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shishi

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)

**CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY**

THE ACQUISITION

The Board is pleased to announce that, on 27 March 2019 (after trading hours of the Stock Exchange), the Company entered into the Sale and Purchase Agreement with the Vendor and the Vendor's Guarantor, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the Sale Shares at a consideration of HK\$8 million. Upon Completion, the Target Company will be wholly-owned by the Company.

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

As the Sale and Purchase Agreement is subject to the fulfillment (or waiver) of the conditions precedent as set out in the section headed "Conditions Precedent" in this announcement, the Sale and Purchase Agreement may or may not become unconditional or be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

GEM LISTING RULES IMPLICATIONS

The Vendor is a company wholly-owned by Mr. Huang, the chairman of the Board, a non-executive Director and a controlling shareholder of the Company. Accordingly, the Vendor is an associate of Mr. Huang and hence a connected person of the Company under Rule 20.07 of the GEM Listing Rules. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As all the applicable percentage ratios (other than the profits ratio) (as defined under the GEM Listing Rules) in respect of the Acquisition are less than 25% and the consideration for the Acquisition is less than HK\$10 million, according to the GEM Listing Rules, the Acquisition is subject to reporting and announcement requirements but is exempt from circular, independent financial advice and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

A. THE ACQUISITION

The Company has entered into the Sale and Purchase Agreement with the Vendor and the Vendor's Guarantor, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the Sale Shares. Upon Completion, the Target Company will be wholly-owned by the Company.

The principal terms of the Sale and Purchase Agreement are set out below:

Date : 27 March 2019 (after trading hours of the Stock Exchange)

Parties : The Company, as the purchaser

SHI SHI INTELLECTUAL PROPERTY SERVICE LIMITED
(時時智慧物業服務有限公司), as the Vendor

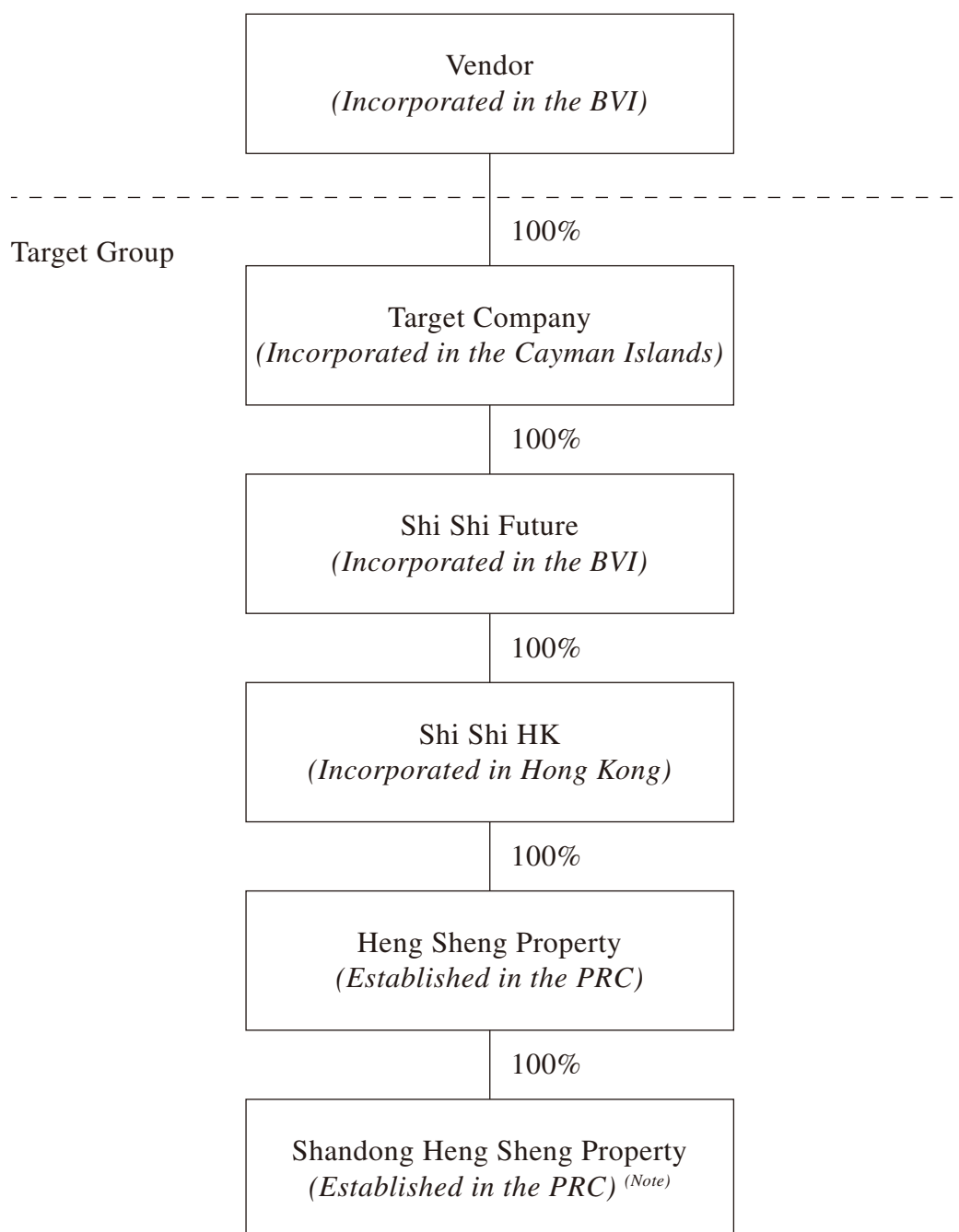
Mr. Huang, as the Vendor's Guarantor

As at the date of this announcement, the Vendor is the beneficial owner of the Sale Shares representing the entire issued share capital of the Target Company.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Shares. Any subsequent transfer of the Sale Shares by the Company will be subject to the applicable laws, rules and regulations in the relevant jurisdiction.

Set out below is the group chart of the Target Company immediately before the signing of the Sale and Purchase Agreement:



Note: Immediately before the signing of the Sale and Purchase Agreement, Shandong Heng Sheng Property had four branch companies in the PRC, comprising Shandong Heng Sheng Property Services Limited Linzi Branch Company* (山東恒生物業服務有限公司臨淄分公司), Shandong Heng Sheng Property Services Limited Huantai Branch Company* (山東恒生物業服務有限公司桓台分公司), Shandong Heng Sheng Property Services Limited Jinan Branch Company* (山東恒生物業服務有限公司濟南分公司) and Shandong Heng Sheng Property Services Limited Jinan Huaiyin Branch Company* (山東恒生物業服務有限公司濟南槐蔭分公司).

Consideration

The consideration for the Acquisition is HK\$8 million, which shall be paid by the Company to the Vendor in the following manner:

- (i) a total of HK\$2 million, being the deposit, to be paid upon the signing of the Sale and Purchase Agreement by way of a cheque drawn on a licensed bank in Hong Kong in HK\$ in favour of the Vendor or in such manner as the Vendor and the Company may agree in writing; and
- (ii) the amount representing the remaining balance of the consideration of HK\$6 million, to be paid at Completion by way of a cheque drawn on a licensed bank in Hong Kong in HK\$ in favour of the Vendor or in such manner as the Vendor and the Company may agree in writing.

The consideration was determined based on normal commercial terms after arm's length negotiations between the Company and the Vendor with reference to, inter alia, the following factors:

- (i) the original cost paid by Shi Shi HK (a subsidiary of the Target Company) of RMB1.8 million for acquiring Heng Sheng Property and its subsidiary, Shandong Heng Sheng Property (the principal operating subsidiary of the Target Company) in September 2017, which was determined with reference to the total equity of shareholders of Heng Sheng Property as at 31 December 2016 as set out in the valuation report prepared by a valuer in April 2017;
- (ii) the past financial performance of the Target Group and the fair value of the Target Company of approximately RMB10.8 million (equivalent to approximately HK\$12.7 million) as at 31 December 2018 as set out in the valuation report prepared by an independent qualified valuer;
- (iii) the latest financial and operating performance of Heng Sheng Property and its subsidiary and branch companies as shown from its unaudited consolidated net asset value of approximately RMB5.5 million as at 28 February 2019;
- (iv) the business development and future prospects of the Target Group; and
- (v) the reasons for and benefits of the Acquisition as set out in the section headed "C. Reasons for and Benefits of Entering into the Sale and Purchase Agreement" below in this announcement.

In view of the above, the Directors consider that the consideration for the Acquisition is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Conditions Precedent

Completion is conditional upon the fulfilment or waiver (as the case may be) of the conditions precedent on or before the Condition Date as stated in the Sale and Purchase Agreement which include, inter alia, the following:

- (i) all licences, approvals, authorisations, permissions, waivers, orders or exemptions which are required for the entering into or the implementation or Completion of the Sale and Purchase Agreement having been obtained by the Company, the Vendor and/or the Target Company; and
- (ii) the Vendor's delivery to the Company of a legal opinion (in form and substance satisfactory to the Company) issued by a PRC legal adviser designated by the Company regarding various aspects of the Target Group.

The Company is entitled to waive any conditions precedent stated in the Sale and Purchase Agreement except for the conditions precedent set out in (i) above. In the event that any conditions precedent in the Sale and Purchase Agreement is not fulfilled (or waived by the Company, if any and where applicable) on or before the Condition Date, the Company shall have the right, by notice in writing, to terminate the Sale and Purchase Agreement.

Completion

Upon fulfilment or waiver (as the case may be) of all the conditions precedent in the Sale and Purchase Agreement on or before the Condition Date, Completion shall take place on the Completion Date. Upon Completion, the Vendor shall deliver all relevant documents to the Company.

Guarantee

The Vendor's Guarantor unconditionally and irrevocably guarantees to the Company, inter alia, the due and punctual performance by the Vendor of its obligations under the Sale and Purchase Agreement and undertakes to indemnify and keep indemnified the Company against all losses, damages, costs and expenses resulting from, among others, the breach or unreasonable delay on the Vendor's part in the performance of its obligations under the Sale and Purchase Agreement and any violation, non-compliance or otherwise by any member of the Target Group with any laws, rules, regulations or administrative orders or measures in any jurisdiction at any time on or before the Completion Date.

B. INFORMATION ON THE PARTIES

Information on the Target Company and the Target Group

The Target Company is an investment holding company. The Target Group is principally engaged in the provision of property management services in Shandong Province, the PRC, which include, among others, repair and maintenance, management and security of residential and commercial buildings and car parking spaces. For the year ended 31 December 2018, the Target Group had managed 11 projects with a total gross floor area of over 1.2 million square metres in Shandong Province, the PRC. The types of properties managed by the Target Group include residential units, commercial units and car parking spaces. As at the date of this announcement, the Target Company is wholly-owned by the Vendor. Upon Completion, the Target Company will be wholly-owned by the Company and its financial results and assets and liabilities will be consolidated into the Group's financial statements.

As at 31 December 2018, the unaudited consolidated net asset value of the Target Group was approximately RMB4.2 million based on the results of financial due diligence conducted by Zhonghui ANDA CPA Limited on the Target Group. As at 28 February 2019, the unaudited consolidated net asset value of Heng Sheng Property and its subsidiary and branch companies prepared by Heng Sheng Property was approximately RMB5.5 million.

The Target Group's unaudited consolidated net profit before and after tax for the two years ended 31 December 2018 based on the results of financial due diligence conducted by Zhonghui ANDA CPA Limited on the Target Group are set out below:

	For the year ended 31 December 2017 (unaudited) RMB'000	For the year ended 31 December 2018 (unaudited) RMB'000
Consolidated net profit before tax	2,535	2,194
Consolidated net profit after tax	1,767	1,520

The Target Group's unaudited consolidated net profit before tax for the year ended 31 December 2018 decreased by approximately RMB341,000 comparing to that for the year ended 31 December 2017. The decrease was mainly attributable to provision for bad debt in relation to trade receivables and a one-off impairment on a loan made to a third party for the year ended 31 December 2018.

Information on the Company

The Company is an investment holding company. The principal activities of the Group include (i) provision of property management services in Hong Kong and in the PRC; (ii) property investment; and (iii) money lending business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Information on the Vendor

The Vendor is an investment holding company and is wholly-owned by Mr. Huang. As at the date of this announcement, the Vendor wholly-owns the Target Company.

C. REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

During the year ended 31 March 2018, the Group's revenue was substantially attributable to the provision of property management services. During the year ended 31 March 2018, leveraging on the Group's experience and resources in provision of property management services in Hong Kong, the Group had extended its property management services from Hong Kong to the PRC.

Pursuant to the Sale and Purchase Agreement, upon Completion, the Target Company will become wholly-owned by the Company. The Target Group principally engages in the business of providing property management services in Shandong Province, the PRC, which is in the same line of business and in close proximity to the Group's existing property management business in the PRC. Following the Acquisition, the portfolio of properties under the Group's management in the PRC will be diversified and its customer base will also be enhanced. Therefore, the Acquisition is consistent with the development of the Group's principal business by expanding its property management business in the PRC and strengthening its property management capabilities. Given the diversified property portfolio of the Target Group, the Company expects that the Target Group will generate stable and recurrent revenue stream for the Group in the future.

The Directors (including the independent non-executive Directors) consider that the Sale and Purchase Agreement will provide opportunities to enhance the Group's financial performance and return to the Shareholders in the long run. Based on the above, the Directors consider that the entering into of the Sale and Purchase Agreement is in the ordinary and usual course of business of the Group and on normal commercial terms; and the terms contained therein are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Since Mr. Huang wholly-owns the Vendor (one of the parties to the Sale and Purchase Agreement), he as chairman of the Board and a non-executive Director has abstained from voting on the resolutions at the Board meeting approving the Sale and Purchase Agreement and the transactions contemplated thereunder to avoid any conflict of interests. Save as disclosed above, none of the Directors has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder.

D. GEM LISTING RULES IMPLICATIONS

The Vendor is a company wholly-owned by Mr. Huang, the chairman of the Board, a non-executive Director and a controlling shareholder of the Company. Accordingly, the Vendor is an associate of Mr. Huang and hence a connected person of the Company under Rule 20.07 of the GEM Listing Rules. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As all the applicable percentage ratios (other than the profits ratio) (as defined under the GEM Listing Rules) in respect of the Acquisition are less than 25% and the consideration for the Acquisition is less than HK\$10 million, according to the GEM Listing Rules, the Acquisition is subject to reporting and announcement requirements but is exempt from circular, independent financial advice and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

E. DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the following meanings in this announcement:

“Acquisition”	the acquisition by the Company from the Vendor of the Sale Shares, representing the entire issued share capital of the Target Company, pursuant to the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed commercial banks in Hong Kong are open for general banking business for members of the public in Hong Kong
“BVI”	the British Virgin Islands

“Company”	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)), an exempted company incorporated in the Cayman Islands with limited liability on 15 August 2012, the issued Shares of which are listed on GEM (stock code: 8181)
“Completion”	the completion of the Acquisition subject to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	a date falling on or before the tenth Business Day after the Condition Date or such other date as the Vendor, the Company and the Vendor’s Guarantor may agree in writing
“Condition Date”	60 days from the date of the Sale and Purchase Agreement, being the date on which the last of the conditions precedents set out in the Sale and Purchase Agreement are duly fulfilled and performed (where applicable) or such other date as the Vendor, the Company and the Vendor’s Guarantor may agree in writing
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Heng Sheng Property”	恒生物業服務有限公司 (Heng Sheng Property Services Limited*), a limited liability company established in the PRC on 6 May 2014 and an indirect wholly-owned subsidiary of the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Mr. Huang”	Mr. Huang Liming, the chairman of the Board, a non-executive Director and a controlling shareholder of the Company. As at the date of this announcement, Mr. Huang wholly-owns the Vendor and is the Vendor’s Guarantor pursuant to the Sale and Purchase Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement entered into on 27 March 2019 among the Company, the Vendor and the Vendor’s Guarantor for the sale and purchase of the Sale Shares
“Sale Shares”	50,000 shares with par value of US\$1.00 each, being the entire issued share capital of the Target Company
“Shandong Heng Sheng Property”	山東恒生物業服務有限公司 (Shandong Heng Sheng Property Services Limited*), a limited liability company established in the PRC on 21 June 2005 and an indirect wholly-owned subsidiary of the Target Company. Shandong Heng Sheng Property is the principal operating subsidiary of the Target Group
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shi Shi Future”	SHI SHI FUTURE PROPERTY SERVICE LIMITED (時時未來物業服務有限公司) (formerly known as HENG SHENG FUTURE PROPERTY SERVICE LIMITED (恒生未來物業服務有限公司)), a company incorporated in BVI with limited liability on 20 January 2017 and a direct wholly-owned subsidiary of the Target Company
“Shi Shi HK”	SHI SHI PROPERTY LIMITED (時時物業有限公司) (formerly known as HENG SHENG PROPERTY LIMITED (恒生物業有限公司)), a company incorporated in Hong Kong with limited liability on 24 February 2017 and an indirect wholly-owned subsidiary of the Target Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	SHI SHI PROPERTY (CAYMAN) LIMITED (時時物業(開曼)有限公司) (formerly known as HENG SHENG PROPERTY LIMITED (恒生物業有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 6 January 2017
“Target Group”	the Target Company and its subsidiaries
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	SHI SHI INTELLECTUAL PROPERTY SERVICE LIMITED (時時智慧物業服務有限公司) (formerly known as HENG SHENG INTELLECTUAL PROPERTY SERVICE LIMITED (恒生智慧物業服務有限公司)), a company incorporated in BVI with limited liability on 20 December 2016 and wholly-owned by Mr. Huang
“Vendor’s Guarantor”	Mr. Huang
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the approximate exchange rate of HK\$1 to RMB0.85.

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

Hong Kong, 27 March 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; the 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.

** For identification purposes only*