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shishi

shi shi services limited

時時服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8181)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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.

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

HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2023 (the “Period”) was approximately HK\$295.3 million, representing an increase of approximately 9.1% as compared to the corresponding period in 2022.
- Gross profit of the Group for the six months ended 30 September 2023 was approximately HK\$46.3 million, representing an increase of approximately 2.1% as compared to the corresponding period in 2022.
- The loss for the Period attributable to owners of the Company was approximately HK\$8.3 million, representing a decrease of approximately 16.5% as compared to the corresponding period in 2022. Decrease in loss for the Period attributable to owners of the Company mainly due to:
 - (i) decrease in administrative expenses and other operating expenses of approximately HK\$8.0 million; and partly offset by
 - (ii) decrease in other income arising from gain on bargain purchase of approximately HK\$4.8 million.
- The loss per share for the Period was HK Cents 0.73 (2022: HK Cents 0.88).
- The Directors do not recommend the payment of any dividend for the Period (2022: Nil).

UNAUDITED FINANCIAL RESULTS

The board of directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 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

	Notes	Three months ended 30 September		Six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	149,387	136,954	295,311	270,593
Cost of services		(127,230)	(114,528)	(248,984)	(225,199)
Gross profit		22,157	22,426	46,327	45,394
Interest revenue	4	419	263	876	525
Other income and expenses, net	5	14	6,553	279	8,804
Share of profit/(loss) of associates		58	(674)	(1,042)	(1,911)
Administrative expenses		(19,746)	(28,749)	(39,513)	(45,726)
Other operating expenses		(6,977)	(5,885)	(14,538)	(16,277)
Finance costs	7	(126)	(129)	(260)	(309)
Loss before tax		(4,201)	(6,195)	(7,871)	(9,500)
Income tax (expense)/credit	9	(142)	55	(417)	(400)
Loss for the period	8	(4,343)	(6,140)	(8,288)	(9,900)
Other comprehensive expense, net of tax					
<i>Items that will not be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operation		(163)	(4,165)	(5,119)	(9,022)
Other comprehensive expense for the period		(163)	(4,165)	(5,119)	(9,022)
Total comprehensive expense for the period		(4,506)	(10,305)	(13,407)	(18,922)

		Three months ended		Six months ended	
		30 September		30 September	
<i>Note</i>	2023	2022	2023	2022	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Loss for the period attributable to:					
Owners of the Company	(4,292)	(6,140)	(8,263)	(9,900)	
Non-controlling interests	(51)	–	(25)	–	
	<u>(4,343)</u>	<u>(6,140)</u>	<u>(8,288)</u>	<u>(9,900)</u>	
Total comprehensive expense for the period attributable to:					
Owners of the Company	(4,455)	(10,305)	(13,382)	(18,922)	
Non-controlling interests	(51)	–	(25)	–	
	<u>(4,506)</u>	<u>(10,305)</u>	<u>(13,407)</u>	<u>(18,922)</u>	
Loss per share					
Basic (<i>HK Cent</i>)	(0.38)	(0.55)	(0.73)	(0.88)	10
Diluted (<i>HK Cent</i>)	(0.38)	(0.55)	(0.73)	(0.88)	10

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2023	As at 31 March 2023
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	12	86,589	92,945
Investment properties		40,400	40,400
Intangible assets		99	162
Right-of-use assets		7,909	9,907
Goodwill		1,100	1,100
Deposits placed for life insurance policies		9,422	9,340
Deferred tax assets		1,384	2,379
Investments in associates		7,666	8,708
		154,569	164,941
Current assets			
Prepayments, trade and other receivables	13	137,852	120,300
Cash and cash equivalents		57,982	79,139
Current tax assets		1,490	1,614
		197,324	201,053
Current liabilities			
Trade and other payables	14	70,209	63,974
Contract liabilities		2,334	2,418
Bank and other loans		–	5,925
Lease liabilities		4,030	4,084
Current tax liabilities		2,134	1,684
		78,707	78,085
Net current assets		118,617	122,968
Total assets less current liabilities		273,186	287,909

		As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		4,087	6,010
Bank and other loans		4,176	2,137
Deferred tax liabilities		24	1,456
		<u>8,287</u>	<u>9,603</u>
NET ASSETS		<u>264,899</u>	<u>278,306</u>
Equity			
Share capital	15	11,290	11,290
Reserves		249,145	262,527
Equity attributable to owners of the Company		260,435	273,817
Non-controlling interests		4,464	4,489
TOTAL EQUITY		<u>264,899</u>	<u>278,306</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital <i>HK\$'000</i>	Share premium account* <i>HK\$'000</i>	Merger reserve* <i>HK\$'000</i>	Share-based payment reserve* <i>HK\$'000</i>	Other reserve* <i>HK\$'000</i>	Property revaluation reserve* <i>HK\$'000</i>	Foreign currency translation reserve* <i>HK\$'000</i>	Retained profits* <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 April 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 (unaudited)	-	-	-	5,764	-	-	-	-	5,764	-	5,764
Total comprehensive expense for the period (unaudited)	-	-	-	-	-	-	(9,022)	(9,900)	(18,922)	-	(18,922)
At 30 September 2022 (unaudited)	<u>11,290</u>	<u>179,975</u>	<u>4,750</u>	<u>8,283</u>	<u>(1,026)</u>	<u>-</u>	<u>(4,769)</u>	<u>86,728</u>	<u>285,231</u>	<u>-</u>	<u>285,231</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 for the period (unaudited)	-	-	-	-	-	-	(5,119)	(8,263)	(13,382)	(25)	(13,407)
At 30 September 2023 (unaudited)	<u>11,290</u>	<u>190,444</u>	<u>4,750</u>	<u>-</u>	<u>-</u>	<u>2,426</u>	<u>(6,245)</u>	<u>57,770</u>	<u>260,435</u>	<u>4,464</u>	<u>264,899</u>

* These reserve accounts comprise the consolidated reserve in the consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash (used in)/generated from operating activities	(12,503)	21,128
Net cash generated from/(used in) investing activities	1,111	(5,259)
Net cash used in financing activities	<u>(5,980)</u>	<u>(10,223)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(17,372)	5,646
Effect of foreign exchange rate changes	(3,785)	(1,540)
Cash and cash equivalents at beginning of period	<u>79,139</u>	<u>67,696</u>
Cash and cash equivalents at end of period	<u>57,982</u>	<u>71,802</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>57,982</u>	<u>71,802</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PRESENTATION

These unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Report” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies adopted by the Group are consistent with the consolidated financial statements for the year ended 31 March 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 and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies and amounts reported for the current period and prior years.

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

3. REVENUE

The Group is principally engaged in the provision of property management and related services, properties investment and money lending business during the six months ended 30 September 2023. An analysis of the Group's revenue recognised during the periods is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Provision of property management and related services	<u>148,933</u>	<u>136,599</u>	<u>294,420</u>	<u>269,756</u>
Revenue from contracts with customers	148,933	136,599	294,420	269,756
Rental income from investment properties	454	355	891	699
Loan interest income from money lending	<u>–</u>	<u>–</u>	<u>–</u>	<u>138</u>
Total revenue	<u>149,387</u>	<u>136,954</u>	<u>295,311</u>	<u>270,593</u>

Disaggregation of revenue from contracts with customers:

Provision of property management and related services

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Geographical markets				
Hong Kong	141,051	128,099	279,610	253,235
The People's Republic of China (the "PRC")	<u>7,882</u>	<u>8,500</u>	<u>14,810</u>	<u>16,521</u>
	<u>148,933</u>	<u>136,599</u>	<u>294,420</u>	<u>269,756</u>
Major services				
Property management services	133,314	126,309	265,092	251,294
Stand-alone security services	<u>15,619</u>	<u>10,290</u>	<u>29,328</u>	<u>18,462</u>
	<u>148,933</u>	<u>136,599</u>	<u>294,420</u>	<u>269,756</u>

All revenue from provision of property management services, stand-alone security services and property management consultancy services are recognised over time.

4. INTEREST REVENUE

	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	226	68	490	95
Interest income from bond receivable	120	120	240	280
Interest income from deposits placed for life insurance policies	73	75	146	150
	<u>419</u>	<u>263</u>	<u>876</u>	<u>525</u>

5. OTHER INCOME AND EXPENSES, NET

	Three months ended		Six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Gain on bargain purchase of an associate	–	4,787	–	4,787
Others (Note)	14	1,766	279	4,017
	<u>14</u>	<u>6,553</u>	<u>279</u>	<u>8,804</u>

Note: The Group recognised government subsidies of approximately HK\$10,000 for the six months ended 30 September 2023 (approximately HK\$3,220,000 for the six months ended 30 September 2022) from the Employment Support Scheme launched by the HKSAR Government.

6. SEGMENT INFORMATION

(a) Reportable segments

The Group has three (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 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*

	Six months ended 30 September 2023			
	Provision of property management and related services <i>HK\$'000</i> (unaudited)	Properties investment <i>HK\$'000</i> (unaudited)	Money lending business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Reportable segment revenue:				
Revenue from external customers	<u>294,420</u>	<u>891</u>	<u>–</u>	<u>295,311</u>
Reportable segment (loss)/profit	<u>(2,459)</u>	<u>690</u>	<u>(883)</u>	<u>(2,652)</u>
Depreciation of property, plant and equipment	4,467	52	–	4,519
Depreciation of right-of-use assets	2,025	–	91	2,116
Amortisation of intangible assets	16	–	–	16
Income tax expense	301	116	–	417
Interest revenue	636	–	240	876
Interest expense	258	–	2	260
Additions to property, plant and equipment	<u>625</u>	<u>–</u>	<u>–</u>	<u>625</u>
	At 30 September 2023			
	Provision of property management and related services <i>HK\$'000</i> (unaudited)	Properties investment <i>HK\$'000</i> (unaudited)	Money lending business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Reportable segment assets	<u>295,653</u>	<u>41,606</u>	<u>5,063</u>	<u>342,322</u>
Reportable segment liabilities	<u>85,381</u>	<u>389</u>	<u>66</u>	<u>85,836</u>

Six months ended 30 September 2022

	Provision of property management and related services <i>HK\$'000</i> (unaudited)	Properties investment <i>HK\$'000</i> (unaudited)	Money lending business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Reportable segment revenue:				
Revenue from external customers	<u>269,756</u>	<u>699</u>	<u>138</u>	<u>270,593</u>
Reportable segment (loss)/profit	<u>(871)</u>	<u>615</u>	<u>(1,935)</u>	<u>(2,191)</u>
Depreciation of property, plant and equipment	3,090	234	–	3,324
Depreciation of right-of-use assets	1,163	–	91	1,254
Amortisation of intangible assets	536	–	–	536
Income tax expense	304	96	–	400
Interest revenue	245	–	280	525
Interest expense	302	–	7	309
Additions to property, plant and equipment	<u>4,160</u>	<u>–</u>	<u>–</u>	<u>4,160</u>

At 31 March 2023

	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)
Reportable segment assets	295,329	41,503	5,921	342,753
Reportable segment liabilities	<u>83,202</u>	<u>360</u>	<u>159</u>	<u>83,721</u>

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

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue		
Reportable segment revenue and consolidated revenue	<u>295,311</u>	<u>270,593</u>
Profit or loss		
Reportable segment loss	(2,652)	(2,191)
Unallocated other income	–	4,787
Share of loss of associates	(1,042)	(1,911)
Unallocated corporate expenses	<u>(4,177)</u>	<u>(10,185)</u>
Consolidated loss before tax	<u>(7,871)</u>	<u>(9,500)</u>
	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Assets		
Reportable segment assets	342,322	342,753
Unallocated cash and cash equivalents	1,637	4,792
Other unallocated corporate assets	<u>7,934</u>	<u>18,449</u>
Consolidated total assets	<u>351,893</u>	<u>365,994</u>
Liabilities		
Reportable segment liabilities	85,836	83,721
Unallocated corporate liabilities	<u>1,158</u>	<u>3,967</u>
Consolidated total liabilities	<u>86,994</u>	<u>87,688</u>

(b) **Geographical information**

	Revenue		Non-current assets	
	Six months ended 30 September 2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Hong Kong	280,501	254,072	92,276	101,141
The PRC	<u>14,810</u>	<u>16,521</u>	<u>62,293</u>	<u>63,800</u>
	<u>295,311</u>	<u>270,593</u>	<u>154,569</u>	<u>164,941</u>

7. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interest expenses on bank borrowings	16	3	28	60
Interest on lease liabilities	110	126	232	249
	<u>126</u>	<u>129</u>	<u>260</u>	<u>309</u>

8. LOSS FOR THE PERIOD

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

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Staff costs (including directors' remuneration):				
– Salaries, wages and allowances	125,201	118,932	248,458	229,374
– Employee share-based compensation benefits of Share Award Scheme	–	2,898	–	5,764
– Retirement benefits scheme contributions	2,827	3,112	5,799	6,096
	<u>128,028</u>	<u>124,942</u>	<u>254,257</u>	<u>241,234</u>
Auditors' remuneration	304	265	479	440
Depreciation of property, plant and equipment	2,645	1,692	4,519	3,324
Depreciation of right-of-use assets	1,058	675	2,116	1,254
Amortisation of intangible assets	8	525	16	536
Expenses related to short-term lease	116	9	127	18

9. INCOME TAX EXPENSE

For the six months ended 30 September 2023 and 2022, Hong Kong Profits Tax is calculated under two-tier profit tax system under first HK\$2 millions of estimated assessable profits is taxed at a rate of 8.25% and remaining estimated assessable profits is taxed at 16.5%. The Group should elect one of the Hong Kong subsidiaries to apply the two-tier profit tax rate.

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

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax – Hong Kong Profits Tax – Provision for the period	<u>(105)</u>	<u>(180)</u>	<u>221</u>	<u>405</u>
Current tax – the PRC – Provision for the period	<u>50</u>	<u>55</u>	<u>211</u>	<u>100</u>
Deferred tax	<u>197</u>	<u>70</u>	<u>(15)</u>	<u>(105)</u>
	<u>142</u>	<u>(55)</u>	<u>417</u>	<u>400</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 and six months ended 30 September 2023 attributable to owners of the Company of approximately HK\$4.3 million and HK\$8.3 million respectively (three and six months ended 30 September 2022: loss of HK\$6.2 million and HK\$9.9 million respectively) and the weighted average number of ordinary shares of 1,128,986,665 and 1,128,986,665 respectively (three and six months ended 30 September 2022: 1,128,986,665 and 1,128,986,665 respectively) in issue during the periods.

Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary share outstanding during the three and six months ended 30 September 2023.

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

11. DIVIDEND

No dividend was paid or proposed for the six months ended 30 September 2023, nor has any dividend been proposed since the end of the reporting period and up to the date of this announcement. (six months ended 30 September 2022: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group acquired property, plant and equipment at a cash consideration of approximately HK\$0.6 million (six months ended 30 September 2022: HK\$4.2 million).

13. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Trade receivables (<i>Note a</i>)	101,864	94,637
Less: Impairment on trade receivables	<u>(7,056)</u>	<u>(6,824)</u>
	94,808	87,813
Bond receivable (<i>Note b</i>)	4,000	4,000
Prepayments, deposits and other receivables (<i>Note c</i>)	<u>39,044</u>	<u>28,487</u>
	<u>137,852</u>	<u>120,300</u>

Notes:

- a. The Group does not grant credit terms to its customers (2022: Nil). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management and directors.

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

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
1 to 30 days	54,244	38,460
31 to 60 days	14,078	23,763
61 to 90 days	9,456	8,689
Over 90 days	<u>17,030</u>	<u>16,901</u>
	<u>94,808</u>	<u>87,813</u>

- b. The bond represented a one-year 12% coupon bond. It is unsecured and is redeemable in February 2024.
- c. Other receivables mainly included amounts paid on behalf of incorporated owners of buildings for property management and government subsidies receivables.

14. TRADE AND OTHER PAYABLES

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
Trade payables	2,495	2,396
Building management deposits received	6,491	4,594
Accruals and other payables	61,223	56,984
	<u>70,209</u>	<u>63,974</u>

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

	As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
1 to 30 days	1,259	1,219
31 to 60 days	1,172	1,113
61 to 90 days	–	–
Over 90 days	64	64
	<u>2,495</u>	<u>2,396</u>

15. SHARE CAPITAL

Ordinary shares of HK\$0.01 each

	Number of shares	Amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2022 (audited), 31 March 2023 (audited) and 30 September 2023 (unaudited)	5,000,000,000	50,000
	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2022 (audited), 31 March 2023 (audited) and 30 September 2023 (unaudited)	1,128,986,665	11,290
	<u>1,128,986,665</u>	<u>11,290</u>

16. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed financial statements, the Group had the following material transactions with its related parties during the three and six months ended 30 September 2023 and 2022:

	Three months ended 30 September		Six months ended 30 September	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
(i) Interest income from loans to a director, Mr. Ho Ying Choi	–	–	–	138
(ii) Compensation of key management personnel	<u>3,772</u>	<u>8,002</u>	<u>6,350</u>	<u>10,386</u>
			At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
(iii) Other receivable-amount due from a director, Mr. Huang Liming			32	32
(iv) Other payable-amount due to a director, Mr. Huang Liming			905	961
(v) Due from a company controlled by Mr. Huang Liming			1,747	1,993
(vi) Due to a company controlled by Mr. Huang Liming			<u>47</u>	<u>50</u>

Mr. Ho Ying Choi, a director of the Company and Mr. Ho Ying Cheung, a director of Kong Shum Union Property Management Company Limited, a subsidiary of the Company, had provided joint and several unlimited personal guarantees in favour of banking facilities granted to certain subsidiaries within the Group.

17. LEASE COMMITMENTS

Commitments under operating leases

As lessor

The Group leases out certain of its investment property. At the end of reporting period, the future minimum lease payments under non-cancellable leases are receivables as follows:

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Within one year	1,514	1,269
In the second to fifth years, inclusive	927	1,097
	<u>2,441</u>	<u>2,366</u>

Operating lease income represent rentals receivables by the Group for its investment property. Leases are negotiated for terms of 2 years and rentals are fixed over the lease terms and do not include contingent rentals.

18. CONTINGENT LIABILITIES

(a) Performance bond and incorporated owners' fund

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

As at 30 September 2023, the amount of outstanding performance bond was approximately HK\$29.2 million (31 March 2023: HK\$27.4 million).

As at 30 September 2023, the aggregate amount of the bank balances in the client accounts not dealt with in the condensed consolidated financial statements of the Group is approximately HK\$61.7 million (31 March 2023: HK\$59.1 million).

(b) Legal cases

In carrying out the ordinary course of business, the Group is subject to the risk of being named as defendant in legal actions, claims and disputes in connection with its business activities. The nature of the legal proceedings initiated against the Group generally include (i) claims for employees' compensation by the Group's employees; (ii) claims for personal injury caused by the negligence of the Group and owners' corporations of the properties by passersby, residents or other users of the respective properties; (iii) claims for property damage or economic loss caused by the negligence of the Group and owners' corporations of the properties by residents or other users of the respective properties; and (iv) claims for property damage caused by the negligence of individual flat owners by other residents or users of the respective properties. The Group maintains insurance cover and, in the opinion of the directors of the Company, based on current evidence, any such existing claims have no material financial impact to the Group as at 30 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is principally engaged in the provision of property management services primarily targeting residential properties, properties investment and money lending business. The Group operates under the brand name of “Kong Shum” in Hong Kong and provides a range of management services in Hong Kong and the PRC including security, repair and maintenance, cleaning, financial management, administrative and legal support. Under an established functional structure with various departments, the Group has dedicated teams to carry out the aforementioned management services. The Group also employs a team of security staff to provide security services as part of the services provided under property management contracts or under stand-alone security services contracts. For the six months ended 30 September 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 not recorded any interest income for the six months ended 30 September 2023 (2022: HK\$0.1 million).

For the properties investment business, the Group recorded rental income from investment properties of approximately HK\$0.9 million for the six months ended 30 September 2023 (2022: HK\$0.7 million).

REVENUE

For the six months ended 30 September 2023, the Group’s revenue was derived from its operations in Hong Kong and the PRC of approximately HK\$280.5 million (2022: HK\$254.1 million) and HK\$14.8 million (2022: HK\$16.5 million), respectively.

The Group derived revenue of approximately HK\$29.3 million and HK\$18.5 million respectively from stand-alone security services contracts for the six months ended 30 September 2023 and 2022 respectively, representing approximately 9.9% and 6.8% of its total revenue.

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

	Six months ended 30 September			
	2023		2022	
	<i>HK\$ million</i>	<i>Percentage</i>	<i>HK\$ million</i>	<i>Percentage</i>
Property management services contracts	265.1	89.8%	251.3	92.9%
Stand-alone security services contracts	29.3	9.9%	18.5	6.8%
Rental services contracts	0.9	0.3%	0.7	0.3%
Money lending services	–	–	0.1	–
	295.3	100%	270.6	100%

The Group's revenue improved by approximately 9.1% from approximately HK\$270.6 million for the six months ended 30 September 2022 to approximately HK\$295.3 million for the six months ended 30 September 2023. During the Period, the number of Hong Kong property management service contracts obtained by the Group had been decreased by 15 from 455 for six months ended 30 September 2022 to 440 for the six months ended 30 September 2023. Revenue generated from property management services contracts in Hong Kong recorded an increase of approximately 6.6% to approximately HK\$250.3 million for the six months ended 30 September 2023.

GROSS PROFIT

The gross profit of the Group increased by approximately 2.1% from approximately HK\$45.4 million for the six months ended 30 September 2022 to approximately HK\$46.3 million for the six months ended 30 September 2023. The gross profit margin was approximately 15.7% and 16.8% for the six months ended 30 September 2023 and 2022 respectively.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company decreased by approximately 16.5% from a loss of approximately HK\$9.9 million for the six months ended 30 September 2022 to loss of approximately HK\$8.3 million for the six months ended 30 September 2023 mainly due to:

- (i) decrease in administrative expenses and other operating expenses of approximately HK\$8.0 million; and partly offset by
- (ii) decrease in other income arising from gain on bargain purchase of approximately HK\$4.8 million.

OTHER OPERATING EXPENSES

The Group's other operating expenses for the six months ended 30 September 2023 were approximately HK\$14.5 million (2022: HK\$16.3 million), representing a decrease of approximately 10.7% as compared to the corresponding period in 2022.

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

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Auditors' remuneration	479	440
Consultancy fee	100	1,086
Depreciation and amortisation	4,535	3,860
Exchange difference	114	60
Insurance fee	2,262	2,218
Legal and professional fee	1,798	1,983
Office expenses	1,348	1,140
Others	226	250
Registration, licence and subscription fee	86	163
Travelling and entertainment expenses	3,590	5,077
	<u>14,538</u>	<u>16,277</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\$294.4 million (2022: HK\$269.8 million) from its property management services in Hong Kong and the PRC. Looking forward, the provision of property management and related services in Hong Kong and the PRC will continue to be the core business of the Group while management will continue to explore other investment opportunities in order to increase the Group's income source and will therefore be in the interest of the Company and the shareholders of the Company as a whole.

Human Resources

As at 30 September 2023, the Group had a total of 1,727 employees (31 March 2023: 1,692 employees). The Group's staff costs for the six months ended 30 September 2023 amounted to approximately HK\$254.3 million (2022: HK\$241.2 million). To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance.

Services Contracts

Due to well-established team and project planning, during the six months ended 30 September 2023, 10 property management contracts were awarded to the Group in Hong Kong.

For the six months ended 30 September 2023, there were in total 440 service contracts (covering around 97,535 households) comprising 415 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 440 contracts in force as at 30 September 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 268 valid contracts as at 30 September 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 six months ended 30 September 2023 included the mandatory term requiring the client to follow the said procedural requirements, if applicable.

Client Accounts

As at 30 September 2023, the Group held 67 (31 March 2023: 68) client accounts amounting to approximately HK\$61.7 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 September 2023, a bank and two insurance companies issued 14 (31 March 2023: 13) bond certificates amounting to approximately HK\$29.2 million (31 March 2023: HK\$27.4 million) on behalf of the Group to the clients as required in the service contracts.

Liquidity, Financial Resources and Capital Structure

The Group maintained sufficient working capital as at 30 September 2023 with bank balances and cash of approximately HK\$58.0 million (31 March 2023: HK\$79.1 million).

As at 30 September 2023, the Group had bank and other loan, obligations under finance lease and lease liabilities of approximately HK\$12.3 million (31 March 2023: HK\$18.2 million).

As at 30 September 2023, the Group's net current assets amounted to approximately HK\$119.0 million (31 March 2023: HK\$123.0 million). The Group's operations are financed principally by revenue generated from its business operations, available cash and bank balances.

Capital Expenditure

The Group purchased property, plant and equipment mainly for leasehold improvement and construction in progress amounting to approximately HK\$0.6 million for the six months ended 30 September 2023 (six months ended 30 September 2022: HK\$4.2 million).

Capital Commitments

The Group did not have any significant capital commitments as at 30 September 2023.

Contingent Liabilities

Details of contingent liabilities of the Group are set out in note 18 to the unaudited condensed consolidated financial statements.

Foreign Currency Risk

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

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

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

Charges over Assets of the Group

As at 30 September 2023, the deposits placed for life insurance policies of approximately HK\$9.4 million (31 March 2023: HK\$9.3 million) were pledged to a bank to secure banking facilities granted to the Group. In addition, the Group's investment property with carrying value of approximately HK\$40,400,000 were pledged to secured bank facilities granted to the Group. Besides, the Group had certain motor vehicles acquired under finance lease. Carrying values of motor vehicles amounted to approximately HK\$0.4 million and HK\$0.8 million were under lease liabilities as at 30 September 2023 and 31 March 2023 respectively.

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

Gearing Ratio

The Group's gearing ratio, being as the total debt (i.e. bank and other loan and lease liabilities) divided by total equity, as at 30 September 2023, was approximately 4.6% (31 March 2023: 6.5%).

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.

OPERATION REVIEW

Use of proceeds from the Listing

The actual net proceeds from the issue of new shares of the Company under the Placing as set out in the Prospectus were approximately HK\$17.5 million, which was different from the estimated net proceeds of approximately HK\$24.4 million (estimated on the assumption that the placing price would be the mid-point of the stated range as stated in the Prospectus). For the period from 20 September 2013 to 30 September 2023, the Group has applied the net proceeds as follows:

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

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

The Group expect the remaining proceed of HK\$4.3 million will be fully utilised by the year ending 31 March 2026.

Fund Raising Activity

The Company has no fund raising activities during the six months ended 30 September 2023.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

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

CORPORATE GOVERNANCE PRACTICES

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 September 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 was no change of the Directors’ information pursuant to Rule 17.50A(1) of the GEM Listing Rules since the disclosure made in the Company’s annual report 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 six months ended 30 September 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

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>)	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 six months ended 30 September 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 (Note 1)	Trustee	626,071,950 (L) (Note 2)	55.45%
H Family Company Limited (Note 1)	Interest in a controlled corporation	626,071,950 (L) (Note 2)	55.45%
Heng Sheng Capital Limited (Note 1)	Beneficial owner	626,071,950 (L) (Note 2)	55.45%
Li Mengya (Note 1)	Interest of spouse	626,071,950 (L) (Note 2)	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 six months ended 30 September 2023.

SHARE OPTION SCHEME

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

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

For the six months ended 30 September 2023, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

SHARE AWARD PLAN

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

Purposes of the Share Award Plan

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

Administration

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

Eligibility

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

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

- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, and, for the purposes of the Plan, the Award may be made to any company wholly-owned by one or more of the above participants.

Term

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

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.

Maximum Number of Awarded Shares Awarded under the Share Award Plan and The Maximum Entitlement of Each Participant under the Share Award Plan

The total maximum number of Shares which may be awarded under the Share Award Plan must not in aggregate exceed 10% of the Shares in issue as at the Adoption Date (i.e., 102,635,151 Shares on the basis of 1,026,351,515 Shares in issue as at the Adoption Date) or the date of approval of any refreshed limit, if any (including those Shares awarded by way of direct allotment).

According to the Share Award Plan, the total number of Awarded Shares granted to each Selected Participant in any 12-month period must not exceed 1% of the relevant class of securities of the Company (or its Subsidiaries) in issue (i.e., 10,263,515 Shares on the basis of 1,026,351,515 Shares in issue as at the Adoption Date). In addition, subject to the applicable requirements of Chapter 23 of the GEM Listing Rules, each Awarded Share granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, must not result in the Awarded Shares already granted and to be granted to such Selected Participant in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and
- (b) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million.

Amount Payable by the Grantee(s) on Acceptance of the Grant of Awarded Shares

According to the Share Award Plan, the grant of the Awarded Shares shall be deemed to be irrevocably accepted by a Participant unless the Participant shall within five (5) business days after receipt of such notice from the Board notify the Company in writing that he would decline to accept such Award, without any amount payable to the Company on acceptance of the grant of Awarded Shares.

Vesting Period and the Purchase Price

The Board has the absolute discretion in deciding the vesting period of the grant of Awarded Shares. The relevant grantees are not required to pay any purchase price to purchase the Awarded Shares.

Movement Under the Share Award Plan

As at 30 September 2023, details of movement of the Awarded Shares under the Share Award Plan were as follows:

Grantee(s)	Date of Grant (Note 1 & 3)	Number of granted Awarded Shares	Vesting Period	As at 1 April 2023	Vested during the period	Number of Awarded Shares Lapsed/ cancelled/ forfeited during the year	As at 30 September 2023 (Note 4)
Employee Group A	11 January 2022	102,635,150 (Note 2)	11 January 2023	–	–	–	–

Notes:

1. For the six months ended 30 September 2023, there were no Awarded Shares granted under the Share Award Plan.
2. The fair value of the Awarded Shares was HK\$0.112 and it was calculated based on the closing price of the Company's shares at the respective grant date.
3. There was no purchase price regarding the Awarded Shares granted on 11 January 2022, and the weighted average closing price of the shares of the Company before the Awarded Shares were vested was HK\$0.077.
4. As at 30 September 2023, there were no unvested Awarded Shares.

At 1 April 2023, 30 September 2023 and the date of this announcement, there was one Awarded Share (representing approximately 0.0000001% of the issued share capital of the Company) available for grant under the Share Award Plan. The Board would “refresh” the scheme limit, when necessary, in accordance with the requirements under the GEM Listing Rules.

MANAGEMENT CONTRACTS

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

COMPETING BUSINESS

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed and approved the Company’s unaudited interim results for the six months ended 30 September 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 year, each member of the Board may consider a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, or professional experience in achieving diversity for the benefit of the Company’s various business development and management. The Board is to review the policy concerning diversity of Board members, and to disclose the policy or a summary of the policy in the corporate governance report, including any quantitative targets and standards and its progress with policy implementation.

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

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

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 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, 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, 13 November, 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 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.