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**shishi**

**shi shi services limited**

**時時服務有限公司**

*(formerly known as Heng Sheng Holdings Limited 前稱恒生控股有限公司)*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8181)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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

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

The board of directors (the “Board”) of the Company is pleased to present the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2019, together with the audited comparative figures for the corresponding year in 2018 are set out as follows:

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

*For the year ended 31 March 2019*

	<i>Notes</i>	<b>2019</b> <i>HK\$</i>	2018 <i>HK\$</i>
<b>Revenue</b>	3	<b>425,660,545</b>	412,270,727
Cost of services		<u>(322,012,570)</u>	<u>(317,871,870)</u>
<b>Gross profit</b>		<b>103,647,975</b>	94,398,857
Interest revenue	4	<b>3,399,919</b>	1,997,437
Other income	5	<b>26,729,282</b>	6,386,733
Share of profits of an associate		<b>5,249,254</b>	4,999,071
Administrative expenses		<b>(52,197,748)</b>	(49,982,733)
Other operating expenses		<b>(21,029,992)</b>	(18,144,129)
Finance costs	7	<u>(565,205)</u>	<u>(1,328,746)</u>
<b>Profit before tax</b>		<b>65,233,485</b>	38,326,490
Income tax expense	9	<u>(7,853,388)</u>	<u>(7,363,534)</u>
<b>Profit for the year</b>	8	<b>57,380,097</b>	30,962,956
<b>Other comprehensive income, net of tax</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain on equity investment at fair value through other comprehensive income		<b>10,000</b>	–
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operation		<u>637,116</u>	<u>173,260</u>
<b>Other comprehensive income for the year</b>		<u><b>647,116</b></u>	<u>173,260</u>
<b>Total comprehensive income for the year</b>		<u><b>58,027,213</b></u>	<u>31,136,216</u>

	<i>Notes</i>	<b>2019</b> <b>HK\$</b>	2018 <i>HK\$</i>
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>52,228,674</b>	28,694,621
Non-controlling interests		<b>5,151,423</b>	2,268,335
		<u><b>57,380,097</b></u>	<u>30,962,956</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>52,808,513</b>	28,815,903
Non-controlling interests		<b>5,218,700</b>	2,320,313
		<u><b>58,027,213</b></u>	<u>31,136,216</u>
<b>Earnings per share</b>			
Basic (HK \$)	10	<u><b>0.057</b></u>	<u>0.037</u>
Diluted (HK \$)	10	<u><b>0.057</b></u>	<u>0.037</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

		2019	2018
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Non-current assets</b>			
Property, plant and equipment		11,247,781	11,763,803
Investment property		32,400,000	32,000,000
Intangible assets	11	3,902,387	5,838,386
Goodwill		3,232,245	784,704
Deposits placed for life insurance policies		8,575,569	8,382,078
Deferred tax assets		2,849,258	2,553,540
Investment in an associate	12	41,748,325	36,499,071
		<u>103,955,565</u>	<u>97,821,582</u>
<b>Current assets</b>			
Trade and other receivables	13	120,169,576	72,501,637
Investments at fair value through profit or loss		10,668,547	37,793,793
Pledged bank deposits		1,722,146	10,176,374
Cash and cash equivalents		142,200,011	54,164,638
		<u>274,760,280</u>	<u>174,636,442</u>
<b>Current liabilities</b>			
Trade and other payables	14	68,341,260	54,553,501
Contract liabilities		4,545,470	–
Bank borrowings – secured		12,140,034	9,869,600
Finance lease payables		247,397	140,288
Promissory notes payables		–	7,674,841
Amount due to a related company		2,105,251	–
Current tax liabilities		1,740,212	3,839,536
		<u>89,119,624</u>	<u>76,077,766</u>
<b>Net current assets</b>		<u>185,640,656</u>	<u>98,558,676</u>
<b>Total assets less current liabilities</b>		<u>289,596,221</u>	<u>196,380,258</u>

	<i>Notes</i>	<b>2019</b> <i>HK\$</i>	2018 <i>HK\$</i>
<b>Non-current liabilities</b>			
Finance leases payables		<b>292,694</b>	83,847
Deferred tax liabilities		<b>176,037</b>	220,318
		<u><b>468,731</b></u>	<u>304,165</u>
<b>NET ASSETS</b>		<u><b>289,127,490</b></u>	<u>196,076,093</u>
<b>Equity</b>			
Share capital	15	<b>10,263,515</b>	8,553,515
Reserves		<b>277,963,197</b>	184,200,002
		<u><b>288,226,712</b></u>	<u>192,753,517</u>
Equity attributable to owners of the Company		<b>288,226,712</b>	192,753,517
Non-controlling interests		<b>900,778</b>	3,322,576
		<u><b>289,127,490</b></u>	<u>196,076,093</u>
<b>TOTAL EQUITY</b>		<u><b>289,127,490</b></u>	<u>196,076,093</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium account	Share option reserve	Merger reserve	Equity investment revaluation reserve	Foreign currency translation reserve	Retained profits			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
At 1 April 2017	5,941,515	96,000,132	3,872,000	4,750,108	(13,000,000)	-	18,706,534	116,270,289	-	116,270,289
Placing of shares (Note 18)	2,612,000	45,055,325	-	-	-	-	-	47,667,325	-	47,667,325
Capital injection by non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	1,002,263	1,002,263
Total comprehensive income for the year	-	-	-	-	-	121,282	28,694,621	28,815,903	2,320,313	31,136,216
At 31 March 2018	<u>8,553,515</u>	<u>141,055,457</u>	<u>3,872,000</u>	<u>4,750,108</u>	<u>(13,000,000)</u>	<u>121,282</u>	<u>47,401,155</u>	<u>192,753,517</u>	<u>3,322,576</u>	<u>196,076,093</u>
At 1 April 2018	8,553,515	141,055,457	3,872,000	4,750,108	(13,000,000)	121,282	47,401,155	192,753,517	3,322,576	196,076,093
Transfer	-	-	(3,872,000)	-	12,990,000	-	(9,118,000)	-	-	-
Placing of shares (Note 18)	1,710,000	38,919,600	-	-	-	-	-	40,629,600	-	40,629,600
Capital injection by non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	900,000	900,000
Acquisition of non-controlling interests	-	-	-	-	-	-	2,035,082	2,035,082	(3,559,242)	(1,524,160)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(4,981,256)	(4,981,256)
Total comprehensive income for the year	-	-	-	-	10,000	569,839	52,228,674	52,808,513	5,218,700	58,027,213
At 31 March 2019	<u>10,263,515</u>	<u>179,975,057</u>	<u>-</u>	<u>4,750,108</u>	<u>-</u>	<u>691,121</u>	<u>92,546,911</u>	<u>288,226,712</u>	<u>900,778</u>	<u>289,127,490</u>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 March 2019*

### **1. GENERAL INFORMATION**

Shi Shi Services Limited (the “Company”) (formerly known as Heng Sheng Holdings 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 1001,10 Floor, Chung Nam House, 59 Des Voeux Road Central, Hong Kong.

The Board announced that the English name of the Company has been changed from “Heng Sheng Holdings Limited” to “Shi Shi Services Limited”, with effect from 16 October 2018.

Since February 2018, Heng Sheng Capital Limited (“Heng Sheng”) became the new controlling shareholder of the Company and the Company became a non-wholly-owned subsidiary of Heng Sheng. For details of such change of controlling shareholder, please refer to the Company’s announcements dated 4 January 2018, 24 January 2018 and 22 February 2018.

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

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

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2018. 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, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied other 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 services, properties investment and money lending business during the year. An analysis of the Group's revenue recognised during the years is as follows:

	<b>2019</b>	2018
	<b>HK\$</b>	<b>HK\$</b>
Provision of property management services	<u>424,053,042</u>	<u>409,577,174</u>
Revenue from contracts with customers	<b>424,053,042</b>	409,577,174
Rental income from investment property	<b>1,447,503</b>	1,100,860
Loan interest income	<u>160,000</u>	<u>1,592,693</u>
Total revenue	<u><b>425,660,545</b></u>	<u><b>412,270,727</b></u>

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

##### Provision of property management services

	<b>2019</b>	2018
	<b>HK\$</b>	<b>HK\$</b>
<b>For the year ended 31 March</b>		
<b>Geographical markets</b>		
Hong Kong	<b>396,923,064</b>	400,079,199
The People's Republic of China (the "PRC")	<u>27,129,978</u>	<u>9,497,975</u>
	<u><b>424,053,042</b></u>	<u><b>409,577,174</b></u>
<b>Major services</b>		
Property management services	<b>400,725,845</b>	400,079,199
Property management consultancy services	<u>23,327,197</u>	<u>9,497,975</u>
	<u><b>424,053,042</b></u>	<u><b>409,577,174</b></u>

For the years ended 31 March 2019 and 2018, all revenue from provision of property management services and property management consultancy services are recognised over time.

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



#### 4. INTEREST REVENUE

	2019 HK\$	2018 HK\$
Bank interest income	63,635	21,613
Interest income from investment at fair value through profit or loss	3,048,498	1,676,712
Interest income from deposits placed for life insurance policies	287,786	299,112
	<u>3,399,919</u>	<u>1,997,437</u>

#### 5. OTHER INCOME

	2019 HK\$	2018 HK\$
Gain on disposal of property, plant and equipment	103,564	33,000
Consultancy income	–	1,733,157
Fair value gain on an investment property	400,000	3,182,699
Fair value gain on investments at fair value through profit or loss	–	1,347,877
Management services income	–	90,000
Compensation income ( <i>Note</i> )	26,000,000	–
Commission income	225,715	–
Others	3	–
	<u>26,729,282</u>	<u>6,386,733</u>

*Note:* The Company, Capital Creation (BVI) Limited (“Capital Creation”) and All Profit Alliance Limited (“All Profit”) entered into a subscription and shareholders’ agreement (the “Agreement”) on 21 June 2015 pursuant to which the Company subscribed 10% of the issued share capital of All Profit at the Subscription Price of HK\$13 million. Under the Agreement, All Profit guaranteed to the Company that the net profit of All Profit after tax (the “2016 After-Tax Profit”) for the period from 20 March 2015 (date of incorporation of All Profit) to 30 June 2016 (the “Initial Guarantee Period”) shall not be less than HK\$10 million (the “Guaranteed Profit Amount”). If the 2016 After-Tax Profit of All Profit falls below the Guaranteed Profit Amount, All Profit shall allot and issue to the Company such number of new All Profit Shares representing 10% of the then issued share capital of All Profit enlarged by the allotment and issue of such new All Profit Shares and the Guarantee Profit Amount shall be extended for a further 12 months to the year ended 30 June 2017 (the “Extended Guarantee Period”) in the same guaranteed amount (the “Extended Profit Guarantee”).

If the net profit of All Profit after tax for the year ended 30 June 2017 (the “2017 After-Tax Profit”) is less than that Extended Profit Guarantee, All Profit shall compensate the Company for the shortfall (the “Compensation”) calculated as follows:

The difference between the 2017 After-Tax Profit and the Extended Profit Guarantee  $\times 13 \times 20\%$

For the avoidance of doubt, if the 2017 After-Tax Profit is zero or a negative amount, the formula (HK\$10,000,000  $\times 13 \times 20\%$ ) will be adopted in calculating the amount of the Compensation. Notwithstanding the above, the Company shall have the right to request All Profit to issue and allot to the Company such number of additional new All Profit Shares representing 5% of the then issued share capital of All Profit as enlarged by the allotment and issue of such new All Profit Shares in lieu of the Compensation.

Since the profit guarantee for both the Initial Guarantee Period and the Extended Guarantee Period were not met, the Company has demanded pursuant to the Agreement (i) the additional All Profit Shares, representing 10% of the then issued share capital of All Profit, to be allotted and issued to the Company as a result of All Profit failing to meet the profit guarantee for the Initial Guarantee Period such that the Company will be interested in approximately 20% of the issued share capital in All Profit; and (ii) the Compensation of HK\$26 million calculated based on the abovementioned formula (i.e.  $\text{HK\$}10,000,000 \times 13 \times 20\%$ ) from All Profit as a result of All Profit failing to meet the profit guarantee for the Extended Guarantee Period. The allotment and issue of the additional All Profit Shares was completed on 26 January 2018.

The Company received the settlement sum of HK\$26 million from All Profit for the Compensation on 8 January 2019. For details please refer to the Company's announcements dated 11 May 2015, 22 June 2015, 3 July 2015, 30 January 2018 and 9 January 2019.

## **6. SEGMENT INFORMATION**

### **(a) Reportable segments**

The Group has three (2018: three) reportable segments. The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- (i) Provision of property management 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*

	For the year ended 31 March 2019			
	Provision of property management services <i>HK\$</i>	Properties investment <i>HK\$</i>	Money lending business <i>HK\$</i>	Total <i>HK\$</i>
Reportable segment revenue:				
Revenue from external customers	<u>424,053,042</u>	<u>1,447,503</u>	<u>160,000</u>	<u>425,660,545</u>
Reportable segment profit/(loss)	<u>40,290,771</u>	<u>1,354,164</u>	<u>(14,074)</u>	<u>41,630,861</u>
Depreciation of property, plant and equipment	1,432,194	–	–	1,432,194
Amortisation of intangible assets	2,048,349	–	–	2,048,349
Income tax expense	7,852,385	202,867	–	8,055,252
Interest revenue	349,422	–	–	349,422
Interest expense	565,205	–	–	565,205
Additions to property, plant and equipment	<u>835,939</u>	<u>2,870</u>	<u>–</u>	<u>838,809</u>
	At 31 March 2019			
	Provision of property management services <i>HK\$</i>	Properties investment <i>HK\$</i>	Money lending business <i>HK\$</i>	Total <i>HK\$</i>
Reportable segment assets	218,557,236	32,818,151	18,115,197	269,490,584
Reportable segment liabilities	<u>83,939,361</u>	<u>304,893</u>	<u>–</u>	<u>84,244,254</u>

	For the year ended 31 March 2018			
	Provision of property management services <i>HK\$</i>	Properties investment <i>HK\$</i>	Money lending business <i>HK\$</i>	Total <i>HK\$</i>
Reportable segment revenue:				
Revenue from external customers	<u>409,577,174</u>	<u>1,100,860</u>	<u>1,592,693</u>	<u>412,270,727</u>
Reportable segment profit	<u>33,007,585</u>	<u>4,031,400</u>	<u>643,456</u>	<u>37,682,441</u>
Depreciation of property, plant and equipment	1,142,803	5	–	1,142,808
Amortisation of intangible assets	2,048,349	–	–	2,048,349
Income tax expense	7,127,985	129,363	106,186	7,363,534
Interest revenue	320,725	–	–	320,725
Interest expense	1,221,628	–	–	1,221,628
Additions to property, plant and equipment	<u>569,481</u>	<u>–</u>	<u>–</u>	<u>569,481</u>
	At 31 March 2018			
	Provision of property management services <i>HK\$</i>	Properties investment <i>HK\$</i>	Money lending business <i>HK\$</i>	Total <i>HK\$</i>
Reportable segment assets	144,909,202	32,664,740	3,742,626	181,316,568
Reportable segment liabilities	<u>70,698,027</u>	<u>204,400</u>	<u>–</u>	<u>70,902,427</u>

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

<b>Year ended 31 March</b>	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Revenue</b>		
Reportable segment revenue and consolidated revenue	<b>425,660,545</b>	412,270,727
<b>Profit or loss</b>		
Reportable segment profits	<b>41,630,861</b>	37,682,441
Inter-segment (charges)/profits	–	(838,293)
Unallocated other income	<b>29,268,705</b>	3,024,589
Share of profits of an associate	<b>5,249,254</b>	4,999,071
Unallocated corporate expenses	<b>(10,915,335)</b>	(6,434,200)
Unallocated finance costs	–	(107,118)
<b>Consolidated profit before tax</b>	<b>65,233,485</b>	38,326,490
<b>At 31 March</b>		
	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Assets</b>		
Reportable segment assets	<b>269,490,584</b>	181,316,568
Unallocated cash and cash equivalents	<b>64,184,443</b>	10,016,807
Other unallocated corporate assets	<b>45,040,818</b>	81,124,649
<b>Consolidated total assets</b>	<b>378,715,845</b>	272,458,024
<b>Liabilities</b>		
Reportable segment liabilities	<b>84,244,254</b>	70,902,427
Unallocated corporate liabilities	<b>5,344,101</b>	5,479,504
<b>Consolidated total liabilities</b>	<b>89,588,355</b>	76,381,931

(b) **Geographical information**

	<b>Revenue</b>		<b>Non-current assets</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Hong Kong	<b>398,530,567</b>	402,772,752	<b>103,628,957</b>	97,821,582
Mainland China	<b>27,129,978</b>	9,497,975	<b>326,608</b>	–
	<b>425,660,545</b>	412,270,727	<b>103,955,565</b>	97,821,582

(c) **Information about major customers**

An analysis of the Group's revenue from major services is set out in note 3 above. No customer accounted for 10 percent or more of the total revenue for the years ended 31 March 2019 and 2018.

## 7. FINANCE COSTS

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Interest expenses on:		
– bank borrowings	478,627	254,997
– promissory notes	62,738	1,062,895
Finance lease charges	23,840	10,854
	<u>565,205</u>	<u>1,328,746</u>

## 8. PROFIT FOR THE YEAR

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

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Staff costs (including directors' remuneration):		
– Salaries, wages and allowances	335,288,876	322,060,873
– Retirement benefits scheme contributions	8,278,838	9,021,557
	<u>343,567,714</u>	<u>331,082,430</u>
Auditors' remuneration	670,000	640,000
Depreciation of property, plant and equipment	1,445,202	1,465,127
Fair value gain on investment property	(400,000)	(3,182,699)
Fair value gain on investment at fair value through profit or loss	–	(1,347,877)
Amortisation of intangible assets	2,048,349	2,048,349
Operating lease charges in respect of		
– Premises	2,891,001	2,951,300
– Motor vehicles	232,000	592,000
	<u>2,891,001</u>	<u>2,951,300</u>

## 9. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% based on the estimated assessable profit for the year ended 31 March 2018.

For the year ended 31 March 2019, Hong Kong Profit Tax is calculated under two-tier profit tax system under first HK\$2 millions of estimated assessable profits is taxed at a rate of 8.25% and remaining estimated assessable profits is taxed at 16.5%. The Group should elect one of the Hong Kong subsidiaries to apply the two-tier profit tax rate.

PRC corporate income tax is calculated at a standard rate of 25% (2018: 25%) on the estimated assessable profits arising from the operation of the PRC subsidiaries.

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Current tax – Hong Kong Profits Tax		
– Provision for the year	3,085,716	5,097,164
– (Over)/under-provision in prior years	(800,991)	–
– One-off deduction	(129,958)	(180,000)
	<u>2,154,767</u>	<u>4,917,164</u>
Current tax – PRC		
– Provision for the year	6,062,129	2,520,373
Deferred tax	(363,508)	(74,003)
	<u>7,853,388</u>	<u>7,363,534</u>

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

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Profit before tax	<u>65,233,485</u>	<u>38,326,490</u>
Tax calculated at Hong Kong Profit tax rate of 8.25% (2018: Nil)	165,000	–
Tax calculated at Hong Kong Profit tax rate of 16.5% (2018: 16.5%)	10,433,525	6,323,871
(Over)/Under-provision in prior years	(800,991)	–
Effect of different tax calculation basis for the PRC	2,013,157	856,928
Tax effect of income that is not taxable	(6,221,227)	(1,619,852)
Tax effect of expenses that are not deductible	2,393,882	1,982,587
One-off deduction	(129,958)	(180,000)
Income tax expense	<u>7,853,388</u>	<u>7,363,534</u>

## 10. EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of HK\$52,228,674 (2018: HK\$28,694,621) and the weighted average number of ordinary shares of 917,192,611 (2018: 769,956,447) in issue during the year.

### Diluted earnings per share

The effect of the Company's outstanding share options for the year ended 31 March 2018 did not give rise to any dilution effect to the earnings per share.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary share outstanding during the year ended 31 March 2019.

## 11. INTANGIBLE ASSETS

	<b>Customer contracts</b> <i>HK\$</i>	<b>Computer software</b> <i>HK\$</i>	<b>Total</b> <i>HK\$</i>
<b>COST</b>			
At 1 April 2017, 31 March 2018 and 1 April 2018	2,054,247	6,550,000	8,604,247
Acquisition of subsidiaries	94,035	18,315	112,350
	<u>2,148,282</u>	<u>6,568,315</u>	<u>8,716,597</u>
At 31 March 2019			
	<u>2,148,282</u>	<u>6,568,315</u>	<u>8,716,597</u>
<b>ACCUMULATED AMORTISATION</b>			
At 1 April 2017	308,137	409,375	717,512
Amortisation for the year	410,849	1,637,500	2,048,349
	<u>718,986</u>	<u>2,046,875</u>	<u>2,765,861</u>
At 1 April 2018	718,986	2,046,875	2,765,861
Amortisation for the year	410,849	1,637,500	2,048,349
	<u>1,129,835</u>	<u>3,684,375</u>	<u>4,814,210</u>
At 31 March 2019			
	<u>1,129,835</u>	<u>3,684,375</u>	<u>4,814,210</u>
<b>CARRYING AMOUNT:</b>			
At 31 March 2019	<u>1,018,447</u>	<u>2,883,940</u>	<u>3,902,387</u>
At 31 March 2018	<u>1,335,261</u>	<u>4,503,125</u>	<u>5,838,386</u>

The customer contracts are the property management business's critical value driver. They represent the values of rights that arise from contractual arrangement. The remaining amortisation period of the customer contract is 2 years.

The computer software is an internal management system which functions address book management for office usage, office communication and office bulletin for property management business accounting software. The remaining amortisation period of the computer software are ranging from 2 to 2.58 years.



## 12. INVESTMENT IN AN ASSOCIATE

	2019 HK\$	2018 HK\$
<i>Unlisted investment in Hong Kong</i>		
Share of net assets	19,098,866	13,849,612
Goodwill	22,649,459	22,649,459
	<u>41,748,325</u>	<u>36,499,071</u>

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

Name	Principal place of business/country of incorporation	Principal activities	% of ownership interests/voting rights held by the Company	
			2019	2018
Dakin Holding Inc.	Hong Kong/BVI	Provision of financial services in Hong Kong	30%/30%	30%/30%
			<i>HK\$</i>	<i>HK\$</i>
<b>At 31 March:</b>				
Non-current assets			21,630,320	19,979,229
Current assets			71,503,381	128,285,256
Non-current liabilities			(3,046,620)	(3,046,620)
Current liabilities			(26,424,195)	(99,052,491)
Net assets			<u>63,662,886</u>	<u>46,165,374</u>
Group's share of net assets			19,098,866	13,849,612
Goodwill			22,649,459	22,649,459
Group's share of carrying amount of interests			<u>41,748,325</u>	<u>36,499,071</u>
<b>Year ended 31 March:</b>				
Revenue			73,524,507	70,211,504
Profit from continuing operations			17,497,512	16,663,570
Profit after tax from discontinued operations			–	–
Other comprehensive income			–	–
Total comprehensive income			<u>17,497,512</u>	<u>16,663,570</u>
Dividend received from associate			–	–

### 13. TRADE AND OTHER RECEIVABLES

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Trade receivables ( <i>Note a</i> )	<b>73,606,279</b>	50,221,847
Loan receivables ( <i>Note b</i> )	<b>18,012,329</b>	3,627,534
Prepayments, deposits and other receivables ( <i>Note c</i> )	<b>28,550,968</b>	18,652,256
	<b><u>120,169,576</u></b>	<b><u>72,501,637</u></b>

*Note a:*

The Group does not grant credit terms to its customers (2018: 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:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
1 to 30 days	<b>15,297,233</b>	11,399,550
31 to 60 days	<b>40,311,528</b>	33,115,405
61 to 90 days	<b>9,026,128</b>	2,310,673
Over 90 days	<b>8,971,390</b>	3,396,219
	<b><u>73,606,279</u></b>	<b><u>50,221,847</u></b>

As of 31 March 2019, trade receivables of HK\$73,606,279 (2018: HK\$50,221,847) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

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

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

	Past due within 30 days	Over 30 days past due	Over 60 days past due	Over 90 days past due	Total
At 31 March 2019					
Expected loss rate	0%	0%	0%	0%	
Receivables amount (HK\$)	15,297,233	40,311,528	9,026,128	8,971,390	73,606,279
Loss allowance (HK\$)	-	-	-	-	-
At 31 March 2018					
Expected loss rate	0%	0%	0%	0%	
Receivables amount (HK\$)	11,399,550	33,115,405	2,310,673	3,396,219	50,221,847
Loss allowance (HK\$)	-	-	-	-	-

*Note b:*

The money lenders license was granted on 15 June 2017 for a period of twelve months and a new one is granted for a period of twelve months from 15 June 2018. Money lending business is the new segment for the year ended 31 March 2018. Loans were lent to independent third parties.

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

The loan receivable of HK\$18,012,329 is secured by a second mortgage on a private residential property in Hong Kong as at 31 March 2019.

*Note c:*

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

	<b>2019</b> <b>HK\$</b>	2018 <b>HK\$</b>
Prepayments	<b>6,631,857</b>	2,939,766
Deposits	<b>5,878,454</b>	1,490,304
Other receivables ( <i>note</i> )	<b>16,040,657</b>	14,222,186
	<b><u>28,550,968</u></b>	<b><u>18,652,256</u></b>

*Note:* Other receivables mainly included amounts paid on behalf of incorporated owners of buildings for property management.

#### 14. TRADE AND OTHER PAYABLES

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Trade payables	2,580,703	1,138,952
Building management deposits received	4,798,803	4,348,892
Accruals and other payables	<u>60,961,754</u>	<u>49,065,657</u>
	<u><b>68,341,260</b></u>	<u><b>54,553,501</b></u>

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

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
1 to 30 days	<u><b>2,580,703</b></u>	<u><b>1,138,952</b></u>

Details of the accruals and other payables are as follows:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Accrued staff cost and staff benefits	36,308,377	39,338,456
Accrued expenses	3,038,438	1,117,097
Other payables	<u>21,614,939</u>	<u>8,610,104</u>
	<u><b>60,961,754</b></u>	<u><b>49,065,657</b></u>

#### 15. SHARE CAPITAL

<b>Ordinary shares of HK\$0.01 each</b>	<b>Number of shares</b>	<b><i>HK\$</i></b>
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each At 1 April 2017, 31 March 2018 and 31 March 2019	<u><b>5,000,000,000</b></u>	<u>50,000,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each		
At 1 April 2017	<u><b>594,151,515</b></u>	5,941,515
Issue of shares on placement	<u><b>261,200,000</b></u>	<u>2,612,000</u>
At 31 March 2018	<u><b>855,351,515</b></u>	8,553,515
Issue of shares on placement	<u><b>171,000,000</b></u>	<u>1,710,000</u>
At 31 March 2019	<u><b>1,026,351,515</b></u>	<u><b>10,263,515</b></u>

On 11 May 2017, the Company and the placing agent entered into a placing agreement in respect of the placement of 118,800,000 ordinary shares of HK\$0.01 each at a price of HK\$0.24 per share. The placement was completed on 26 May 2017 and the premium on the issue of shares, amounting to approximately HK\$26.5 million, net of share issue expenses of approximately HK\$0.86 million was credited to the Company's share premium account.

On 29 August 2017, the Company and the placing agent entered into a placing agreement in respect of the placement of 142,400,000 ordinary shares of HK\$0.01 each at a price of HK\$0.145 per share. The placement was completed on 21 September 2017 and the premium on the issue of shares, amounting to approximately HK\$18.6 million, net of share issue expenses of approximately HK\$0.63 million was credited to the Company's share premium account.

On 31 October 2018, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, of up to 171,000,000 placing shares, to currently expected not less than six placees who and whose ultimate beneficial owners shall be independent third parties at a price of HK\$0.24 per placing share. The placement was completed on 20 November 2018 and the premium on the issue of shares, amounting to approximately HK\$38.9 million, net of share issue expenses of approximately HK\$0.41 million was credited to the Company's share premium account. Details of the placement are set out in the Company's announcement dated 31 October 2018 and 20 November 2018.

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

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

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

## 16. DIVIDEND

No dividend was paid or proposed for the year ended 31 March 2019, nor has any dividend been proposed since the ended of the reporting period and up to the date of this announcement (2018: Nil).

## 17. RELATED PARTY TRANSACTIONS

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

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Rental paid to related companies		
– Kong Shum Union (China) Limited (“KSU China”)	232,000	592,000
Compensation paid to directors	4,648,000	3,778,774
Acquisition of Shi Shi Property (Cayman) Limited	<u>8,000,000</u>	<u>–</u>

Mr. Ho Ying Choi a director of the Company and Mr. Ho Ying Cheung, a director of KSU, have control over the related company, KSU China.

At 31 March 2019 and 2018, Mr. Ho Ying Choi and Mr. Ho Ying Cheung had provided joint and several unlimited personal guarantees in favour of banking facilities granted to certain subsidiaries within the Group.

On 29 March 2019, the Group acquired 100% equity interest of Shi Shi Property (Cayman) Limited at a cash consideration of HK\$8,000,000 from Shi Shi Intellectual Property Service Limited, an investment holding company wholly-owned by Mr. Huang Liming, the chairman of the board of director of the Company, a non-executive director and a controlling shareholder of the Company. Shi Shi Property (Cayman) Limited was engaged in provision of property management services in PRC during the year. The acquisition is for the purpose of expansion of sources of income and prospects.

## 18. CONTINGENT LIABILITIES

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

Performance bond has been issued by several banks and 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 31 March 2019, the amount of outstanding performance bond was approximately HK\$8.8 million (2018: HK\$15.7 million).

As at 31 March 2019, the aggregate amount of the bank balances in the client accounts not dealt with in the consolidated financial statements of the Group is approximately HK\$56.1 million (2018: HK\$43.7 million).

### (b) Legal cases

In carrying out the ordinary course of business, the Group is subject to the risk of being named as defendant in legal actions, claims and disputes in connection with its business activities. The nature of the legal proceedings initiated against the Group generally include (i) claims for employees' compensation by the Group's employees; (ii) claims for personal injury caused by the negligence of the Group and owners' corporations of the properties by passersby, residents or other users of the respective properties; (iii) claims for property damage or economic loss caused by the negligence of the Group and owners' corporations of the properties by residents or other users of the respective properties; and (iv) claims for property damage caused by the negligence of individual flat owners by other residents or users of the respective properties. The Group maintains insurance cover and, in the opinion of the directors of the Company, based on current evidence, any such existing claims have no material financial impact to the Group as at 31 March 2019.

## 19. CAPITAL COMMITMENTS

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

	2019 HK\$	2018 HK\$
Property, plant and equipment Contracted but not provided for in the financial statements in respect of unpaid balance	<u>7,159,105</u>	<u>–</u>

## 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 including security, repair and maintenance, cleaning, finance management, administrative and legal support in Hong Kong and the PRC. Under an established functional structure with various departments, the Group has dedicated teams to carry out the aforementioned management services. The Group also employs a team of security staff to provide security services as part of the services provided under property management contracts or under stand-alone security services contracts. For the year ended 31 March 2019, the Group provided property security services for 14 properties under stand-alone security services contracts in Hong Kong. The operating arm of the Group’s security services is mainly Q & V Security Company Limited (“Q&V”). The Group hires its own security staff to provide property security services. The Group also employs registered technicians to provide basic repair and maintenance services to its customers if required. In relation to the cleaning services, the Group subcontracts substantially all of its cleaning services to third-party contractors.

In relation to the provision of money lending business, the Group recorded loan interest income of approximately HK\$0.2 million (2018: HK\$1.6 million). As at 31 March 2019, the Group has loan receivables with carrying amount of approximately HK\$18 million (2018: HK\$3.6 million). Principal terms of the loan receivables during the year are as follows:

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

*Notes:*

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

For the properties investment business, the Group recorded rental income from an investment property of approximately HK\$1.4 million for the year ended 31 March 2019 (2018: HK\$1.1 million).

## FINANCIAL REVIEW

### Summary Financial Performance

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	Change
<b>Revenue</b>	<b>425,661</b>	412,271	3.2%
Cost of services	<b>(322,013)</b>	(317,872)	1.3%
Gross Profit	<b>103,648</b>	94,399	9.8%
<b>Gross profit margin</b>	<b>24.3%</b>	22.9%	n/a
Other revenue	<b>30,129</b>	8,384	259.4%
Share of profits of an associate	<b>5,249</b>	4,999	5.0%
Administrative expenses	<b>(52,198)</b>	(49,983)	4.4%
Other operating expenses	<b>(21,030)</b>	(18,144)	15.9%
Finance costs	<b>(565)</b>	(1,329)	57.5%
Profit before tax	<b>65,233</b>	38,326	70.2%
Income tax expense	<b>(7,853)</b>	(7,363)	6.6%
<b>Profit attributable to owners of the Company</b>	<b>52,229</b>	28,695	82.0%
<b>Net profit margin</b>	<b>12.3%</b>	7.0%	n/a



## REVENUE

For the year ended 31 March 2019, the Group's revenue was derived from its operations in Hong Kong and the PRC of approximately HK\$398.6 million (2018: HK\$402.8 million) and HK\$27.1 million (2018: HK\$9.5 million), respectively.

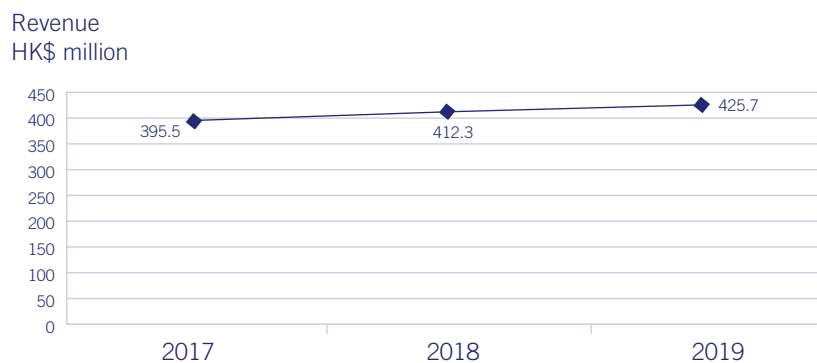
The following table sets out the Group's revenue by contract type for the years ended 31 March 2018 and 2019:

	2019		2018	
	<i>HK\$ million</i>	<i>percentage</i>	<i>HK\$ million</i>	<i>percentage</i>
Property management services contracts	<b>367.1</b>	<b>86.2%</b>	366.9	89.0%
Property security services contracts	<b>29.9</b>	<b>7.0%</b>	33.2	8.1%
PRC Property management services contract	<b>27.1</b>	<b>6.4%</b>	9.5	2.2%
Rental services contracts	<b>1.4</b>	<b>0.3%</b>	1.1	0.3%
Money lending services	<b>0.2</b>	<b>0.1%</b>	1.6	0.4%
	<b><u>425.7</u></b>	<b><u>100%</u></b>	<b><u>412.3</u></b>	<b><u>100%</u></b>

The Group's revenue improved by approximately 3.2% from approximately HK\$412.3 million for the year ended 31 March 2018 to approximately HK\$425.7 million for the year ended 31 March 2019. The increase was primarily attributable to the significant growth of revenue generated from the property management services in the PRC by 185.2% to approximately HK\$27.1 million for the year ended 31 March 2019. During the year, the number of management service contracts obtained by the Group had been increased by 3 from 434 for the year ended 31 March 2018 to 437 for the year ended 31 March 2019. Revenue generated from property management services contracts in Hong Kong recorded a slightly increase of approximately 0.1% to approximately HK\$367.1 million for the year ended 31 March 2019.

The Group derived revenue of approximately HK\$33.2 million and HK\$29.9 million respectively from stand-alone security services contracts for the years ended 31 March 2018 and 2019 respectively, representing approximately 8.1% and 7.0% of its total revenue.

The following graph sets out the revenue for the years ended 31 March 2017, 2018, 2019.



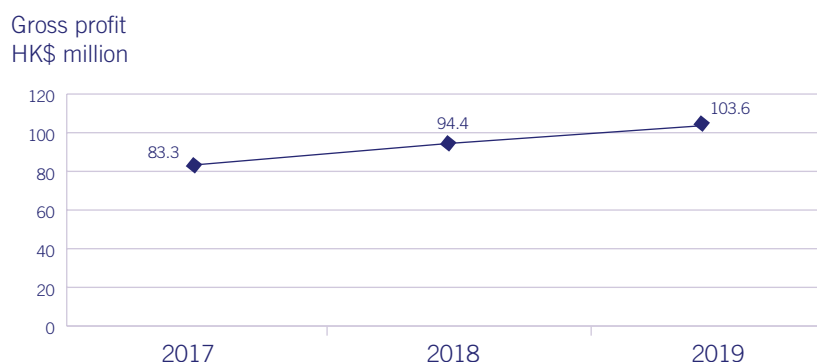
## **COST OF SERVICES**

The total cost of services amounted to approximately HK\$317.9 million and HK\$322.0 million for the years ended 31 March 2018 and 2019 respectively, representing approximately 77.1% and 75.7% respectively of the Group's revenue. Increase in the cost of services during the year of approximately 1.3% was mainly due to the increase in the wages of the front line staff of the Group.

## **GROSS PROFIT**

The gross profit of the Group increased by approximately 9.8% from approximately HK\$94.4 million for the year ended 31 March 2018 to approximately HK\$103.6 million for the year ended 31 March 2019. The gross profit margin was approximately 22.9% and 24.3% for the years ended 31 March 2018 and 2019 respectively. The Group negotiated and adjusted the service fees in order to reflect the increase in costs and to maintain a growth on the gross profit margin.

The following graph sets out the gross profit for the years ended 31 March 2017, 2018 and 2019.



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

The profit attributable to owners of the Company was increased by approximately 82.0% from approximately HK\$28.69 million for the year ended 31 March 2018 to approximately HK\$52.2 million for the year ended 31 March 2019. The net profit margin increased by approximately 5.3% from approximately 7.0% to 12.3% for the years ended 31 March 2018 and 2019 respectively.

The Group has recorded a profit of approximately HK\$57.4 million for the year ended 31 March 2019 as compared to the profit of approximately HK\$31.0 million for the year ended 31 March 2018. The increase was mainly attributable to the compensation income from investment in All Profit Alliance Limited of approximately HK\$26 million (2018: Nil).

## **ADMINISTRATIVE EXPENSES**

The Group's administrative expenses for the year ended 31 March 2019 were approximately HK\$52.2 million (2018: HK\$50.0 million), representing an increase of approximately 4.4% as compared to the corresponding period in 2018 as a result of increase in bonus, staff salaries, rental fee incurred during the year.

## **OTHER OPERATING EXPENSES**

The Group's other operating expenses remain stable for the year ended 31 March 2019 and recorded approximately HK\$21.0 million (2018: HK\$18.1 million), representing an increase of approximately 15.9% as compared to the corresponding period in 2018.

This was mainly attributable to the net effect of the decrease in impairment loss of promissory notes and increase on exchange difference and legal and professional fee.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	<b>For the year ended/ as at 31 March</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
<b>Financial position</b>		
Current assets	<b>274,760</b>	174,636
Current liabilities	<b>89,120</b>	76,078
Net current assets	<b>185,640</b>	98,558
Total assets	<b>378,716</b>	272,458
Bank borrowings, finance lease payables and promissory note payables	<b>12,680</b>	17,769
Bank balances and cash	<b>142,200</b>	54,165
Total equity	<b>289,127</b>	196,076
<b>Key ratios</b>		
Return on equity (1)	<b>23.7%</b>	19.8%
Return on assets (2)	<b>17.6%</b>	13.0%
Current ratio (3)	<b>3.08 times</b>	2.30 times
Gearing ratio (4)	<b>4.4%</b>	9.1%
Net Debt to equity ratio (5)	<b>0%</b>	0%
Debtors turnover day (6)	<b>53.3 days</b>	43.3 days
Creditors turnover day (7)	<b>41.5 days</b>	26.0 days

### Notes:

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

The Group maintained sufficient working capital as at 31 March 2019 with bank balances and cash of approximately HK\$142.2 million (2018: HK\$54.2 million).

As at 31 March 2019, the Group had bank borrowings, obligations under finance lease, and promissory note payables of approximately HK\$12.7 million (2018: HK\$17.8 million).

As at 31 March 2019, the Group's net current assets amounted to approximately HK\$185.6 million (2018: HK\$98.6 million). The Group's operations are financed principally by revenue generated from its business operations, available cash and bank balances.

### **RETURN ON EQUITY**

The return on equity increased from approximately 19.8% for the year ended 31 March 2018 to approximately 23.7% for the year ended 31 March 2019, mainly due to the increase in profit for the year.

### **RETURN ON ASSETS**

The return on assets was increased from approximately 13.0% for the year ended 31 March 2018 to approximately 17.6% for the year ended 31 March 2019, mainly due to the increase in profit for the year.

### **CURRENT RATIO**

The Group's current ratio increase from approximately 2.30 times as at 31 March 2018 to approximately 3.08 times as at 31 March 2019 mainly due to increase in cash and cash equivalents, offset by repayment of promissory notes of approximately HK\$7.7 million.

### **GEARING RATIO**

The Group's gearing ratio, defined as the total debt (i.e. bank borrowings, promissory notes payables and finance lease payables) divided by total equity, as at 31 March 2019 is approximately 4.4% (2018: 9.1%).

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

The Group's net debt to equity ratio was 0% as at 31 March 2018 and 31 March 2019 which indicates that the Group's has sufficient cash and bank balances for debts repayment.

### **DEBTORS' TURNOVER DAY**

The debtors' turnover day increase from approximately 43.3 days for the year ended 31 March 2018 to approximately 53.3 days for the year ended 31 March 2019 due to increase on collecting time on trade debtors.

## **CREDITORS' TURNOVER DAY**

The creditors' turnover day increased by 15.5 days from approximately 26.0 days for the year ended 31 March 2018 to approximately 41.5 days for the year ended 31 March 2019. Such increase was due to the fully utilisation of credit period offered by some of the creditors.

## **DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: Nil).

## **OPERATION REVIEW**

### **Outlook**

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

During the year, the Group has recorded revenue of approximately HK\$27.1 million (2018: HK\$9.5 million) from its property management services in the PRC. Looking forward, the provision of property management services in Hong Kong and the PRC will continue to be the core business of the Group while the management will continue to explore other investment opportunities in order to increase the Group's income source and will therefore be in the interest of the Company and the shareholders of the Company as a whole.

### **Human Resources**

As at 31 March 2019, the Group had a total of 2,021 employees (2018: 1,965 employees). The Group's staff costs for year ended 31 March 2019 amounted to approximately HK\$349.3 million (2018: HK\$331.1 million). To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance.

### **Services Contracts**

Due to well-established team and project planning, during the year ended 31 March 2019, 20 property management contracts were awarded to the Group in Hong Kong.

For the year ended 31 March 2019, there were in total 437 service contracts (covering around 69,695 households) comprising 408 property management service contracts, 12 stand-alone security service contracts and 17 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 437 contracts in force as at 31 March 2019, 137 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 300 valid contracts as at 31 March 2019 are in compliance with the said procedural requirements or not applicable under the Building Management Ordinance. Senior management adopts a tight control system to monitor the full compliance of the procedural requirements. All newly signed contracts during the year ended 31 March 2019 included the mandatory term requiring the client to follow the said procedural requirements, if applicable.

### **Client Accounts**

As at 31 March 2019, the Group held 57 (31 March 2018: 61) client accounts amounting to approximately HK\$56.1 million (31 March 2018: HK\$43.7 million) on trust for and on behalf of customers. These client accounts are opened in the names of the Group and the relevant properties. The management fees received from the tenants or owners of the properties were deposited into these client accounts and the expenditure of these customers was paid from these client accounts.

### **Performance Bond**

As at 31 March 2019, the banks issued 6 (31 March 2018: 8) bond certificates amounting to approximately HK\$8.8 million (31 March 2018: HK\$15.7 million) on behalf of the Group to the clients as required in the service contracts.

### **Capital expenditure**

The Group purchased property, plant and equipment amounting to approximately HK\$1.0 million (approximately HK\$0.8 million for direct additions and approximately HK\$0.2 million for acquisition of subsidiaries) for the year ended 31 March 2019 (2018: HK\$0.6 million).

### **Capital commitments**

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

## **Contingent liabilities**

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

## **Foreign currency risk**

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

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

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

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

### *Placing of New Shares Under General Mandate*

On 31 October 2018 (after trading hours of the Stock Exchange), the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, of up to 171,000,000 placing shares, to currently expected not less than six placees who and whose ultimate beneficial owners shall be independent third parties (the "Placing") at a price of HK\$0.24 per placing share.

The Company completed the Placing on 20 November 2018.

Details of the Placing are set out in the Company's announcement dated 31 October 2018 and 20 November 2018.

## **Compensation from All Profit**

On 21 June 2015, the Company, Capital Creation (BVI) Limited and All Profit Alliance Limited ("All Profit") entered into a subscription and shareholders' agreement (the "Subscription and Shareholders' Agreement") pursuant to which the Company subscribed 10% of the issued share capital of All Profit at the subscription price of HK\$13 million.



Under the Subscription and Shareholders' Agreement, All Profit guaranteed to the Company that the net profit of All Profit after tax (the "2016 After-Tax Profit") for the period from 20 March 2015 (date of incorporation of All Profit) to 30 June 2016 (the "Initial Guarantee Period") shall not be less than HK\$10 million (the "Guaranteed Profit Amount"). If the 2016 After-Tax Profit of All Profit falls below the Guaranteed Profit Amount, All Profit shall allot and issue to the Company such number of new All Profit Shares representing 10% of the then issued share capital of All Profit enlarged by the allotment and issue of such new All Profit Shares and the Guaranteed Profit Amount shall be extended for a further 12 months to the year ended 30 June 2017 (the "Extended Guarantee Period") in the same guaranteed amount (the "Extended Profit Guarantee"). If the net profit of All Profit after tax for the year ended 30 June 2017 (the "2017 After-Tax Profit") is less than that Extended Profit Guarantee, All Profit shall compensate the Company for the shortfall (the "Compensation") calculated as follows:

*The Difference between the 2017 After-Tax Profit  
and the Extended Profit Guarantee x 13 x 20%*

For the avoidance of doubt, if the 2017 After-Tax Profit is zero or a negative amount, the formula (HK\$10,000,000 x 13 x 20%) will be adopted in calculating the amount of the Compensation. Notwithstanding the above, the Company shall have the right to request All Profit to issue and allot to the Company such number of additional new All Profit Shares representing 5% of the then issued share capital of All Profit as enlarged by the allotment and issue of such new shares of All Profit ("All Profit Shares") in lieu of the Compensation.

As advised by All Profit, based on the audited financial statements of All Profit for the year ended 30 June 2017, it recorded an audited net loss of approximately HK\$7.3 million for the year ended 30 June 2017 and approximately HK\$3.9 million for the period from 20 March 2015 (date of incorporation) to 30 June 2016, respectively. Accordingly, the profit guarantee for both the Initial Guarantee Period and the Extended Guarantee Period are not met. The aforesaid audited financial statements of All Profit for the year ended 30 June 2017 were issued in late 2017.

Pursuant to the Subscription and Shareholders Agreement, the Company has demanded (i) the additional All Profit Shares, representing 10% of the then issued share capital of All Profit, to be allotted and issued to the Company as a result of All Profit failing to meet the profit guarantee for the Initial Guarantee Period such that the Company will be interested in approximately 20% of the issued share capital in All Profit; and (ii) the Compensation of HK\$26 million calculated based on the abovementioned formula (i.e. HK\$10,000,000 x 13 x 20%) from All Profit as a result of All Profit failing to meet the profit guarantee for the Extended Guarantee Period. All Profit has confirmed to the Company that allotment and issue of the additional All Profit Shares was completed on 26 January 2018 and the Company received the settlement sum of HK\$26 million from All Profit for the Compensation on 8 January 2019.

Details of above are set out in the Company's announcements dated 11 May 2015, 22 June 2015, 3 July 2015, 30 January 2018 and 9 January 2019.

## **Litigation**

Pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the Board of the Company announced that on 4 July 2018, it received a writ of summons together with an indorsement of claim (the "Indorsement") issued in the Court of First Instance of the High Court of Hong Kong under High Court Action 1519 of 2018 (the "Action") by Hang Seng Bank, Limited (the "First Plaintiff"), Hang Seng Real Estate Management Limited (the "Second Plaintiff"), Hang Seng Indexes Company Limited (the "Third Plaintiff") and Hang Seng Data Services Limited (the "Fourth Plaintiff", together with the First Plaintiff, the Second Plaintiff and the Third Plaintiff collectively as the "Plaintiffs") against the Company and other defendant. It is stated in the Indorsement that the Plaintiffs' claim against the defendants is in relation to, *inter alias*, an alleged infringement and passing off of the Plaintiffs' intellectual property rights by the use of the marks "恒生" and "HENG SHENG".

On 27 September 2018, the Plaintiffs, the Company and the other defendants, reached settlement in relation to the Action, which was subsequently effected by a consent order (the "Consent Order") of even date. Pursuant to the terms of the Consent Order, the Action shall be stayed. The Board considers the Consent order is in the interest of the Company and the shareholders of the Company as a whole and there is no material adverse impact on the financial position and operations of the Group.

Detail of this litigation is disclosed in the Company's announcements dated 4 July 2018 and 28 September 2018.

## **Change of Company Name**

On 7 May 2018, a special resolution was passed by the Shareholders at an extraordinary general meeting held, to approve the change of the name of the Company from "Kong Shum Union Property Management (Holding) Limited" to "Heng Sheng Holdings Limited" and the dual foreign name of the Company in Chinese has been changed from "港深聯合物業管理（控股）有限公司" to "恒生控股有限公司", the Registrar of Companies in the Cayman Islands approved the registration of the new names of the Company and issued the Certificate of Incorporation on Change of Name on 8 May 2018. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 29 May 2018 confirming the registration of the new names of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 29 May 2018.

On 17 September 2018, another special resolution was passed by the Shareholders at the extraordinary general meeting to approve the change of the name of the Company from “Heng Sheng Holdings Limited” to “Shi Shi Services Limited” and the dual foreign name of the Company in Chinese has been changed from “恒生控股有限公司” to “時時服務有限公司”, the Registrar of Companies in the Cayman Islands approved the registration of the new names of the Company and issued the Certificate of Incorporation on Change of Name on 18 September 2018. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong confirming the registration of the new names of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 16 October 2018.

### **Discloseable Transaction in Relation to the Provision of Financial Assistance**

On 27 March 2019, a loan agreement (the “Loan Agreement”) was entered into between Lucky Stone Finance Limited (the “Lender”), an indirect wholly-owned subsidiary of the Company, and the borrower to the Loan Agreement (the “Borrower”). Pursuant to the Loan Agreement, the Lender has agreed to grant a loan in the principal amount of HK\$18,000,000 to the Borrower for a period of 1 year commencing from the date of the Loan Agreement at an interest rate of 5% per annum and is secured by a second mortgage of a private property in Hong Kong.

The loan provided under the Loan Agreement constitutes a financial assistance provided by the Lender within the meaning of the GEM Listing Rules.

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

### **Connected Transaction in Relation to the Acquisition of the Entire Issued Share Capital of the Shi Shi Property (Cayman) Limited**

On 29 March 2019, the Company entered into a sales and purchase agreement (“the Agreement”), with SHI SHI INTELLECTUAL PROPERTY SERVICE LIMITED (the “Vendor”), pursuant to which, the Company has agreed to acquire the entire issued share capital of SHI SHI PROPERTY (CAYMAN) LIMITED (the “Target Company”, and its subsidiaries, the “Target Group”) at a total consideration of HK\$8 millions payable by cash (the “Acquisition”).

The Target Group is principally engaged in the provision of property management services in Shangdong Province, the PRC, which include, among others, repair and maintenance, management and security of residential and commercial buildings and car parking spaces.

Completion of the Acquisition took place on 29 March 2019, upon which the Company has owned 100% of the issued share capital and the Target Company has become a wholly-owned subsidiary of the Company and its financial results and assets and liabilities are consolidated into the Group’s financial statements.

Details of the Acquisition are disclosed in the Company's announcements dated 27 March 2019 and 29 March 2019 respectively.

### **Major Shareholders**

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

As at 31 March 2019, Heng Sheng Capital Limited owns an aggregate of 626,071,950 shares of the Company, representing 61.00% of the issued share capital of the Company.

### **Update on Directors' Information**

Update on Directors' Information Pursuant to Rule 17.50A(1) of the GEM Listing Rules, changes in the Directors' information since the disclosure made in the Company's annual report 2017–2018 or the announcement in relation to the appointment of director (as the case may be) are set out as follows:

- Mr. Eric Todd, an executive Director of the Company, resigned as an executive director of Hsin Chong Group Holdings Limited with effect from 30 March 2019 (a company listed on the Main Board of the Stock Exchange, Stock Code: 404); and
- Mr. Lam Kai Yeung, an independent non-executive Director of the Company, resigned as an executive director of Sunway International Holdings Limited with effect from 6 June 2019 (a company listed on the Main Board of the Stock Exchange, Stock Code: 58).

### **Charges over Assets of the Group**

As at 31 March 2019, certain bank deposits of approximately HK\$1.7 million (2018: HK\$10.2 million) and the deposits placed for life insurance policies of approximately HK\$8.6 million (2018: HK\$8.4 million) were pledged to a bank to secure banking facilities granted to the Group. In addition, the Group's leasehold land and building and investment property with carrying value of HK\$8,898,797 and HK\$32,400,000 respectively were pledged to secured bank facilities granted to the Group. Besides, the Group had certain motor vehicles acquired under finance lease. The carrying values of motor vehicles under finance lease amounted to approximately HK\$0.7 million and HK\$0.3 million as at 31 March 2019 and 31 March 2018 respectively.

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

## Fund Raising Activity

In order to meet the needs of business development, the Group successfully completed an equity and fund raising activity during the past twelve months immediately preceding 31 March 2019, as detailed below:

Date of initial announcement	Fund raising activities	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
31 October 2018 (completed on 20 November 2018)	Placing of 171,000,000 new ordinary shares of HK\$0.01 each under general mandate at the placing price of HK\$0.24 per Share to not less than six places who are independent professional, institutional or other investors (closing price of the Share as quoted on the Stock Exchange on the date of the placing agreement is HK\$0.28)	Approximately HK\$40.4 million (net proceeds raised per Share was approximately HK\$0.236 per Share)	Intended to be used (i) approximately HK\$32.3 million for expansion of the Group's property management business in the PRC and provision of living value-added services in community; (ii) approximately HK\$8.1 million for the general working capital of the Group	Approximately HK\$14.6 million has been utilised as intended of which approximately HK\$6.5 million was utilised for expansion of the Group's property management business in the PRC and approximately HK\$8.1 million was utilised for working capital of the Group.  The remaining net proceeds of approximately HK\$25.8 million are expected to be utilised during the year ending 31 March 2020.

## 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 emphasize a quality Board, sound internal controls, transparency and accountability to all shareholders of the Company. The Company engaged a third-party professional firm to conduct an internal control review for the year ended 31 March 2019.

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

During the year ended 31 March 2019, the Company has complied with all CG Code except for the following deviation:

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

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

CG Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders.

Mr. Lo Chi Ho, Richard, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 31 July 2018 due to his other business engagement.

## 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 year ended 31 March 2019.

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

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

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

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

*Notes:*

1. Mr. Huang 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.

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 year ended 31 March 2019 was the Company, its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

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

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

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

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

#### Notes:

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

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

## SHARE OPTION SCHEME

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



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

For the year ended 31 March 2019, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the Share Option Scheme.

## **CONNECTED TRANSACTION**

So far as the Directors and chief executive are aware, no non-exempt connected transactions or continuing connected transactions were entered into by the Group during the year ended 31 March 2019.

A summary of the related party transactions entered into by the Group during the years ended 31 March 2018 and 31 March 2019 respectively is contained in note 17 to this results announcement. The related party transactions disclosed in note 17 to this results announcement are connected transactions or continuing connected transactions that were fully exempt from reporting, announcement, independent shareholders’ approval and/or annual review pursuant to the GEM Listing Rules. The Company has complied with the applicable disclosure requirements under Chapter 20A of the GEM Listing Rules in respect of such connected transactions.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part the business of the Company were entered into or existed during the year ended 31 March 2019.

## **COMPETING BUSINESS**

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

## **AUDIT COMMITTEE**

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

The Audit Committee held 4 meetings during the year ended 31 March 2019 and reviewed the Company's audited annual results for the year ended 31 March 2018 and the unaudited quarterly and interim results during the year ended 31 March 2019.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors for the year ended 31 March 2019. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 March 2019 and recommended approval to the Board.

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

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

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

Shareholders and other stakeholders can make any enquiry in respect of the Company in writing to our Head Office at Unit 1001, 10 Floor, Chung Nam House, 59 Des Voeux Road 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 share as at the latest practicable date prior to the issue of the annual report.

## SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The financial figures in respect of the announcement of the Group's results for the year ended 31 March 2019 have been compared by the Company's auditor, ZHONGHUI ANDA CPA LIMITED ("ZHONGHUI"), to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2019 and the amounts were found to be in agreement. The work performed by ZHONGHUI in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

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

Hong Kong, 24 June 2019

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

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

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