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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)**

## **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2023**

### **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 three months ended 30 June 2023, together with the unaudited comparative figures for the corresponding period in 2022 are set out as follows:

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

	<i>Notes</i>	<b>Three months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	3	<b>145,924</b>	133,639
Cost of services		<u>(121,754)</u>	<u>(110,671)</u>
<b>Gross profit</b>		<b>24,170</b>	22,968
Interest revenue	4	<b>457</b>	262
Other income	5	<b>265</b>	2,251
Share of loss of associates		<b>(1,100)</b>	(1,237)
Administrative expenses		<b>(19,767)</b>	(16,977)
Other operating expenses		<b>(7,561)</b>	(10,392)
Finance costs	7	<u><b>(134)</b></u>	<u>(180)</u>
<b>Loss before tax</b>		<b>(3,670)</b>	(3,305)
Income tax expenses	9	<u><b>(275)</b></u>	<u>(455)</u>
<b>Loss for the period attributable to owners of the Company</b>	8	<b>(3,945)</b>	(3,760)
<b>Other comprehensive expense, net of tax</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u><b>(4,956)</b></u>	<u>(4,857)</u>
<b>Other comprehensive expense for the period</b>		<u><b>(4,956)</b></u>	<u>(4,857)</u>
<b>Total comprehensive expense for the period</b>		<u><b>(8,901)</b></u>	<u>(8,617)</u>

		<b>Three months ended 30 June</b>	
	<i>Notes</i>	<b>2023</b>	2022
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		(3,971)	(3,760)
Non-controlling interests		<u>26</u>	<u>–</u>
		<b><u>(3,945)</u></b>	<b><u>(3,760)</u></b>
<b>Total comprehensive expense/(income)</b>			
<b>for the period attributable to:</b>			
Owners of the Company		(8,927)	(4,857)
Non-controlling interests		<u>26</u>	<u>–</u>
		<b><u>(8,901)</u></b>	<b><u>(4,857)</u></b>
<b>Loss per share</b>			
Basic ( <i>HK Cents</i> )	10	<b><u>(0.352)</u></b>	<b><u>(0.333)</u></b>
Diluted ( <i>HK Cents</i> )	10	<b><u>(0.352)</u></b>	<b><u>(0.333)</u></b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital	Share premium account	Merger reserve	Share-based payment reserve	Other reserve	Property revaluation reserve	Foreign currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022 (audited)	11,290	179,975	4,750	2,519	(1,026)	-	4,253	96,628	298,389	-	298,389
Award shares granted under share award plan	-	-	-	2,866	-	-	-	-	2,866	-	2,866
Total comprehensive expense for the period (unaudited)	-	-	-	-	-	-	(4,857)	(3,760)	(8,617)	-	(8,617)
Changes in equity for the period (unaudited)	-	-	-	2,866	-	-	(4,857)	(3,760)	(5,751)	-	(5,751)
At 30 June 2022 (unaudited)	<u>11,290</u>	<u>179,975</u>	<u>4,750</u>	<u>5,385</u>	<u>(1,026)</u>	<u>-</u>	<u>(604)</u>	<u>92,868</u>	<u>292,638</u>	<u>-</u>	<u>292,638</u>
At 1 April 2023 (audited)	11,290	190,444	4,750	-	-	2,426	(1,126)	66,033	273,817	4,489	278,306
Total comprehensive (expense)/ income for the period (unaudited)	-	-	-	-	-	-	(4,956)	(3,971)	(8,927)	26	(8,901)
Changes in equity for the period (unaudited)	-	-	-	-	-	-	(4,956)	(3,971)	(8,927)	26	(8,901)
At 30 June 2023 (unaudited)	<u>11,290</u>	<u>190,444</u>	<u>4,750</u>	<u>-</u>	<u>-</u>	<u>2,426</u>	<u>(6,082)</u>	<u>62,062</u>	<u>264,890</u>	<u>4,515</u>	<u>269,405</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 the GEM of The Stock Exchange of Hong Kong Limited. The address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Unit 903, 9th Floor, Haleson Building, 1 Jubilee Street, Central, Hong Kong.

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

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated.

## 2. BASIS OF PRESENTATION

These unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023 have been prepared in accordance with accounting principles generally accepted in Hong Kong and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”).

The accounting policies adopted by the Group are consistent with the consolidated financial statements for the year ended 31 March 2023.

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 2023.

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 2023.

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 three months ended 30 June 2023. An analysis of the Group's revenue recognised during the periods is as follows:

	Three months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Provision of property management and related services	<u>145,487</u>	<u>133,157</u>
Revenue from contracts with customers	145,487	133,157
Rental income from investment property	437	344
Loan interest income	<u>–</u>	<u>138</u>
Total revenue	<u><u>145,924</u></u>	<u><u>133,639</u></u>

#### Disaggregation of revenue from contracts with customers:

	Three months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Geographical markets:</b>		
Hong Kong	138,559	125,136
The People's Republic of China (the "PRC")	<u>6,928</u>	<u>8,021</u>
	<u><u>145,487</u></u>	<u><u>133,157</u></u>

#### Major services:

Property management services	131,778	124,985
Stand-alone security services	<u>13,709</u>	<u>8,172</u>
	<u><u>145,487</u></u>	<u><u>133,157</u></u>

All revenue from contracts with customers is recognised over time.

#### 4. INTEREST REVENUE

	Three months ended 30 June	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Bank interest income	264	27
Interest income from bond receivable	120	160
Interest income from deposits placed for life insurance policies	73	75
	<u>457</u>	<u>262</u>

#### 5. OTHER INCOME

	Three months ended 30 June	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Government subsidies	10	2,200
Others	255	51
	<u>265</u>	<u>2,251</u>

#### 6. SEGMENT INFORMATION

##### (a) Reportable segments

The Group has three (2022: 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. 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*

	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)
<b>For the three months ended 30 June 2023</b>				
Reportable segment revenue:				
Revenue from external customers	<u>145,487</u>	<u>437</u>	<u>-</u>	<u>145,924</u>
Reportable segment profit/(loss)	<u>25</u>	<u>321</u>	<u>(901)</u>	<u>(555)</u>
Depreciation of property, plant and equipment	(1,848)	(26)	-	(1,874)
Depreciation of right-of-use assets	(1,012)	-	(46)	(1,058)
Amortisation of intangible assets	(452)	-	-	(452)
Income tax expense	(221)	(54)	-	(275)
Interest revenue	337	-	120	457
Interest expense	(133)	-	(1)	(134)
Additions to property, plant and equipment	<u>507</u>	<u>-</u>	<u>-</u>	<u>507</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)
<b>At 30 June 2023</b>				
Reportable segment assets	293,714	41,565	5,035	340,314
Reportable segment liabilities	<u>82,021</u>	<u>256</u>	<u>111</u>	<u>82,388</u>





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

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Revenue</b>		
Reportable segment revenue and consolidated revenue	<u>145,924</u>	<u>133,639</u>
<b>Profit or loss</b>		
Reportable segment (loss)/profits	(555)	3,528
Share of loss of associates	(1,100)	(1,237)
Unallocated corporate expenses	<u>(2,015)</u>	<u>(5,596)</u>
<b>Consolidated (loss)/profit before tax</b>	<u><b>(3,670)</b></u>	<u><b>(3,305)</b></u>
	At 30 June	At 31 March
	2023	2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
<b>Assets</b>		
Reportable segment assets	340,314	342,753
Unallocated cash and cash equivalents	3,213	4,792
Other unallocated corporate assets	<u>9,329</u>	<u>18,449</u>
<b>Consolidated total assets</b>	<u><b>352,856</b></u>	<u><b>365,994</b></u>
<b>Liabilities</b>		
Reportable segment liabilities	82,388	83,721
Unallocated corporate liabilities	<u>1,063</u>	<u>3,967</u>
<b>Consolidated total liabilities</b>	<u><b>83,451</b></u>	<u><b>87,688</b></u>

(b) **Geographical information**

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Revenue</b>		
Hong Kong	138,996	125,618
The PRC	<u>6,928</u>	<u>8,021</u>
	<u><b>145,924</b></u>	<u><b>133,639</b></u>

## 7. FINANCE COSTS

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expenses on:		
– bank borrowings	12	57
– lease liabilities	122	123
	<u>134</u>	<u>180</u>

## 8. LOSS FOR THE PERIOD

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

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Staff costs (including directors' remuneration):		
– Salaries, wages and allowances	123,257	110,442
– Employee share-based compensation benefits of Share Award Scheme	–	2,866
– Retirement benefits scheme contributions	2,972	2,984
	<u>126,229</u>	<u>116,292</u>
Auditors' remuneration	175	175
Depreciation of property, plant and equipment	1,874	1,632
Depreciation of right-of-use assets	1,058	579
Amortisation of intangible assets	452	11
Expenses related to short-term lease	11	9

## 9. INCOME TAX EXPENSE

For the three months ended 30 June 2022 and 2023, Hong Kong Profits Tax is calculated under two-tier profits tax rates 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 profits tax rates.

The PRC corporate income tax is calculated at a standard rate of 25% (2022: 25%) unless otherwise specified by the PRC tax authority, on the estimated assessable profits arising from the operation of the PRC subsidiaries.

	Three months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax – Hong Kong Profits Tax	<u>326</u>	<u>585</u>
Current tax – PRC – Provision for the period	<u>161</u>	<u>45</u>
Deferred tax	<u>(212)</u>	<u>(175)</u>
	<u>275</u>	<u>455</u>

## 10. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the three months ended 30 June 2023 attributable to owners of the Company of approximately HK\$3.97 million (three months ended 30 June 2022: loss of approximately HK\$3.76 million) and the weighted average number of ordinary shares of 1,128,986,665 (three months ended 30 June 2022: 1,128,986,665) in issue three months ended 30 June 2023.

### Diluted earnings per share

Diluted loss per share was equal to basic loss per share as the Company did not have any dilutive potential ordinary share outstanding during the three months ended 30 June 2023 and 2022.

## 11. DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 30 June 2023 (2022: 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 three months ended 30 June 2023, 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 has no loan interest income for the three months ended 30 June 2023 (2022: HK\$0.14 million).

For the properties investment business, the Group recorded rental income from an investment property of approximately HK\$0.4 million for the three months ended 30 June 2023 (2022: HK\$0.4 million).

### REVENUE

For the three months ended 30 June 2023, the Group’s revenue was derived from its operations in Hong Kong and the PRC of approximately HK\$139.0 million (2022: HK\$125.6 million) and HK\$6.9 million (2022: HK\$8.0 million) respectively.

The Group derived revenue of approximately HK\$13.7 million and HK\$8.2 million from stand-alone security services contracts for the three months ended 30 June 2023 and 2022 respectively, representing approximately 9.39% and 6.14% of its total revenue respectively.

The following table sets out the Group's revenue by contract type for the three months ended 30 June 2023 and 2022:

	<b>Three months ended 30 June</b>			
	<b>2023</b>		<b>2022</b>	
	<i>HK\$ million</i>	<i>Percentage</i>	<i>HK\$ million</i>	<i>Percentage</i>
Property management services contracts	<b>131.8</b>	<b>90.37%</b>	124.9	93.50%
Stand-alone security services contracts	<b>13.7</b>	<b>9.39%</b>	8.2	6.14%
Rental services contracts	<b>0.4</b>	<b>0.24%</b>	0.4	0.26%
Money lending business	–	–	0.1	0.10%
	<b>145.9</b>	<b>100%</b>	133.6	100%

The Group's revenue improved by approximately 9.19% from approximately HK\$133.6 million for the three months ended 30 June 2022 to approximately HK\$145.9 million for the three months ended 30 June 2023. The increase was primarily attributable to the growth of revenue generated from property management services contracts for the three months ended 30 June 2023. During the period, the number of management service contracts obtained by the Group had been decreased by 7 from 451 for the three months ended 30 June 2022 to 444 for the three months ended 30 June 2023.

## **GROSS PROFIT**

The gross profit of the Group increased by approximately 5.23% from approximately HK\$23.0 million for the three months ended 30 June 2022 to approximately HK\$24.2 million for the three months ended 30 June 2023. The gross profit margin was approximately 16.56% and 17.19% for the three months ended 30 June 2023 and 2022 respectively.

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

The (loss)/profit attributable to owners of the Company decreased from loss of approximately HK\$3.8 million for the three months ended 30 June 2022 to loss of approximately HK\$3.9 million for the three months ended 30 June 2023.

The Group has recorded a loss of approximately HK\$3.9 million for the three months ended 30 June 2023 as compared to the loss of approximately HK\$3.8 million for the three months ended 30 June 2022 mainly due to:

- (i) increase in administrative expenses of approximately HK\$1.2 million as a result of increase in staff cost;
- (ii) decrease in other income arising from government subsidies under the Employment Support Scheme under Government's Anti-epidemic Fund of approximately HK\$2.2 million; and partly offset by;

(iii) decrease in other operating expenses of approximately HK\$2.9 million due to share-based payment expenses.

## OTHER OPERATING EXPENSES

The Group's other operating expenses for the three months ended 30 June 2023 were approximately HK\$7.6 million (2022: HK\$10.4 million), representing a decrease of approximately 27.2% as compared to the corresponding period in 2022.

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

	Three months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Auditors' remuneration	175	175
Consultancy fee	51	178
Depreciation and amortisation	2,350	1,667
Exchange difference	114	60
Insurance fee	1,112	1,190
Legal and professional fee	747	1,425
Office expenses	642	578
Others	175	3,045
Registration, licence and subscription fee	35	26
Travelling and entertainment expenses	2,160	2,048
	<u>7,561</u>	<u>10,392</u>

## OPERATION REVIEW

### Outlook

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

During the period, the Group has recorded revenue of approximately HK\$145.5 million (2022: HK\$133.2 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 30 June 2023, the Group had a total of 1,748 employees (2022: 1,811 employees). The Group's staff costs for the three months ended 30 June 2023 amounted to approximately HK\$126.2 million (2022: HK\$116.3 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 three months ended 30 June 2023, 5 property management contracts were awarded to the Group in Hong Kong.

For the three months ended 30 June 2023, there were in total 444 service contracts (covering around 97,596 households) comprising 419 property management service contracts, 12 stand-alone security service contracts and 13 facility management service contracts in Hong Kong.

### **Contract Renewal Complying with Procedural Requirements**

A service contract which does not comply with the procedural requirements for contract renewal as stipulated in section 20A of the Building Management Ordinance (Chapter 344 of the Laws of Hong Kong) may be cancelled by the owners' corporation. Included in 444 contracts in force as at 30 June 2023, 172 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 272 valid contracts as at 30 June 2023 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 three months ended 30 June 2023 included the mandatory term requiring the client to follow the said procedural requirements, if applicable.



## **Client Accounts**

As at 30 June 2023, the Group held 67 (31 March 2023: 68) client accounts amounting to approximately HK\$82.0 million (31 March 2023: HK\$59.1 million) on trust for and on behalf of customers. These client accounts are opened in the names of the Group and the relevant properties. The management fees received from the tenants or owners of the properties were deposited into these client accounts and the expenditure of these customers was paid from these client accounts.

## **Performance Bond**

As at 30 June 2023, a bank and an insurance company issued 14 (31 March 2023: 13) bond certificates amounting to approximately HK\$28.6 million (31 March 2023: HK\$27.4 million) on behalf of the Group to the clients as required in the service contracts.

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

The Company has no significant investments held, material acquisitions and disposals of subsidiaries, associates, joint ventures and future plans for material investments or capital asset during the period.

## ***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 three months ended 30 June 2023, the Company has complied with all CG Code except for the following deviation:

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

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

## **UPDATE ON DIRECTORS’ INFORMATION**

There is no change of the Directors’ information pursuant to Rule 17.50A(1) of the GEM Listing Rules since the disclosure made in the Company’s annual report 2022–2023 or the announcement in relation to the appointment and/or resignation of the Directors.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors’ securities transactions in securities of the Company. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the three months ended 30 June 2023.

## **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**

<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> )	Founder and one of the beneficiaries of a discretionary trust	626,071,950 (L) ( <i>note 2</i> )	55.45%

#### *Notes:*

1. Mr. Huang Liming is interested in the said shares through his wholly owned company, Heng Sheng Capital Limited, which is the beneficial owner of 626,071,950 shares of the Company.
2. The Letter "L" denotes long position in the shares.

Mr. Huang Liming is the founder and one of the beneficiaries of H Trust, a discretionary trust of the entire issued share capital of H Family Company Limited. Heng Sheng Capital Limited is a company incorporated in the British Virgin Islands whose entire issued share capital is owned by H Family Company Limited, a company incorporated in the British Virgin Islands. Accordingly, Mr. Huang Liming is deemed to be interested in the Shares owned by Heng Sheng Capital Limited by virtue of the SFO.

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 three months ended 30 June 2023 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
HSBC International Trustee Limited ( <i>note 1</i> )	Trustee	626,071,950 (L) ( <i>note 2</i> )	55.45%
H Family Company Limited ( <i>note 1</i> )	Interest in a controlled corporation	626,071,950 (L) ( <i>note 2</i> )	55.45%
Heng Sheng Capital Limited ( <i>note 1</i> )	Beneficial owner	626,071,950 (L) ( <i>note 2</i> )	55.45%
Li Mengya ( <i>note 1</i> )	Interest of spouse	626,071,950 (L) ( <i>note 2</i> )	55.45%

*Notes:*

- (1) Heng Sheng Capital Limited is a company incorporated in the British Virgin Islands whose entire issued share capital is owned by H Family Company Limited, a company incorporated in the British Virgin Islands. HSBC International Trustee is the trustee of H Trust, a discretionary trust of the entire issued share capital of H Family Company Limited, of which Mr. Huang Liming is the founder and one of the beneficiaries. 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 three months ended 30 June 2023.

## **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 three months ended 30 June 2023, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Share Option Scheme.

## **SHARE AWARD SCHEME**

On 6 August 2021, the Directors approved the adoption of a share award plan (the “Share Award Plan”).

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

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

### **Administration**

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

### **Eligibility**

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

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

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

### **Term**

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

### **Grant of Award Shares**

On 11 January 2022, the board approved the grant of award of a total of 102,635,150 Awarded Shares to 10 selected participants under the Share Award Plan. The 102,635,150 Awarded Shares were rested during the year ended 31 March 2023.

No Award Share is granted, vested or forfeited during the three months ended 30 June 2023.

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

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

### **MANAGEMENT CONTRACTS**

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

### **COMPETING BUSINESS**

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

## **AUDIT COMMITTEE**

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

The Audit Committee has reviewed and approved the Company’s unaudited quarterly results for the three months ended 30 June 2023 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 period, 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 three months ended 30 June 2023.



## **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 2023, 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, 9th 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, 7 August 2023

*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 HKEX website at [www.hkexnews.hk](http://www.hkexnews.hk) on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and the Company's website at [www.shishiservices.com.hk](http://www.shishiservices.com.hk).*