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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 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.

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 2021, together with the unaudited comparative figures for the corresponding period in 2020 are set out as follows:

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

	<i>Notes</i>	Three months ended		Nine months ended	
		31 December		31 December	
		2021	2020	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	3	133,839	130,721	392,156	384,842
Cost of services		(109,501)	(105,094)	(316,905)	(307,070)
Gross profit		24,338	25,627	75,251	77,772
Interest revenue	4	104	296	330	868
Other income and expenses, net	5	306	(869)	366	16,248
Share of loss of an associate		(1,367)	(1,696)	(3,961)	(3,087)
Administrative expenses		(15,182)	(15,880)	(46,289)	(45,104)
Other operating expenses		(6,218)	(7,084)	(20,033)	(16,849)
Listing expenses		(245)	(320)	(941)	(2,110)
Finance costs	7	(152)	(153)	(507)	(378)
Profit /(loss) before tax		1,584	(79)	4,216	27,360
Income tax expense	9	(693)	(366)	(2,329)	(3,373)
Profit /(loss) for the period	8	891	(445)	1,887	23,987
Other comprehensive income, net of tax					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operation		1,158	2,750	2,493	5,444
Total comprehensive income for the period		2,049	2,305	4,380	29,431

	<i>Note</i>	Three months ended		Nine months ended	
		31 December		31 December	
		2021	2020	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit /(loss) for the period attributable to:					
Owners of the Company		891	(381)	1,887	24,031
Non-controlling interests		–	(64)	–	(44)
		<u>891</u>	<u>(445)</u>	<u>1,887</u>	<u>23,987</u>
Total comprehensive income for the period attributable to:					
Owners of the Company		2,049	2,271	4,380	29,361
Non-controlling interests		–	34	–	70
		<u>2,049</u>	<u>2,305</u>	<u>4,380</u>	<u>29,431</u>
Earnings/(loss) per share					
Basic (<i>HK Cent</i>)	<i>10</i>	<u>0.08</u>	<u>(0.04)</u>	<u>0.18</u>	<u>2.34</u>
Diluted (<i>HK Cent</i>)	<i>10</i>	<u>0.08</u>	<u>(0.04)</u>	<u>0.18</u>	<u>2.34</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Merger reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 April 2020 (audited)	10,264	179,975	4,750	(3,749)	106,721	297,961	861	298,822
Total comprehensive income for the period (unaudited)	-	-	-	5,330	24,031	29,361	70	29,431
Changes in equity for the period (unaudited)	-	-	-	5,330	24,031	29,361	70	29,431
At 31 December 2020 (unaudited)	<u>10,264</u>	<u>179,975</u>	<u>4,750</u>	<u>1,581</u>	<u>130,752</u>	<u>327,322</u>	<u>931</u>	<u>328,253</u>
At 1 April 2021 (audited)	10,264	179,975	4,750	1,405	122,577	318,971	-	318,971
Total comprehensive income for the period (unaudited)	-	-	-	2,493	1,887	4,380	-	4,380
Changes in equity for the period (unaudited)	-	-	-	2,493	1,887	4,380	-	4,380
At 31 December 2021 (unaudited)	<u>10,264</u>	<u>179,975</u>	<u>4,750</u>	<u>3,898</u>	<u>124,464</u>	<u>323,351</u>	<u>-</u>	<u>323,351</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

2. 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 2021 (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.

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

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

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

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

3. REVENUE

The Group is principally engaged in the provision of property management and related services, properties investment and money lending business during the nine months ended 31 December 2021. An analysis of the Group's revenue recognised during the periods is as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Provision of property management and related services	<u>132,421</u>	<u>130,160</u>	<u>388,033</u>	<u>383,172</u>
Revenue from contracts with customers	132,421	130,160	388,033	383,172
Rental income from an investment property	<u>360</u>	<u>334</u>	<u>1,074</u>	<u>992</u>
Loan interest income from money lending	<u>1,058</u>	<u>227</u>	<u>3,049</u>	<u>678</u>
Total revenue	<u>133,839</u>	<u>130,721</u>	<u>392,156</u>	<u>384,842</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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Geographical markets:				
Hong Kong	<u>122,292</u>	<u>118,672</u>	<u>359,970</u>	<u>350,196</u>
The People's Republic of China (the "PRC")	<u>10,129</u>	<u>11,488</u>	<u>28,063</u>	<u>32,976</u>
Total	<u>132,421</u>	<u>130,160</u>	<u>388,033</u>	<u>383,172</u>

Major services:

Property management services	<u>124,647</u>	<u>121,746</u>	<u>364,376</u>	<u>353,492</u>
Stand-alone security services	<u>7,773</u>	<u>8,349</u>	<u>23,427</u>	<u>24,878</u>
Property management consultancy services	<u>1</u>	<u>65</u>	<u>230</u>	<u>4,802</u>
	<u>132,421</u>	<u>130,160</u>	<u>388,033</u>	<u>383,172</u>

All revenue from contracts with customers are recognised over time.

4. INTEREST REVENUE

	Three months ended 31 December		Nine months ended 31 December	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Bank interest income	29	220	106	640
Interest income from deposits placed for life insurance policies	75	76	224	228
	<u>104</u>	<u>296</u>	<u>330</u>	<u>868</u>

5. OTHER INCOME AND EXPENSES, NET

	Three months ended 31 December		Nine months ended 31 December	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Government subsidies (<i>Note</i>)	–	1,356	–	20,983
Other expenses paid to incorporate owners	–	(2,367)	–	(5,196)
Exchange gain	–	88	–	174
Others	306	54	366	287
	<u>306</u>	<u>(869)</u>	<u>366</u>	<u>16,248</u>

Note: The Group recognised government subsidies of approximately HK\$21.0 million for the nine months ended 31 December 2020 from the Employment Support Scheme launched by the HKSAR Government.

6. SEGMENT INFORMATION

(a) Reportable segments

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

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

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

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

(i) Business segments:

	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>
Nine months ended 31 December 2021	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Reportable segment revenue:				
Revenue from external customers	<u>388,033</u>	<u>1,074</u>	<u>3,049</u>	<u>392,156</u>
Reportable segment profit	<u>10,554</u>	<u>873</u>	<u>2,891</u>	<u>14,318</u>
Depreciation of property, plant and equipment	6,779	6	–	6,785
Depreciation of right-of-use assets	3,238	–	126	3,364
Amortisation of intangible assets	134	–	–	134
Income tax expense	2,192	137	–	2,329
Interest revenue	330	–	–	330
Interest expense	503	–	4	507
Additions to property, plant and equipment	<u>55,605</u>	<u>–</u>	<u>–</u>	<u>55,605</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 2021				
Reportable segment assets	290,837	31,723	47,283	369,843
Reportable segment liabilities	<u>83,836</u>	<u>300</u>	<u>533</u>	<u>84,669</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 2020				
Reportable segment revenue:				
Revenue from external customers	<u>383,172</u>	<u>992</u>	<u>678</u>	<u>384,842</u>
Reportable segment profit	<u>35,694</u>	<u>846</u>	<u>492</u>	<u>37,032</u>
Depreciation of property, plant and equipment	2,702	4	–	2,706
Depreciation of right-of-use assets	2,627	–	142	2,769
Amortisation of intangible assets	1,596	–	–	1,596
Income tax expense	3,158	132	83	3,373
Interest revenue	868	–	–	868
Interest expense	334	–	9	343
Additions to property, plant and equipment	<u>10,556</u>	<u>–</u>	<u>–</u>	<u>10,556</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 2021				
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>

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

	Nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue		
Reportable segment revenue and consolidated revenue	<u>392,156</u>	<u>384,842</u>
Profit or loss		
Reportable segment profits	14,318	37,032
Unallocated other income	30	174
Share of loss of an associate	(3,961)	(3,087)
Unallocated corporate expenses	(6,171)	(6,725)
Unallocated finance cost	–	(34)
	<u>–</u>	<u>(34)</u>
Consolidated profit before tax	<u>4,216</u>	<u>27,360</u>
	At 31 December 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Assets		
Reportable segment assets	369,843	354,946
Unallocated cash and cash equivalents	14,785	36,191
Other unallocated corporate assets	<u>26,466</u>	<u>31,507</u>
Consolidated total assets	<u>411,094</u>	<u>422,644</u>
Liabilities		
Reportable segment liabilities	84,669	102,570
Unallocated corporate liabilities	<u>3,074</u>	<u>1,103</u>
Consolidated total liabilities	<u>87,743</u>	<u>103,673</u>

(b) **Geographical information**

	Revenue	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Nine months ended 31 December		
Hong Kong	364,093	351,866
The PRC	<u>28,063</u>	<u>32,976</u>
	<u>392,156</u>	<u>384,842</u>

7. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Interest expenses on:				
– bank borrowings	16	13	58	92
– lease liabilities	136	140	449	286
	<u>152</u>	<u>153</u>	<u>507</u>	<u>378</u>

8. PROFIT/(LOSS) FOR THE PERIOD

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

	Three months ended 31 December		Nine months ended 31 December	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Staff costs (including directors' remuneration):				
– Salaries, wages and allowances	111,274	103,586	313,505	305,876
– Retirement benefits scheme contributions	3,052	2,788	9,003	7,920
	<u>114,326</u>	<u>106,374</u>	<u>322,508</u>	<u>313,796</u>
Auditors' remuneration	277	311	714	714
Depreciation of property, plant and equipment	2,168	1,769	6,785	2,710
Depreciation of right-of-use assets	1,054	1,200	3,364	3,322
Amortisation of intangible assets	10	540	134	1,596
Expenses related to short-term lease	12	13	37	38

9. INCOME TAX EXPENSE

For the nine months ended 31 December 2020 and 2021, Hong Kong Profits 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% (2020: 25%) unless otherwise specified by the PRC tax authority, 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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax – Hong Kong Profits Tax	<u>729</u>	<u>997</u>	<u>2,914</u>	<u>3,164</u>
Current tax – PRC – Provision for the period	<u>196</u>	<u>(97)</u>	<u>213</u>	<u>1,055</u>
Deferred tax	<u>(232)</u>	<u>(534)</u>	<u>(798)</u>	<u>(846)</u>
	<u>693</u>	<u>366</u>	<u>2,329</u>	<u>3,373</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 profit of approximately HK\$0.89 million and profit of approximately HK\$1.89 million for the three and nine months ended 31 December 2021, respectively, attributable to owners of the Company (three and nine months ended 31 December 2020: loss of HK\$0.4 million and profit of HK\$24.0 million respectively) and the weighted average number of ordinary shares of 1,026,351,515 (three and nine months ended 31 December 2020: 1,026,351,515) 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 2021 and 2020.

11. DIVIDEND

The Directors do not recommend the payment of any dividend for the three and nine months ended 31 December 2021 (2020: 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 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\$3.0 million (2020: HK\$0.7 million). As at 31 December 2021, the Company has loan receivables with a carrying amount of approximately HK\$42 million (31 March 2021: HK\$18 million).

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

Notes:

- (i) Details of the above are set out in the Company’s announcements dated 5 May 2020, 8 May 2020 and 29 June 2021. The borrower has settled the principal and accrued interest of approximately HK\$19 million on 31 January 2022.
- (ii) Details of the above are set out in the Company’s announcements dated 25 February 2021, 12 March 2021, 26 March 2021 and 16 April 2021.

For the properties investment business, the Group recorded rental approximately HK\$1.1 million for the nine months ended 31 December 2021 (2020: HK\$1.0 million).

REVENUE

For the nine months ended 31 December 2021, the Group's revenue was derived from its operations in Hong Kong and the PRC of approximately HK\$364.1 million (2020: HK\$351.9 million) and HK\$28.1 million (2020: HK\$33.0 million), respectively.

The Group derived revenue of approximately HK\$23.4 million and HK\$24.9 million respectively from stand-alone security services contracts for the nine months ended 31 December 2021 and 2020 respectively, representing approximately 6.0% and 6.5% of its total revenue.

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

	Nine months ended 31 December			
	2021		2020	
	<i>HK\$ million</i>	<i>Percentage</i>	<i>HK\$ million</i>	<i>Percentage</i>
Property management services contracts	364.5	92.8%	353.4	91.8%
Stand-alone security services contracts	23.4	6.0%	24.9	6.5%
Property management consultancy services contract	0.2	0.1%	4.8	1.2%
Rental services contracts	1.1	0.3%	1.0	0.3%
Money lending services	3.0	0.8%	0.7	0.2%
	392.2	100%	384.8	100%

The Group's revenue improved by approximately 1.9% from approximately HK\$384.8 million for the nine months ended 31 December 2020 to approximately HK\$392.2 million for the nine months ended 31 December 2021. The increase was primarily attributable to the growth of its property management service in the Hong Kong for the nine months ended 31 December 2021. During the period, the number of Hong Kong management service contracts obtained by the Group had been slightly increased by 8 from 445 during the six months ended 30 September 2021 to 453 for the nine months ended 31 December 2021. Revenue generated from property management services contracts recorded an increase of approximately 3.1% to approximately HK\$364.5 million for the nine months ended 31 December 2021.

GROSS PROFIT

The gross profit of the Group decreased by approximately 3.2% from approximately HK\$77.8 million for the nine months ended 31 December 2020 to approximately HK\$75.3 million for the nine months ended 31 December 2021. The gross profit margin was approximately 19.2% and 20.2% for the nine months ended 31 December 2021 and 2020 respectively.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company decreased by approximately 92.1% from approximately HK\$24.0 million for the nine months ended 31 December 2020 to approximately HK\$1.9 million for the nine months ended 31 December 2021. The net profit margin decreased by approximately 5.7% from approximately 6.2% to 0.5% for the nine months ended 31 December 2020 and 2021 respectively.

The Group has recorded a profit of approximately HK\$1.9 million for the nine months ended 31 December 2021 as compared to the profit of approximately HK\$24.0 million for the nine months ended 31 December 2020. The significant decrease was mainly due to:

- (i) No other income arising from government subsidies for the nine months ended 31 December 2021 under the Employment Support Scheme under Government's Anti-epidemic Fund (2020: HK\$21.0 million); and
- (ii) Increase in the share of loss of an associate, namely Dakin Holding Inc. from approximately HK\$3.1 million to approximately HK\$4.0 million for the period ended 31 December 2021.

OTHER OPERATING EXPENSES

The Group's other operating expenses for the nine months ended 31 December 2021 were approximately HK\$20.0 million (2020: HK\$16.8 million), representing an increase of approximately 18.9% as compared to the corresponding period in 2020.

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

	Nine months ended	
	31 December	
	2021	2020
	HK\$'000	HK\$'000
Auditors' remuneration	714	714
Consultancy fee	614	781
Depreciation and amortisation	6,919	4,306
Exchange difference	(74)	145
Insurance fee	3,685	3,555
Legal and professional fee	2,341	1,863
Office expenses	1,504	1,638
Others	1,228	471
Registration, licence and subscription fee	121	125
Travelling and entertainment expenses	2,981	3,251
	<u>20,033</u>	<u>16,849</u>

OPERATION REVIEW

Outlook

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

During the nine months ended 31 December 2021, the Group has recorded revenue of approximately HK\$388.0 million (2020: HK\$383.1 million) from its property management serviced in Hong Kong and the PRC. Looking forward, the provision of property management and related services in Hong Kong and the PRC will continue to be the core business of the Group while the management will continue to explore other investment opportunities in order to increase the Group's income source and will therefore be in the interest of the Company and the shareholders of the Company as a whole.

Human Resources

As at 31 December 2021, the Group had a total of 1,828 employees (31 March 2021: 1,857 employees). The Group's staff costs for the nine months ended 31 December 2021 amounted to approximately HK\$322.5 million (31 December 2020: HK\$313.8 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 2021, 17 property management contracts were awarded to the Group in Hong Kong.

For the nine months ended 31 December 2021, there were a total of 453 service contracts (covering around 76,150 households) comprising 427 property management service contracts, 12 stand-alone security service contracts and 14 facility management service contracts in Hong Kong.

Contract Renewal Complying with Procedural Requirements

A service contract which does not comply with the procedural requirements for contract renewal as stipulated in section 20A of the Building Management Ordinance (Chapter 344 of the Laws of Hong Kong) may be cancelled by the owners' corporation. Included in 453 contracts in force as at 31 December 2021, 218 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 235 valid contracts as at 31 December 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 nine months ended 31 December 2021 included the mandatory term requiring the client to follow the said procedural requirements, if applicable.

Client Accounts

As at 31 December 2021, the Group held 62 (31 March 2021: 68) client accounts amounting to approximately HK\$48.0 million (31 March 2021: HK\$46.8 million) on trust for and on behalf of customers. These client accounts are opened in the names of the Group and the relevant properties. The management fees received from the tenants or owners of the properties were deposited into these client accounts and the expenditure of these customers was paid from these client accounts.

Performance Bond

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

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”), a chairman of the Board and an executive director of the Company pursuant to which Mr. Huang has conditionally agreed to sell and Shishi Network has conditionally agreed to acquire five office units 222105 to 222109 on level 18 in Block 6 (Unit 2) on No. 1 Futong East Street, Chaoyang District, Beijing, the PRC (the “Property”) at the consideration of RMB42 million which will be settled by cash (the “Acquisition”).

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

Save as disclosed above, the Group made no material acquisition or disposal for the nine months ended 31 December 2021 and up to date of this announcement.

Impact of coronavirus disease 2019 (COVID-19)

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the nine months ended 31 December 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, if necessary.

UPDATE ON DIRECTORS’ INFORMATION

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

Mr. Lam Kai Yueng, an independent non-executive Director, has resigned as (i) the independent non-executive directors of Holly Futures Co., Ltd. (stock code: 3678) on 23 December 2021; and(ii) an executive director of Sunway International Holdings Limited (stock code: 58) with effect from 10 January 2022.

DIRECTORS' SECURITIES TRANSACTIONS

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

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

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

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

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

Notes:

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

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

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

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

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

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

Name of Shareholders	Capacity and nature of interest	Number of shares	Approximate percentage of interests in the issued share capital
Heng Sheng Capital Limited (<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:

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

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. The Company was not aware of any noncompliance with the required standard of dealings and its code of conduct regarding securities transaction by Directors for the nine months ended 31 December 2021.

SHARE OPTION SCHEME

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

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

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

SHARE AWARD PLAN

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

On 11 January 2022, the Board announces that, it has conditionally approved the grant of awards of a total of 102,635,150 awarded shares (the “Awarded Shares”) to 10 selected participants (the “Selected Participants”) under the Plan. All of the Awarded Shares will be issued and allotted to the Selected Participants pursuant to the general mandate (“General Mandate”) granted to the Directors at the annual general meeting of the Company held on 30 July 2021 and will not be subject to any further approval by the Shareholders. Up to the date of this announcement, the General Mandate has not been utilised. The Awarded Shares represent approximately 10% of the total number of Shares in issue as at the date of this announcement and approximately 9.09% of the total number of Shares in issue as enlarged by the issue and allotment of the Awarded Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the issue and allotment date of the Awarded Shares). The Awarded Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares then in issue. The aggregate nominal value of the Awarded Shares will be HK\$1,026,351.50. The Shares underlying the award to any Selected Participant will not exceed 1% of the total number of Shares in issue as at the date of the announcement. All of the Selected Participants are employees of the Group and none of them is a connected person of the Company or an associate of any connected person of the Company.

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

MANAGEMENT CONTRACTS

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

COMPETING BUSINESS

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed and approved the Company’s unaudited quarterly results for the nine months ended 31 December 2021 and recommended approval to the Board.

BOARD COMPOSITION AND DIVERSITY POLICY

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

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

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

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2021.

CONTRACT OF SIGNIFICANCE

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

SHAREHOLDERS' RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

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

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

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

SUFFICIENCY OF PUBLIC FLOAT

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

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

Hong Kong, 14 February 2022

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

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

This announcement will remain on the 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.