tier profit tax rate.

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
– Provision for the year	<b>3,104</b>	4,130
– One-off deduction	<b>(70)</b>	(60)
	<u><b>3,034</b></u>	<u>4,070</u>
Current tax – PRC		
– Provision for the year	<u>782</u>	<u>4,981</u>
Deferred tax	<u>725</u>	<u>14</u>
	<u><b>4,541</b></u>	<u>9,065</u>

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit before tax	<u><b>20,395</b></u>	<u>23,265</u>
Tax calculated at Hong Kong Profit tax rate of 8.25% (2020: 8.25%)	<b>165</b>	165
Tax calculated at Hong Kong Profit tax rate of 16.5% (2020: 16.5%)	<b>3,035</b>	3,509
Over-provision in prior years	–	–
Effect of different tax calculation basis for the PRC	<b>(330)</b>	1,666
Tax effect of income that is not taxable ( <i>Note a</i> )	<b>(7,561)</b>	(1,044)
Tax effect of expenses that are not deductible ( <i>Note b</i> )	<b>9,302</b>	4,829
One-off deduction	<b>(70)</b>	(60)
Income tax expense	<u><b>4,541</b></u>	<u>9,065</u>

*Notes:*

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

## 10. EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$15,856,000 (2020: approximately HK\$14,174,000) and the weighted average number of ordinary shares of 1,026,351,515 (2020: 1,026,351,515) in issue during the year.

### Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary share outstanding during the years ended 31 March 2021 and 2020.

## 11. INTANGIBLE ASSETS

	Customer contracts <i>HK\$'000</i>	Computer softwares <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>COST</b>			
At 1 April 2020	2,148	6,568	8,716
Additions	–	367	367
Exchange realignment	–	(8)	(8)
	<hr/>	<hr/>	<hr/>
At 31 March 2020 and 1 April 2020	<b>2,148</b>	<b>6,927</b>	<b>9,075</b>
Disposal	–	(91)	(91)
Exchange realignment	<b>16</b>	<b>21</b>	<b>37</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2021	<b>2,164</b>	<b>6,857</b>	<b>9,021</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>ACCUMULATED AMORTISATION</b>			
At 1 April 2020	1,130	3,684	4,814
Amortisation for the year	458	1,661	2,119
Exchange realignment	–	(1)	(1)
	<hr/>	<hr/>	<hr/>
At 31 March 2020 and 1 April 2020	<b>1,588</b>	<b>5,344</b>	<b>6,932</b>
Amortisation for the year	<b>446</b>	<b>1,259</b>	<b>1,705</b>
Exchange realignment	<b>11</b>	<b>11</b>	<b>22</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2021	<b>2,045</b>	<b>6,614</b>	<b>8,659</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>CARRYING AMOUNT:</b>			
At 31 March 2021	<b>119</b>	<b>243</b>	<b>362</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2020	<b>560</b>	<b>1,583</b>	<b>2,143</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

The customer contracts are the property management business's critical value driver. They represent the values of rights that arise from contractual arrangement. The remaining amortisation period of the customer contracts is 0.22 years.

The computer software mainly included an internal management system acquired during the year ended 31 March 2017 which functions address book management for office usage, office communication and office bulletin for property management business, and accounting software. The remaining amortisation period of the computer softwares are 2.25 years.

### Impairment test of intangible assets

#### *Customer contract*

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

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

#### *For computer software*

The Group's computer software mainly used for property management business. The Group's property management business recorded profits throughout the year. There is no indication of impairment.

## 12. INVESTMENT IN AN ASSOCIATE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Unlisted investment in Hong Kong		
Share of net assets	12,649	17,779
Goodwill	22,649	22,649
	<u>35,298</u>	<u>40,428</u>
Less: Impairment loss	<u>(16,500)</u>	–
	<u><u>18,798</u></u>	<u><u>40,428</u></u>

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

Name	Principal place of business/country of incorporation	Principal activities	% of ownership interests/ voting rights held by the Company	
			2021	2020
Dakin Holding Inc.	Hong Kong/BVI	Provision of financial services in Hong Kong	30%/30%	30%/30%



	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>At 31 March:</b>		
Non-current assets	<b>35,184</b>	25,900
Current assets	<b>33,162</b>	56,698
Non-current liabilities	<b>(8,057)</b>	(3,047)
Current liabilities	<b>(18,125)</b>	(20,289)
	<u>          </u>	<u>          </u>
Net assets	<b>42,164</b>	59,262
	<u>          </u>	<u>          </u>
Group's share of net assets	<b>12,649</b>	17,779
Goodwill	<b>22,649</b>	22,649
Less: Impairment loss	<b>(16,500)</b>	–
	<u>          </u>	<u>          </u>
Group's share of carrying amount of interests	<b>18,798</b>	40,428
	<u>          </u>	<u>          </u>
<b>Year ended 31 March:</b>		
Revenue	<b>20,489</b>	34,347
	<u>          </u>	<u>          </u>
Loss for the year	<b>(17,100)</b>	(4,400)
	<u>          </u>	<u>          </u>
Total comprehensive loss	<b>(17,100)</b>	(4,400)
	<u>          </u>	<u>          </u>
Dividend received from an associate	–	–
	<u>          </u>	<u>          </u>

#### **Impairment review on investment in an associate**

The management of Dakin Holdings Inc. has prepared a five years profit forecast of Dakin Holdings Inc. The Directors of the Company have engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a professional valuer, to prepare a business valuation on the value of Dakin Holdings Inc., based on the five years profit forecast provided by the management of Dakin Holdings Inc. Based on the result of the valuation, an impairment loss of approximately HK\$16,500,000 was recorded for the year ended 31 March 2021 (2020: no impairment on the Group's investment in an associate has been recognized).

### 13. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables ( <i>Note a</i> )	83,414	89,562
Loan receivable ( <i>Note b</i> )	18,000	18,012
Prepayments, deposits and other receivables ( <i>Note c</i> )	87,996	26,667
	<u>189,410</u>	<u>134,241</u>
Less: Prepayments-non-current ( <i>Note c</i> )	<u>(39,867)</u>	–
Amounts shown as current assets	<u><u>149,543</u></u>	<u><u>134,241</u></u>

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
1 to 30 days	36,917	37,430
31 to 60 days	19,378	24,049
61 to 90 days	9,545	9,107
Over 90 days	17,574	18,976
	<u><u>83,414</u></u>	<u><u>89,562</u></u>

As of 31 March 2021, trade receivables of approximately HK\$83,414,000 (2020: HK\$89,562,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

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

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

	Pass due within 30 days	Over 30 days past due	Over 60 days past due	Over 90 days past due	Total
<b>At 31 March 2021</b>					
Expected loss rate	0%	0%	0%	0%	
Receivables amount (HK\$'000)	36,917	19,378	9,545	17,574	83,414
Loss allowance (HK\$'000)	-	-	-	-	-
<b>At 31 March 2020</b>					
Expected loss rate	0%	0%	0%	0%	
Receivables amount (HK\$'000)	37,430	24,049	9,107	18,976	89,562
Loss allowance (HK\$'000)	-	-	-	-	-

Included in trade receivables were amounts of approximately HK\$947,000 and HK\$460,000 due from related parties as at 31 March 2021 and 31 March 2020 respectively.

Trade receivables aged over 90 days as at 31 March 2021 and 2020 was mainly attributable the trade receivables from the PRC property management business, which the Group acquired on 29 March 2019. These trade receivables were mainly due from sole owners of properties which the had no history of default.

In respect of the nature of the customers of the Group, the customers of the Group in property and management related services are mainly owners' corporation, owners' committee and sole owners of properties concerned. The Directors are of the view that it is unlikely that payment of accounts receivable will be defaulted for property management and related services rendered. In addition, the Group can always take necessary legal actions to recover any amount not settled by any of these customers. In respect of customers on the money lending business, sufficient security collateral are obtained to ensure full recovery of loan amount in event of default payments. In respect of rental services, normally two months rental deposits were received and therefore the risk of default payment is low. During the year, the Group has no history of any default payment or bad debts in respect of its business income. With reference to the above justifications, therefore the Group considered the expected loss rate is nil for the years ended 31 March 2021 and 2020.

*Note b:* The money lenders license was granted on 15 June 2017 and renewed annually. The Group's latest money lenders license is valid until 15 June 2021. The Group is in the process of renewing the money lenders license. Loans were granted to independent third parties.

The aging analysis of loan receivable, based on grant date are due within 90 days.

The loan receivable of HK\$18,000,000 and HK\$18,012,000 as at 31 March 2021 and 31 March 2020 bears interest at 5% per annum is secured by a second mortgage on a private residential property in Hong Kong as at 31 March 2021 and 2020. The maturity date of the loan receivable of HK\$18,000,000 was 26 March 2021, and was subsequently renewed on 29 June 2021 at an interest rate of 10% per annum. The renewed loan will be matured on 26 March 2022.

For loan receivable, management has taken into accounts the credit assessment on the borrower and the pledged property and considered the expected credit loss rate is nil.

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Prepayments	48,894	7,280
Deposits	2,292	2,538
Other receivables (note i)	<u>36,810</u>	<u>16,849</u>
	<b>87,996</b>	26,667
Less: Prepayments-non-current (note ii)	<u>(39,867)</u>	<u>–</u>
Amounts shown as current assets	<u><b>48,129</b></u>	<u>26,667</u>

Notes:

- (i) Other receivables mainly included amounts paid on behalf of incorporated owners of buildings for property management and government subsidies receivables.
- (ii) Prepayments of approximately HK\$39,867,000 (equivalent to approximately RMB33,600,000) classified as non-current assets represented 80% deposit for acquisition of a property in the PRC (Note 20(a)).

#### 14. TRADE AND OTHER PAYABLES

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	2,542	2,678
Building management deposits received	5,020	5,159
Accruals and other payables	<u>72,597</u>	<u>61,516</u>
	<u><b>80,159</b></u>	<u>69,353</u>

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
1 to 30 days	1,297	1,316
31 to 60 days	1,236	1,362
61 to 90 days	<u>9</u>	<u>–</u>
	<u><b>2,542</b></u>	<u>2,678</u>

Details of the accruals and other payables are as follows:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accrued staff cost and staff benefits	<b>33,569</b>	34,303
Accrued expenses	<b>15,804</b>	3,186
Other payables ( <i>note</i> )	<b>23,224</b>	24,027
	<u><b>72,597</b></u>	<u>61,516</u>

*Note:* Included in other payable were amount of approximately HK\$52,000 and approximately HK\$48,000 due to related parties as at 31 March 2021 and 31 March 2020 respectively.

## 15. SHARE CAPITAL

<b>Ordinary shares of HK\$0.01 each</b>	<b>Number of shares</b>	<b>HK\$'000</b>
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
At 1 April 2019, 31 March 2020 and 31 March 2021	<u>5,000,000,000</u>	<u>50,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each		
At 1 April 2019, 31 March 2020 and 31 March 2021	<u>1,026,351,515</u>	<u>10,264</u>

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

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

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

## 16. DIVIDEND

No dividend was paid or proposed for the year ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period and up to the date of this report.(2020: Nil).

## 17. RELATED PARTY TRANSACTIONS

### (a) Related party transactions

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Rental paid to related companies		
– Kong Shum Union (China) Limited (“KSU China”)	–	12
Lease with KSU China:		
– Repayment of lease liabilities	–	16
– Depreciation on right-of-use assets	–	16
Property management service fee received from related companies		
– 恒生地產淄博桓台有限公司	–	376
– 恒生地產有限公司	879	959
Compensation paid to directors of the Company	<u>4,101</u>	<u>5,118</u>

Mr. Ho Ying Choi, a director of the Company and Mr. Ho Ying Cheung, a director of Kong Shum Union Property Management Company Limited, have control over the related company, KSU China.

At 31 March 2021 and 2020, Mr. Ho Ying Choi and Mr. Ho Ying Cheung had provided joint and several unlimited personal guarantees in favour of banking facilities granted to certain subsidiaries within the Group.

恒生地產淄博桓台有限公司 and 恒生地產有限公司 are companies incorporated in the PRC and indirectly wholly-owned by Mr. Huang Liming (“Mr. Huang”), the chairman of the board of director of the Company, an executive director and a controlling shareholder of the Company. During the year ended 31 March 2020, the Company and 恒生地產有限公司 entered into a property management framework agreement (the “Framework Agreement”). The property management service fee received from 恒生地產有限公司 during the year were under this Framework Agreement.

### (b) Key management personnel remuneration

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fees, salaries, allowances and other benefits	4,056	5,064
Retirement benefit scheme and contributions	<u>45</u>	<u>54</u>
	<u>4,101</u>	<u>5,118</u>

## 18. CONTINGENT LIABILITIES

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

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

As at 31 March 2021, the amount of outstanding performance bond was approximately HK\$15.7 million (2020: HK\$10.8 million).

As at 31 March 2021, the aggregate amount of the bank balances in the client accounts not dealt with in the consolidated financial statements of the Group is approximately HK\$46.8 million (2020: HK\$47.2 million).

### (b) Legal cases

In carrying out the ordinary course of business, the Group is subject to the risk of being named as defendant in legal actions, claims and disputes in connection with its business activities. The nature of the legal proceedings initiated against the Group generally include (i) claims for employees' compensation by the Group's employees; (ii) claims for personal injury caused by the negligence of the Group and owners' corporations of the properties by passersby, residents or other users of the respective properties; (iii) claims for property damage or economic loss caused by the negligence of the Group and owners' corporations of the properties by residents or other users of the respective properties; and (iv) claims for property damage caused by the negligence of individual flat owners by other residents or users of the respective properties. The Group maintains insurance cover and, in the opinion of the directors of the Company, based on current evidence, any such existing claims have no material financial impact to the Group as at 31 March 2021.

## 19. CAPITAL COMMITMENTS

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

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Property, plant and equipment		
– Contracted but not provided for	<b><u>15,093</u></b>	<u>5,726</u>

## 20. EVENTS AFTER REPORTING PERIOD

Saved as disclosed elsewhere in this results announcement, the Group has the following events after reporting period:

### (a) Acquisition of property

On 28 December 2020 (after trading hours), 時時網絡技術有限公司, a subsidiary of the Company, entered into a property sale agreement with Mr. Huang, pursuant to which Mr. Huang has conditionally agreed to sell and Shishi Network has conditionally agreed to acquire a property at a consideration of RMB42 million.

The property consists of five office units 222105 to 222109 on level 18 in Block 6 (Unit 2) on No.1 Futong East Street, Chaoyang District, Beijing, the PRC. The property will serve the purposes of the Company as a headquarter office in the PRC and an experience centre for the living service platform of the Group (the “Shi Shi Living Service Centre”) for conference with potential clients and demonstration of its concept on property management in the PRC.

The acquisition was approved by the Company’s shareholders in the extraordinary general meeting held on 29 January 2021. On 4 June 2021, the Company announced that the title of the property has been transferred to 時時網絡技術有限公司.

### (b) Provision of loan

On 25 February 2021, Lucky Stone Finance Limited, a wholly-owned subsidiary of the Company, entered into a loan agreement with Mr. Ho Ying Choi, an executive Director of the Company, pursuant to which Lucky Stone Finance Limited has conditionally agreed to provide the Loan in the principal amount of HK\$24 million to Mr. Ho, as borrower, for a period of two years commencing from the date of drawdown of the Loan at an interest rate of 10% per annum.

The loan agreement was approved by the Company’s shareholders in the extraordinary general meeting held on 16 April 2021 and the HK\$24 million loan has been drawn by Mr. Ho Ying Choi on 21 April 2021.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group is principally engaged in the provision of property management services primarily targeting residential properties, properties investment and money lending business. The Group operates under the brand name of “Kong Shum” in Hong Kong and provides a range of management services in Hong Kong and the PRC including security, repair and maintenance, cleaning, financial management, administrative and legal support. Under an established functional structure with various departments, the Group has dedicated teams to carry out the aforementioned management services. The Group also employs a team of security staff to provide security services as part of the services provided under property management contracts or under stand-alone security services contracts. For the year ended 31 March 2021, 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\$0.9 million for the year ended 31 March 2021 (2020: HK\$0.9 million). As at 31 March 2021, the Company has loan receivable with a carrying amount of approximately HK\$18 million (31 March 2020: HK\$18 million).

The maturity date of the loan receivable of HK\$18,000,000 was 26 March 2021, and was subsequently renewed on 29 June 2021 for another twelve months period at an interest rate of 10% per annum. The renewed loan will be matured on 26 March 2022.

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

*Note:*

(i) Details of the above are set out in the Company’s announcements dated 29 June 2021.

For the properties investment business, the Group recorded rental income from an investment property of approximately HK\$1.2 million for the year ended 31 March 2021 (2020: HK\$1.5 million).

## FINANCIAL REVIEW

### Summary Financial Performance

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	Change
<b>Revenue</b>	<b>511,116</b>	487,395	4.9%
Cost of services	<b>(402,478)</b>	(376,495)	6.9%
Gross Profit	<b>108,638</b>	110,900	-2.0%
<b>Gross profit margin</b>	<b>21.3%</b>	22.8%	n/a
Interest revenue	<b>1,006</b>	568	77.1%
Other income/(loss)	<b>20,519</b>	(1,100)	-1,965.5%
Share of loss of an associate	<b>(5,130)</b>	(1,320)	288.6%
Administrative expenses	<b>(62,287)</b>	(54,358)	14.6%
Other operating expenses	<b>(22,377)</b>	(19,040)	17.5%
Impairment of Investment in an associate	<b>(16,500)</b>	–	100%
Listing expenses	<b>(2,893)</b>	(11,367)	n/a
Finance costs	<b>(581)</b>	(1,018)	-42.9%
Profit before tax	<b>20,395</b>	23,265	-12.3%
Income tax expense	<b>(4,541)</b>	(9,065)	-49.9%
<b>Profit attributable to owners of the Company</b>	<b>15,856</b>	14,174	11.9%
<b>Net profit margin</b>	<b>3.1%</b>	2.9%	n/a

## REVENUE

For the year ended 31 March 2021, the Group's revenue was derived from its operations in Hong Kong and the PRC of approximately HK\$471.6 million (2020: HK\$439.5 million) and HK\$39.5 million (2020: HK\$47.9 million), respectively.

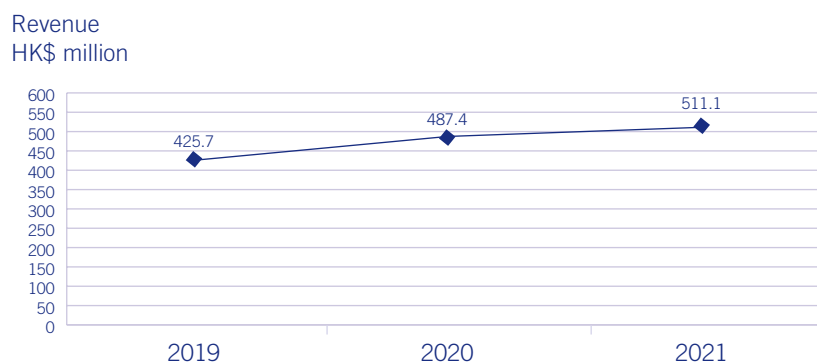
The Group derived revenue of approximately HK\$32.7 million and HK\$32.6 million respectively from stand-alone security services contracts for the year ended 31 March 2020 and 2021 respectively, representing approximately 6.7% and 6.4% of its total revenue.

The following table sets out the Group's revenue by contract type for the years ended 31 March 2021 and 2020 respectively:

	2021		2020	
	<i>HK\$ million</i>	<i>Percentage</i>	<i>HK\$ million</i>	<i>Percentage</i>
Property management services contracts	<b>471.4</b>	<b>92.2%</b>	438.7	90.0%
Stand-alone security services contracts	<b>32.6</b>	<b>6.4%</b>	32.7	6.7%
Property management consultancy services contract	<b>5.0</b>	<b>1.0%</b>	13.6	2.8%
Rental services contracts	<b>1.2</b>	<b>0.2%</b>	1.5	0.3%
Money lending services	<b>0.9</b>	<b>0.2%</b>	0.9	0.2%
	<b><u>511.1</u></b>	<b><u>100.0%</u></b>	<b><u>487.4</u></b>	<b><u>100%</u></b>

The Group's revenue improved by approximately 4.9% from approximately HK\$487.4 million for the year ended 31 March 2020 to approximately HK\$511.1 million for the year ended 31 March 2021. The increase was primarily attributable to the growth of its property management service in Hong Kong for the year ended 31 March 2021. During the year, the number of management service contracts obtained by Hong Kong decreased by 2 from 444 during the year ended 31 March 2020 to 442 for the year ended 31 March 2021. Revenue generated from property management services contracts recorded an increase of approximately 2.2% to approximately HK\$471.4 million for the year ended 31 March 2021.

The following graph sets out the revenue for the years ended 31 March 2019, 2020, 2021.



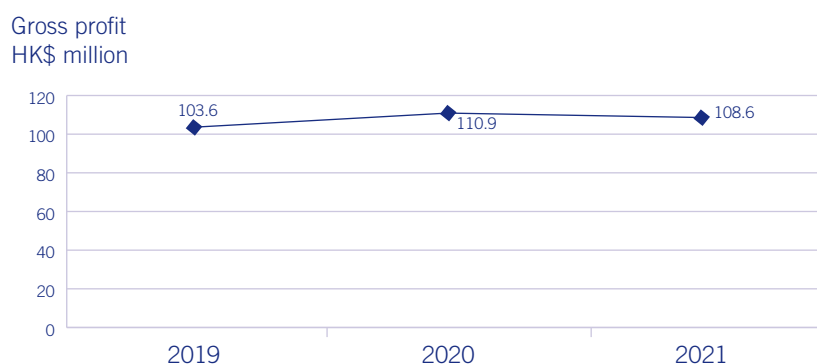
## COST OF SERVICES

The total cost of services amounted to approximately HK\$376.5 million and HK\$402.5 million for the years ended 31 March 2020 and 2021 respectively, representing approximately 77.2% and 78.7% respectively of the Group's revenue. Increase in the cost of services during the year of approximately 6.9% was mainly due to the increase in the wages of the front line staff of the Group.

## GROSS PROFIT

The gross profit of the Group decreased by approximately 2.0% from approximately HK\$110.9 million for the year ended 31 March 2020 to approximately HK\$108.6 million for the year ended 31 March 2021. The gross profit margin was approximately 22.8% and 21.3% for the year ended 31 March 2020 and 2021 respectively.

The following graph sets out the gross profit for the years ended 31 March 2019, 2020 and 2021.



## **PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**

The profit attributable to owners of the Company was increased by approximately 12.0% from approximately HK\$14.2 million for the year ended 31 March 2020 to approximately HK\$15.9 million for the year ended 31 March 2021. The net profit margin increased by approximately 0.2% from approximately from 2.9% to 3.1% for the years ended 31 March 2020 and 2021 respectively.

Increase in profit was mainly due to:

- (i) Increase in the other income arising from the net government subsidies of approximately HK\$19.9 million for the year ended 31 March 2021 regarding the Employment Support Scheme under the Government's Anti-epidemic Fund (2020: Nil);
- (ii) Decrease in the listing expenses arising from the proposed transfer of listing from GEM to the Main Board of the Stock Exchange of Hong Kong Limited from approximately HK\$11.4 million to approximately HK\$2.3 million for the year ended 31 March 2021; and partly offset by
- (iii) Increase in the share of loss of an associate, namely Dakin Holdings Inc. from approximately HK\$1.3 million to approximately HK\$5.1 million for the year ended 31 March 2021;
- (iv) Decrease in revenue arising from its property management services in the PRC from approximately HK\$47.9 million to approximately HK\$39.5 million; and
- (v) Impairment of investment in an associate, namely Dakin Holdings Inc. for the amount of approximately HK\$16.5 million for the year ended 31 March 2021.

## **ADMINISTRATIVE EXPENSES**

The Group's administrative expenses for the year ended 31 March 2021 were approximately HK\$62.3 million (2020: HK\$54.4 million), representing an increase of approximately 14.5% as compared to the corresponding year in 2020 as a result of increase in staff salaries and bonus incurred for the year ended 31 March 2021.

## OTHER OPERATING EXPENSES

The Group's other operating expenses for the year ended 31 March 2021 were approximately HK\$22.4 million (2020: HK\$19.0 million), representing an increase of approximately 17.5% as compared to the corresponding period in 2020 as a result of increase in depreciation of property, plant and equipment during the year.

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

	For the years ended	
	31 March	
	2021	2020
	HK\$'000	HK\$'000
Auditors' remuneration	750	742
Consultancy fee	994	967
Depreciation and amortisation	6,324	3,318
Exchange difference	139	80
Insurance fee	4,763	3,610
Legal and professional fee	2,973	3,251
Office expenses	2,221	2,231
Others	600	682
Registration, licence and subscription fee	153	158
Travelling and entertainment expenses	3,460	4,001
	<u>22,377</u>	<u>19,040</u>

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	<b>For the year ended/ as at 31 March</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Financial position</b>		
Current assets	<b>257,578</b>	277,292
Current liabilities	<b>94,495</b>	92,374
Net current assets	<b>163,083</b>	184,918
Total assets	<b>422,644</b>	393,590
Bank borrowings and lease liabilities	<b>18,676</b>	18,162
Bank balances and cash	<b>105,328</b>	141,422
Total equity	<b>318,971</b>	298,822
<b>Key ratios</b>		
Return on equity (1)	<b>5.1%</b>	4.8%
Return on assets (2)	<b>3.9%</b>	3.7%
Current ratio (3)	<b>2.73 times</b>	3.00 times
Gearing ratio (4)	<b>5.9%</b>	6.1%
Net Debt to equity ratio (5)	<b>0%</b>	0%
Debtors turnover day (6)	<b>61.8 days</b>	61.1 days
Creditors turnover day (7)	<b>40.2 days</b>	43.6 days

### Notes:

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

The Group maintained sufficient working capital as at 31 March 2021 with bank balances and cash of approximately HK\$105.3 million (2020: HK\$141.4 million).

As at 31 March 2021, the Group had bank borrowings and lease liabilities approximately HK\$18.7 million (2020: HK\$18.2 million).

As at 31 March 2021, the Group's net current assets amounted to approximately HK\$163.1 million (2020: HK\$184.9 million). The Group's operations are financed principally by revenue generated from its business operations, available cash and bank balances.

### **RETURN ON EQUITY**

The return on equity increased from approximately 4.8% for the year ended 31 March 2020 to approximately 5.1% for the year ended 31 March 2021, mainly due to the increase in profit for the year.

### **RETURN ON ASSETS**

The return on assets was increased from approximately 3.7% for the year ended 31 March 2020 to approximately 3.9% for the year ended 31 March 2021, mainly due to the increase in profit for the year.

### **CURRENT RATIO**

The Group's current ratio slightly decrease from approximately 3.00 times as at 31 March 2020 to approximately 2.73 times as at 31 March 2021.

### **GEARING RATIO**

The Group's gearing ratio, defined as the total debt (i.e. bank borrowings and lease liabilities) divided by total equity, as at 31 March 2021 is approximately 5.9% (2020: 6.1%).

### **NET DEBT TO EQUITY RATIO**

The Group's net debt to equity ratio was 0% as at 31 March 2020 and 31 March 2021 which indicates that the Group's has sufficient cash and bank balances for debts repayment.

### **DEBTORS' TURNOVER DAY**

The debtors' turnover day increased from approximately 61.1 days for the year ended 31 March 2020 to approximately 61.8 days for the year ended 31 March 2021 due to increased collecting time on trade debtors.



## **CREDITORS' TURNOVER DAY**

The creditors' turnover day decreased by 3.6 day from approximately 43.6 days for the year ended 31 March 2020 to approximately 40.2 days for the year ended 31 March 2021. The decrease was due to the early settlement of some creditors.

## **DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

## **DIVIDEND POLICY**

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

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

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

## **OPERATION REVIEW**

### **Outlook**

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

During the year, the Group has recorded revenue of approximately HK\$511.1 million (2020: HK\$485.0 million) from its property management services in Hong Kong and the PRC. Looking forward, the provision of property management services in Hong Kong and the PRC will continue to be the core business of the Group while the management will continue to

explore other investment opportunities in order to increase the Group's income source and will therefore be in the interest of the Company and the shareholders of the Company as a whole.

### **Human Resources**

As at 31 March 2021, the Group had a total of 1,857 employees (2020: 1,752 employees). The Group's staff costs for year ended 31 March 2021 amounted to approximately HK\$409.6 million (2020: HK\$380.7 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 year ended 31 March 2021, 12 property management contracts were awarded to the Group in Hong Kong.

For the year ended 31 March 2021, there were in total 442 service contracts (covering around 75,372 households) comprising 415 property management service contracts, 13 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 442 contracts in force as at 31 March 2021, 214 service contracts are not in strict compliance with the said contract renewal requirements, hence, termination notices were served on clients involving in these contracts. All of the remaining 228 valid contracts as at 31 March 2021 are in compliance with the said procedural requirements or not applicable under the Building Management Ordinance. Senior management adopts a tight control system to monitor the full compliance of the procedural requirements. All newly signed contracts during the year ended 31 March 2021 included the mandatory term requiring the client to follow the said procedural requirements, if applicable.

### **Client Accounts**

As at 31 March 2021, the Group held 68 (31 March 2020: 68) client accounts amounting to approximately HK\$46.8 million (31 March 2020: HK\$47.2 million) on trust for and on behalf of customers. These client accounts are opened in the names of the Group and the relevant properties. The management fees received from the tenants or owners of the properties were deposited into these client accounts and the expenditure of these customers was paid from these client accounts.

## **Performance Bond**

As at 31 March 2021, a bank and an insurance company issued 10 (31 March 2020: 7) bond certificates amounting to approximately HK\$15.7 million (31 March 2020: HK\$10.8 million) on behalf of the Group to the clients as required in the service contracts.

## **Capital Expenditure**

The Group purchased property, plant and equipment amounting to approximately HK\$29.5 million (approximately HK\$24.3 million for direct additions and approximately HK\$5.2 million for construction in progress) for the year ended 31 March 2021 (2020: HK\$13.1 million).

## **Capital Commitments**

Details of capital commitments of the Group are set out in note 19 to this results announcement.

## **Contingent Liabilities**

Details of contingent liabilities of the Group are set out in note 18 to this results announcement.

## **Foreign Currency Risk**

The Group has certain exposure to foreign currency risk as the Group's deposits placed for life insurance policies are denominated in United States dollar ("US\$").

The Group considers the risk exposure to foreign currency fluctuation is limited as long as the HK\$ remains pegged to the US\$.

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

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

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

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

The Property will serve the purposes of the Company as a headquarter office in the PRC and the Shi Shi Living Service Centre for conference with potential clients and demonstration of its concept on property management in the PRC aided by information and technology with a view to reduce labour costs and optimize efficiency.

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

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

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

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

The Acquisition was approved at the extraordinary general meeting of the Company held on 29 January 2021 and completed on 4 June 2021.

Details of this transaction are disclosed in the Company’s announcements dated 28 December 2020, 14 January 2021, 29 January 2021 and 4 June 2021.

## Major Shareholders

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

As at 31 March 2021, Heng Sheng Capital Limited owns an aggregate of 626,071,950 shares of the Company, representing 61% of the issued share capital of the Company.

## Charges over Assets of the Group

As at 31 March 2021, certain bank deposits of approximately HK\$0.6 million (2020: HK\$1.7 million) and the deposits placed for life insurance policies of approximately HK\$9.0 million (2020: HK\$8.8 million) were pledged to a bank to secure banking facilities granted to the Group. In addition, the Group's leasehold land and building and investment property with carrying value of approximately HK\$8,285,000 and HK\$30,300,000 respectively were pledged to secured bank facilities granted to the Group. Besides, the Group had certain motor vehicles acquired under lease liabilities. Carrying values of the right-of-use assets (motor vehicles) amounted to approximately HK\$0.1 million and HK\$0.1 million were under lease liabilities as at 31 March 2021 and 31 March 2020 respectively.

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

## Use of Proceeds from the Listing

The actual net proceeds from the issue of new shares of the Company under the Placing as set out in the Prospectus were approximately HK\$17.5 million, which was different from the estimated net proceeds of approximately HK\$24.4 million (estimated on the assumption that the placing price would be the mid-point of the stated range as stated in the Prospectus). For the period from 20 September 2013 until 31 March 2021, the Group has applied the net proceeds as follows:

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

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

## Fund raising activity

The company was no fund raising activities during the year ended 31 March 2021 and fund raising activities in the prior years, as detailed below:

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

## RISKS RELATING TO THE GROUP AND ITS BUSINESS

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

## **Events after the Reporting Period**

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

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

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

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

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

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

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

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

The Loan was approved at the extraordinary general meeting (the “EGM”) of the Company held on 16 April 2021.

The Loan has been drawn down 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.

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

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

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

### **CORPORATE GOVERNANCE PRACTICES**

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

The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules. The principles adopted by the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders of the Company. The Company engaged a third-party professional firm to conduct an internal control review for the year ended 31 March 2021.

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

During the year ended 31 March 2021, the Company has complied with all CG Code except for the following deviation:

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

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



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

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

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 March 2021.

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

As at date of this annual report, 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**

<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>
Huang Liming ( <i>note 1</i> )	Interest in controlled corporation	626,071,950 (L) ( <i>note 2</i> )	61.00%

*Notes:*

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

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

## **ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES**

At no time during the year ended 31 March 2021 was the Company, its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

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

As at date of this annual report, 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> )	61.00%
Li Mengya ( <i>note 1</i> )	Interest of Spouse	626,071,950 (L) ( <i>note 2</i> )	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 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.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the year ended 31 March 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **SHARE OPTION SCHEME**

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

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

For the year ended 31 March 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

## **CONNECTED TRANSACTION**

So far as the Directors and chief executive are aware, no non-exempt connected transactions or continuing connected transactions were entered into by the Group during the year ended 31 March 2021.

A summary of the related party transactions entered into by the Group during the year ended 31 March 2020 and 31 March 2021 respectively is contained in note 17 to this results announcement. The related party transactions disclosed in note 17 to this results announcement are connected transactions or continuing connected transactions that were fully exempt from reporting, announcement, independent shareholders' approval and/or annual review pursuant to the GEM Listing Rules. The Company has complied with the applicable disclosure requirements under Chapter 20 of the GEM Listing Rules in respect of such connected transactions.

## MAJOR CUSTOMERS AND SUPPLIERS

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

	<b>Revenue</b> <i>HK\$</i>	<b>Purchases and cleaning subcontracting</b> <i>HK\$</i>
The largest customer	16,903,207	N/A
Five largest customers in aggregate	65,896,136	N/A
The largest supplier	N/A	7,655,077
Five largest suppliers in aggregate	N/A	19,818,244

For the year ended 31 March 2021, the aggregate percentage of purchase attributable to the Group's five largest suppliers is approximately 40.6% of the total purchases of the Group and the largest supplier included therein amounted to approximately 15.7%.

For the year ended 31 March 2021, the aggregate percentage of sales attributable to the Group's five largest customers is approximately 12.9% of the total sales of the Group and the largest customer included therein amounted to approximately 3.3%.

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

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part the business of the Company were entered into or existed during the year ended 31 March 2021.

## COMPETING BUSINESS

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

## **AUDIT COMMITTEE**

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

The Audit Committee held 4 meetings during the year ended 31 March 2021 and reviewed the Company’s audited annual results for the year ended 31 March 2021 and the unaudited quarterly and interim results during the year ended 31 March 2021.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors for the year ended 31 March 2021. The Audit Committee has reviewed the audited financial statements of the Group for the year and recommended approval to the Board.

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

Pursuant to Article 58 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting (“EGM”). EGM shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

## **PROCEDURES FOR DIRECTING SHAREHOLDERS’ ENQUIRIES TO THE BOARD**

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

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The financial figures in respect of the announcement of the Group's results for the year ended 31 March 2021 have been compared by the Company's auditor, ZHONGHUI ANDA CPA LIMITED ("ZHONGHUI"), to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2021 and the amounts were found to be in agreement. The work performed by ZHONGHUI in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

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

Hong Kong, 29 June 2021

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

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

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