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HO YING CHOI

shishi

Shi Shi Services Limited

時時服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8181)

JOINT ANNOUNCEMENT

**(1) COMPLETION OF THE SALE AND PURCHASE AGREEMENT
IN RELATION TO
THE SALE AND PURCHASE OF SALE SHARES IN
SHI SHI SERVICES LIMITED; AND
(2) MANDATORY UNCONDITIONAL CASH OFFER BY
SORRENTO SECURITIES LIMITED
FOR AND ON BEHALF OF HO YING CHOI
TO ACQUIRE ALL THE ISSUED SHARES IN
SHI SHI SERVICES LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY
HO YING CHOI AND
PARTIES ACTING IN CONCERT WITH HIM)**

Financial adviser to the Offeror



Financial adviser to the Company

VINCO 榮高

Vinco Financial Limited

Independent financial adviser to the Independent Board Committee



Offer agent to the Offeror



BACKGROUND

On 20 October 2023, Mr. Huang as the borrower and the Offeror as the lender entered into the First Loan Agreement, pursuant to which the Offeror has agreed to grant to Mr. Huang the unsecured loan in the principal sum of HK\$3,000,000 for general use at an interest rate of 15% per annum repayable on 20 November 2023.

On 7 November 2023, Mr. Huang as the borrower and the Offeror as the lender entered into the Second Loan Agreement, pursuant to which the Offeror has agreed to grant to Mr. Huang the unsecured loan in the principal sum of HK\$5,000,000 for general use at an interest rate of 15% per annum repayable on 6 December 2023.

On 23 April 2024, the Vendor as the borrower, the Offeror as the lender and Mr. Huang as the guarantor to the Vendor entered into the Third Loan Agreement, pursuant to which the Offeror has agreed to grant to the Vendor the secured loan in the principal sum of HK\$29,574,520 for general use at an interest rate of 15% per annum repayable on 31 July 2024, which comprised (a) the previous outstanding amount of HK\$8,574,520, representing the principal amounts and the accrued interests thereon pursuant to the First Loan Agreement and the Second Loan Agreement; and (b) the new loan in the amount of HK\$21,000,000, which was advanced by the Offeror to the Vendor on 23 April 2024.

On 10 July 2024, the Vendor as the borrower, the Offeror as the lender and Mr. Huang as the guarantor to the Vendor entered into a supplemental agreement to the Third Loan Agreement, pursuant to which the Offeror has agreed to grant to the Vendor a second new loan in the amount of HK\$6,000,000, which was advanced by the Offeror to the Vendor on 10 July 2024.

The Loan was secured by (i) a share charge over 150,000 shares in the Vendor owned by H Family, representing the entire issued share capital of the Vendor; (b) a charge over account with The Hongkong and Shanghai Banking Corporation Limited of the Vendor; (c) a share charge over 626,071,950 Shares owned by the Vendor, representing approximately 55.45% of the entire issued share capital of the Company as at the date of this joint announcement, being the Loan Share Charge; and (d) a deed of assignment by way of security of all debts owed by the Vendor to H Family.

As at the date of Completion, the Vendor was indebted to the Offeror the Outstanding Indebtedness in the amount of HK\$36,829,538 pursuant to the Loan Agreements and was fully utilised to set off against part of the Consideration on a dollar-to-dollar basis in the amount of HK\$36,829,538. Immediately after Completion, the Loan was fully settled and the securities in relation to the Loan are fully released and discharged and the debts owed by the Vendor to H Family, which was assigned by way of security to the Offeror as security for the Loan, are fully released, discharged and re-assigned to H Family.

THE SALE AND PURCHASE AGREEMENT

The Company was informed by the Vendor that on 30 September 2024 (after trading hours of the Stock Exchange), the Offeror as the purchaser and the Vendor as the vendor entered into the Sale and Purchase Agreement, pursuant to which the Offeror has agreed to purchase, and the Vendor has agreed to sell, an aggregate of 626,071,950 Shares (i.e. the Sale Shares), representing approximately 55.45% of the total issued share capital of the Company as at the date of this joint announcement for a total Consideration of HK\$36,938,245, equivalent to HK\$0.059 per Sale Share, which was agreed between the Offeror and the Vendor after arm's length negotiations with reference to, amongst other things, the prevailing market prices of the Company. Details of the Sale and Purchase Agreement are set out in the section headed "The Sale and Purchase Agreement" below in this joint announcement. The Consideration was fully settled upon Completion (a) by way of setting off against the Outstanding Indebtedness due by the Vendor to the Offeror; and (b) the remaining balance in the amount of HK\$108,707 by way of cash.

THE OFFER

As at the date of this joint announcement and immediately prior to Completion, save for the Loan Share Charge, the Offeror did not hold and was not interested in any Shares.

Completion of the Sale and Purchase Agreement took place immediately upon the signing of the Sale and Purchase Agreement on 30 September 2024 and the Consideration was fully settled (a) by way of setting off against the Outstanding Indebtedness due by the Vendor to the Offeror; and (b) the remaining balance by way of cash on the same day, resulting in the Offeror being interested in the Sale Shares.

Immediately following Completion and as at the date of this joint announcement, (i) the Offeror and parties acting in concert with him are in aggregate interested in a total of 626,071,950 Shares, representing approximately 55.45% of the total issued share capital of the Company as at the date of this joint announcement; and (ii) the Vendor ceased to have any interests in the Shares.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror incurred an obligation to make a mandatory unconditional cash offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with him).

As at the date of this joint announcement, the Company does not have any outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. Save as disclosed above, as at the date of this joint announcement, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

PRINCIPAL TERMS OF THE OFFER

The Offer

Sorrento Securities will, for and on behalf of the Offeror and in compliance with the Takeovers Code, make the Offer to acquire all the Offer Shares on terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code.

For each Offer Share HK\$0.059 in cash

The Offer Price of HK\$0.059 per Offer Share under the Offer is the same as the purchase price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

The Offeror confirms that the Offer Price is final and will not be increased.

Details of the Offer are set out under the section headed “Principal terms of the Offer” below in this joint announcement.

The Offer will be extended to all Shareholders other than the Offeror and parties acting in concert with him in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer will be fully paid and free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

The Company confirms that as at the date of this joint announcement, (i) the Company has not declared any dividend which remains unpaid; and (ii) it does not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offer.

The Offer will be unconditional in all respects when made and will not be conditional upon acceptances being received in respect of a minimum number of Offer Shares.

The Offeror intends to maintain the listing of the Shares on GEM of the Stock Exchange following the close of the Offer and will take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares. The steps that the Offeror may take include but not limited to (i) placing down or selling sufficient number of accepted Shares it acquired from the Offer to selected independent third parties or in the market; and/or (ii) issue of additional Shares by the Company for this purpose.

Value of the Offer

As at the date of this joint announcement, there were 1,128,986,665 Shares in issue. On the basis of the Offer Price of HK\$0.059 per Offer Share, the entire issued share capital of the Company is valued at HK\$66,610,213.24. On the basis that there are 502,914,715 Shares subject to the Offer and assuming there is no change in the number of issued Shares before the close of the Offer, the value of the Offer is HK\$29,671,969.

Confirmation of financial resources available for the Offer

The maximum payment obligations of HK\$29,671,969 payable for the Offer shall be payable in cash. The Offeror intends to finance and satisfy the entire consideration payable under the Offer through the Facility. The Offeror has entered into the Facility Agreement with Sorrento Securities under which the Offeror is required to charge the Sale Shares, all the Offer Shares acquired by the Offeror pursuant to the Offer and the Offeror's securities account in Sorrento Securities as collateral, being the Facility Charge.

Sorrento Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are and will remain available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Lam Kai Yeung, Mr. Lo Chi Ho, Richard and Mr. Lin Dongming, has been established in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

With the approval by the Independent Board Committee, Proton Capital has been appointed by the Company to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer, in particular as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Document to be posted.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document setting out, among others, (i) further details of the Offer (including the expected timetable and the terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer; and (iv) the relevant form(s) of acceptance, is required to be despatched to the Shareholders within 21 days after the date of this joint announcement or such later date as the Executive may consent to. It is expected that the Composite Document will be despatched on or before 21 October 2024.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

The Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendations of the Independent Board Committee and a letter of advice from the Independent Financial Adviser in respect of the Offer.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

BACKGROUND

On 20 October 2023, Mr. Huang as the borrower and the Offeror as the lender entered into the First Loan Agreement, pursuant to which the Offeror has agreed to grant to Mr. Huang the unsecured loan in the principal sum of HK\$3,000,000 for general use at an interest rate of 15% per annum repayable on 20 November 2023.

On 7 November 2023, Mr. Huang as the borrower and the Offeror as the lender entered into the Second Loan Agreement, pursuant to which the Offeror has agreed to grant to Mr. Huang the unsecured loan in the principal sum of HK\$5,000,000 for general use at an interest rate of 15% per annum repayable on 6 December 2023.

On 23 April 2024, the Vendor as the borrower, the Offeror as the lender and Mr. Huang as the guarantor to the Vendor entered into the Third Loan Agreement, pursuant to which the Offeror has agreed to grant to the Vendor the secured loan in the principal sum of HK\$29,574,520 for general use at an interest rate of 15% per annum repayable on 31 July 2024, which comprised (a) the previous outstanding amount of HK\$8,574,520, representing the principal amounts and the accrued interests thereon pursuant to the First Loan Agreement and the Second Loan Agreement; and (b) the new loan in the amount of HK\$21,000,000, which was advanced by the Offeror to the Vendor on 23 April 2024 and was due and payable by the Vendor to the Offeror on 31 July 2024.

On 10 July 2024, the Vendor as the borrower, the Offeror as the lender and Mr. Huang as the guarantor to the Vendor entered into a supplemental agreement to the Third Loan Agreement, pursuant to which the Offeror has agreed to grant to the Vendor a second new loan in the amount of HK\$6,000,000, which was advanced by the Offeror to the Vendor on 10 July 2024 and was due and payable by the Vendor to the Offeror on 31 July 2024.

The Loan was secured by (i) a share charge over 150,000 shares in the Vendor owned by H Family, representing the entire issued share capital of the Vendor; (b) a charge over account with The Hongkong and Shanghai Banking Corporation Limited of the Vendor; (c) a share charge over 626,071,950 Shares owned by the Vendor, representing approximately 55.45% of the entire issued share capital of the Company as at the date of this joint announcement, being the Loan Share Charge; and (d) a deed of assignment by way of security of all debts owed by the Vendor to H Family.

As the Loan and the interest accrued thereon were due for payment on 31 July 2024 pursuant to the Third Loan Agreement (as amended and supplemented by the supplemental agreement dated 10 July 2024), the Vendor and the Offeror commenced negotiation on the settlement of the Outstanding Indebtedness on 5 August 2024 and the Vendor initiated the settlement by way of entering into the Sale and Purchase Agreement in view of the Sale Shares being one of the securities to the Loan.

As at the date of Completion, the Vendor was indebted to the Offeror the Outstanding Indebtedness in the amount of HK\$36,829,538 pursuant to the Loan Agreements and was fully utilised to set off against part of the Consideration for the Sale Shares on a dollar-to-dollar basis in the amount of HK\$36,829,538. Immediately after Completion, the Loan was fully settled and the securities in relation to the Loan are fully released and discharged and the debts owed by the Vendor to H Family, which was assigned by way of security to the Offeror as security for the Loan, are fully released, discharged and re-assigned to H Family.

THE SALE AND PURCHASE AGREEMENT

The Company was informed by the Vendor that on 30 September 2024 (after trading hours of the Stock Exchange), the Offeror as the purchaser, the Vendor as the vendor, entered into the Sale and Purchase Agreement, pursuant to which the Offeror has agreed to purchase, and the Vendor has agreed to sell, an aggregate of 626,071,950 Shares (i.e. the Sale Shares), representing approximately 55.45% of the total issued share capital of the Company as at the date of this joint announcement for a total cash Consideration of HK\$36,938,245, equivalent to approximately HK\$0.059 per Sale Share, which was agreed between the Offeror and the Vendor after arm's length negotiations.

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

Date: 30 September 2024

Parties: (i) Heng Sheng Capital Limited as the vendor; and
(ii) Ho Ying Choi as the purchaser.

For further details of the Offeror, please refer to the section headed "Information on the Offeror" in this joint announcement.

Subject of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, the Offeror has agreed to purchase, and the Vendor has agreed to sell, an aggregate of 626,071,950 Shares (i.e. the Sale Shares), representing approximately 55.45% of the total issued share capital of the Company as at the date of this joint announcement. The Sale Shares were acquired by the Offeror free from any encumbrance and together with all rights attached and accrued to them at the date of Completion including all rights to any dividend or other distribution declared, made or paid on or after the date of the Completion. No dividend was declared but not paid on the date of Completion.

Consideration

The aggregate Consideration payable by the Offeror to the Vendor in respect of the Sale Shares shall be HK\$36,938,245, equivalent to HK\$0.059 per Sale Share, which was agreed between the Offeror and the Vendor after arm's length negotiations with reference to, amongst other things, the prevailing market prices of the Company.

The Consideration was fully settled upon Completion (a) by way of setting off against the Outstanding Indebtedness due by the Vendor to the Purchaser; and (b) the remaining balance of HK\$108,707 by way of cash.

Conditions precedent to the Sale and Purchase Agreement

The Sale and Purchase Agreement is unconditional.

Completion

Completion took place immediately upon the signing of the Sale and Purchase Agreement on 30 September 2024. Immediately following the Completion, the Vendor ceased to have any interest in Shares of the Company. The Completion constitutes a full and final settlement of the Outstanding Indebtedness, which represented all outstanding loans and indebtedness owed by the Vendor to the Offeror, and all securities given by the Vendor to the Offeror are released and discharged and the debts owed by the Vendor to H Family, which was assigned by way of security to the Offeror as security for the Loan, are fully released, discharged and re-assigned to H Family.

THE OFFER

As at the date of this joint announcement and immediately prior to Completion, save for the Loan Share Charge, the Offeror did not hold and was not interested in any Shares.

Immediately following Completion and as at the date of this joint announcement, (i) the Offeror and parties acting in concert with him are in aggregate interested in a total of 626,071,950 Shares, representing approximately 55.45% of the total issued share capital of the Company as at the date of this joint announcement; and (ii) the Vendor ceased to have any interests in the Shares.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror incurred an obligation to make a mandatory unconditional cash offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with him).

Securities of the Company

As at the date of this joint announcement, the Company has 1,128,986,665 Shares in issue. As at the date of this joint announcement, the Company does not have any outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. Save as disclosed above, as at the date of this joint announcement, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

Principal terms of the Offer

Sorrento Securities will, for and on behalf of the Offeror and in compliance with the Takeovers Code, make the Offer to acquire all the Offer Shares on terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code.

The Offer

For each Offer ShareHK\$0.059 in cash

The Offer Price of HK\$0.059 per Offer Share under the Offer is the same as the purchase price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

The Offeror confirms that the Offer Price is final and will not be increased.

The Offer will be extended to all Shareholders other than the Offeror and parties acting in concert with him in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer will be fully paid and free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

The Company confirms that as at the date of this joint announcement, (i) the Company has not declared any dividend which remains unpaid; and (ii) it does not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offer.

The Offer will be unconditional in all respects when made and will not be conditional upon acceptances being received in respect of a minimum number of Offer Shares.

The Offeror intends to maintain the listing of the Shares on GEM of the Stock Exchange following the close of the Offer and will take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares. The steps that the Offeror may take include but not limited to (i) placing down or selling sufficient number of accepted Shares it acquired from the Offer to selected independent third parties or in the market; and/or (ii) issue of additional Shares by the Company for this purpose.

Comparison of value

The Offer Price of HK\$0.059 per Offer Share represents:

- (i) discount of approximately 24.36% to the closing price of HK\$0.078 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) discount of approximately 17.60% to the average closing price of approximately HK\$0.0716 per Share based on the daily closing prices as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;

- (iii) discount of approximately 15.83% to the average closing price of approximately HK\$0.0701 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) discount of approximately 16.67% to the average closing price of approximately HK\$0.0708 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day; and
- (v) a discount of approximately 70.20% to the audited consolidated net asset value attributable to the owners of the Company as at 31 March 2024 of approximately HK\$0.198 per Share (based on the total number of issued Shares as at the date of this joint announcement) as set out in the annual report of the Company for the year ended 31 March 2024.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Last Trading Day and up to and including the Last Trading Day were HK\$0.099 per Share (on 30 May 2024) and HK\$0.059 per Share (on 26 June 2024) respectively.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

No fractions of a Hong Kong cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest Hong Kong cent.

Value of the Offer

As at the date of this joint announcement, there were 1,128,986,665 Shares in issue. On the basis of the Offer Price of HK\$0.059 per Offer Share, the entire issued share capital of the Company is valued at HK\$66,610,213.24. On the basis that there are 502,914,715 Shares subject to the Offer and assuming there is no change in the number of issued Shares before the close of the Offer, the value of the Offer is HK\$29,671,969.

Confirmation of financial resources available for the Offer

The maximum payment obligations of HK\$29,671,969 payable for the Offer shall be payable in cash. The Offeror intends to finance and satisfy the entire consideration payable under the Offer through the Facility. The Offeror has entered into the Facility Agreement with Sorrento Securities under which the Offeror is required to charge the Sale Shares, all the Offer Shares acquired by the Offeror pursuant to the Offer and the Offeror's securities account in Sorrento Securities as collateral, being the Facility Charge.

The Offeror confirms that the repayment of the interest on, or security for any liability (contingent or otherwise) of the Facility will not depend on any significant extent on the business of the Company.

Sorrento Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are and will remain available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Offer.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document. The Company has not declared any dividend and the Company does not intend to declare, make or pay any dividend prior to close of the Offer.

Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made.

The Offer will be unconditional in all respects when made and will not be conditional upon acceptances being received in respect of a minimum number of Offer Share. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amounts payable to Independent Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should obtain information about and observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers and/or seek legal advice. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdiction).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Sorrento Capital, Sorrento Securities, Vinco Financial, Proton Capital and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

Save for the Loan Share Charge, the acquisition of the Sale Shares under the Sale and Purchase Agreement and the Facility Charge, none of the Offeror or parties acting in concert with him has dealt in nor owned any Share or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the six (6) months period prior to the commencement of the offer period (as defined under the Takeovers Code) (i.e. 30 March 2024) and up to and including the date of this joint announcement.

The Offeror confirms that as at the date of this joint announcement,

- (i) save for the Sale Shares held by the Offeror and the Facility Charge, none of the Offeror and parties acting in concert with him holds, owns or has control or direction over any voting rights or rights over any Shares, convertible securities, warranties or options of the Company or any derivatives in respect of such securities;
- (ii) there is no outstanding derivative in respect of securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with him;
- (iii) save for the purchase of the Sale Shares pursuant to the Sale and Purchase Agreement, none of the Offeror, nor any person acting in concert with him has dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the six months prior and up to the date of this joint announcement;
- (iv) none of the Offeror and parties acting in concert with him has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (v) save for the Loan Share Charge, the Sale and Purchase Agreement and the Facility Charge, no Shareholder had any arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any person acting in concert with the Offeror;
- (vi) there is no agreement or arrangement to which the Offeror or parties acting in concert with him is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vii) none of the Offeror and/or parties acting in concert with him has received any irrevocable commitment(s) to accept or reject the Offer;
- (viii) there are no conditions to which the Offer is subject;

- (ix) save for the Facility Agreement and the Facility Charge, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (x) there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with him and any of the Directors, recent directors, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offer;
- (xi) there is no understanding, arrangement or agreement or special deal under Rule 25 of the Takeovers Code between the Offeror or parties acting in concert with him on the one hand and the Vendor and parties acting in concert with it or any other Shareholders on the other hand;
- (xii) there is no understanding, arrangement, agreement or special deal under Rule 25 of the Takeovers Code between (1) any Shareholder; and (2)(a) the Offeror and/or any parties acting in concert with him; or (b) the Company, its subsidiaries or associated companies; and
- (xiii) save for the total Consideration, i.e. HK\$36,938,245, no other consideration, compensation or benefit in whatever form is paid or to be paid by the Offeror or any parties acting in concert with him to the Vendor or any parties acting in concert with it in connection with the sale and purchase of the Sale Shares.

INFORMATION ON THE OFFEROR

The Offeror, aged 64, is an executive Director since 15 August 2012. He is responsible for business operation, finance management and sales and marketing. He is also a member of the remuneration committee and the nomination committee of the Company.

The Offeror holds a Bachelor's degree of science from the Memorial University of Newfoundland, Canada, and a Doctor of Business Administration from the College De Paris – Ascencia Business School. He is the brother of Mr. Ho Ying Cheung, member of the Group's senior management.

The Offeror held 60% of the entire issued share capital of Topgrow Holdings Limited, which in turn held 75% of the entire issued share of the Company, as at the listing of the Shares in October 2013. On 20 November 2014, the Offeror and Topgrow Holdings Limited, among others, entered into a sale and purchase agreement whereby the 75% of the entire issued share capital of the Company was disposed to Wiser Capital Management Limited, a wholly owned company of Mr. Liu Dan, at the consideration of HK\$183,750,000. The completion took place on 25 November 2014, whereby the Offeror ceased to be the beneficial owner of any Shares. For further details, please refer to the announcement of the Company dated 27 November 2014.

OFFEROR'S INTENTION IN RELATION TO THE GROUP

Upon Completion, the Offeror has become the controlling Shareholder (as defined under the GEM Listing Rules). The Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group. The Offeror also intends to continue the existing principal business of the Group immediately following Completion. The Offeror will, following the close of the Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any restructuring and/or integration of the existing businesses of the Group will be appropriate in order to enhance long-term growth potential of the Company.

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability on 15 August 2012 and its issued shares have been listed on GEM of the Stock Exchange (stock code: 8181) since 11 October 2013. The Group has three reportable segments in Hong Kong and the PRC, namely:

- (1) provision of property management and related services, primarily targeting residential properties;
- (2) properties investment; and
- (3) money lending business.

Financial information of the Group

The following table is a summary of certain audited consolidated financial information of the Group for the three financial years ended 31 March 2024 as extracted from the annual reports of the Company for the two years ended 31 March 2023 and 31 March 2024:

	For the year ended 31 March		
	2024	2023	2022
	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000
Revenue	588,740	547,375	524,951
Loss before tax	(46,074)	(26,617)	(24,334)
Loss for the year	(46,604)	(28,764)	(25,949)
Loss for the year attributable to owners of the Company	(46,437)	(28,802)	(25,949)
Total comprehensive expense attributable to owners of the Company	(50,307)	(31,755)	(23,101)

As disclosed in the annual report of the Company for the year ended 31 March 2024, the audited consolidated net assets of the Company as at 31 March 2024 was approximately HK\$227.8 million.

Shareholding structure of the Company

Set out below is the shareholding structure of the Company (i) immediately before Completion; (ii) immediately after Completion and as at the date of this joint announcement:

	Immediately prior to Completion		Immediately after Completion and as at the date of this joint announcement	
	Number of Shares	Approximate % (Note 1)	Number of Shares	Approximate % (Note 1)
<i>The Offeror and parties acting in concert with him</i>				
The Offeror (Note 2)	–	–	626,071,950	55.45
<i>Vendor and parties acting in concert with it</i>				
Heng Sheng Capital Limited (Note 3)	626,071,950	55.45	–	–
Public Shareholders	<u>502,914,715</u>	<u>44.55</u>	<u>502,914,715</u>	<u>44.55</u>
	<u><u>1,128,986,665</u></u>	<u><u>100.00</u></u>	<u><u>1,128,986,665</u></u>	<u><u>100.00</u></u>

Notes:

1. Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
2. The Offeror is an executive Director.
3. The Vendor is wholly owned by H Family. HSBC International Trustee Limited is the trustee of H Trust, a discretionary family trust with HSBC International Trustee Limited as the trustee and Mr. Huang as the settlor, appointor, protector and one of the beneficiaries. HSBC International Trustee Limited as the trustee directly holds the entire issued share capital of H Family.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

The Offeror intends to remain as an executive Director and nominate new director(s) to the Board with effect from a date which is no earlier than such date as permitted for appointment of Directors under Rule 26.4 of the Takeovers Code. Mr. Huang will resign from the Board with effect from the earliest date as permitted for resignation of existing Directors under (or pursuant to any dispensation from) the Takeovers Code, the GEM Listing Rules or other applicable laws or rules or regulations applicable to the Company or by the SFC. Details of the change of the Board composition and biographies of any new Director(s) to be appointed will be announced as and when appropriate in compliance with the Takeovers Code and the GEM Listing Rules.

MAINTAINING THE LISTING STATUS AND SUFFICIENT PUBLIC FLOAT OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.

Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the Closing Date. The Offeror and the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, such as disposal of Shares held by the Offeror or parties acting in concert with him and/or issue of additional Shares by the Company to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror for this purpose. The Company will make an application to the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules in case less than 25% of the entire issued share capital of the Company will be held by the public upon the close of the Offer.

The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Lam Kai Yeung, Mr. Lo Chi Ho, Richard and Mr. Lin Dongming, has been established in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

With the approval by the Independent Board Committee, Proton Capital has been appointed by the Company to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer, in particular as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Document to be posted.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document setting out, among others, (i) further details of the Offer (including the expected timetable and the terms of the Offer); (ii) a letter from Sorrento Securities containing details of the Offer; (iii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in respect of the Offer; (iv) a letter of advice from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer; and (v) the relevant form(s) of acceptance, is required to be despatched to the Shareholders within 21 days after the date of this joint announcement or such later date as the Executive may consent to. It is expected that the Composite Document will be despatched on or before 21 October 2024.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

The Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company in due course.

DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company (as defined in the Takeovers Code, including among others, Shareholders of the Company having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) and of the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries.

Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendations of the Independent Board Committee and a letter of advice from the Independent Financial Adviser in respect of the Offer.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert” has the meaning ascribed to it under the Takeovers Code

“associate(s)” has the meaning ascribed to it under the Takeovers Code

“Board” the board of Directors

“Closing Date”	the date to be stated in the Composite Document as the closing date of the Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Company”	Shi Shi Services Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8181)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement which took place on 30 September 2024
“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the form of acceptance and transfer) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration payable by the Offeror to the Vendor for the acquisition of the Sale Shares, being HK\$36,938,245
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Facility”	the loan facility with limit of HK\$30,000,000 granted under the Facility Agreement
“Facility Agreement”	the loan facility agreement dated 13 September 2024 entered into between Sorrento Securities (as lender) and the Offeror (as borrower) in relation to the Facility granted by Sorrento Securities to the Offeror solely for the settlement of the Offer

“Facility Charge”	a charge dated 13 September 2024 entered into by the Offeror (as the chargor) in favour of Sorrento Securities (as chargee) over the Sale Shares, the Offer Share(s) to be transferred to the Offeror upon acceptance of the Offer and the Offeror’s securities account in Sorrento Securities, as the security for the Facility
“First Loan Agreement”	the loan agreement dated 20 October 2023 entered into between Mr. Huang as the borrower and the Offeror as the lender, pursuant to which the Offeror has agreed to grant to Mr. Huang the unsecured loan in the principal sum of HK\$3,000,000 for general use at an interest rate of 15% per annum repayable on 20 November 2023
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“H Family”	H Family Company Limited, a company incorporated in the British Virgin Islands with limited liability, and the sole shareholder of the Vendor
“H Trust”	the discretionary family trust with HSBC International Trustee Limited as the trustee and Mr. Huang as the settlor, appointor, protector and one of the beneficiaries. HSBC International Trustee Limited as the trustee directly holds the entire issued share capital of H Family
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. Lam Kai Yeung, Mr. Lo Chi Ho, Richard and Mr. Lin Dongming, established to advise the Independent Shareholders on the Offer

“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 Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Offer
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with him
“Last Trading Day”	27 September 2024, being the last trading day of the Shares before the publication of this joint announcement
“Loan”	the loan in the aggregate principal amount of HK\$35,000,000 granted to the Vendor by the Offeror pursuant to the Loan Agreements
“Loan Agreements”	collectively, the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement (as amended and supplemented by the supplemental third loan agreement dated 10 July 2024)
“Loan Share Charge”	a share charge over 626,071,950 Shares owned by the Vendor immediately prior to Completion as part of the security for the Loan
“Mr. Huang”	Mr. Huang Liming, an executive Director and chairman of the Company, and the settlor, the protector and one of the beneficiaries of H Trust
“Offer”	the mandatory unconditional cash offer to be made by Sorrento Securities, on behalf of the Offeror, to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with him in accordance with the Takeovers Code
“Offeror”	Mr. Ho Ying Choi, an executive Director
“Offer Price”	HK\$0.059 per Offer Share
“Offer Share(s)”	all of the issued Share(s) other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with him

“Outstanding Indebtedness”	the outstanding indebtedness of HK\$36,829,538 owed by the Vendor to the Offeror pursuant to the Loan Agreements comprising the principal of the Loan in the amount of HK\$35,000,000 and accrued interests thereon in the amount of HK\$1,829,538
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China and for the purpose of this joint announcement shall excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 September 2024 and entered into between the Vendor as the vendor and the Offeror as the purchaser in relation to the sale and purchase of the Sale Shares
“Sale Share(s)”	626,071,950 Shares, legally and beneficially owned by the Vendor before Completion
“Second Loan Agreement”	the loan agreement dated 7 November 2023 entered into between Mr. Huang as the borrower and the Offeror as the lender, pursuant to which the Offeror has agreed to grant to Mr. Huang the unsecured loan in the principal sum of HK\$5,000,000 for general use at an interest rate of 15% per annum repayable on 6 December 2023
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sorrento Capital”	Sorrento Capital Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offer

“Sorrento Securities”	Sorrento Securities Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being the agent making the Offer for and on behalf of the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Third Loan Agreement”	the loan agreement dated 23 April 2024 entered into among the Vendor as the borrower, the Offeror as the lender and Mr. Huang as the guarantor to the Vendor, pursuant to which the Offeror has agreed to grant to the Vendor the secured loan in the principal sum of HK\$29,574,520 for general use at an interest rate of 15% per annum repayable on 31 July 2024, which comprised (a) the previous outstanding amount of HK\$8,574,520, representing the principal amounts and the accrued interests thereon pursuant to the First Loan Agreement and the Second Loan Agreement; and (b) the new loan in the amount of HK\$21,000,000, which was advanced by the Offeror to the Vendor on 23 April 2024
“Vendor”	Heng Sheng Capital Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly owned subsidiary of H Family
“Vincos Financial”	Vincos Financial Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Company in relation to the Offer
%	per cent.

HO YING CHOI

By order of the Board
SHI SHI SERVICES LIMITED
Huang Liming
Chairman & Executive Director

Hong Kong, 30 September 2024

As at the date of this joint announcement, the executive Directors are Mr. Huang Liming (Chairman), Mr. Ho Ying Choi, Mr. Lee Chin Ching, Cyrinx and Ms. Ho Siu Chun and the independent non-executive Directors are Mr. Lam Kai Yeung, Mr. Lo Chi Ho, Richard and Mr. Lin Dongming.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with him), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror in his capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

The Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group and the Vendor), and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

The English text of this joint announcement shall prevail over its Chinese text.