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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shi Shi Services Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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
PROVISION OF THE LOAN
AND
NOTICE OF THE EGM**

Financial Adviser to the Company



Sorrento Capital Limited

**Independent Financial Adviser to
the Independent Board Committee and
the Independent Shareholders**



Proton Capital Limited

Capitalised terms used in the lower portion of this cover page and the inside cover page of this circular shall have the same respective meanings as those defined in the section headed "DEFINITIONS" of this circular.

A letter from the Board is set out on pages 6 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular. A letter from the Independent Financial Adviser setting out its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 36 of this circular.

A notice convening the EGM to be held at Unit L, 1/F, Kaiser Estate, Phase 2, 51 Man Yue Street, Hung Hom, Kowloon, Hong Kong on Friday, 16 April 2021 at 11:00 a.m., is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment of it should you so wish.

26 March 2021

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

“Announcements”	the announcement of the Company dated 25 February 2021 in relation to, among other things, the entering into of the Loan Agreement and the transactions contemplated thereunder and the announcement of the Company dated 12 March 2021 in relation to, among other things, the entering into of the Supplemental Agreement;
“associate(s)”	has the meaning as defined in the GEM Listing Rules;
“Board”	the board of Directors of the Company;
“Business Day”	a day (other than a Saturday, a Sunday or a day on which a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours;
“close associate(s)”	has the meaning as defined in the GEM Listing Rules;
“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;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting to be held by the Company on 16 April 2021 to consider and, if thought fit, approve the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as amended, supplemented or otherwise modified from time to time;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Huge Rise”	Huge Rise Investment Limited (泰陞投資有限公司), a company incorporated in Hong Kong with limited liability and owned by as to 50% each of by Mr. Ho and his spouse Ms. Chan Yuk Fan respectively;
“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 Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder after considering the recommendations of the Independent Financial Adviser;
“Independent Financial Adviser” or “Proton Capital”	Proton Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder;
“Independent Shareholder(s)”	with respect to the Loan Agreement and the Supplemental Agreement, Shareholders other than Mr. Ho and his associates who are required by the GEM Listing Rules to abstain from voting at the EGM in respect of the resolution(s) relating to the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder;
“Independent Third Party(ies)”	person(s) or company(ies) which is not a connected person of the Company;
“Latest Practicable Date”	24 March 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular;

DEFINITIONS

“Loan”	a loan of principal amount of not more than HK\$24 million to be provided by Lucky Stone, as lender, to Mr. Ho, as borrower, pursuant to the Loan Agreement (as amended and supplemented by the Supplemental Agreement);
“Loan Agreement”	the conditional agreement dated 25 February 2021 entered into between Mr. Ho, as borrower, and Lucky Stone, as lender, in relation to the Provision of the Loan;
“Long Stop Date”	the latest date to fulfil all conditions precedent of the Loan Agreement, being 30 June 2021 (or other dates as agreed by both parties to the Loan Agreement from time to time);
“Lucky Stone”	Lucky Stone Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, a licensed money lender in Hong Kong under the MLO;
“MLO”	the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong);
“Mortgage Deed I”	the security deed to be executed by, among others, Huge Rise as the mortgagor in favour of Lucky Stone creating a second priority ranking charge over the Property I as security for repayment of the Loan and the interest accrued or to be accrued thereon which shall be in form and substance satisfactory to Lucky Stone in all respects;
“Mortgage Deed II”	the security deed to be executed by, among others, Mr. Ho as the mortgagor in favour of Lucky Stone creating a first priority ranking charge over the Property II as security for repayment of the Loan and the interest accrued or to be accrued thereon which shall be in form and substance satisfactory to Lucky Stone in all respects;
“Mr. Ho”	Mr. Ho Ying Choi, an executive Director of the Company and the borrower pursuant to the Loan Agreement;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

DEFINITIONS

“Property I”	a residential property situated at Flat A on 19th floor of Tower 2 and private car park numbered 63 on car park level 8 of Bel-Air No. 8, Bel-Air on the Peak, Island South, No. 8 Bel-Air Peak Avenue, Hong Kong which is wholly-owned by Huge Rise as at the Latest Practicable Date;
“Property II”	a residential property situated at Flat J on 23rd floor of Block 2, Harmony Garden, No. 9 Siu Sai Wan Road, Hong Kong which is wholly-owned by Mr. Ho as at the Latest Practicable Date;
“Provision of the Loan”	the provision of the Loan pursuant to the Loan Agreement (as amended and supplemented by the Supplemental Agreement);
“RMB”	Renminbi, the lawful currency of the PRC;
“Section 18 Note”	the note or memorandum in writing of the Loan Agreement to be made within seven (7) days after the making of the Loan Agreement pursuant to section 18 of the MLO, the form of which is attached to the Loan Agreement (as amended and supplemented by the Supplemental Agreement);
“Security Documents”	the Mortgage Deed I, the Mortgage Deed II and all documents ancillary to or derived from any of them;
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the agreement dated 12 March 2021 entered into between Mr. Ho, as borrower, and Lucky Stone, as lender, to amend and supplement certain terms of the Loan Agreement; and
“%”	per cent.

PRECAUTIONARY MEASURES FOR THE EGM

In light of the COVID-19 pandemic, and to better protect the safety and health of the Shareholders and other participants attending the EGM, the Company will implement the following precautionary measures at the venue of the EGM (the “Venue”):

1. compulsory body temperature checks will be conducted on all persons attending the EGM at the waiting area outside the Venue before they are admitted to the Venue. Any person with a body temperature of over 37.3 degree celsius, or who has any flu-like symptoms, or is otherwise apparently unwell will not be admitted to the Venue;
2. all attendees must wear face masks at all times inside the Venue or at the waiting area outside the Venue;
3. all attendees of the EGM are required to fill in a travel and health declaration form to confirm that (i) he/she has no flu-like symptoms within 7 days immediately before the EGM; and (ii) within 14 days immediately before the EGM: (a) he/she has not travelled outside of Hong Kong; (b) he/she is/was not under compulsory quarantine or medical surveillance order by the Department of Health of Hong Kong; (c) he/she has not had/has close contact with confirmed case(s) and/or probable case(s) of COVID-19 patient(s); and (d) he/she does/did not live with any person under home quarantine. Any person who fails to provide the required confirmation may be requested to leave or denied entry into the Venue;
4. seating at the Venue will be arranged in a manner to allow for appropriate social distancing. As a result, there may be limited capacity for Shareholders to attend the EGM. The Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding;
5. any attendee who does not follow any of the abovementioned measures will be refused admission to the Venue or requested to leave the Venue;
6. no refreshments or drinks will be served at the EGM to avoid close contact of attendees; and
7. all attendees are recommended to clean their hands with alcohol-based hand sanitizer before entering the Venue.

Shareholders are reminded that attendance at the EGM in person is not necessary for the purpose of exercising voting rights. The Shareholders may choose to vote by filling in and submitting the relevant proxy form of the EGM, and appoint the chairman of the meeting as a proxy to vote on the relevant resolution at the EGM according to their voting intentions indicated in the relevant proxy form instead of attending the EGM in person. For details, please refer to the proxy form of the EGM.

The Company will keep monitoring the evolving COVID-19 situation and may implement additional measures which, if any, will be announced in due course.

LETTER FROM THE BOARD

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Shi Shi Services Limited

時時服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8181)

Executive Directors:

Mr. Huang Liming (*Chairman*)

Mr. Ho Ying Choi

Mr. Lee Chin Ching, Cyrix

Registered Office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent Non-Executive Directors:

Mr. Tso Siu Lun, Alan

Mr. Lam Kai Yeung

Mr. Lo Chi Ho, Richard

*Head Office and Principal Place of
Business in Hong Kong:*

Unit 903, 9th Floor, Haleson Building

1 Jubilee Street, Central

Hong Kong

26 March 2021

To the Shareholders,

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION PROVISION OF THE LOAN

1. INTRODUCTION

Reference is made to the Announcements in relation to, among other things, the entering into of the Loan Agreement and the Supplemental Agreement and the transactions contemplated thereunder. On 25 February 2021 and 12 March 2021 (after trading hours), Lucky Stone, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement and the Supplemental Agreement, respectively with Mr. Ho, pursuant to which Lucky Stone has conditionally agreed to provide the Loan in the principal amount of not more than HK\$24 million to Mr. Ho, as borrower, for a period of one year commencing from the date of drawdown of the Loan at an interest rate of 10% per annum.

The Provision of the Loan constitutes a discloseable transaction and connected transaction of the Company under Chapters 19 and 20 of the GEM Listing Rules and is subject to, among other things, the Independent Shareholders' approval at the EGM. Since Mr. Ho, being the borrower under the Loan Agreement, has a material interest in the Provision of the Loan, he is required by the GEM Listing Rules to abstain from voting at the EGM in respect of the

LETTER FROM THE BOARD

resolution relating to the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder if he has any interest in the Shares. As at the Latest Practicable Date, Mr. Ho did not have any interests in the Shares.

The purpose of this circular is to provide you with, among other things, (i) information relating to the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders on the terms of the Loan Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder; (iii) a letter of advice from Proton Capital to the Independent Board Committee and the Independent Shareholders on the terms and conditions of the Loan Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder; and (iv) the notice convening the EGM.

2. PARTICULARS OF THE LOAN AGREEMENT AS AMENDED AND SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT

The principal terms of the Loan Agreement (as amended and supplemented by the Supplemental Agreement) are as follows:

- | | |
|-------------------------------|---|
| Date: | (i) the Loan Agreement – 25 February 2021
(after trading hours); and

(ii) the Supplemental Agreement – 12 March 2021
(after trading hours) |
| Parties: | (i) Lucky Stone (as lender); and

(ii) Mr. Ho (as borrower) |
| Principal amount of the Loan: | not more than HK\$24 million |
| Interest: | 10% per annum |
| Collateral: | Mortgages or charges over two residential units and a private car parking space in Hong Kong:

(i) second priority ranking charge over the Property I (comprising a residential unit and a private car parking space); and

(ii) first priority ranking charge over the Property II (comprising a residential unit) |

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Property I was mortgaged for a bank loan and overdraft. The Company currently estimates that the total value of the Property I and Property II less the balance of mortgage loan and overdraft was approximately HK\$27.5 million.

Term:

A period of one year from the date of drawdown of the Loan (the “**Drawdown Date**”) or such later date as may be agreed between Lucky Stone and Mr. Ho in writing pursuant to the terms of the Loan Agreement.

The Company will comply with all applicable requirements under the GEM Listing Rules if the term of the Loan is extended.

Repayment and prepayment:

Mr. Ho shall repay the principal amount of the Loan in full upon the maturity date and interest accrued thereon on quarterly basis (subject to the terms and conditions of the Loan Agreement as amended and supplemented by the Supplemental Agreement).

Mr. Ho may, at any time, after giving Lucky Stone not less than one month’s prior written notice, prepay the outstanding amount of the Loan and interest accrued thereon in accordance with the Loan Agreement (as amended and supplemented by the Supplemental Agreement).

Notwithstanding anything to the contrary provided in the Loan Agreement, Mr. Ho shall forthwith on demand upon service of notice in writing by Lucky Stone repay the Loan and all moneys owing by him to Lucky Stone thereunder or any part thereof in such manner as Lucky Stone shall in its absolute discretion direct.

LETTER FROM THE BOARD

Without prejudice to any other right or remedy of Lucky Stone, Mr. Ho authorises Lucky Stone on the occurrence of an event of default as stated in the Loan Agreement which is continuing to set-off any liabilities of Lucky Stone and/or the Company to Mr. Ho, including but without prejudice to the generality of the foregoing, the director's fees and all other emoluments payable by the Company to Mr. Ho, against all or any part of any sum due from Mr. Ho to Lucky Stone under the Loan Agreement or the Security Documents to which Mr. Ho is a party, to the extent permitted by laws.

Conditions Precedent:

The obligation of Lucky Stone to advance the Loan to Mr. Ho on the Drawdown Date shall be subject to the satisfaction of the following conditions precedent:

- (i) the parties to the Loan Agreement having duly signed the Section 18 Note within seven (7) days of the Loan Agreement in accordance with the relevant requirements under the MLO;
- (ii) Lucky Stone having received each of the following documents in form and substance satisfactory to Lucky Stone before 10:00 a.m. on the Drawdown Date:
 - (a) a copy of the Hong Kong identity card or other valid proof of identity of Mr. Ho together with his specimen signature certified to be true copy;
 - (b) the notice of drawing (the form of which is attached to the Loan Agreement as amended and supplemented by the Supplemental Agreement) duly completed and signed by Mr. Ho;

LETTER FROM THE BOARD

- (c) four (4) cheques drawn on a licensed bank account in Hong Kong of Mr. Ho in favour of Lucky Stone which are post-dated the respective interest payment dates (i.e. the first day) of the first to the fourth interest periods, respectively, each for the amount equals to the interest accrued on the Loan for the corresponding interest period; and one (1) cheque drawn on a licensed bank account in Hong Kong of Mr. Ho in favour of Lucky Stone which is post-dated the maturity date for the amount equals to the principal amount of the Loan;
 - (d) the original of each of the duly executed Security Documents; and
 - (e) evidence that all authorisations have been obtained and all necessary filings, registrations and other formalities have been or will, promptly, be completed in order to ensure that the Loan Agreement and the Security Documents and such other documents in connection therewith are valid, enforceable and legally binding;
- (iii) the proposed Drawdown Date is a Business Day;
 - (iv) all representations, warranties and undertakings made by Mr. Ho in the Loan Agreement shall be true and accurate and comply with in all material respects with the same effect as though made on and as of the Drawdown Date and repeated each day so long as any part of the Loan and interest accrued or to be accrued thereon remains outstanding under the Loan Agreement by reference to the then existing circumstances and facts;
 - (v) no event of default (as set out in the Loan Agreement) shall have occurred and is continuing before the proposed Drawdown Date;

LETTER FROM THE BOARD

- (vi) the Independent Shareholders having approved the Loan Agreement, the Supplemental Agreement and transactions contemplated thereunder at the EGM pursuant to the GEM Listing Rules; and
- (vii) Lucky Stone being satisfied with the results of due diligence exercise conducted on Mr. Ho, including but not limited to his assets, liabilities, financial condition, legal liabilities and tax record.

Each party to the Loan Agreement undertakes to the other party to use its best endeavours to ensure that the above conditions precedent are fulfilled as early as practicable and in any event not later than the Long Stop Date. In the event that any conditions precedent to the Loan Agreement is not fulfilled or otherwise waived by Lucky Stone (except the conditions precedent (i) and (vi) which may not be waived by Lucky Stone) at or before 4:00 p.m. on the Long Stop Date or such later date as may be agreed in writing between the parties to the Loan Agreement and transactions contemplated thereunder will be terminated.

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

The Company is principally engaged in the provision of property management and related services in Hong Kong and the PRC, property investment and money lending business.

Lucky Stone is an indirect wholly-owned subsidiary of the Company principally engaged in money lending business and is a licensed money lender in Hong Kong under the MLO.

Mr. Ho joined the Group in 1992 and has been responsible for business operation, finance management and sales and marketing of the Group. He is an executive Director as at the Latest Practicable Date.

According to the annual report of the Company for the year ended 31 March 2020 and the interim report of the Company for the six months ended 30 September 2020, the Company recorded net cash generated from operating activities of approximately HK\$14.4 million and HK\$10.9 million for the years ended 31 March 2019 and 2020 respectively and approximately HK\$13.7 million (unaudited) for the six months ended 30 September 2020. As at 28 February 2021, the Group had cash and cash equivalents of approximately HK\$95.5 million (unaudited).

LETTER FROM THE BOARD

Taking into account the outstanding consideration for the acquisition of properties in Beijing of RMB8.4 million which is payable by mid-April 2021 (within 10 Business Days from the date on which the title of the property is expected to be transferred to the Group) (details of which are set out in the circular of the Company dated 14 January 2021) and the repayment schedule of Lucky Stone's existing loan portfolio in near future, the Company considers that it would have sufficient internal resources to fund the Loan and the Loan will be recorded as loan receivable of the Group. The Loan will be used primarily for Mr. Ho's personal use and investment purposes. When considering the loan application, the Group has taken various steps to assess the recoverability of the Loan from Mr. Ho such as reviewing (i) land search records of the Property I and the Property II to ascertain their ownership; (ii) background and litigation search report on Mr. Ho; (iii) credit report of Mr. Ho; (iv) bank statements in respect of the first mortgage charge over the Property I to ascertain the latest outstanding balance; (v) estimated value of the Property I and the Property II; (vi) amount of other material assets of Mr. Ho, e.g. bank balance and investment; (vi) tax record of Mr. Ho; and (vii) confirmation of Mr. Ho on any material liabilities.

The terms of the Loan Agreement and the Supplemental Agreement were arrived at after arm's length negotiations between Lucky Stone and Mr. Ho with reference to the interest rates and practices of similar transactions in the market and terms of similar loans provided by the Group to the Independent Third Parties.

Given that a stable interest income can be generated from the Loan as contemplated under the Loan Agreement (as amended and supplemented by the Supplemental Agreement) and the Provision of the Loan is part of the ordinary and usual course of business activities of the Group, the Directors (including the independent non-executive Directors who have considered the advice from the Independent Financial Adviser) consider that the terms of the Loan Agreement (as amended and supplemented by the Supplemental Agreement) are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Given Mr. Ho has a material interest in the Provision of the Loan, Mr. Ho has abstained from voting on the Board resolutions approving the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder. Save for Mr. Ho, none of the other Directors has a material interest in the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder and accordingly none of them is required to abstain from voting on such Board resolutions.

4. GEM LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Ho is an executive Director and therefore 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 Loan Agreement and the Supplemental Agreement constitutes a connected transaction of the Company.

LETTER FROM THE BOARD

As the principal amount of the Loan is more than HK\$10 million, according to the GEM Listing Rules, the Loan Agreement, the Supplemental 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 one or more of the applicable ratios under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Loan Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder also constitute a disclosable transaction of the Company under Chapter 19 of the GEM Listing Rules.

5. EGM, PROXY ARRANGEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL

A notice convening the EGM to be held at Unit L, 1/F, Kaiser Estate, Phase 2, 51 Man Yue Street, Hungghom, Kowloon, Hong Kong on Friday, 16 April 2021 at 11:00 a.m., is set out on pages EGM-1 to EGM-3 of this circular at which an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, approve the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder.

In accordance with Rule 17.47(4) of the GEM Listing Rules, voting at the EGM will be conducted by poll. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment of it should you so wish.

The register of members of the Company will be closed from Tuesday, 13 April 2021 to Friday, 16 April 2021, both days inclusive, during which time no transfer of Shares will be registered. In order to be qualified for attending and voting at the EGM, all transfer documents together with the relevant share certificate must be lodged with the Company's Hong Kong share registrar, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, no later than 4:00 p.m. on Monday, 12 April 2021.

Since Mr. Ho, being the borrower under the Loan Agreement, has a material interest in the Provision of the Loan, he is required by the GEM Listing Rules to abstain from voting at the EGM in respect of the resolution relating to the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder if he has any interest in the Shares. As at the Latest Practicable Date, Mr. Ho did not have any interests in the Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed in this circular, no other Shareholder has a material

LETTER FROM THE BOARD

interest in the transactions contemplated under the Loan Agreement and is required to abstain from voting on the relevant resolution(s) at the EGM.

6. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all three independent non-executive Directors has been formed to consider the terms of the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder. Proton Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on such matters.

7. RECOMMENDATION

The Directors (including the independent non-executive Directors who have considered the advice from the Independent Financial Adviser) are of the view that (i) the entering into of the Loan Agreement and the Supplemental Agreement is in the ordinary and usual course of business of the Group as the Group is engaged in money lending business and thus the Provision of the Loan is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Loan Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder.

8. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 15 to 16 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM and to the letter of advice from Proton Capital as set out on pages 17 to 36 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Loan Agreement and the Supplemental Agreement.

Your attention is also drawn to the additional information set out in the Appendix I to this circular.

By Order of the Board
Shi Shi Services Limited
Huang Liming
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

shishi

Shi Shi Services Limited

時時服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8181)

26 March 2021

To the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION PROVISION OF THE LOAN

INTRODUCTION

We refer to a circular (the “**Circular**”) of the Company dated 26 March 2021 of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise you whether the terms of the Loan Agreement (as amended and supplemented by the Supplemental Agreement) are fair and reasonable, whether the Provision of the Loan is in the interests of the Company and its shareholders as a whole and to advise the shareholders on how to vote for the resolution at the EGM. Proton Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board set out on pages 6 to 14 of the Circular and the letter of advice from Proton Capital as set out on pages 17 to 36 of the Circular, which contains, *inter alia*, its advice and recommendation regarding the terms of the Loan Agreement (as amended and supplemented by the Supplemental Agreement) with the principal factors and reasons for its advice and recommendation.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Loan Agreement (as amended and supplemented by the Supplemental Agreement) and taking into account the advice and recommendation of the Independent Financial Adviser, we are of the view that (i) the entering into of the Loan Agreement and the Supplemental Agreement is in the ordinary and usual course of business of the Group as the Group is engaged in money lending business and thus the Provision of the Loan is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Loan Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. We therefore recommend that the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM thereby approving the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

Tso Siu Lun, Alan
*Independent non-executive
Director*

Lam Kai Yeung
*Independent non-executive
Director*

Lo Chi Ho, Richard
*Independent non-executive
Director*

LETTER FROM PROTON CAPITAL

The following is the letter of advice from Proton Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



普頓資本有限公司
PROTON CAPITAL LIMITED

Room 2503, 25/F, China Insurance Group Building,
141 Des Voeux Road Central, Central, Hong Kong

26 March 2021

To: *The Independent Board Committee and the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION PROVISION OF THE LOAN

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement and the Supplemental Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 26 March 2021 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As set out in the Letter from the Board, on 25 February 2021 and 12 March 2021 (after trading hours), Lucky Stone, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement and the Supplemental Agreement, respectively with Mr. Ho, pursuant to which Lucky Stone has conditionally agreed to provide the Loan in the principal amount of not more than HK\$24 million to Mr. Ho, as borrower, for a period of one year commencing from the date of drawdown of the Loan at an interest rate of 10% per annum.

GEM LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Ho was an executive Director and therefore was a connected person of the Company as defined under the Chapter 20 of the GEM Listing Rules. As such, the entering into of the Loan Agreement and the Supplemental Agreement constitutes a connected transaction of the Company.

As the principal amount of the Loan is more than HK\$10 million, according to the GEM Listing Rules, the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder are subject to reporting, announcement, circular (including independent

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financial advice) and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable ratios under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Loan Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder also constitute a disclosable transaction of the Company under Chapter 19 of the GEM Listing Rules.

Since Mr. Ho, being the borrower under the Loan Agreement (as amended and supplemented by the Supplemental Agreement), has a material interest in the Provision of the Loan, he is required by the GEM Listing Rules to abstain from voting at the EGM in respect of the resolution relating to the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder if he has any interest in the Shares. According to the Letter from the Board, Mr. Ho did not have any interests in the Shares as at the Latest Practicable Date. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed in the Circular, no other Shareholder has a material interest in the transactions contemplated under the Loan Agreement (as amended and supplemented by the Supplemental Agreement) and is required to abstain from voting on the relevant resolution(s) at the EGM.

INDEPENDENT BOARD COMMITTEE

An independent board committee of the Company comprising all of the independent non-executive Directors, namely Mr. Tso Siu Lun, Alan, Mr. Lam Kai Yeung and Mr. Lo Chi Ho, Richard has been formed to advise the Independent Shareholders as to whether the terms of the Loan Agreement and the Supplemental Agreement are fair and reasonable, whether the Provision of the Loan is in the interests of the Company and its shareholders as a whole and to advise the Independent Shareholders on how to vote for the resolution at the EGM.

We, Proton Capital, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Loan Agreement and the Supplemental Agreement in this regard.

OUR INDEPENDENCE

We are not connected with the directors, chief executive and controlling shareholders of the Company or Mr. Ho or any of their respective subsidiaries or their respective associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date and therefore is considered suitable to give independent advice to the Independent Shareholders. During the last two years, there was no engagement between the Company or Mr. Ho and us. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Group or the directors, chief executive and controlling shareholders of the Company or Mr. Ho or any of its subsidiaries or their

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respective associates that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Loan Agreement and the Supplemental Agreement pursuant to Rule 17.96 of the GEM Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations provided by the Company, the Directors and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its officers, its advisers and/or the Directors, which have been provided to us.

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 the Circular 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 the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group, or their respective subsidiaries or associates. We have not considered the taxation implication on the Group or the Shareholders as a result of the Loan Agreement and the Supplemental Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our opinion in respect of the terms of the Loan Agreement and the Supplemental Agreement, we have taken into account the principal factors and reasons set out below:

1. Background of the Group and Mr. Ho

Information of the Group

The Group is principally engaged in (i) the provision of property management and related services in Hong Kong and the PRC; (ii) property investment; and (iii) money lending business.

The following table summarises the major information of the statement of profit or loss and other comprehensive income of the Group for the two years ended 31 March 2020 and the nine months ended 31 December 2020, as extracted from the Company's annual report for the year ended 31 March 2020 (the "2019/20 Annual Report") and third quarterly report for the nine months ended 31 December 2020 (the "2020/21 Q3 Report"):

	For the year ended		For the nine months	
	31 March		ended 31 December	
	2019	2020	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue				
– Property management and related services	424,053	485,010	359,939	383,172
– Rental income from investment property	1,448	1,485	1,187	992
– Loan interest income from money lending	160	900	678	678
	425,661	487,395	361,804	384,842
Profit after tax for the year/period	57,380	14,200	6,251	23,987

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For the year ended 31 March 2020

The Group derived its revenue primarily from the property management and related services segment which accounted for approximately 99.5% of total revenue for the year ended 31 March 2020 and recorded a growth of approximately 14.4% as compared to the previous financial year. Regarding the money lending segment, loan interest income of the Group increased by approximately 4.6 times from approximately HK\$160,000 for the year ended 31 March 2019 to approximately HK\$900,000 for the year ended 31 March 2020.

The Group's profit after tax for the year ended 31 March 2020 was approximately HK\$14.2 million, representing a decrease of approximately 75.3% as compared to approximately HK\$57.4 million for the year ended 31 March 2019. According to the 2019/20 Annual Report, such decrease was mainly attributable to (i) non-recurrence of a compensation income of approximately HK\$26 million recorded in the prior year; (ii) listing expenses arising from the proposed transfer of listing from the GEM to the Main Board of the Stock Exchange; (iii) share of loss from an associate which is engaged in provision of financial services in Hong Kong; and (iv) fair value loss on an investment property in Hong Kong.

For the nine months ended 31 December 2020

During the nine months ended 31 December 2020, the Group continued to derive majority of its revenue (approximately 99.6%) from the property management and related services segment and the Group recorded an increase in revenue from approximately HK\$361.8 million to approximately HK\$384.8 million during the same period, representing an increase of approximately 6.4%. The money lending segment recorded a stable interest revenue of approximately HK\$678,000 for each of the nine months ended 31 December 2019 and 2020.

The Group's profit for the nine months ended 31 December 2020 was approximately HK\$24.0 million, representing an increase of approximately 2.8 times as compared to approximately HK\$6.3 million for the same period of last year. According to the 2020/21 Q3 Report, such material improvement in profitability was mainly attributable to (i) increase in the other income arising from the net government subsidies of approximately HK\$15.8 million for the period under the Employment Support Scheme under the Government's Anti-epidemic Fund (2019: Nil); (ii) decrease in the listing expenses arising from the proposed transfer of listing from GEM to the Main Board of the Stock Exchange from approximately HK\$10.6 million to approximately HK\$2.1 million; and partly offset by (iii) decrease in revenue arising from its property management services in the PRC from approximately HK\$36.2 million to approximately HK\$33.0 million.

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Financial position of the Group

The following table summarises the major information of the statement of financial position of the Group as at 31 March 2020 and 30 September 2020, extracted from the Company's interim report for the six months ended 30 September 2020 (the "2020/21 Interim Report"):

	As at 31 March 2020	As at 30 September 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(unaudited)
Non-current assets	116,298	119,170
Current assets	277,292	291,645
Current liabilities	92,374	83,948
Net current assets	184,918	207,697
Total assets less current liabilities	301,216	326,867
Non-current liabilities	2,394	919
Net assets	298,822	325,948
Cash and cash equivalents	141,422	135,837
Gearing ratio (<i>Note</i>)	6.1%	1.1%

Note: The Group's gearing ratio is defined as the total debt (i.e. bank borrowing, finance lease payables and lease liabilities) divided by total equity.

In line with the profitability of the Group, its net assets increased from approximately HK\$298.8 million as at 31 March 2020 to approximately HK\$325.9 million as at 30 September 2020, representing an increase of approximately 9.1%. As at 30 September 2020, the total assets of the Group of approximately HK\$291.6 million mainly comprised of trade and other receivables as well as cash and cash equivalents in aggregate amounted to approximately HK\$290.0 million, which represented approximately 70.6% of the total assets of approximately HK\$410.8 million. As at 30 September 2020, the total liabilities of the Group mainly comprised of trade and other payables of approximately HK\$73.2 million, which represented approximately 86.3% of the total liabilities of approximately HK\$84.9 million. Gearing ratio of the Group was at a relatively low level of approximately 1.1% as at 30 September 2020 (31 March 2020: approximately 6.1%).

Information of Mr. Ho

Mr. Ho is the borrower under the Loan Agreement and the Supplemental Agreement. According to the Letter from the Board, Mr. Ho is an executive Director as at the Latest Practicable Date. He joined the Group in 1992 and has been responsible for business operation, finance management and sales and marketing of

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the Group. The Loan will be used primarily for Mr. Ho's personal use and investment purposes.

Given Mr. Ho has a material interest in the Provision of the Loan, Mr. Ho has abstained from voting on the Board resolutions approving the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder.

We note from the 2019/20 Annual Report that Mr. Ho is the brother of Mr. Ho Ying Cheung, member of the Group's senior management. Also, Mr. Lau Ping Kwai, a member of the Group's senior management, is the spouse of Mr. Ho's cousin. Save as disclosed, Mr. Ho is not connected with any other Directors, member of the senior management, substantial shareholders or controlling shareholders of the Company. The Directors have confirmed with us that none of the aforesaid relatives of Mr. Ho have been involved in the negotiation and approval of the Loan Agreement and the Supplemental Agreement.

2. Reasons for and benefits of entering into the loan agreement and the supplemental agreement

As mentioned at earlier of this letter, the Group is principally engaged in (i) the provision of property management and related services in Hong Kong and the PRC; (ii) property investment; and (iii) money lending business.

The Group's money lending business is conducted by Lucky Stone. Lucky Stone is an indirect wholly-owned subsidiary of the Company principally engaged in money lending business which is a licensed money lender in Hong Kong under the MLO.

The Letter from the Board discloses that according to the 2019/20 Annual Report and the 2020/21 Interim Report, the Company recorded net cash generated from operating activities of approximately HK\$14.4 million and approximately HK\$10.9 million for the years ended 31 March 2019 and 2020 respectively and approximately HK\$13.7 million (unaudited) for the six months ended 30 September 2020. As at 28 February 2021, the Group had cash and cash equivalents of approximately HK\$95.5 million (unaudited). Taking into account the outstanding consideration for the acquisition of properties in Beijing of RMB8.4 million which is payable by mid-April 2021 (within 10 Business Days from the date on which the title of the property is expected to be transferred to the Group) (details of which are set out in the circular of the Company dated 14 January 2021) and the repayment schedule of Lucky Stone's existing loan portfolio in near future, the Company considers that it would have sufficient internal resources to fund the Loan and the Loan will be recorded as loan receivable of the Group. The Loan will be used primarily for Mr. Ho's personal use and investment purposes.

The Letter from the Board further discloses that given that a stable interest income can be generated from the Loan, the Loan Agreement (as amended and supplemented by the

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Supplemental Agreement) and the Provision of the Loan is part of the ordinary and usual course of business activities of the Group.

We have noted that the Group has included money lending as one of its principal businesses since 15 June 2017 with the grant of a money lender licence by the licensing court on that day. As part of our due diligence exercise, we have conducted a search at the Companies Registry and the search result reveals that Lucky Stone is an existing money lender licensee whose licence is expiring on 15 June 2021. The Directors have confirmed with us that Lucky Stone will apply for a renewal of the money lender licence when it is due for renewal. In view of the aforesaid, we concur with the view of the Board that the Provision of the Loan falls within the ordinary and normal course of business of the Group and is a furtherance of the Group's existing money lending business.

As revealed in the sub-section headed "Information of the Group" of this letter, the Group's gearing ratio as at 30 September 2020 was at a very relatively low level of approximately 1.1%. We understand from our discussion with the Directors that the Group intends to finance the Loan from its internal resources. We further understand that the Group normally places its idle funds with banks, which interest rates are relatively low currently. As such, we consider that the Provision of the Loan can generate a much higher rate of return in the form of additional interest income which would be beneficial to the Group in terms of return.

3. Particulars of the Loan Agreement (as amended and supplemented by the Supplemental Agreement)

According to the Letter from the Board, the terms of the Loan Agreement (as amended and supplemented by the Supplemental Agreement) were arrived at after arm's length negotiations between Lucky Stone and Mr. Ho with reference to the interest rates and practices of similar transactions in the market and terms of similar loans provided by the Group to the Independent Third Parties.

The major terms of the Loan Agreement (as amended and supplemented by the Supplemental Agreement) are as follows:

- | | |
|-------------------------------|--|
| Date: | (i) The Loan Agreement - 25 February 2021
(after trading hours); and |
| | (ii) the Supplemental Agreement – 12 March
2021 (after trading hours) |
| Parties: | (i) Lucky Stone (as lender); and |
| | (ii) Mr. Ho (as borrower) |
| Principal amount of the Loan: | not more than HK\$24 million |

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- Interest: 10% per annum
- Collateral: Mortgages or charges over two residential units and a private car parking space in Hong Kong:
- (i) second priority ranking charge over the Property I, comprising a residential property situated at Flat A on 19th floor of Tower 2; and private cars car park numbered 63 on car park level 8 of Bel-Air No. 8, Bel-Air on the Peak, Island South, No. 8 Bel-Air Peak Avenue, Hong Kong which is wholly-owned by Huge Rise as at the Latest Practicable Date; and
 - (ii) first priority ranking charge over the Property II, comprising a residential property situated at Flat J on 23rd floor of Block 2, Harmony Garden, No. 9 Siu Sai Wan Road, Hong Kong which is wholly-owned by Mr. Ho as at the Latest Practicable Date

As at the Latest Practicable Date, the Property I was mortgaged for a bank loan and overdraft. The Company currently estimates that the total value of the Property I and Property II less the balance of mortgage loan and overdraft was approximately HK\$27.5 million.

- Term: A period of one year from the date of drawdown of the Loan (the “**Drawdown Date**”) or such later date as may be agreed between Lucky Stone and Mr. Ho in writing pursuant to the terms of the Loan Agreement.

The Company will comply with all applicable requirements under the GEM Listing Rules if the term of the Loan is extended.

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Repayment and prepayment:

Mr. Ho shall repay the principal amount of the Loan in full upon the maturity date and interest accrued thereon on quarterly basis (subject to the terms and conditions of the Loan Agreement as amended and supplemented by the Supplemental Agreement).

Mr. Ho may, at any time, after giving Lucky Stone not less than one month's prior written notice, prepay the outstanding amount of the Loan and interest accrued thereon in accordance with the Loan Agreement (as amended and supplemented by the Supplemental Agreement).

Notwithstanding anything to the contrary provided in the Loan Agreement, Mr. Ho shall forthwith on demand upon service of notice in writing by Lucky Stone repay the Loan and all moneys owing by him to Lucky Stone thereunder or any part thereof in such manner as Lucky Stone shall in its absolute discretion direct.

Without prejudice to any other right or remedy of Lucky Stone, Mr. Ho authorises Lucky Stone on the occurrence of an event of default as stated in the Loan Agreement which is continuing to set-off any liabilities of Lucky Stone and/or the Company to Mr. Ho, including but without prejudice to the generality of the foregoing, the director's fees and all other emoluments payable by the Company to Mr. Ho, against all or any part of any sum due from Mr. Ho to Lucky Stone under the Loan Agreement or the Security Documents to which Mr. Ho is a party, to the extent permitted by laws.

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Conditions precedent

The obligation of Lucky Stone to advance the Loan to Mr. Ho on the Drawdown Date shall be subject to the satisfaction of the following conditions precedent:

- (i) the parties to the Loan Agreement having duly signed the Section 18 Note within seven (7) days of the Loan Agreement in accordance with the relevant requirements under the MLO;
- (ii) Lucky Stone having received each of the following documents in form and substance satisfactory to Lucky Stone before 10:00 a.m. on the Drawdown Date:
 - (a) a copy of the Hong Kong identity card or other valid proof of identity of Mr. Ho together with his specimen signature certified to be true copy;
 - (b) the notice of drawing (the form of which is attached to the Loan Agreement as amended and supplemented by the Supplemental Agreement) duly completed and signed by Mr. Ho;
 - (c) four (4) cheques drawn on a licensed bank account in Hong Kong of Mr. Ho in favour of Lucky Stone which are post-dated the respective interest payment dates (i.e. the first day) of the first to the fourth interest periods, respectively, each for the amount equals to the interest accrued on the Loan for the corresponding interest period; and one (1) cheque drawn on a licensed bank account in Hong Kong of Mr. Ho in favour of Lucky Stone which is post-dated the maturity date for the amount equals to the principal amount of the Loan;

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- (d) the original of each of the duly executed Security Documents; and
 - (e) evidence that all authorisations have been obtained and all necessary filings, registrations and other formalities have been or will, promptly, be completed in order to ensure that the Loan Agreement and the Security Documents and such other documents in connection therewith are valid, enforceable and legally binding;
- (iii) the proposed Drawdown Date is a Business Day;
- (iv) all representations, warranties and undertakings made by Mr. Ho in the Loan Agreement shall be true and accurate and comply with in all material respects with the same effect as though made on and as of the Drawdown Date and repeated each day so long as any part of the Loan and interested accrued or to be accrued thereon remains outstanding under the Loan Agreement by reference to the then existing circumstances and facts;
- (v) no event of default (as set out in the Loan Agreement) shall have occurred and is continuing before the proposed Drawdown Date;
- (vi) the Independent Shareholders having approved the Loan Agreement, the Supplemental Agreement and transactions contemplated thereunder at the EGM pursuant to the GEM Listing Rules; and
- (vii) Lucky Stone being satisfied with the results of due diligence exercise conducted on Mr. Ho, including but not limited to his assets, liabilities, financial condition, legal liabilities and tax record.

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Each party to the Loan Agreement undertakes to the other party to use its best endeavours to ensure that the above conditions precedent are fulfilled as early as practicable and in any event not later than the Long Stop Date. In the event that any conditions precedent to the Loan Agreement is not fulfilled or otherwise waived by Lucky Stone (except the conditions precedent (i) and (vi) which may not be waived by Lucky Stone) at or before 4:00 p.m. on the Long Stop Date or such later date as may be agreed in writing between the parties to the Loan Agreement and transactions contemplated thereunder will be terminated.

Please refer to the Letter from the Board for further details of the terms of the Loan Agreement and the Supplemental Agreement.

During the process of our review of the terms of the Loan Agreement in order to assess their fairness and reasonableness, we have reviewed the loan agreements of Lucky Stone entered into with the Independent Third Parties.

In addition, as part of our due diligence work, we have enquired and obtained information for the various steps taken by the Group when assessing the recoverability of the Loan from Mr. Ho when considering the loan application, which including reviewing (i) land search records of the Property I and the Property II to ascertain their ownership; (ii) background, litigation and bankruptcy search report on Mr. Ho; (iii) credit report on Mr. Ho issued by an external credit reporting agent; (iv) bank statements in respect of the first mortgage charge over the Property I to ascertain the latest outstanding balance; (v) estimated value of the Property I and the Property II; (vi) amount of other material assets of Mr. Ho e.g. bank balance and investment; (vi) tax record of Mr. Ho; and (vii) confirmation of Mr. Ho on any material liabilities.

Regarding the due diligence work of the Group on Mr. Ho, we have reviewed the due diligence documents on Mr. Ho from the Group which include but not limited to (i) Mr Ho's identification document with photo; (ii) Mr. Ho's address proof; (iii) background, litigation and bankruptcy search report on Mr. Ho issued by an external party; (iv) credit report with credit rating on Mr. Ho issued by an external credit reporting agent; (v) land search records on the collaterals of the Loan, i.e. the Property I and the Property II; (vi) statements relating to the first priority mortgage charge of the Property I issued by the relevant mortgagee bank; (vii) the latest tax record of Mr. Ho; (viii) supporting documents for the other material assets of Mr. Ho e.g. bank balance and investment; and (ix) confirmation of Mr. Ho on any material liabilities.

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Term of the Loan

The term of the Loan is 12 months, we have compared the term of the Loan with the term of the loans offered by Lucky Stone to the Independent Third Parties. Based on the information reviewed by us, we note that the term of the loans that Lucky Stone has provided to the Independent Third Parties has ranged from approximately 6 months to 12 months (excluding subsequent renewal) and thus the term of the Loan follows the normal practice of Group. We understand from the Directors that the term of a loan is normally determined basing on the request of a potential customer as well as the availability of financial resources and future funding needs of the Group in the intended loan period. In respect of the term of the Loan under the Loan Agreement, the Directors have confirmed that after taking into account the outstanding consideration payable for the acquisition of properties in Beijing (details of which were set out in the circular of the Company dated 14 January 2021) and the repayment schedule of Lucky Stone's existing loan portfolio in near future, the Company considers that it would have sufficient internal resources to fund the Loan.

In addition, the Loan Agreement provides that Lucky Stone has the right to demand early repayment of the Loan and all moneys owing by Mr. Ho to Lucky Stone as Lucky Stone shall in its absolute discretion direct. This adds the flexibility to the Group in case the Group has unforeseeable funding needs during the term of the Loan. As such, we consider the term of the Loan under the Loan Agreement acceptable.

Repayment of interests and principal

We have compared the repayment term of interests and principal of the Loan with that of the loans offered by Lucky Stone to the Independent Third Parties. We note from the information provided by the Company that the interests of the loans provided by Lucky Stone to the Independent Third Parties are payable on accrual basis at the end of each interest period/upon maturity of the loans. Majority of the Independent Third Parties are required to provide post-dated cheques to ensure repayment of interests and principal upon due date.

As stated in the Letter from the Board, it is one of the conditions precedent of the Loan Agreement that Mr. Ho is required to provide post-dated cheques to Lucky Stone for repayment of interests and principal, this follows the aforesaid repayment arrangement adopted by Lucky Stone to the Independent Third Parties.

However, the interests payable by Mr. Ho under the Loan Agreement and the Supplemental Agreement are required to be paid on the 1st day of each interest period of the Loan rather than on accrual basis at the end of each interest period. The Loan Agreement (as amended and supplemented by the Supplemental Agreement) further provides that Lucky Stone may set off the director's fees and all other emoluments payable by the Company to Mr. Ho, against all or any part of any sum due from Mr. Ho to Lucky Stone under the Loan Agreement, the Supplemental Agreement or the

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Security Documents to which the Borrower is a party, to the extent permitted by laws, on the occurrence of an event of default as stated in the Loan Agreement (“**Set-off Provision**”).

In view that interests of the Loan are payable on the 1st day of each interest period and taking into account of the Set-off Provision, we consider the repayment terms of the Loan Agreement to be better than the repayment terms of the loans provided by Lucky Stone to the Independent Third Parties.

Interest rate

As advised by the Company, determination of the interest rate of the Loan is based on the Group’s funding cost and lending record in the past few years. We have compared the interest rate of the Loan with the interest rates charged by Lucky Stone to the Independent Third Parties. Based on the information obtained and reviewed by us, we note that the interest rate of the Loan is within the range of the interest rates charged by Lucky Stone for the Independent Third Parties. Further, the interest rate of the Loan is double to the current interest rate charged by Lucky Stone for the existing secured loan to its Independent Third Party customer.

4. Comparison with Comparable Transactions

In order to further assess the fairness and reasonableness of the term and the interest rate of the Loan, we have used our best endeavour to conduct an independent research from the website of the Stock Exchange on comparable transactions (the “**Comparable Transactions**”) which (i) were announced by companies listed on the Stock Exchange pursuant to the Listing Rules or GEM Listing Rules from 1 January 2021 and up to 25 February 2021, being the date of the Loan Agreement, which in our view represents a sufficient period of time to reflect the prevailing market conditions for conducting such transactions; and (ii) involved the provision of loans/loan facilities (including subsequent renewal and extension) to entities/ individuals (excluding subsidiaries, joint ventures or commonly controlled entities of the lenders). Shareholders should note that the business, operations and prospects of the Comparable Transactions may not be identical to those of the Company and we have not conducted any detailed investigation into the respective businesses and operations of the Comparable Transactions. Nevertheless, we consider that the Comparable Transactions could provide a general reference as to the common market practice of companies listed in Hong Kong for conducting similar transactions under the Loan Agreement (as amended and supplemented by the Supplemental Agreement).

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Summarised below is our relevant findings:

	Date of announcement	Company name	Stock code	Interest rate of the loan (approximately)	Term of the loan (approximately)	Whether it is a connected transaction?
1.	23 February 2021	CASH Financial Services Group Limited	510	11.00%	12 months	No
2.	23 February 2021	Summit Ascent Holdings Limited	102	6.00%	3 months	Yes
3.	22 February 2021	Midland IC&I Limited	459	9.00%	12 months	No
4.	19 February 2021	China Tonghai International Financial Limited	952	12.00%	6 months	No
5.	18 February 2021	Global International Credit Group Limited	1669	10.00%	12 months	No
6.	10 February 2021	Super Strong Holdings Limited	8262	5.00%	4 months	Yes
7.	9 February 2021	China Tonghai International Financial Limited	952	5.00%	2 months	No
8.	9 February 2021	China Chengtong Development Limited	217	6.00%	18 months	Yes
9.	5 February 2021	Global International Credit Group Limited	1669	9.00%	24 months	No
10.	5 February 2021	Merdeka Financial Group Limited	8163	12.00%	1 month	No
11.	3 February 2021	Midland IC&I Limited	459	8.50%	12 months	No
12.	1 February 2021	NOVA Group Holdings Limited	1360	12.00%	9 months	No
13.	29 January 2021	China Healthwise Holdings Limited	348	8.00%	24 months	No
14.	29 January 2021	Sany Heavy Equipment Int'l Holdings Co Ltd.	631	4.15%	5.9 months (Note 8)	Yes
15.	28 January 2021	NOVA Group Holdings Limited	1360	12.00%	9 months	No
16.	28 January 2021	Reliance Global Holdings Limited	723	10.50%	12 months	No
17.	28 January 2021	Capital Finance Holdings Limited	8239	3.60% (Note 1)	6 months	No
18.	27 January 2021	NOVA Group Holdings Limited	1360	12.00%	12 months	No
19.	27 January 2021	Capital Finance Holdings Limited (Note 2)	8239	15.40% (Note 3)	12 months	No
20.	27 January 2021	Capital Finance Holdings Limited (Note 2)	8239	15.40% (Note 3)	12 months	No
21.	26 January 2021	Great Water Holdings Limited	8196	60 basis points below the 5-year loan prime rate, i.e. 4.65% (Note 4)	3 months	No
22.	25 January 2021	NOVA Group Holdings Limited	1360	12.00%	12 months	No

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	Date of announcement	Company name	Stock code	Interest rate of the loan (approximately)	Term of the loan (approximately)	Whether it is a connected transaction?
23.	22 January 2021	Kader Holdings Company Limited	180	12.00%	36 months	Yes
24.	20 January 2021	Rykadan Capital Limited (Note 5)	2288	12.00%	12 months	No
25.	20 January 2021	Rykadan Capital Limited (Note 5)	2288	12.00%	12 months	No
26.	17 January 2021	Jiashili Group Limited	1285	5.00%	12 months	No
27.	15 January 2021	Power Financial Group Limited	397	7.00%	12 months	No
28.	15 January 2021	Global International Credit Group Limited (Note 6)	1669	11.00%	12 months	No
29.	15 January 2021	Global International Credit Group Limited (Note 6)	1669	12.00%	12 months	No
30.	15 January 2021	Global International Credit Group Limited (Note 6)	1669	12.00%	12 months	No
31.	15 January 2021	Global International Credit Group Limited (Note 6)	1669	12.00%	12 months	No
32.	15 January 2021	Global International Credit Group Limited (Note 6)	1669	12.00%	12 months	No
33.	15 January 2021	Global International Credit Group Limited (Note 6)	1669	12.00%	12 months	No
34.	15 January 2021	Global International Credit Group Limited (Note 6)	1669	12.00%	12 months	No
35.	15 January 2021	Global International Credit Group Limited (Note 6)	1669	14.00%	12 months	No
36.	15 January 2021	Global International Credit Group Limited (Note 6)	1669	14.00%	12 months	No
37.	15 January 2021	Baiying Holdings Group Limited	8525	5.00%	Not disclosed	Yes
38.	14 January 2021	Capital Finance Holdings Limited (Note 7)	8239	15.40% (Note 3)	12 months	No
39.	14 January 2021	Capital Finance Holdings Limited (Note 7)	8239	15.40% (Note 3)	12 months	No
40.	14 January 2021	Ban Loong Holdings Ltd	30	18.00%	12 months	No
41.	13 January 2021	Capital Finance Holdings Limited	8239	3.60% (Note 1)	6 months	No
42.	12 January 2021	China Ever Grand Financial Leasing Group Co. Ltd.	379	10.00%	12 months	No
43.	12 January 2021	Ban Loong Holdings Ltd	30	19.20%	12 months	No
44.	12 January 2021	New Century Group Hong Kong Limited	234	10.00%	12 months	No
45.	8 January 2021	NOVA Group Holdings Limited	1360	12.00%	7 months	No
46.	7 January 2021	Reliance Global Holdings Limited	723	12.50%	12 months	No

LETTER FROM PROTON CAPITAL

Date of announcement	Company name	Stock code	Interest rate of the loan (approximately)	Term of the loan (approximately)	Whether it is a connected transaction?
47. 7 January 2021	China Financial Services Holdings Limited	605	16.00%	180 months	No
48. 7 January 2021	Ban Loong Holdings Ltd	30	18.00%	12 months	No
49. 4 January 2021	Power Financial Group Limited	397	9.00%	12 months	No
	Minimum		3.60%	1 month (Note 9)	
	Maximum		19.20%	180 months (Note 9)	
	Average		10.70%	14.9 months (Note 9)	
25 February 2021	The Company		10.00%	12 months	Yes

Source: The Stock Exchange's website

Notes:

- As disclosed in the announcements of Capital Finance Holdings Limited dated 13 January 2021 and 28 January 2021, the interest rate was 0.3% per month (on a 30-day month basis). For comparison purpose only, such interest rate was adjusted to annual basis and 3.6% per annum was then taken for the analysis of the Comparable Transactions.
- As disclosed in the announcement of Capital Finance Holdings Limited dated 27 January 2021, two loans were considered relevant to the Comparable Transactions.
- As disclosed in the announcements of Capital Finance Holdings Limited dated 14 January 2021 and 27 January 2021, the interest rate was 1.283% per month (on a 30-day month basis). For comparison purpose only, such interest rate was adjusted to annual basis and 15.4% per annum was then taken for the analysis of the Comparable Transactions.
- As disclosed in the announcement of Great Water Holdings Limited dated 26 January 2021, the interest of the loan is 60 basis points below the loan prime rate for five-year loan as published by the People's Bank of China. As at the Latest Practicable Date, the five-year loan prime rate is 4.65% per annum. For comparison purpose only, the interest rate of approximately 4.05% per annum was taken for the analysis of the Comparable Transactions.
- As disclosed in the announcement of Rykadan Capital Limited dated 20 January 2021, two loans were considered relevant to the Comparable Transactions.
- As disclosed in the announcement of Global International Credit Group Limited dated 15 January 2021, nine loans were considered relevant to the Comparable Transactions.
- As disclosed in the announcement of Capital Finance Holdings Limited dated 14 January 2021, two loans were considered relevant to the Comparable Transactions.
- The term of the loan is 180 days, which is equivalent to approximately 5.9 months for comparison purpose.
- Excluding the Comparable Transaction number 37 which did not disclose the term of the loan.

LETTER FROM PROTON CAPITAL

(a) Term

Based on the above table, we note that after excluding the Comparable Transaction number 37 which did not disclose the term of the loan, the term of the Comparable Transactions ranged from 1 month to 180 months, with an average term of approximately 14.9 months. On the basis that the term of the Loan is close to the average term of the Comparable Transactions of approximately 14.9 months, we are of the view that the term of the Loan of 12 months is fair and reasonable and in the interest of the Independent Shareholders.

(b) Interest

Based on the above table, we note that the interest rate of the Comparable Transactions ranged from approximately 3.60% to 19.20%, with an average interest rate of approximately 10.70%, respectively. The interest rate of the Loan Agreement of 10% is within the range of the interest rate of the Comparable Transactions' loans and is just slightly lower than the average interest rate of the Comparable Transactions' loans of 10.70%.

Based on the aforesaid and that the interest rate of the Loan is double to the current interest rate charged by Lucky Stone for its existing secured loan to its Independent Third Party customer, we are of the view that the interest rate of 10% in the Loan Agreement is fair and reasonable and in the interest of the Independent Shareholders.

5. Financial effects of the Loan Agreement

(i) Net asset value

According to the 2020/21 Interim Report, the unaudited net asset value of the Group as at 30 September 2020 was approximately HK\$325.95 million. Since the Loan will be recorded as loan receivable of the Group, it is expected that the Provision of the Loan will not have material impact on the net asset value of the Group.

(ii) Earnings

Pursuant to the Loan Agreement (as amended and supplemented by the Supplemental Agreement), interests at a rate of 10% per annum is payable by Mr. Ho, it is expected that the Group will receive maximum annual interest income of HK\$2,400,000 during the term of the Loan. As such, the earnings attributable to shareholders of the Company will be enhanced as a result of the Loan.

LETTER FROM PROTON CAPITAL

(iii) Liquidity

The Company intends to finance the Loan from its internal resources. As disclosed in the Letter from the Board, the Group had cash and cash equivalents of approximately HK\$95.5 million (unaudited) as at 28 February 2021. The Group's cash and cash equivalent is expected to decrease by an amount equivalent to the actual drawdown amount of the Loan due to the Provision of the Loan, before taking into account the outstanding consideration for the acquisition of properties in Beijing of RMB8.4 million which is payable by mid-April 2021 (within 10 Business Days from the date on which the title of the property is expected to be transferred to the Group).

It should be noted that the above analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be after the Provision of the Loan.

In view of the above financial effects, in particular, the Loan would enable the Group to earn additional interest income and accordingly enhance its earnings, we consider that the overall financial effects on the Group as a result of the Loan is acceptable.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the opinion that (i) the entering into of the Loan Agreement and the Supplemental Agreement is in the ordinary and usual course of business of the Group; (ii) the terms of the Loan Agreement and the Supplemental Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the entering into the Loan Agreement and the Supplemental Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we recommend the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Proton Capital Limited
Josephine Lau
Director – Corporate Finance

Note: Ms. Josephine Lau has been a responsible officer of Type 6 (advising on corporate finance) regulated activity since 2007. Ms. Lau has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors and Chief Executive of the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Long position in shares and underlying shares of the Company

Name of Director	Capacity/Nature of interest	Total number of Shares	Approximate percentage of shareholding in the Company
Mr. Huang Liming	Interest in controlled corporation ^(Note)	626,071,950 (long position)	61.00%

Note: Mr. Huang Liming is interested in the said shares through his wholly-owned company, Heng Sheng Capital Limited, which is the beneficial owner of 626,071,950 Shares.

(ii) Substantial Shareholders

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, none of the shareholders (other than Directors or chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Name of Shareholder	Capacity/Nature of interest	Total number of Shares	Approximate percentage of shareholding in the Company
Heng Sheng Capital Limited	Beneficial owner ⁽¹⁾	626,071,950 (long position)	61.00%
Li Mengya	Interest of spouse ⁽²⁾	626,071,950 (long position)	61.00%

Notes:

- (1) Heng Sheng Capital Limited is a company wholly-owned by Mr. Huang Liming, and accordingly under the SFO, Mr. Huang Liming is deemed to be interested in the Shares held by Heng Sheng Capital Limited.
- (2) Ms. Li Mengya is the spouse of Mr. Huang Liming and, under the SFO, she is deemed to be interested in the same number of Shares in which Mr. Huang Liming is interested.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates had an interest in a business, which competes or may compete with the businesses of the Company and any other conflicts of interest which any such person has or may have with the Company which would be required to be disclosed under Rule 11.04 of the GEM Listing Rules.

5. DIRECTORS INTERESTS' IN ASSETS

None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of or leased to any member of the Group since 31 March 2020, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

6. DIRECTORS INTERESTS' IN CONTRACTS/ARRANGEMENTS

Save as disclosed in this circular, none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there was no material adverse changes in the financial or trading position of the Group since 31 March 2020, being the date to which the latest published audited consolidated accounts of the Group were made up.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Proton Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO

Proton Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Proton Capital did not have any beneficial shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, Proton Capital did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired or disposed of or leased since 31 March 2020, being the date to which the latest published audited accounts of the Company were made up, and up to the date of this circular.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at Unit 903, 9th Floor, Haleson Building, 1 Jubilee Street, Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the Loan Agreement;
- (c) the Supplemental Agreement;
- (d) the letter of advice from Proton Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 17 to 36 of this circular;
- (e) the written consent of Proton Capital as referred to in the section headed “8. Qualification and Consent of Expert” in this appendix;
- (f) the letter from the Independent Board Committee, the text of which is set out on pages 15 to 16 of this circular; and
- (g) this circular.

10. MISCELLANEOUS

The English text of this circular shall prevail over its Chinese text in case of inconsistency.

NOTICE OF THE EGM

shishi

Shi Shi Services Limited

時時服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8181)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of Shi Shi Services Limited (the “**Company**”) will be held at Unit L, 1/F, Kaiser Estate, Phase 2, 51 Man Yue Street, Hunghom, Kowloon, Hong Kong on Friday, 16 April 2021, at 11:00 a.m., for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

1. (a) the conditional agreement entered into between Lucky Stone Finance Limited, an indirect wholly-owned subsidiary of the Company (as lender) and Mr. Ho Ying Choi (as borrower) dated 25 February 2021 (the “**Loan Agreement**”) as amended and supplemented by an agreement dated 12 March 2021 (the “**Supplemental Agreement**”) entered into by the same parties in relation to the provision of loan in principal amount of not more than HK\$24 million by Lucky Stone Finance Limited to Mr. Ho Ying Choi (copy of the Loan Agreement and the Supplemental Agreement have been produced to the EGM and marked “A” and “B” respectively, all initialed by the chairman of the meeting for identification purpose), and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) each of the directors of the Company be and is hereby authorised to do all such acts and things and to sign, agree, ratify or execute all such documents and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Loan Agreement, the Supplemental Agreement and the transactions contemplated thereunder.”

By order of the Board
Shi Shi Services Limited
Huang Liming
Chairman and Executive Director

Hong Kong, 26 March 2021

NOTICE OF THE EGM

Registered Office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong:

Unit 903, 9th Floor, Haleson Building
1 Jubilee Street, Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's Hong Kong branch share registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong at least forty-eight (48) hours before the time appointed for the holding of the EGM or any adjournment thereof.
3. The register of members of the Company will be closed from Tuesday, 13 April 2021 to Friday, 16 April 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Monday, 12 April 2021.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. The EGM is expected to last for less than half a day. Members (in person or by proxy) attending the EGM are responsible for their own transportation and accommodation expenses. Members or their proxies attending the EGM shall present their identity certifications.
6. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Government of Hong Kong is/are in effect any time after 8:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement on the websites of the Company at www.shishiservices.com.hk and the GEM at www.hkgem.com to notify Shareholders of the date, time and place of the rescheduled meeting.
7. Any voting at the EGM shall be taken by poll.
8. In view of the recent development of the COVID-19 pandemic, and in order to better protect the safety and health of the Shareholders, the Company will not serve refreshments at the EGM to avoid the coming into close contact amongst participants at the EGM. The Company wishes to remind the Shareholders and other participants who will attend the EGM in person to take personal precautions and abide by the requirements of pandemic precaution and control at the venue of the EGM. The Company also advises the Shareholders to attend and vote

NOTICE OF THE EGM

at the EGM by way of non-physical presence. The Shareholders may choose to vote by filling in and submitting the relevant proxy form of the EGM, and appoint the chairman of the EGM as a proxy to vote on the relevant resolution according to their voting intentions indicated in the relevant proxy form instead of attending the EGM in person. For details, please refer to the proxy form of the EGM. The Company will keep monitoring the evolving COVID-19 situation and may implement additional measures which, if any, will be announced in due course.

As at the date of this notice, the Board comprises six Directors, including three executive Directors, namely Mr. Huang Liming, Mr. Lee Chin Ching, Cyrix and Mr. Ho Ying Choi, and three independent non-executive Directors, namely Mr. Tso Siu Lun, Alan, Mr. Lam Kai Yeung and Mr. Lo Chi Ho, Richard.

This notice, 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 notice 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 notice misleading.

This notice will remain on the GEM website at www.hkgem.com on the “Latest Company Information” page for at least seven days from the date of its posting and the Company’s website at www.shishiservices.com.hk.