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SHI SHI SERVICES LIMITED

時時服務有限公司

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8181)

BUSINESS UPDATE – SETTLEMENT OF THE COMPENSATION IN RELATION TO THE INVESTMENT IN ALL PROFIT

Reference is made to the announcements (the “**Announcements**”) of Shi Shi Services Limited (the “**Company**”) dated 11 May 2015, 22 June 2015, 3 July 2015 and 30 January 2018 respectively in relation to, among other things, the Company’s investment in All Profit Alliance Limited (“**All Profit**”), the relevant profit guarantees given by All Profit to the Company and the subsequent arrangements for compensation.

As disclosed in the Announcements, the Company, Capital Creation (BVI) Limited (“**Capital Creation**”) and 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 × 13 × 20%

For the avoidance of doubt, if the 2017 After-Tax Profit is zero or a negative amount, the formula (HK\$10,000,000 × 13 × 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. HK\$10,000,000 × 13 × 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.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to update the shareholders of the Company (the “**Shareholders**”) and potential investor in the Company that the Company received the settlement sum of HK\$26 million from All Profit for the Compensation on 8 January 2019.

By Order of the Board
Shi Shi Services Limited
Huang Liming
Chairman

Hong Kong, 9 January 2019

As at the date of this announcement, the executive Directors are Mr. Eric Todd, Mr. Lee Chin Ching, Cyrinx 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 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.