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shishi

shi shi services limited

時時服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8181)

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF PROPERTY**

PROPERTY SALE AGREEMENT

The Board hereby announces that on 28 December 2020, Shishi Network, a subsidiary of the Company, entered into the Property Sale Agreement with Mr. Huang, pursuant to which Mr. Huang has conditionally agreed to sell and Shishi Network has conditionally agreed to acquire the Property at the Consideration of RMB42 million which will be settled by cash.

The Property will serve the purposes of the Company as a headquarter office in the PRC and the Shi Shi Living Service Centre for conference with potential clients and demonstration of its concept on property management in the PRC aided by information and technology with a view to reduce labour costs and optimize efficiency.

GEM LISTING RULES IMPLICATIONS

As at the date of the announcement, Mr. Huang indirectly holds approximately 61.00% equity interest in the Company through Heng Sheng Capital Limited and Mr. Huang is the chairman of the Board and executive Director. Thus, Mr. Huang is a connected person of the Company as defined under the Chapter 20 of the GEM Listing Rules. As such, the entering into of the Property Sale Agreement constitute connected transaction of the Company.

As the Consideration is more than HK\$10.00 million, according to the GEM Listing Rules, the Property Sale Agreement and the transactions contemplated thereunder are subject to reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As all the applicable ratios under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Property Sale Agreement and the transactions contemplated thereunder also constitute disclosable transaction for the Company under Chapter 19 of the GEM Listing Rules.

A circular containing, *inter alia*, further details of the Property Sale Agreement and the transactions contemplated thereunder, a letter from the Independent Board Committee, a letter of advice from an independent financial adviser, and a notice convening the EGM to approve the Property Sale Agreement and the transactions contemplated thereunder will be despatched to the Shareholders on or before 29 January 2021.

Completion of the Acquisition is subject to the fulfilment of various conditions precedent and therefore the Acquisition together with the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

PROPERTY SALE AGREEMENT

The Board hereby announces that on 28 December 2020 (after trading hours), Shishi Network, a subsidiary of the Company, entered into Property Sale Agreement with Mr. Huang, pursuant to which Mr. Huang has conditionally agreed to sell and Shishi Network has conditionally agreed to acquire the Property at the Consideration of RMB42 million.

Date	:	28 December 2020
Parties	:	(i) Mr. Huang, as vendor; and (ii) Shishi Network, as purchaser
Subject matter	:	The Property, being five office units 222105 to 222109 on level 18 in Block 6 (Unit 2) on No.1 Futong East Street, Chaoyang District, Beijing, the PRC (physical location named as units 2.2.2105 to 2.2.2109 on level 21 in Tower 2B of Wangjing SOHO (望京SOHO))
Use	:	Office use
Gross floor area	:	Approximately 1,072.57 sq.m.

The Consideration payable : The Consideration of the Property is RMB42 million which should be settled by Shishi Network in the following manner:

- (i) RMB4.2 million to be settled by cash within 10 business days from the date on which the Property Sale Agreement becoming effective;
- (ii) RMB29.4 million to be settled by cash within 10 business days from the date on which the relevant resolution(s) of the Acquisition are passed at the EGM; and
- (iii) RMB8.4 million to be settled by cash within 10 business days from the date on which Mr. Huang has transferred the title of the Property to Shishi Network.

The Consideration is determined after arm's length negotiations between both parties, after taking into consideration the valuation of the Property by independent valuer of RMB45.9 million (under comparison approach by making reference to comparable property transactions available in the market) as adjusted by costs relating to the renovation of the Property of approximately RMB2.5 million incurred by the Group up to 30 November 2020 and a discount. The Consideration will be satisfied by internal resources of the Group.

Mortgage : The Property has been mortgaged pursuant to relevant mortgage loan agreements between Mr. Huang and the Beijing Branch of China CITIC Bank Corporation Limited in 2013. Pursuant to the Property Sale Agreement, Mr. Huang has agreed (i) to repay the relevant mortgage loan after receiving the first and second payments of the Consideration so that the mortgage of the Property will be released; and (ii) that the first and second payments of the Consideration will not be applied in other purpose until the mortgage loan has been fully settled.

- Conditions precedent : The completion of the Property Sale Agreement is conditional upon
- (i) the Independent Shareholders having approved the Property Sale Agreement and transactions contemplated thereunder at the EGM pursuant to the GEM Listing Rules;
 - (ii) the Company having reviewed a PRC legal opinion on the Property and the substances of which shall be satisfactory to the Company in its absolute discretion;
 - (iii) Mr. Huang has fully settled the mortgage loan of the Property and proceeded with the relevant procedures for release of the mortgage;
 - (iv) Mr. Huang has cooperated to complete the registration procedures for the transfer of title of the Property to Shishi Network; and
 - (v) the representations, undertakings and warranties given by Mr. Huang pursuant to the Property Sale Agreement remaining true, accurate, complete and not misleading in all respects from the date of the Property Sale Agreement up to the date on which the title of the Property has been transferred to Shishi Network.

In the event that any conditions precedent in the Property Sale Agreement is not fulfilled, Mr. Huang shall unconditionally refund all consideration paid by Shishi Network within ten business days after receiving written notice from Shishi Network and the Property Sale Agreement and transactions contemplated thereunder will be terminated.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY SALE AGREEMENT

The Company is principally engaged in the provision of property management and related services, properties investment and money lending business and property management business of the Group covers Hong Kong and the PRC. As at the date of this announcement, the Company had several subsidiaries in the Beijing and Shandong Province, the PRC.

Shishi Network is an indirect wholly-owned subsidiary of the Company established in the PRC on 18 July 2018 with registered capital of RMB50 million and of which RMB26 million has been paid-up as at the date of this announcement. The permitted business scope of Shishi Network is internet technology development, technical consultation, product design, computer system services, hosting exhibition activities, economic and trade consultation, motor vehicle public parking services, cleaning services (excluding tableware sterilisation), health management (except for clinical activities which require approval), health consultation (except for clinical activities which require approval), wholesale and retail of type I and II medical instrument, education consultation, business management, business management consultation, property management and elderly care service.

Mr. Huang is an entrepreneur with around 17 years of experience in property development and property management business in the PRC. He is the chairman of the Board, an executive Director and a controlling shareholder of the Company.

As set out in the announcement of the Company in relation to the acquisition of companies with property management business in the PRC dated 27 March 2019, 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. Upon completion of the aforesaid acquisition, the Group has started to participate in the business of providing property management services in Shandong Province, the PRC, which is in the same line of business of the Group.

According to the annual report of the Company for the year ended 31 March 2020, the Company also has subsidiaries established in 2018 in the PRC, namely (i) 北京時時健康管理有限公司 (transliterated as Beijing Shishi Health Management Co., Ltd.*) for the provision of health management (except for medical services which require licences) and health care consultation services (except for medical services which require licences); (ii) 北京時時物業服務有限公司 (transliterated as Beijing Shishi Property Services Co., Ltd.*) for the provision of property management services; and (iii) Shishi Network for the purpose of providing computer network technology support for health information consultancy and elderly care services in the community which the Group provides property management services. In line with the business strategy of the Group to provide property management services as well as aforesaid value-added services, the Company has planned to setup an experience centre for the living service platform of the Group (the “**Shi Shi Living Service Centre**”) in Beijing, the PRC.

The Property is located in Chaoyang district, Beijing, the PRC and near Beijing Capital International Airport, Beijing International Convention Center and several stations of line 14 and 15 of Beijing Subway. In close proximity of the Property, there are also some international brand hotels which allows business visitors to rest after conference at Wangjing SOHO. The Property was acquired by Mr. Huang at a total consideration of approximately RMB59.0 million pursuant to the relevant pre-sale property agreements entered into in 2012 and was then leased for rental income until 2018. In view of that (i) Beijing is the capital city of the PRC accessible by various public transportation; and (ii) the modern design and age of Wangjing SOHO which the Company considers suitable for its business image in relation to computer network technology supported property management services and value-added services, the Company intends to establish the Shi Shi Living Service Centre and its headquarter office at the Property and has incurred over RMB9.0 million (unaudited) mainly for preparation up to 30 November 2020 of which approximately RMB2.5 million is relating to design and renovation and approximately RMB1.9 million is relating to addition of equipment and furniture. The Company currently expects to further incur approximately RMB2.7 million to complete the renovation and addition of equipment and furniture.

The Property will serve the purposes of the Company as a headquarter office in the PRC and the Shi Shi Living Service Centre for conference with potential clients and demonstration of its concept on property management in the PRC aided by information and technology with a view to reduce labour costs and optimize efficiency. At the Property, the Company will provide multimedia of its concept management business and simulation of smart and intelligent living services. The Company believes that location of the Property as well as the setup of the Shi Shi Living Service Centre would benefit the Group in presentation to and negotiation with potential clients in the PRC.

As no property agent is involved in the Acquisition, the Group is not required to incur any commission expenses in relation to the Acquisition. In addition, the Acquisition will allow the Group to invest in properties in Beijing. Given the long-term economic and financial prospects of Beijing and the PRC, there may be potential for capital appreciation for this investment over the long term. Furthermore, Mr. Huang has agreed the payment terms which allows the Company to settle substantial portion of the Consideration after passing relevant resolution(s) at the EGM with a view to reduce the instant impact on the working capital of the Group.

In light of the above, the Directors (other than the independent non-executive Directors whose view will be set out in the circular of the Company) are of the view that (i) the Acquisition is in the ordinary and usual course of business of the Group, as the Group is also engaged in property investment and on the other hand the intended use of the Property is for the expansion of principal business of the Group and thus the Acquisition is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Property Sale Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable.

Given Mr. Huang has material interest in the Acquisition, Mr. Huang has abstained from voting on the Board resolutions approving the Property Sale Agreement and the transactions contemplated thereunder.

GEM LISTING RULES IMPLICATIONS

As at the date of the announcement, Mr. Huang indirectly holds approximately 61.00% equity interest in the Company through Heng Sheng Capital Limited and Mr. Huang is the chairman of the Board and executive Director. Thus, Mr. Huang is a connected person of the Company as defined under the Chapter 20 of the GEM Listing Rules. As such, the entering into of the Property Sale Agreement constitute connected transaction of the Company.

As the Consideration is more than HK\$10.00 million, according to the GEM Listing Rules, the Property Sale Agreement and the transactions contemplated thereunder are subject to reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

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A circular containing, *inter alia*, further details of the Property Sale Agreement and the transactions contemplated thereunder, a letter from the Independent Board Committee, a letter of advice from an independent financial adviser, and a notice convening the EGM to approve the Property Sale Agreement and the transactions contemplated thereunder will be despatched to the Shareholders on or before 29 January 2021.

DEFINITIONS

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

“Acquisition”	the acquisition of the Property pursuant to the Property Sale Agreement
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Shi Shi Services Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the issued ordinary shares of which are listed on GEM (stock code: 8181)

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration for the Acquisition
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held and convened to consider and approve the Property Sale Agreement and the transactions contemplated thereunder
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee comprising all independent non-executive Directors, namely, Mr. Tso Siu Lun, Alan, Mr. Lam Kai Yeung and Mr. Lo Chi Ho, Richard formed to advise the Independent Shareholders on the Property Sale Agreement and the transactions contemplated thereunder
“Independent Shareholders”	with respect to the Property Sale Agreement, Shareholders other than Heng Sheng Capital Limited and its associates (including Mr. Huang and his spouse Ms. Li Mengya) who are required by the GEM Listing Rules to abstain from voting at the EGM in respect of the resolution(s) relating to the Property Sale Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and connected persons of the Company
“Mr. Huang”	Mr. Huang Liming, the chairman of the Board, an executive Director and a controlling shareholder of the Company. As at the date of this announcement, Mr. Huang wholly owns the Property and is the vendor pursuant to the Property Sale 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
“Property”	the five office units subject to acquisition pursuant to the Property Sale Agreement
“Property Sale Agreement”	the conditional agreement dated 28 December 2020 entered into between Shishi Network and Mr. Huang in relation to the Acquisition
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shishi Network”	時時網絡技術有限公司 (transliterated as Shishi Network Technology Co., Ltd.*), a wholly-owned subsidiary of the Company
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

On behalf of the Board
Shi Shi Services Limited
Huang Liming
Chairman & executive Director

Hong Kong, 28 December 2020

As at the date of this announcement, the executive Directors are Mr. Huang Liming (Chairman), Mr. Lee Chin Ching, Cyrix and Mr. Ho Ying Choi, and the independent nonexecutive 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*