
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a 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 Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

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)

**COMPOSITE DOCUMENT RELATING TO
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 Financial Limited

Independent financial adviser to the Independent Board Committee



Offer agent to the Offeror



Capitalised terms used on this cover shall have the same meanings as those defined in this Composite Document unless the content requires otherwise.

A letter from Sorrento Securities, containing among other things, the details of the terms and conditions of the Offer, is set out on pages 8 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 25 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 26 to 27 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 28 to 53 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer must be received by the Registrar, Union Registrars Limited, Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by no later than 4:00 p.m. on Monday, 11 November 2024, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the section headed "Important Notice" in this Composite Document and Appendix I to this Composite Document before taking any action. It is the responsibility 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 jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at www.shishiservices.com.hk as long as the Offer remains open.

21 October 2024

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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EXPECTED TIMETABLE

Expected Timetable

All references to date and time contained in this Composite Document and the Form of Acceptance refer to Hong Kong date and time.

The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

Despatch date of this Composite Document and
the accompanying Form of Acceptance and
commencement date of the Offer (*Note 1*) Monday, 21 October 2024

Offer opens for acceptance (*Note 1*). Monday, 21 October 2024

Latest time and date for acceptance of
the Offer (*Note 2 and 5*) 4:00 p.m. on
Monday, 11 November 2024

Closing Date (*Note 3 and 5*). Monday, 11 November 2024

Announcement of the results of the Offer
(or its extension or revision, if any) as
at the Closing Date, to be posted on the website of
the Stock Exchange (*Note 3 and 5*) no later than 7:00 p.m. on
Monday, 11 November 2024

Latest date for posting of remittances for the
amount due in respect of valid acceptances
received under the Offer on or before 4:00 p.m.
on the Closing Date (*Note 4 and 5*). Wednesday, 20 November 2024

Notes:

1. The Offer, which is unconditional, is open for acceptance on and from Monday, 21 October 2024, being the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed “5. Right of Withdrawal” in Appendix I to this Composite Document.
2. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offer will initially remain open for acceptances until 4:00 p.m. on Monday, 11 November 2024 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in

EXPECTED TIMETABLE

- accordance with the Takeovers Code). The Offeror and the Company will jointly issue an announcement in relation to any extension of the Offer, in which the announcement will state either the next Closing Date or, a statement the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered (as the case may be) under the Offer will be despatched to the accepting Independent Shareholder(s), respectively, (to the address specified on the relevant Form of Acceptance) by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete and valid.
 5. The latest time and date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances will not take effect if there is a Bad Weather Signal (as defined under the GEM Listing Rules):
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force at or after 12:00 noon on the latest date for acceptance of the Offer under Rule 15.1 of the Takeovers Code, any publication date of a closing announcement under Rule 19.1 of the Takeovers Code or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, these dates, as the case may be, will remain on the same Business Day; or
 - (b) in force in Hong Kong at any local time at 12:00 noon and/or thereafter on the latest date for acceptance of the Offer under Rule 15.1 of the Takeovers Code, any publication date of a closing announcement under Rule 19.1 of the Takeovers Code or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, these dates, as the case may be, will rescheduled to the following Business Day which does not have a Bad Weather Signal in force in Hong Kong at any local time at 12:00 noon and/or thereafter or such other day as the Executive may approve in accordance with the Takeovers Code.
 6. Save as mentioned above, if the latest time for acceptance of the Offer and the posting of the remittance do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Independent Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

IMPORTANT NOTICE

NOTICE TO THE OVERSEAS SHAREHOLDERS

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements.

It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/ itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction.

Any acceptance by the Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with and such acceptance shall be lawful, valid and binding in accordance with all applicable laws. Such Overseas Shareholders should consult their respective professional advisers if in doubt.

The Offeror and the parties acting in concert with him, the Company, Sorrento Securities, Sorrento Capital, Vinco Financial, Proton Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraph headed “Overseas Shareholders” in the “Letter from Sorrento Securities” and Appendix I to this Composite Document for details.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the GEM Listing Rules and/or the Takeovers Code.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meaning:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Adjusted NAV”	the adjusted consolidated net asset value of the Group attributable to owners of the Company, the calculation of which is set out in the paragraph headed “Property Interests and Adjusted Net Asset Value” in Appendix II to this Composite Document
“Articles of Association” or “Articles”	the amended and restated articles of association of the Company adopted on 1 August 2022
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Closing Date”	Monday, 11 November 2024, being the closing date of the Offer, which is no less than 21 days following the date on which this Composite Document is posted, or if the Offer is extended, any subsequent closing date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code
“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

DEFINITIONS

“Composite Document”	this composite offer and response document 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 the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration paid by the Offeror to the Vendor for the acquisition of the Sale Shares, being HK\$36,938,245
“controlling shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“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

DEFINITIONS

“Form of Acceptance”	the form of acceptance and transfer of Shares in respect of the Offer
“GEM”	GEM operated by the Stock Exchange
“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
“HKSCC Nominees Limited”	a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited
“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”	the Shareholders other than the Offeror and parties acting in concert with him

DEFINITIONS

“Joint Announcement”	the joint announcement dated 30 September 2024 issued by the Offeror and the Company in relation to, among other things, the Sale and Purchase Agreement and the Offer
“Last Trading Day”	27 September 2024, being the last trading day of the Shares before the publication of the Joint Announcement
“Latest Practicable Date”	18 October 2024, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“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
“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of the Company adopted on 1 August 2022
“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 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 Period”	the period commencing from 30 September 2024, being the date of the Joint Announcement, until the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offer, with the consent of the Executive, in accordance with the Takeovers Code

DEFINITIONS

“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 or 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 interest 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, which for the purpose of this Composite Document shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Union Registrars Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Relevant Period”	the period from 30 March 2024, being the date falling six months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 September 2024 and entered into among 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 sold by the Vendor to the Offeror pursuant to the terms of the Sale and Purchase Agreement
“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

DEFINITIONS

“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 relation to 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 and was due and payable by the Vendor to the Offeror on 31 July 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

DEFINITIONS

“Vinco Financial”

Vinco 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.

LETTER FROM SORRENTO SECURITIES



Sorrento Securities Limited

Room 1208, 12/F, Wing On Centre, 111 Connaught Road Central,
Sheung Wan, Hong Kong

21 October 2024

To the Independent Shareholders,

Dear Sir or Madam,

**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)**

INTRODUCTION

Reference is made to the Joint Announcement jointly published by the Offeror and the Company dated 30 September 2024 in relation to, among other things, the Sale and Purchase Agreement and the Offer.

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 Latest Practicable Date for a total 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 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 Offeror; and (b) the remaining balance in the amount of HK\$108,707 by way of cash.

Immediately following Completion and as at the Latest Practicable Date, (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 Latest Practicable Date; and (ii) the Vendor ceased to have any interests in the Shares.

LETTER FROM SORRENTO SECURITIES

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).

This letter forms part of this Composite Document and sets out, among other things, details of the terms of the Offer, the information of the Offeror and the intention of the Offeror in relation to the Group. Further details of the terms and the procedures of acceptance of the Offer are set out in Appendix I to this Composite Document, and in the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from Proton Capital”, the accompanying Form of Acceptance and the appendices which form part of this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

THE OFFER

Sorrento Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer on the following basis:

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 Offer is 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 this Composite Document.

The Company confirms that as at the Latest Practicable Date, (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 is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Offer Shares.

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

LETTER FROM SORRENTO SECURITIES

Immediately following Completion and as at the Latest Practicable Date, the Company had 1,128,986,665 Shares in issue, of which 626,071,950 Shares were held by the Offeror and parties acting in concert with him (representing approximately 55.45% of the total issued share capital of the Company. Save as disclosed above, as at the Latest Practicable Date, there were no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue.

Further details of the terms of the Offer and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Comparison of value

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

- (i) a discount of approximately 51.24% to the closing price of HK\$0.121 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a 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;
- (iii) 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;
- (iv) 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;
- (v) 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;
- (vi) 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 Latest Practicable Date) as set out in the annual report of the Company for the year ended 31 March 2024; and
- (vii) a discount of approximately 69.90% to the unaudited Adjusted NAV per Share as at 31 July 2024 of approximately HK\$0.196 per Share (based on the total number of issued Shares as at the Latest Practicable Date).

LETTER FROM SORRENTO SECURITIES

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.121 per Share (on 18 October 2024) and HK\$0.057 per Share (on 3 September 2024 and 4 September 2024) respectively.

Value of the Offer

As at the Latest Practicable Date, 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 to be 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 this Composite Document. The Company has not declared any dividend which remains unpaid 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.

LETTER FROM SORRENTO SECURITIES

The Offer is unconditional in all respects and is not 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.

There was one Overseas Shareholder as at the Latest Practicable Date.

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.

LETTER FROM SORRENTO SECURITIES

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 after 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 an Independent Shareholder who accepts the Offer will be rounded up to the nearest Hong Kong cent.

Dealing and interests in the Company's Securities

During the Relevant Period, save for the sale and purchase of the 626,071,950 Sale Shares pursuant to the Sale and Purchase Agreement, none of the Offeror nor the parties acting in concert with him had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities 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 during the financial year ended 31 March 2024, namely:

- (1) provision of property management and related services, primarily targeting residential properties in Hong Kong and the PRC;
- (2) properties investment in Hong Kong; and
- (3) money lending business (ceased since mid June 2024).

Further information on the Group is set out in the paragraph headed "Information of the Group" in the "Letter from the Board" as contained in this Composite Document. Financial information on the Group is set out in Appendix II to this Composite Document.

LETTER FROM SORRENTO SECURITIES

INFORMATION ON THE OFFEROR

The Offeror, aged 65, 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 each 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 Ms. Ho Siu Chun, an executive Director, and 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 immediately after completion. 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 and does not plan and/or intend to downsize or change the scale of the Group's existing principal business 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.

As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group.

Save for the proposed change(s) to the composition of the Board as mentioned below, as at the Latest Practicable Date, the Offeror had no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror reserves the right to make any changes that they deem necessary or appropriate to the benefit of the Group.

LETTER FROM SORRENTO SECURITIES

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprised Mr. Huang Liming, Mr. Ho Ying Choi (being the Offeror), Mr. Lee Chin Ching, Cyrix and Ms. Ho Siu Chun as executive Directors and Mr. Lam Kai Yeung, Mr. Lo Chi Ho, Richard and Mr. Lin Dongming as independent non-executive Directors.

In compliance with Rule 7 of the Takeovers Code, it is intended that Mr. Huang and Mr. Lin Dongming will resign from the Board and the Offeror will be re-designated as the chairman of the Board taking effect no earlier than the publication of the closing announcement on the first Closing Date of the Offer or at the earliest time permitted under the Takeovers Code.

It is intended that Mr. Lam Frank Pun Yuen (“**Mr. Lam**”) shall be nominated as the new independent non-executive Director upon the resignation of Mr. Lin Dongming. The biography of Mr. Lam is set out below:

Mr. Lam, aged 73, is currently the senior vice president at Alpha Financial Group Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and has been its responsible officer for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO since 12 August 2013 and 2 October 2019, respectively.

Mr. Lam has extensive experiences in financial service industry, including and investment banking equity market. Mr. Lam was licensed to conduct Type 1 (dealing in securities) Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and/or Type 6 (advising on corporate finance) regulated activities under the SFO in a number of companies, including but not limited to China Merchants Securities (HK) Co., Limited, SinoPac Securities (Asia) Limited, SinoPac Futures (Asia) Limited, Fubon Capital (HK) Limited and KGI Capital Asia Limited.

Mr. Lam obtained a bachelor of science from Utah State University in the United States of America in 1975 and a master of business administration from Armstrong College, Berkeley in the United States of America in 1976.

Save as disclosed above, there is no other matter that need to be brought to the attention of the Shareholders in connection with the above proposed appointment, and there is no other information to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules. Further announcement(s) will be made by the Company upon taking effect of the appointment.

Save for the above, as at the Latest Practicable Date, the Offeror had not reached any final decision as to who will be nominated as new Director(s).

LETTER FROM SORRENTO SECURITIES

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 issued Shares (excluding treasury 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.

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 himself of any powers of compulsory acquisition of any Shares outstanding after the Closing Date. The Offeror, the Board and Mr. Lam have jointly and severally undertaken 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.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding further terms and conditions of the Offer, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the GEM Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

LETTER FROM SORRENTO SECURITIES

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

Attention of the Overseas Shareholders is drawn to the paragraph headed “7. Overseas Shareholders” in Appendix I to this Composite Document. All communications, notices, Form of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. None of the Offeror and the parties acting in concert with him, the Company, Sorrento Capital, Sorrento Securities, Vinco Financial, Proton Capital, the Registrar or their respective ultimate beneficial owners, directors, officers, agents and associates or any other person involved in the Offer will be responsible for any loss or delay in postage or any other liabilities that may arise as a result thereof or in connection therewith. Further details are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from Proton Capital” and other information about the Group, which are set out in this Composite Document and the accompanying Form of Acceptance before deciding whether or not to accept the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,
For and on behalf of
Sorrento Securities Limited
Cheung Wing Yiu
Assistant Vice President

LETTER FROM THE BOARD

shishi

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

Mr. Ho Ying Choi

Mr. Lee Chin Ching, Cyrix

Ms. Ho Siu Chun

Registered office in the Cayman Islands

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. Lam Kai Yeung

Mr. Lo Chi Ho, Richard

Mr. Lin Dongming

Head office and principal place

of business in Hong Kong

Unit J, 6/F

Kaiser Estate, Phase 2

51 Man Yue Street

Hunghom, Kowloon

Hong Kong

21 October 2024

To the Independent Shareholders

Dear Sir/Madam,

**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)**

INTRODUCTION

Reference is made to the Joint Announcement whereby the Offeror and the Company jointly announced on 30 September 2024 that the Offer would be made by Sorrento Securities on behalf of the Offeror to acquire all of the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with him) of the Company.

LETTER FROM THE BOARD

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 Latest Practicable Date for a total cash Consideration of HK\$36,938,245, equivalent to HK\$0.059 per Sale Share. 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 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. 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.

Immediately following Completion and as at the Latest Practicable Date, (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; 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). The terms of the Offer are set out in this Composite Document and the Form of Acceptance.

As at the Latest Practicable Date, there were 1,128,986,665 Shares in issue and the Company has no other outstanding shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of securities in the Company.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) the details of the Offer (including the expected timetable and the terms of the Offer); (ii) the letter from Sorrento Securities containing details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Offer; (iv) the letter from Proton Capital containing its advice to the Independent Board Committee and the Independent Shareholders on whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and on acceptance in respect of the Offer; and (v) further information relating to the Group and the Offeror, together with the Form of Acceptance.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 and Rule 2.8 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to the acceptance.

The Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Lam Kai Yeung, Mr. Lo Chi Ho, Richard and Mr. Lin Dongming, has been established for the purpose of making recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Proton Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Such appointment has been approved by the Independent Board Committee.

The full text of each of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from Proton Capital addressed to the Independent Board Committee and the Independent Shareholders are set out in this Composite Document. **You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.**

THE OFFER

The following information about the Offer is extracted from the “Letter from Sorrento Securities” contained in this Composite Document.

Sorrento Securities is making the Offer, for and on behalf of the Offeror, in compliance with the Takeovers Code on terms to be set out below:

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.

The Offer is 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 this Composite Document.

LETTER FROM THE BOARD

The Company confirms that as at the Latest Practicable Date, (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 is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Offer Shares.

Comparison of value

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

- (i) a discount of approximately 51.24% to the closing price of HK\$0.121 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a 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;
- (iii) a 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;
- (iv) a 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;
- (v) a 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;
- (vi) 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 Latest Practicable Date) as set out in the annual report of the Company for the year ended 31 March 2024; and
- (vii) a discount of approximately 69.90% to the unaudited Adjusted NAV per Share as at 31 July 2024 of approximately HK\$0.196 per Share (based on the total number of issued Shares as at the Latest Practicable Date).

LETTER FROM THE BOARD

Highest and lowest trading prices

During the Relevant Period:

- (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.121 per Share on 18 October 2024; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.057 per Share on 3 September 2024 and 4 September 2024.

Further details of the Offer

Further details of the Offer, including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period can be found in the “Letter from Sorrento Securities” and “Appendix I – Further Terms and Procedures of Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON 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 during the financial year ended 31 March 2024, namely:

- (1) provision of property management and related services, primarily targeting residential properties in Hong Kong and the PRC;
- (2) properties investment in Hong Kong; and
- (3) money lending business (ceased since mid June 2024).

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company as at the Latest Practicable Date:

	Number of Shares	Approximate % of the issued Shares
The Offeror and parties acting in concert with him (Note)	626,071,950	55.45
Public Shareholders	<u>502,914,715</u>	<u>44.55</u>
	<u><u>1,128,986,665</u></u>	<u><u>100.00</u></u>

Note: The Offeror is an executive Director. The 626,071,950 Shares are held by the Offeror.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the paragraph headed “Intention of the Offeror in relation to the Group” in the “Letter from Sorrento Securities” in this Composite Document. The Board is aware of the intention of the Offeror in respect of the Group and 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 and does not plan and/or intend to downsize or change the scale of the Group’s existing principal business 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.

The Board is pleased to note that the Offeror has no intention to (i) discontinue the employment of any employees of the Group (other than discontinuances in its ordinary and usual course of business); (ii) redeploy the fixed assets of the Group (other than redeployments in its ordinary and usual course of business); or (iii) introduce any major changes in the existing operations and business of the Group. The Board is also pleased to note that the Offeror intends that the existing business of the Group shall continue unaffected, notwithstanding the Offer.

The Board is not aware that the Offeror has any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cessation or disposal of existing business of the Group; and to acquire or inject any new business to the Group as at the Latest Practicable Date.

LETTER FROM THE BOARD

The Board has noted the intentions of the Offeror in regard to the Group and its employees and will render cooperation and support to the Offeror.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

Your attention is drawn to the paragraph headed “Proposed change of Board composition of the Company” in the “Letter from Sorrento Securities” in this Composite Document.

The Board is currently made up of seven Directors, comprising four executive Directors, being Mr. Huang, Mr. Ho Ying Choi (being the Offeror), Mr. Lee Chin Ching, Cyrix and Ms. Ho Siu Chun; and three independent non-executive Directors, being Mr. Lam Kai Yeung, Mr. Lo Chi Ho, Richard and Mr. Lin Dongming.

The Offeror intends to remain as an executive Director and nominate new directors 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 and Mr. Lin Dongming will resign from the Board and the Offeror will be re-designated as the chairman of 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. It is intended that Mr. Lam Frank Pun Yuen will be nominated as the new independent non-executive Director upon the resignation of Mr. Lin Dongming. For detail of the biography of Mr. Lam Frank Pun Yuen, please refer to the paragraph headed “Proposed change of Board composition of the Company” in the “Letter from Sorrento Securities”. Further announcement(s) will be made by the Company upon taking effect of the appointment. Details of any further change of the Board composition and biographies of any new Directors 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 issued Shares (excluding treasury 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.

As stated in the “Letter from Sorrento Securities” in this Composite Document, 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 himself of any powers of compulsory acquisition of any Shares outstanding after the Closing Date. The Offeror, the Board and Mr. Lam Frank Pun Yuen have jointly and severally undertaken 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

LETTER FROM THE BOARD

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.

RECOMMENDATIONS

None of the members of the Independent Board Committee is interested in or involved in the Offer.

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 26 to 27 of this Composite Document, which contains its recommendations to the Independent Shareholders in respect of the Offer; and (ii) the letter from Proton Capital set out on pages 28 to 53 of this Composite Document, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Offer and the principal factors considered by it before arriving at its recommendations.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully “Further terms and procedures of acceptance of the Offer” set out in Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully
For and on behalf of the Board of
SHI SHI SERVICES LIMITED
Huang Liming
Chairman & Executive Director

shishi

Shi Shi Services Limited

時時服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8181)

21 October 2024

To the Independent Shareholders

Dear Sir/Madam,

**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)**

INTRODUCTION

We refer to the composite offer and response document (the “**Composite Document**”) dated 21 October 2024 jointly issued by the Company and the Offeror, of which this letter forms part. Terms used herein shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to advise you as to whether or not, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offer.

Proton Capital has been appointed as the independent financial adviser with our approval to advise us in this respect of the terms of the Offer and as to the acceptance thereof. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from Proton Capital” on pages 28 to 53 of the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the sections headed “Letter from Sorrento Securities”, the “Letter from the Board” and the additional information set out in the Composite Document, including the appendices to this Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and the acceptance and settlement procedures for the Offer.

RECOMMENDATION

Having taken into account the terms of the Offer, the advice and recommendation from Proton Capital together with the principal factors and reasons taken into account in arriving at its recommendation, we are of the opinion that the terms of the Offer (including the Offer Price) are fair and reasonable so far as the Independent Shareholders are concerned and therefore we recommend the Independent Shareholders to accept the Offer.

The Independent Shareholders who would like to realise part or all of their investments in the Shares are reminded that they should closely monitor the market price and liquidity of the Shares during the Offer Period and may, instead of accepting the Offer, consider selling their Shares in the open market should such sale proceeds, net of all transaction costs, exceed the amount receivable under the Offer. The Independent Shareholders who believe that they will not be able to sell the Shares in the market at a price higher than the Offer Price because of their size of the shareholding may consider the Offer as an alternative exit of their investments. Independent Shareholders who wish to retain some or all of their investments in the securities of the Company are reminded to monitor the development of the Group, in particular, the Offeror’s business strategy, and any announcements of the Company during and after the Offer Period.

Notwithstanding our recommendations, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the Form of Acceptance.

Yours faithfully,
Independent Board Committee
Shi Shi Services Limited

Lam Kai Yeung
Independent
non-executive Director

Lo Chi Ho, Richard
Independent
non-executive Director

Lin Dongming
Independent
non-executive Director

LETTER FROM PROTON CAPITAL

Set out below is the text of a letter received from Proton Capital, the Independent Financial Adviser to the Independent Board Committee regarding the Offer for the purpose of inclusion in this Composite Document.



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

21 October 2024

*To: the Independent Board Committee and
Independent Shareholders of
Shi Shi Services Limited*

Dear Sirs,

**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)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Offer, details of which are contained in a Composite Document dated 21 October 2024 (the “**Composite Document**”) jointly issued by the Company and the Offeror to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement. 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 Latest Practicable Date for a total cash Consideration of HK\$36,938,245, equivalent to HK\$0.059 per Sale Share. 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 upon Completion (a) by way of setting off against the Outstanding Indebtedness due by the Vendor to the Offeror; and (b) the remaining balance by

LETTER FROM PROTON CAPITAL

way of cash. 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.

Immediately following Completion and as at the date of the Joint Announcement, (i) the Offeror and parties acting in concert with him were 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 the 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). Sorrento Securities is, on behalf of the Offeror, making the Offer in compliance with the Takeovers Code on the terms set out in the Composite Document.

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising all of the three independent non-executive Directors as at the Latest Practicable Date, namely Mr. Lam Kai Yeung, Mr. Lo Chi Ho, Richard and Mr. Lin Dongming, has been established to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

We, Proton Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to its acceptance. Our appointment has been approved by the Independent Board Committee.

We have not acted as an independent financial adviser and have not provided any other services to the Company and the Offeror during the past two years. We are not associated or connected with the Company, the Vendor or the Offeror, their respective controlling shareholders or any party acting, or presumed to be acting in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offer. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company, the Vendor or the Offeror, their respective controlling shareholders or any party acting, or presumed to be acting in concert with any of them.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information and facts supplied by the Company, and the opinions expressed by the Directors and management of the Company, and have assumed that the statements, information and facts provided and opinions expressed by the Directors and/or management of the Company to us are true, accurate and complete in all material aspects. We have also relied on our discussion with the Directors and/or

LETTER FROM PROTON CAPITAL

the management of the Company regarding the Company and the Offer as well as the information and representations contained in the Composite Document. We have also assumed that all statements of belief, opinion and intention made by the Board and the management of the Company in the Composite Document were reasonably made after due enquiry. We have reviewed the information of the Company including but not limited to, its published announcements, annual report for the years ended 31 March 2023 and 2024 and latest management account. We consider that the information we have reviewed is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied.

We have also assumed that all representations contained or referred to in the Composite Document were true, accurate and complete in all material respects and not misleading or deceptive up to the time of the Latest Practicable Date, and there are no other matters the omission of which would make any statement herein or the Composite Document misleading. Should there be any subsequent material changes which occur during the period from the date of the Composite Document up to the close of the Offer or any changes to our opinion, we will notify the Independent Board Committee and the Independent Shareholders as soon as possible.

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

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

We have not considered the tax implications on the Independent Shareholders of their acceptances or non-acceptances of the Offer (as the case may be) since these are particular to their own individual circumstances. In particular, the Independent Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offer and, if in any doubt, should consult their own professional advisers.

LETTER FROM PROTON CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offer, we have taken into consideration the following principal factors and reasons:

1. Principal terms of the Offer

Sorrento Securities is making the Offer, for and on behalf of the Offeror, to acquire all the Offer Shares in compliance with the Takeovers Code on the following basis:

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 paid 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 Shares to be acquired under the Offer shall 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 the Composite Document.

The Company confirms that as at the Latest Practicable Date, (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 is unconditional in all respect and is not conditional upon acceptances being received in respect of a minimum number of Offer Shares.

As at the Latest Practicable Date, there were 1,128,986,665 Shares in issue and the Company has no other outstanding options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of securities in the Company.

On the basis of the Offer Price being HK\$0.059 per Offer Share and the Company had 1,128,986,665 Shares in *issue* as at the Latest Practicable Date, the total issued share capital of the Company is valued at HK\$66,610,213.24.

Further details of the Offer are set out in the “Letter from Sorrento Securities” and Appendix I to the Composite Document and the Form of Acceptance.

Irrevocable undertaking to accept or reject the Offer

None of the Offeror and/or parties acting in concert with him has received any irrevocable commitment(s) to accept or reject the Offer.

LETTER FROM PROTON CAPITAL

2. Background 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 during the financial year ended 31 March 2024, namely: (1) provision of property management and related services (“**Property Management Services**”), primarily targeting residential properties in Hong Kong and the PRC; (2) properties investment in Hong Kong; and (3) money lending business (ceased since mid-June 2024).

3. Historical financial information and prospects of the Group

3.1 Financial performance of the Group

Set out below is a summary of the consolidated financial information of the Group for the three years ended 31 March 2022 (“**FY2022**”), 2023 (“**FY2023**”) and 2024 (“**FY2024**”) as extracted from the Company’s annual reports (“**Annual Report(s)**”):

	For the year ended 31 March		
	2024	2023	2022
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue			
– provision of property management and related services	586,947	545,857	519,778
– Properties investment	1,793	1,380	1,377
– Money lending (<i>Note</i>)	0	138	3,796
	<u>588,740</u>	<u>547,375</u>	<u>524,951</u>
Gross profit	103,692	94,511	100,286
Loss for the year	(46,604)	(28,764)	(25,959)

(a) *FY2023 as compared to FY2022*

With reference to the Annual Report for FY2023, total revenue of the Group for FY2023 increased by approximately HK\$22.4 million or 4.3% to approximately HK\$547.4 million as compared to approximately HK\$525.0 million for FY2022. As advised by the Company, the increase was primarily attributable to the growth of its Property Management Services in Hong Kong. It is noted that for both FY2022 and FY2023 over 99% of the Group’s revenue was

LETTER FROM PROTON CAPITAL

generated from the Property Management Services. Gross profit of the Group slightly decreased from approximately HK\$100.3 million for FY2022 to approximately HK\$94.5 million for FY2023. According to the Company, the decrease was due to increase in cost of services mainly due to increase in the wages of the front-line staff of the Group.

The Group's loss for FY2023 increased by approximately HK\$2.8 million or 10.8% to HK\$28.8 million as compared to approximately HK\$26.0 million for FY2022. Such increase was mainly due to: (i) increase in administrative expenses of approximately HK\$8.9 million as a result of increase in staff cost and premises expenses; and (ii) increase in other operating expenses of approximately HK\$8.8 million due to increase in (a) share-based payment expenses for the Shares awarded by the Company in FY2023 pursuant to the share award plan adopted by the Company on 6 August 2021 ("**Share Award Scheme**"); and (b) travelling and entertainment expenses incurred by the Group in respect of and for furtherance of its principal businesses; and partly offset by; (iii) increase in other income arising from the net government subsidies of approximately HK\$5.6 million regarding the Employment Support Scheme under the Government's Anti-epidemic Fund (2022: Nil); (iv) increase in other income of approximately HK\$4.8 million (2022: Nil) arising from gain on bargain purchase of a minority shareholding in a company below market price, which became an associate of the Company after such acquisition; and (v) decrease in impairment loss of approximately HK\$8.5 million.

(b) FY2024 as compared to FY2023

According to the Annual Report for FY2024, though there were increase in the Group's revenue and gross profit, results of the Group further deteriorated in FY2024. Income from Property Management Services continued to occupy over 99% of its revenue in FY2024. The Group ceased to record any income from its money lending business (FY2023: approximately HK\$138,000). As advised by the Company, given the insignificant revenue generated in the money lending business of the Group during FY2023 and FY2024 and in view of the expiration of the Money Lender License held by the Group with effect from 16 June 2024, the Group has ceased its money lending business.

For FY2024, the Group's total revenue increased by approximately HK\$41.4 million or 7.6% to approximately HK\$588.7 million as compared to approximately HK\$547.4 million in FY2023. As advised by the Company, the increase was primarily attributable to improvement of its Property Management Service in Hong Kong for FY2024 as there was increase in income from each individual contracts.

Gross profit of the Group increased by 9.7% to approximately HK\$103.7 million in FY2024 (FY2023: approximately HK\$94.5 million).

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Contrary to the aforesaid improvement in the business of the Group, the Group's loss for FY2024 materially increased by approximately HK\$17.8 million or 73.1% from approximately HK\$28.8 million in FY2023 to approximately HK\$46.6 million in FY2024.

Such a deterioration was mainly attributable to increase in other loss of approximately HK\$31.7 million from approximately HK\$7.4 million in FY2023 to approximately HK\$39.1 million in FY2024, which mainly composed of the following items:

- (i) fair value loss of investment properties of approximately HK\$8.3 million in FY2024 (FY2023: approximately HK\$0.1 million);
- (ii) impairment loss of property, plant and equipment of approximately HK\$26.0 million in FY2024 (FY2023: approximately HK\$0.8 million);
- (iii) impairment loss of approximately HK\$2.2 million on the Group's investment in investment fund(s) in the PRC which bankrupt in FY2024 (FY2023: HK\$0); and
- (iv) impairment loss of HK\$2.2 million on trade receivables (FY2023: approximately HK\$4.7 million).

Part of the aforesaid increase in other loss of approximately HK\$31.7 million in FY2024 was off-set by the Group's decrease in other operating expense of HK\$13.5 million from HK\$41.2 million in FY2023 to HK\$27.8 million in FY2024, which mainly due to:

- (i) no shares were awarded under the Share Award Scheme so no share based payment expenses was incurred for FY2024;
- (ii) legal and professional fee decreased by approximately HK\$1.1 million in FY2024; and
- (iii) decrease in travelling and entertainment expense by approximately HK\$3.7 million in FY2024.

LETTER FROM PROTON CAPITAL

3.2 Financial position of the Group

Set out below is a summary of the consolidated financial position of the Group as at 31 March 2022, 2023 and 2024 as extracted from the Annual Reports:

	As at 31 March		
	2024	2023	2022
	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Non-current assets	121,581	164,941	161,676
Current assets			
Prepayments, trade and other receivables	137,794	120,300	165,002
Pledged bank deposits	–	–	574
Cash and cash equivalents	44,761	79,139	67,696
Current tax assets	925	1,614	2,837
	183,480	201,053	236,109
Total assets	305,061	365,994	397,785
Current liabilities	73,359	78,085	91,808
Non-current liabilities	3,870	9,603	161,676
	77,229	87,688	253,484
Total liabilities	77,229	87,688	253,484
Net current assets	110,121	122,968	144,301
Net assets	227,832	278,306	298,389

As shown in the table above, there was a persistent decrease in the Group's net assets as at 31 March 2022, 2023 and 2024. Based on our review of the Annual Reports, we understood that such decrease was due to the net losses of the Group recorded in the relevant financial years. Since, as stated in the "Letter from Sorrento Securities", the Offeror did not disclose any plan for the Group after the close of the Offer, we consider that there is no guarantee that the decreasing trend in the Group's net assets would be turnaround in the near future. As at 31 March 2024, the total assets of the Group of approximately HK\$305.1 million mainly comprise of property, plant and equipment, investment properties, prepayment, trade and other receivables as well as cash and cash equivalents, in aggregate amounted to approximately HK\$277.1 million, which represented approximately 90.8% of the total assets.

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The total liabilities of the Group of approximately HK\$77.2 million mainly comprise of trade and other payables of approximately HK\$62.9 million, which represented approximately 81.5% of the total liabilities. As advised by the Company, the aforesaid trade and other payables mainly included payables in relation to the Property Management Service business, building deposits, rental deposits, accruals arising from the Group's daily operations, provision for bonus and unrealised annual leave of its staff as well as provision of long services payment of its staff.

As a result, the Group recorded net assets of approximately HK\$227.8 million as at 31 March 2024.

According to the announcements of the Company dated 29 April 2024 and 16 July 2024, the Company successfully disposed of one of its rental properties to an independent third party, the gross proceeds and net proceeds from the disposal of a property in Hong Kong (the "**Disposal**") amount to approximately HK\$8,200,000 and HK\$8,192,500, respectively. The net proceeds from the Disposal are intended to be applied towards repayment of bank loans and/or as general working capital of the Group.

In view that the Company has been loss making for the past three years ended 31 March 2022, 2023 and 2024 with persistent decrease in its net assets as at 31 March 2022, 2023 and 2024, we consider that the Company's financial performance was far from satisfactory. Also, we noted that under the management of the Offeror and since the Company's listing on the Stock Exchange on 11 October 2013, the Company had not declared any dividend except for the year ended 31 March 2014, thus provided no return to the Shareholders for their investment in the Company for the past 10 years. As such, we are of the view that the Offer provides a good opportunity to those Shareholders who wish to redeploy their investment from the Company.

3.3 Prospects of the Group

As shown in the earlier part of this letter, over 99% of the Group's revenue for the past three years was generated from Property Management Services in which the Group primarily targeting residential properties in Hong Kong. Our discussion with the Company also revealed that salary of front line staff has been the major component of the Group's cost of services.

In April 2024, the Rating and Valuation Department of Hong Kong published a report known as Hong Kong Property Review 2024 ("**Report**"). According to the Report, completions in 2023 for all market segments registered decreases, of which domestic and office completions were below their 5-year moving average figures from 2018 to 2022. For the private domestic sector, completions of new private domestic units in 2023 were 13,852 units, 35% fewer than those in 2022. Forecast completions of new private domestic units in 2024 and 2025 are 22,267 units and 25,531 units, representing growth of 60.7% and 14.7%, respectively.

LETTER FROM PROTON CAPITAL

Nonetheless, on 30 April 2024, the Chief Executive-in-Council announced that it has accepted the Minimum Wage Commission's recommendations on enhancing the review mechanism for the statutory minimum wage ("SMW"). These include current biennial review of the SMW rate will be changed to an annual review. The first SMW rate derived under the new mechanism will take effect on 1 May 2026, the Government said.

The increase in completions and thus more supply of residential units in 2024 and 2025 indicates possible room for expansion of the Group's Property Management Services. But the change of current biennial review of the SMW rate to an annual review may have an adverse effect on the Group's cost of services in term of the salary of its front line staff. On the basis of the aforesaid, we consider that the prospects of the Company are uncertain.

4. Information on the Offeror

Set out below is the information on the Offeror as extracted from the "Letter from Sorrento Securities" of the Composite Document:

The Offeror, aged 65, 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 each 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 immediately after completion. For further details, please refer to the announcement of the Company dated 27 November 2014.

We noted that the Offeror is an executive Director since 15 August 2012 and he is responsible for business operation, finance management and sales and marketing. However, although the Offeror should be very familiar with the operation of the Group, the Offeror did not disclose his plan for the Group after completion of the Offer. It is doubtful whether the Group's performance will be turnaround from the loss-making position for the past three years after the close of the Offer. As such, we are of the view that there is an uncertainty on the future performance of the Group after the Offer.

LETTER FROM PROTON CAPITAL

5. Future intention of the Offeror in relation to the Group

5.1 *Business of the Group*

According to the Letter from Sorrento Securities, 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 without downsizing or changing the scale of the Group's principal business 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. As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group.

The following is the Board's response to the Offeror as extracted from the Letter from the Board:

The Board is pleased to note that the Offeror has no intention to (i) discontinue the employment of any employees of the Group (other than discontinuances in its ordinary and usual course of business); (ii) redeploy the fixed assets of the Group (other than redeployments in its ordinary and usual course of business); or (iii) introduce any major changes in the existing operations and business of the Group. The Board is also pleased to note that the Offeror intends that the existing business of the Group shall continue unaffected, notwithstanding the Offer.

The Board is not aware that the Offeror has any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cessation or disposal of existing business of the Group; and to acquire or inject any new business to the Group as at the Latest Practicable Date.

The Board has noted the intentions of the Offeror in regard to the Group and its employees and will render cooperation and support to the Offeror.

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5.2 Proposed change to the Board

As at the Latest Practicable Date, the Board comprised Mr. Huang Liming, Mr. Ho Ying Choi (being the Offeror), Mr. Lee Chin Ching, Cyrix and Ms. Ho Siu Chun as executive Directors and Mr. Lam Kai Yueng, Mr. Lo Chi Ho, Richard and Mr. Lin Dongming as independent non-executive Directors.

As set out in the “Letter from Sorrento Securities”, it is intended that in compliance with Rule 7 of the Takeovers Code, Mr. Huang and Mr. Lin Dongming will resign from the Board and the Offeror will be re-designated as the chairman of the Board taking effect no earlier than the publication of the closing announcement on the first Closing Date of the Offer or at the earliest time permitted under the Takeovers Code. It is also intended that Mr. Lam Frank Pun Yuen (“**Mr. Lam**”) will be nominated as the new independent non-executive Director upon the resignation of Mr. Lin Dongming. The biography of Mr. Lam is set out in the Letter from Sorrento Securities.

5.3 Compulsory Acquisition

By way of information, according to the “Letter from Sorrento Securities”, the Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the Closing Date.

5.4 Maintaining the listing status of the Company

It is noted from the “Letter from Sorrento Securities” in the Composite Document that the Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror and the Board have 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.

Nevertheless, we would like to remind the Independent Board Committee to draw the attention of the Independent Shareholders that 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 issued Shares (excluding treasury shares), are held by

LETTER FROM PROTON CAPITAL

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 trading in the Shares. 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.

In light of the uncertainty on the future prospect of the Group in view that the Offeror has not disclosed any plan for the Group, we are of the view that the Offer represents an opportunity for the Shareholders to realise their investment in the Company should they so wish to.

6. The Offer Price

We note that the Offer Price of HK\$0.059 per Offer Share is same as the purchase price per Sale Share under the Sale and Purchase Agreement and represents:

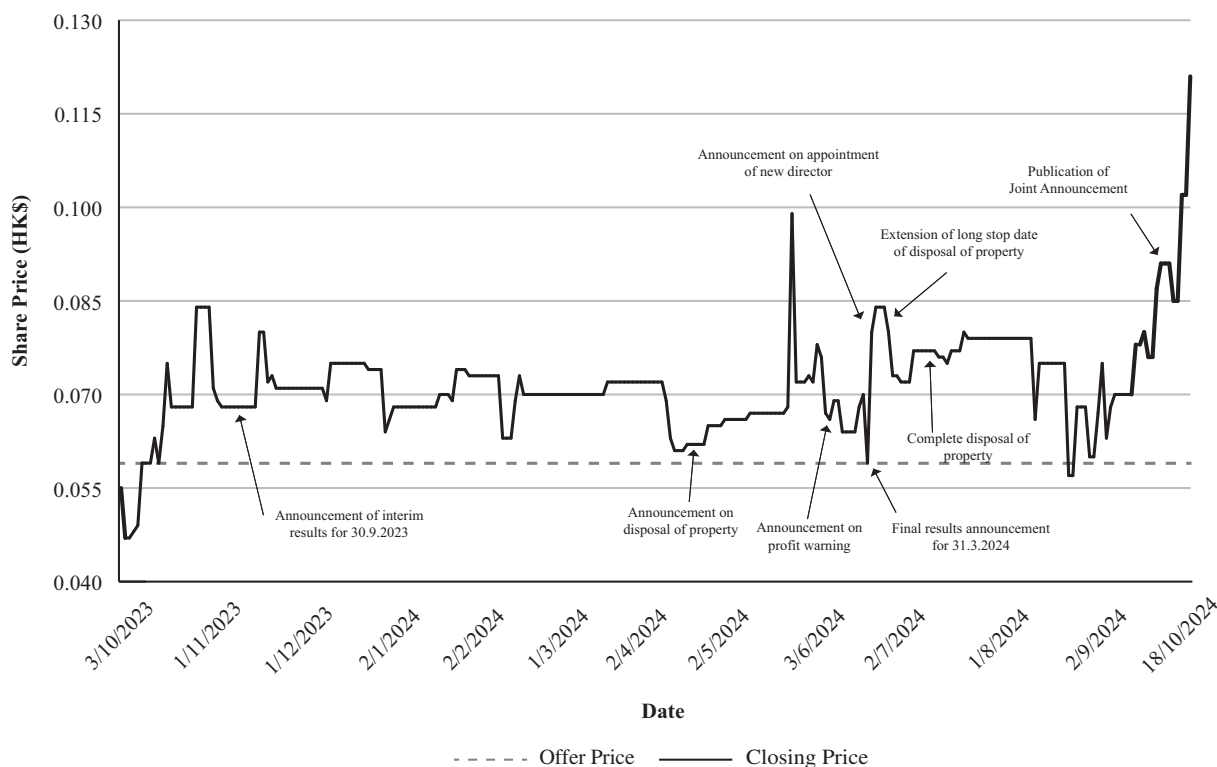
- (i) a discount of approximately 51.24% to the closing price of HK\$0.121 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 24.36% to the closing price of HK\$0.078 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a 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;
- (iv) a 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;
- (v) a 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;
- (vi) 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 Latest Practicable Date) as set out in the annual report of the Company for the year ended 31 March 2024; and

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(vii) a discount of approximately 69.90% to the unaudited Adjusted NAV per Share as at 31 July 2024 of approximately HK\$0.196 per Share (based on the total number of issued Shares as at the Latest Practicable Date). The calculation of the Adjusted NAV is set out in the paragraph headed “Property Interests and Adjusted Net Asset Value” in Appendix II to the Composite Document.

6.1 Historical price performance of the Shares

We have reviewed the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 2 October 2023 up to 30 September 2024, i.e. immediately before the publication of the Joint Announcement after the close of the Stock Exchange on 30 September 2024 (both days inclusive) (the “**Pre-announcement Period**”) and from 2 October 2024 to the Latest Practicable Date (both days inclusive) (the “**Post-announcement Period**”) (the Pre-Announcement Period and the Post-announcement Period are collectively referred to as the “**Review Period**”). We consider that the duration of the Review Period covering approximately one year prior to the Offer Period, (i) is appropriate for reviewing the recent financial position of the Group which covers the annual results for FY2024; (ii) represents a reasonable period to provide a general overview of the recent price performance of the Shares for conducting an analysis against the Offer Price; and (iii) is sufficient and a common market practice. The following chart sets out the daily closing prices of the Shares as quoted on the Stock Exchange during the Review Period:



Source: the Stock Exchange web-site (www.hkex.com.hk)

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(i) *Pre-Announcement Period*

As illustrated by the above chart, during the Pre-announcement Period, closing price of the Shares fluctuated materially and ranged from HK\$0.047 on 4 and 5 October 2023 to HK\$0.099 on 30 May 2024, with average of HK\$0.0706 and median of HK\$0.0700. The Offer Price is within but at the lower part of the aforesaid range.

The Offer Price represents:

- (i) a discount of approximately 40.40% to the highest closing price of approximately HK\$0.099 per Share in the Pre-Announcement Period;
- (ii) a premium of approximately 25.53% over the lowest closing price of approximately HK\$0.0470 per Share in the Pre-Announcement Period;
- (iii) a discount of approximately 16.43% to the average closing price of approximately HK\$0.0706 per Share in the Pre-Announcement Period; and
- (iv) a discount of approximately 15.71% to the median closing price of approximately HK\$0.0700 per Share in the Pre-Announcement Period.

Regarding movement of the price of the Share in Pre-announcement Period, we noted that (i) the Company did not publish any announcement before the lowest closing price of approximately of HK\$0.0470 were recorded on 4 and 5 October 2023, and the highest closing price of approximately of HK\$0.0990 was recorded on 30 May 2024; and (ii) trading volume of the Shares was very low the aforesaid days. It seems that the reasons for such fluctuations are unknown as we have enquired with the Board who advised that they were not aware of the reason.

After the publication of an interim results for the six months ended 30 September 2023 with a net loss of HK\$8.3 million (2022: loss of HK\$9.9 million) on 13 November 2023, closing price of the Shares maintained at HK\$0.068 until 17 November 2023 then increased to HK\$0.080 on 20 November 2023. Thereafter, the Company had not issued any material announcement until 29 April 2024 relating to signing of a provisional agreement for the Disposal which constituted a disclosable transaction to the Company. After that announcement, closing price of the Shares slightly increased from HK\$0.065 on 30 April 2024 to HK\$0.066 on 7 May 2024. On 30 May 2024, closing price of the Shares suddenly surged to the highest price closing price of the Shares in the Pre-announcement Period of HK\$0.099 from HK\$0.068 on 29 May 2024 then dropped to HK\$0.072 on 30 May 2024.

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On 13 June 2024, the Company published a profit warning announcement for its final results for FY2024. On the next day, closing price of the Shares increased from HK\$0.067 on 13 June 2024 to HK\$0.069 on 14 June 2024.

Though the Company's FY2024 final results announcement dated 26 June 2024 revealed a material increase in net loss from approximately HK\$28.8 million in FY2023 to approximately HK\$46.6 million in FY2024, closing price of the Shares increased by approximately 35.6% from HK\$0.059 on 26 June 2024 to HK\$0.080 on 27 June 2024. It was further increased to HK\$0.084 on 28 June 2024 after the Company's announcement dated 27 June 2024 in relation to appointment of a new executive Director.

Thereafter, closing price of the Shares continued to fluctuate. We have enquired with the Board for the reason and it confirmed that it is not aware for reason, save and except for the announcements dated 4 and 16 July 2024 in relation to extension of the long stop date and completion of the agreement for disposal of the property initially announced on 29 April 2024.

(ii) Post-announcement Period

On 2 October 2024 (i.e. the first trading day immediately after the publication of the Joint Announcement), closing price of the Shares slightly increased by approximately 2.6% from HK\$0.078 on 30 September 2024 to HK\$0.080 on 2 October 2024.

As at the Latest Practicable Date, closing price of the Shares was HK\$0.121. We note that besides the Joint Announcement, the Company had not published any other announcement. As confirmed by the Directors, there was no other event that had not been announced which might have contributed to the increase in the Post-Announcement Period. From the above observation, we consider that the surge in the closing prices of the Shares since early October 2024 was not supported by the fundamentals of the Company and reflected the market's speculation on the future of the Company after change in controlling Shareholder. Therefore, the recent market price of the Shares may not be sustained after the close of the Offer.

As discussed above, in the Pre-announcement Period, closing price of the Shares fluctuated materially with no or very thin trading volume on the relevant days (please refer to the subsection headed "Historical trading liquidity of the Shares" below). Surges in the closing price of the Shares were not supported by the financial performance of the Company. One typical example is after release of the Company's FY2024 final results announcement with material increase in net loss, closing price of the Shares surged approximately 35.6% on the next trading day. Therefore, it is more appropriate to assess the Offer Price with the

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average and median closing price per Share, which is only at a discount of 16.43% and 15.71%, respectively.

(iii) Comparison of market price with audited NAV per Share

We also noted that for the entire Pre-announcement Period, the Shares were traded at a material discount 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 Latest Practicable Date) as set out in the annual report of the Company for the year ended 31 March 2024 (“NAV per Share”). The discount of the closing price of the Shares to the NAV per Share ranged from 76.3% (based on the lowest closing price of the Share of HK\$0.047) to 50.0% (based on the highest closing price of the Share of HK\$0.099), with an average of 64.4%.

This reflected that NAV per Share may not be the key factor that the investing public would take into account of when assessing the market value of the Shares. The discount of the Offer Price of 70.2% to the NAV per Share falls within the aforesaid range in the Pre-announcement Period and is close to the aforesaid average discount rate of 64.4%.

(iv) Comparison of market price with unaudited Adjusted NAV per Share

As disclosed in the Letter from the Board as well as in the earlier part of this letter, the unaudited Adjusted NAV per Share attributable to the owners of the Company as at 31 July 2024 was approximately HK\$0.196 per Share (based on the total number of issued Shares as at the Latest Practicable Date).

We also noted that for the entire Pre-announcement Period, the Shares were traded at a material discount to the unaudited Adjusted NVA per Share. The discount of the closing price of the Shares to the Adjusted NAV per Share ranged from 76.0% (based on the lowest closing price of the Share of HK\$0.047) to 49.5% (based on the highest closing price of the Share of HK\$0.099), with an average of 64.0%.

This further illustrated that net asset value per Share may not be the key factor that the investing public would take into account of when assessing the market value of the Shares. The discount of the Offer Price of 69.9% to the unaudited Adjusted NAV per Share falls within the aforesaid range in the Pre-announcement Period and is close to the aforesaid average discount rate of 64.0%.

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We shall further discuss the Offer Price vs the audited net asset value of the Company as at 31 March 2024 and the unaudited adjusted net asset value of the Company as at 31 July 2024 in the subsection headed ‘Comparison with other comparable companies’ in the latter part of this letter.

6.2 Historical trading liquidity of the Shares

The table below sets out the trading volume of the Shares for the Pre-announcement Period and the Post-announcement Period:

Month/Period	Total volume of the Shares traded	No. of trading days	Average daily trading volume of the Shares (the “Average Daily Volume”) <i>(Note 1)</i>	Percentage of the Average Daily Volume to total number of issued Shares as at the Latest Practicable Date <i>(Note 2)</i>	Percentage of the Average Daily Volume to the then total number of issued Shares held by the public as at the Latest Practicable Date <i>(Note 3)</i>
<i>Pre-announcement Period</i>					
2023					
October	4,232,000	20	211,600	0.0187	0.0421
November	1,408,000	22	64,000	0.0057	0.0127
December	2,744,000	19	144,421	0.0128	0.0287
2024					
January	1,848,000	22	84,000	0.0074	0.0167
February	1,644,000	18	91,333	0.0081	0.0182
March	392,000	20	19,600	0.0017	0.0039
April	3,992,000	20	199,600	0.0177	0.0397
May	1,944,000	21	92,571	0.0082	0.0184
June	1,120,000	19	58,947	0.0052	0.0117
July	1,512,000	22	68,727	0.0061	0.0137
August	136,000	22	6,182	0.0005	0.0012
September	4,888,000	19	257,263	0.0228	0.0512
<i>Post-announcement Period</i>					
October (from 2 October 2024 up to the Latest Practicable Date)	4,888,000	12	342,000	0.0303	0.0680

Source: The official website of the Stock Exchange

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Notes:

1. Average Daily Volume is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days during the month/period.
2. The calculation is based on the Average Daily Volume divided by the total issued share capital of the Company at the end of the month/period or as at the Latest Practicable Date, as applicable.
3. The calculation is based on the Average Daily Volume divided by the total issued share capital of the Company held by the public at the end of each month or as at the Latest Practicable Date, as applicable.
4. The number of issued Shares and public float have remained unchanged throughout the Review Period, where the number of the issued Shares is 1,128,986,665 and public float is 502,914,715 Shares.

(i) Pre-Announcement Period

Trading of the Shares was extremely thin and inactive as no Shares were traded at all for approximately 66.4% of the trading days (i.e. 162 days out of 244 trading days in total). Also, the Average Daily Volume for the respective month or period during the Pre-announcement Period ranged from 6,182 Shares to 257,263 Shares, representing approximately 0.0012% to 0.0512% (i.e. less than 0.06% or 300,000 Shares) of the total number of Shares held by the public.

Regarding the fluctuations in the trading volume of the Shares in the Pre-announcement Period, especially the slightly higher percentage in the trading volume of the Shares in October 2023 (0.0421%) and September 2024 (0.0512%), we noted that the Company had not issued any announcement in October 2023 and September 2024 except for the Joint Announcement published after the trading hours of the Stock Exchange on 30 September 2024. In view of the extremely thin trading volume of the Shares in the Pre-announcement Period, the disposal of large block of Shares held by the Independent Shareholders in the open market would likely to trigger price slump of the Shares.

(ii) Post-announcement Period

For the Post-announcement Period, no Shares were traded on 4 out of 12 trading days and the Average Daily Volume was just approximately 0.0680% of the total Shares held on public hands. Liquidity of the Shares remained very low.

Taking into consideration that the trading volume of the Shares was thin in general during the Pre-announcement Period and no Shares were traded for 162 days out of 244 trading days in total (representing approximately 66.4% out of the total number of trading days), it is uncertain that there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market, especially those with large

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volume of Shares, without exerting a downward pressure on the Share price. The Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares, especially for those holding a large block of the Shares, at the Offer Price.

Nonetheless, Independent Shareholders should also take into account of their individual risk preference and tolerance level before making any investment decision in relation to the Shares. If any Independent Shareholders who, after reading through the Composite Document and this letter, would like to realise their investments in the Shares are able to dispose of their Shares in the open market and/or identify potential purchaser(s) to acquire their Shares at a price higher than the Offer Price and the net proceeds from the sale of their Shares would exceed the net amount receivable under the Offer, those Independent Shareholders may consider not accepting the Offer but selling their Shares in the open market and/or to such potential purchaser(s) (either in all or in part), as they wish to do so and as they think fit having regard to their own circumstances together with the relevant risks and uncertainties based on their individual risk preference and tolerance level.

6.4 Comparison with other comparable companies

In assessing the fairness and reasonableness of the Offer Price, we have attempted to perform a price-to-earnings ratios (the “**P/E Ratios**”) analysis, which is one of the most widely used and accepted methods for valuing a business with recurring income. Given the Company was loss making in the past three financial years, we consider that it is not feasible to assess the Offer Price using the P/E Ratio approach. In addition, as the Group did not declare or distribute any dividend for the last financial year, we consider that the price-to-dividends approach is not applicable in assessing the fairness or reasonableness of the Offer Price in this case. Nevertheless, taking into account the nature of the business of the Company and the total assets of the Company mainly comprise property, plant and equipment, investment properties, prepayments, trade and other receivables as well as cash and cash equivalents, we consider a price-to-book ratio (the “**P/B**”) analysis is an appropriate alternative approach to assess the fairness and reasonableness of the Offer Price. We also include below a price-to-sales ratio (the “**P/S**”) analysis as this can illustrate the total value that investors place on a company in comparison to the total revenue generated by its business.

Since (i) more than 99% of the revenue of the Group for FY2024 was generated from provision of Property Management Services; and (ii) the highest market capitalisation of the Company in the Pre-announcement Period was approximately HK\$111 million based on the highest closing price of the Share of HK\$0.099, we have conducted a search on the Stock Exchange and identified six companies (the “**Identified Companies**”), being an exhaustive list of comparable companies, which shares are being traded and listed on the Stock Exchange, have majority (i.e. more

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than 50%) of revenue generated from provision of property management services and with market capitalisation of not more than HK\$111 million as at the Latest Practicable Date.

In view of the similarity of the industry, business nature and market capitalisation between the Identified Companies (the “**Comparable Companies**”) and those of the Company, we consider the Comparable Companies are fair and representative sample for comparison to the Company. We have compared the respective P/B and P/S ratios of the Comparable Companies with those of the Company, details of which are set out in the table below. Shareholders should note that the principal activities, market capitalisations, profitability and financial positions of each of the Comparable Companies are not identical which may affect how they are actually valued and their respective market multiple valuations in the market. Therefore, the comparison with the Comparable Companies set out in this letter is solely for general reference in assessing the fairness and reasonableness of the Offer Price.

	Company Name (Stock Code)	Market		Revenue (HK\$ million) (Notes 3 and 4)	P/B (time) (Notes 3 and 5)	P/S (time) (Notes 3 and 6)
		Capitalisation (HK\$ million) (Note 1)	Net asset value (HK\$ million) (Notes 2 and 3)			
1.	AUX International Holdings Limited (2080)	96.62	229.96	363.85	0.420	0.077
2.	Fineland Living Services Group Limited (9978)	27.60	172.50	375.92	0.160	0.090
3.	Landsea Green Management Limited (1965)	76.40	303.34	9,953.72	0.252	0.003
4.	Lushang Life Services Co., Ltd. (2376)	52.68	600.80	683.81	0.088	0.050
5.	Riverine China Holdings Limited (1417)	89.51	312.62	1,012.66	0.286	0.034
6.	Ye Xing Group Holdings Limited (1941)	81.06	267.16	375.92	0.303	0.090
				Maximum	0.420	0.090
				Minimum	0.088	0.003
				Average	0.252	0.057
				Median	0.269	0.063
	The Company (8448)	66.61 (Note 7)	227.83 (as at 31 December 2023) (Note 8)		0.292 (Note 10)	0.048 (Note 12)
			221.65 (as at 31 July 2024) (Note 9)		0.301 (Note 11)	

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Source: website of the Stock Exchange

Notes:

1. Market capitalisation is calculated based on the closing share price and number of issued shares of the respective companies as at the Latest Practicable Date.
2. Net asset value refers to the consolidated net assets as disclosed in their respective latest published annual reports or interim reports.
3. For those companies which financial statements were denominated in renminbi (“**RMB**”), RMB was converted into Hong Kong dollars based an exchange rate of RMB1.0: HK\$1.1011 as at the Latest Practicable Date.
4. Revenue refers to the total revenue as disclosed in their respective latest published annual reports.
5. The P/B ratios of the Comparable Companies are calculated based on their respective market capitalisation divided by the consolidated net assets attributable to equity shareholders as disclosed in their respective latest published annual reports or interim reports.
6. The P/S ratios of the Comparable Companies are calculated based on their respective market capitalisation divided by the total revenue as disclosed in their respective latest published annual reports.
7. The implied market capitalisation of the Company (“**Implied Market Capitalisation**”) is calculated based on the Offer Price and number of issued shares of the Company as at the Latest Practicable Date (i.e. 1,128,986,665 Shares).
8. This refers to the consolidated net assets attributable to equity shareholders as disclosed in the Company’s latest published annual report.
9. This refers to the unaudited Adjusted NAV as disclosed in Appendix II of the Composite Document.
10. The P/B ratio of the Company is calculated based on the Implied Market Capitalisation divided by the consolidated net assets attributable to equity shareholders as disclosed in the Company’s latest published annual report.
11. The P/B ratio of the Company is calculated based on the Implied Market Capitalisation divided by the unaudited consolidated net assets attributable to equity shareholders as disclosed in Appendix II of the Composite Document.
12. The P/S ratio of the Company is calculated based on the Implied Market Capitalisation divided by its total revenue for FY2024.

(a) Comparison on P/B ratios

As shown in the above table, the Comparable Companies were traded at P/B ratios ranging from approximately 0.088 time to 0.420 time (“**P/B Ratios Market Range**”), with an average of 0.252 time and a median of 0.269 time.

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For the latest audited net assets value of the Company as at 31 March 2024, the implied P/B ratio of the Company of 0.292 time (based on the Offer Price of HK\$0.059) is higher than both of the average and median P/B ratios of the Comparable Companies of 0.252 time and 0.269 time, respectively.

For the Company's unaudited Adjusted NAV as at 31 July 2024, the implied P/B ratio of the Company of 0.301 time (based on the Offer Price of HK\$0.059) is higher than both of the average and median P/B ratios of the Comparable Companies of 0.252 time and 0.269 time, respectively.

(b) Comparison on P/S ratios

The above table illustrated that the Comparable Companies were traded at P/S ratios ranging from approximately 0.003 time to 0.090 time ("**P/S Ratios Market Range**"), with an average of 0.057 time and a median of 0.063 time.

Therefore, the implied P/S ratio of the Company of 0.048 time (based on the Offer Price of HK\$0.059) is (i) within the P/S Ratios Market Range; and (ii) just lightly lower than the average and median P/S ratios of the Comparable Companies of 0.057 time and 0.063 time, respectively.

Based on the results of our findings in (a) and (b) above, we consider the Offer Price is fair and reasonable.

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RECOMMENDATION

Though the Offer Price is not very attractive when compare with the current market price, having considered the principal factors and reasons stated above as a whole, and in particular:

- i. when compare with the P/B ratios of the Comparable Companies:
 - (a) the implied P/B ratio of the Company (based on the Offer Price of HK\$0.059 and audited net assets value of the Company as at 31 March 2024) is higher than both of the average and median P/B ratios of the Comparable Companies; and
 - (b) the implied P/B ratio of the Company (based on the Offer Price of HK\$0.059 and unaudited Adjusted NAV as at 31 July 2024) is higher than both of the average and median P/B ratios of the Comparable Companies;
- ii. the implied P/S ratio of the Company (based on the Offer Price of HK\$0.059) is (i) within the P/S Ratios Market Range; and (ii) just lightly lower than the average and median P/S ratios of the Comparable Companies;
- iii. trading of the Shares was extremely thin and inactive in the Review Period. No Shares were traded at all for approximately 66.4% of the trading days in the Pre-announcement Period. The Average Daily Volume for the respective month or period during the Pre-announcement Period was less than 0.06% of the total number of Shares held by the public. Even after the Joint Announcement, no Shares were traded on 4 out of 12 trading days and the Average Daily Volume was just 0.0680% of the total Shares held on public hands in the Post-announcement Period. In view of the very low liquidity of the Shares, disposal of a significant number of Shares in the open market may exert a downward pressure on the Share price;
- iv. In the Pre-announcement Period, closing price of the Shares fluctuated materially with no or very thin trading volume on the relevant days. Surges in the closing price of the Shares were not supported by the financial performance of the Company. One typical example is after release of the Company's FY2024 final results announcement with material increase in net loss, closing price of the Shares surged approximately 35.6% on the next trading day. Therefore, it is more appropriate to assess the Offer Price with the average and median closing price per Share, which is only at a discount of 16.43% and 15.71%, respectively, i.e. within the less than 20% discount for issue of shares in general mandate that had been approved by the Shareholders at the AGM;
- v. the Company was loss making for the past three financial years under the management of the Offeror;
- vi. as illustrated in the subsection headed "Prospects of the Group", there is uncertainty on the future prospect of the Group;

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- vii. the Offeror did not disclose any plan to turnaround the loss-making position of the Group after the close of the Offer, so the prospect of the Group after the close of the Offer is uncertain;
- viii. under the management of the Offeror and since the Company's listing on the Stock Exchange on 11 October 2013, the Company had not declared any dividend except for the year ended 31 March 2014, thus provided no return to the Shareholders for their investment in the Company for the past 10 years;
- ix. the disposal of large block of Shares held by the Independent Shareholders in the open market would likely to trigger price slump of the Shares in view of the very thin trading volume of the Shares in the Review Period; and hence there is no guarantee that the current Share prices will sustain after the end of the Offer Period;

accordingly, we consider that the Offer is fair and reasonable so far as the Independent Shareholders are concerned and the Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares.

However, having said that, we noted that current market price of the Shares is substantially higher than the Offer Price (i.e. HK\$0.059 per Share). As such, we would like to remind the Independent Shareholders who, after reading through the Composite Document and this letter, would like to realise part or all of their investments in the Shares to closely monitor the market price and liquidity of the Shares during the Offer Period and may, instead of accepting the Offer, consider selling their Shares in the open market should such sale proceeds, net of all transaction costs, exceed the amount receivable under the Offer. The Independent Shareholders who believe that they will not be able to sell the Shares in the market at a price higher than the Offer Price because of their size of the shareholding may consider the Offer as an alternative exit of their investments.

Independent Shareholders who, after reading through the Composite Document and this letter, wish to retain some or all of their investments in the securities of the Company, are reminded to monitor the development of the Group, in particular the Offeror's business strategy, and any announcements of the Company during and after the Offer Period.

Yours faithfully,
For and on behalf of
Proton Capital Limited

Alvin H. Y. Leung
Managing Director

Josephine Lau
Director – Corporate Finance

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Notes:

1. Mr. Alvin H. Y. Leung has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Leung has 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.
2. Ms. Josephine Lau has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Lau has 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. PROCEDURES FOR ACCEPTANCE**1.1 The Offer**

- (a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, marked "Shi Shi Services Limited – Offer" on the envelope, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce as a result of a revision or an extension of the Offer in accordance with the Takeovers Code, if any.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Shares (whether in full or in part), you must either:
 - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar by no later than 4:00 p.m. on the Closing Date; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and signed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be delivered to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Sorrento Securities or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the

Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (f) Acceptance of the Offer will be treated as valid only if the duly completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive) and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares tendered for acceptance will be given.
- (i) The address of the Registrar, Union Registrars Limited, at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong.

2. SETTLEMENT OF THE OFFER**2.1 The Offer**

- (a) Provided that a valid Form of Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares are complete and in good order in all respects and have been received by the Registrar before the close of the Offer, a cheque for the amount (rounding up to the nearest cent) due to each of the Independent Shareholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt by the Registrar of the duly completed acceptances of the Offer and all relevant documents of title which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.
- (b) Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Offer is made on 21 October 2024, being the date of despatch of this Composite Document, and are capable of acceptance on and from this date until 4:00 p.m. on the Closing Date.
- (b) In order to be valid for the Offer, the Form of Acceptance a must be received by the Registrar (in respect of the Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive.
- (c) The Offeror reserves the right to revise the terms of the Offer after the despatch of this Composite Document until such day as it may determine and in accordance with

the Takeovers Code. If the Offeror revises the terms of the Offer, all the Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

- (d) If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date or the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to the Independent Shareholders who have not accepted the Offer, and an announcement will be released. The revised Offer will be kept open for at least 14 days thereafter.
- (e) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

4. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of his decision in relation to the revision, extension or expiry of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer have been revised, extended, or have expired.

The announcement will state the total number of Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror and/or parties acting in concert with him before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and/or parties acting in concert with him.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in the Company which the Offeror and parties acting in concert with him have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

In computing the total number of Shares represented by acceptances, only valid acceptances that are in all respects complete, in good order and fulfill the acceptance conditions set out in paragraph 1 of this Appendix, and which have been received by the Registrar (in respect of the Offer) no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive, shall be included.

- (b) As required under the Takeovers Code, all announcements in relation to the Offer must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules, where appropriate.

5. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by Independent Shareholders, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the subparagraph (b) below;
- (b) in the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph headed “4. Announcements” above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than seven (7) business days (as defined under the Takeovers Code) thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholder(s) at their own risks.

6. STAMP DUTY

The sellers' Hong Kong ad valorem stamp duty on acceptances 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 amount payable to the Independent Shareholders who accept the Offer. The Offeror will arrange for payment of sellers' 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 Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

7. OVERSEAS SHAREHOLDERS

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. As the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions, the Overseas Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility 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 jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions.

The Offeror and the parties acting in concert with him, the Company, Sorrento Securities, Sorrento Capital, Vinco Financial, Proton Capital, the Registrar, the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Independent Shareholders for any taxes as such persons may be required to pay.

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.

8. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

9. 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 him, the Company, Sorrento Securities, Sorrento Capital, Vinco Financial, Proton Capital (as the case may be) and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

10. GENERAL

- (a) All communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, parties acting in concert with him, Sorrento Securities, Sorrento Capital, Vinco Financial, Proton Capital and any of their respective directors nor the Registrar or other parties involved in the Offer or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Sorrento Securities, Sorrento Capital, Vinco Financial, Proton Capital or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

- (f) By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights accruing or attaching to them, including, without limitation, the right to receive in full all dividends and distributions (as applicable) which may be recommended, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of this Composite Document.

The Offer is made available to all Independent Shareholders, including those who are residents outside Hong Kong. The availability of the Offer to persons not residing in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Such the Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibilities, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due in such jurisdictions.

Any acceptance by the Independent Shareholders and the beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Independent Shareholders should consult their respective professional advisers if in doubt. Independent Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.
- (h) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (i) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

- (j) In making their decisions, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror and parties acting in concert with him, the Company, Sorrento Securities, Sorrento Capital, Vinco Financial, Proton Capital and the Registrar. The Independent Shareholders should consult their own professional advisers for professional advice.
- (k) The Offer is made in accordance with the Takeovers Code.
- (l) The English transliteration of the Chinese name(s) in this Composite Document, where indicated by an asterisk (*), is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for the three financial years ended 31 March 2022, 2023 and 2024 as extracted from the annual reports of the Company for the two financial years ended 31 March 2023 and 2024.

	For the year ended 31 March		
	2024	2023	2022
	HK\$'000	HK\$'000	HK\$'000
Revenue	588,740	547,375	524,951
Impairment loss arising from properties, plant and equipment in the PRC	(25,928)	(814)	(7,049)
Impairment of fair value through profit or loss (<i>note</i>)	(2,184)	–	–
Loss before tax	(46,074)	(26,617)	(24,334)
Income tax expense	(530)	(2,147)	(1,615)
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)
(Loss)/profit for the year attributable to non-controlling interests	(167)	38	–
Total comprehensive expense for the year attributable to owners of the Company	(50,307)	(31,755)	(23,101)
Total comprehensive (expense)/income for the year attributable to non-controlling interests	(167)	38	–
Equity attributable to owners of the Company	223,510	273,817	298,389
Equity attributable to non-controlling interests	4,322	4,489	–
		<i>HK cent</i>	
(Loss)/earnings per share	(0.041)	(0.026)	(0.025)

Note: Such impairment is relating to the Group's investment in investment fund(s) in the PRC which bankrupted in the financial year ended 31 March 2024.

No dividend was paid or proposed by the Company during each of the three years ended 31 March 2022, 31 March 2023 and 31 March 2024.

Save as disclosed above, the Group did not have any item of income or expense which was material for each of the three years ended 31 March 2022, 31 March 2023 and 31 March 2024.

The consolidated financial statements of the Group for each of the three years ended 31 March 2022, 31 March 2023 and 31 March 2024 were audited by Zhonghui Anda CPA Limited (“**Zhonghui Anda**”). No modified or qualified opinion, emphasis of matter or material uncertainty related to going concern had been issued by Zhonghui Anda in respect of the Group’s audited consolidated financial statements for the three financial years ended 31 March 2022, 31 March 2023 and 31 March 2024.

There was no change in the accounting policy of the Group during each of the three years ended 31 March 2022, 31 March 2023 and 31 March 2024, which would result in the figures in its consolidated financial statements being not comparable to a material extent.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2022, 2023 AND 2024

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 March 2022 (the “**2022 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 March 2023 (the “**2023 Financial Statements**”); (iii) the audited consolidated financial statements of the Group for the year ended 31 March 2024 (the “**2024 Financial Statements**”) and, together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2022 Financial Statements are set out on pages 93 to 190 of the annual report of the Company for the year ended 31 March 2022, which was published on 30 June 2022. The annual report of the Company for the year ended 31 March 2022 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0630/2022063002577.pdf>

The 2023 Financial Statements are set out on pages 119 to 214 of the annual report of the Company for the year ended 31 March 2023, which was published on 30 June 2023. The annual report of the Company for the year ended 31 March 2023 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0630/2023063000836.pdf>

The 2024 Financial Statements are set out on pages 117 to 210 of the annual report of the Company for the year ended 31 March 2024, which was published on 28 June 2024. The annual report of the Company for the year ended 31 March 2024 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0628/2024062802949.pdf>

The 2022 Financial Statements, the 2023 Financial Statements and the 2024 Financial Statements (but not any other part of the annual report of the Company for the year ended 31 March 2022, the annual report of the Company for the year ended 31 March 2023 and the annual report of the Company for the year ended 31 March 2024 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS

At the close of business on 31 July 2024, being the latest practicable date for this statement of indebtedness prior to printing of this Composite Document, the Group had the following outstanding indebtedness:

Lease liabilities

The Group recognised right-of-use assets and corresponding lease liabilities in respect of all leases unless they qualify for low value or short-term leases. The lease liabilities represent obligation to make lease payment for right of using underlying assets. As at 31 July 2024, the Group had unsecured and unguaranteed lease liabilities of approximately HK\$4.8 million.

Contingent liabilities

(a) Performance bond and incorporated owners' fund

Performance bonds have been issued by several banks as the Group keeps certain incorporated owners' funds in the form of client accounts which were held on trust for and on behalf of the customers. These client accounts were not recognised as assets and associated liabilities in the financial statements of the Group. As at 31 July 2024, the amount of outstanding performance bonds was approximately HK\$29.2 million.

(b) Legal cases

As at 31 July 2024, the Group has no material contingent liabilities in respect of various litigation.

Save as aforesaid or otherwise disclosed herein, as at the close of business on 31 July 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group did not have any loan capital issued and outstanding, or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or contingent liabilities.

As at the Latest Practicable Date, the Directors confirm that there were no material changes in terms of indebtedness and contingent liabilities of the Group since 31 March 2024 and up to and including the Latest Practicable Date.

4. MATERIAL CHANGE

Save as and except for the following, the Directors confirmed that there has been no material change in the financial or trading position or outlook of the Group since 31 March 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

1. As disclosed in the annual report of the Company for the year ended 31 March 2024 (“**2024 Annual Report**”), the Group has ceased its money lending business.
2. As disclosed in the 2024 Annual Report, in April 2024, the Group entered into a sales and purchase agreement with a related company controlled by the spouse of a director, Mr. Huang Liming, to dispose of the subsidiary 時時健康管理(淄博)有限公司 (“**Shi Shi Zibo**”) at a consideration of RMB10,000. The Group’s bank and other loans of approximately HK\$2,998,000 as at 31 March 2024 in the 2024 Annual Report was recorded under Shi Shi Zibo. With completion of the aforesaid disposal, Shi Shi Zibo ceased to be a subsidiary of the Company and the Group ceased to have any bank and other loans in its financial statements as at 31 July 2024.
3. As disclosed in the announcements of the Company dated 29 April 2024, 4 July 2024 and 16 July 2024, the Company disposed of a rental property, which generated net rental income of HK\$384,000 in the year ended 31 March 2024 to the Group and had an unaudited book value of HK\$846,112, to an independent third party. The gross proceeds and net proceeds from this disposal amount to approximately HK\$8,200,000 and HK\$8,192,500, respectively. Based on the consideration of the disposal of HK\$8,200,000, the Group is expected to recognize an unaudited net gain (after deducting relevant legal costs, commission and expenses) of approximately HK\$7,346,388, which is subject to final audit to be performed by the auditors of the Company for the year ending 31 March 2025.

5. PROPERTY INTERESTS AND ADJUSTED NET ASSET VALUE

The following table sets out the calculations of the Adjusted NAV, which is calculated based on the audited consolidated net asset value of the Group attributable to owners of the Company as at 31 March 2024 and the effect of fair value changes arising from valuation of all the property interests of the Group as at 31 July 2024 (as contained in the property valuation report of the Group (the “**Valuation Report**”) set out in Appendix III to this Composite Document).

	<i>HK\$'000</i> <i>(except for the adjusted net asset value per Share)</i>
Audited consolidated net asset value of the Group attributable to owners of the Company as at 31 March 2024 (<i>Note 1</i>)	223,510
<i>Subtract:</i>	
Fair value changes on the property interests of the Group as at 31 July 2024 attributable to owners of the Company based on the Valuation Report (<i>Note 2</i>)	<u>(1,861)</u>
Adjusted NAV as at 31 July 2024	<u>221,649</u>
Adjusted NAV per Share (<i>Note 3</i>)	<u>HK\$ 0.196</u>

Notes:

- The audited consolidated net asset value of the Group attributable to owners of the Company as at 31 March 2024 are based on the audited consolidated statement of financial position of the Group as at 31 March 2024.
- Property interests were revalued at 31 July 2024 on the open market value basis by reference to market evidence of recent transactions for similar properties by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer. The fair value changes represent the surplus or deficit of market value of the property interests as at 31 July 2024 over their corresponding carrying amount as at 31 March 2024 less amount attributable to minority shareholders of the Group, as illustrated below:

Calculation of fair value changes

	<i>HK\$'000</i>
Fair value of property interests of the Group as at 31 July 2024 (as set out in Appendix III to this Composite Document)	63,830
<i>Subtract:</i>	
Carrying value of the relevant property interests of the Group as at 31 March 2024	<u>(65,721)</u>
Fair value changes	<u>(1,891)</u>
Amount which attribute to the owners of the Company	<u>(1,861)</u>

- Based on 1,128,986,665 Shares in issue as at the Latest Practicable Date.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 July 2024 the property interests held by the Group.



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7th Floor, One Taikoo Place
979 King's Road, Quarry Bay, Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

21 October 2024

The Board of Directors
Shi Shi Services Limited
Unit J, 6/F,
Kaiser Estate, Phase 2
51 Man Yue Street,
Hung Hom, Kowloon, Hong Kong

Dear Sirs,

Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**” or “**we**”) are instructed by Shi Shi Services Limited (the “**Company**”) to provide an opinion of the market values of the two properties held by the Company and its subsidiaries (together referred to as the “**Group**”) in Hong Kong and the People’s Republic of China (the “**PRC**”). In accordance with your instructions, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 31 July 2024 (the “**valuation date**”) for disclosure purpose.

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have valued the property interests by the comparison approach in our valuation by making reference to comparable market transactions in assessment of the market values of the property interests. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on GEM issued by The Stock Exchange of Hong Kong Limited; Rule 11 of the Code on Takeovers and Mergers issued by Securities and Futures Commission; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown Real Estate Title Certificates and other title documents relating to the property interest in the PRC and have made relevant enquiries. However, we have not examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC Legal Adviser – Allbright Law Offices, concerning the validity of the property interest in the PRC.

For the property in Hong Kong, we have been shown tenancy information of property and we have obtained relevant information from the Land Registry, the Buildings Department, and relevant government departments and have made relevant enquiries.

In valuing the interest of the property of the Group in Hong Kong held under the Government Leases expiring before 30 June 1997, we have taken account of the stipulations contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases have been extended without premium until 30 June 2047 and that a rent of three per cent of the then rateable value is charged per annum from the date of extension.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the area in respect of the properties but have assumed that the areas shown on the documents and official site plans handed to us are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

Inspection of the properties was carried out in August 2024 by Mr. Daniel Fu and Mr. Albert Mak. Mr. Daniel Fu has more than 5 years' experience in the valuation of properties in the PRC and holds a master degree of Real Estate Development from New York University. Mr. Albert Mak has more than 3 years' experience in the valuation of properties in Hong Kong and the PRC and holds a master degree of Real Estate from the University of Reading.

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollars (HKD).

As advised by the Group, the potential tax liabilities that would arise on the disposal of the property interest in the PRC mainly comprise Value-added tax (VAT) at the rate of 9%, stamp duty at the rate of 0.05% of the contract price, land appreciation tax at progressive rates ranging from 30% to 60% on the appreciated amount (being the proceeds of sales of the property less deductible expenditure including costs of land, development and construction) and enterprise income tax at the rate of 25% on the gain.

In respect of the properties held by the Group for self-occupation and for investment, we are advised that the likelihood of the relevant tax liabilities crystallizing is remote as the Group has no plans for the disposal of such properties yet.

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,

For and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu

MRICS MHKIS RPS (GP)

Senior Director

Note: Eddie T. W. Yiu is a Chartered Surveyor who has 30 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Group I: Property interest held for self-occupation by the Group in the PRC

No.	Property	Market value in existing state as at the valuation date (Group I) (HKD)	Market value in existing state as at the valuation date (Group II) (HKD)	Interest attributable to the Group	The market value attributable to the Group as at the valuation date (HKD)
1.	5 office units on Level 21 of Tower 2B of Project Wangjing SOHO, No. 10 Wangjing Street, No.1 Chaoyang District, Beijing, the PRC	40,730,000	N/A	100%	40,730,000 (Equivalent to RMB37,200,000)
Sub-total:		40,730,000	N/A	-	40,730,000

Group II: Property interest held for investment by the Group in Hong Kong

No.	Property	Market value in existing state as at the valuation date (Group I) (HKD)	Market value in existing state as at the valuation date (Group II) (HKD)	Interest attributable to the Group	The market value attributable to the Group as at the valuation date (HKD)
2.	Workshop A1 on 1st Floor, Hang Fung Industrial Building Phase 1, No. 2G Hok Yuen Street, Kowloon, Hong Kong	N/A	23,100,000	100%	23,100,000
	Sub-total:	N/A	23,100,000	-	23,100,000
	Grand-total:	40,730,000	23,100,000	-	63,830,000

Note:

The exchange rate adopted in our valuation is HKD1 = RMB0.91336, which was the prevailing exchange rate published by the Bank of China as at the valuation date.

VALUATION CERTIFICATE

Group I – Property interest held for self-occupation by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date (HKD)
1.	5 office units on Level 21 of Tower 2B of Project Wangjing SOHO, No. 10 Wangjing Street, Chaoyang District, Beijing, the PRC	<p>Project Wangjing SOHO is a retail-office complex comprising 3 office towers completed in 2014. The locality where the project is situated is well served by public transportation and public facilities.</p> <p>Tower 2B of Project Wangjing SOHO is a 26-storey office building. The property comprises 5 office units on Level 21 (nominal floor level) of Tower 2B with a total gross floor area (“GFA”) of approximately 1,072.57 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 11 October 2059 for office use.</p>	As at the valuation date, the property was vacant.	40,730,000 (equivalent to RMB37,200,000)

Notes:

- Pursuant to 5 Real Estate Title Certificates - Jing (2021) Chao Bu Dong Chan Quan Di Nos. 0035507, 0035525, 0035532, 0035528 and 0035539, 5 office units with a total GFA of approximately 1,072.57 sq.m. are owned by Shishi Network Technology Co., Ltd. (“**Shishi Network**”), an indirect wholly-owned subsidiary of the Company and the relevant land use rights have been granted for a term expiring on 11 October 2059 for office use. The details are set out as follows:

Unit No.	GFA (sq.m.)
222105	265.43
222106	178.27
222107	166.78
222108	182.68
222109	279.41
Total:	1,072.57

- According to 5 Notifications of Real Estate Registration Information Query Result, the land use rights of the subject property have been granted for a term expiring on 11 October 2059 for office use.

3. Our valuation has been made on the following basis and analysis:

We have identified and analyzed recent market sales evidences of similar properties to compare with the property under assessment. The unit price of these comparable properties ranges from RMB33,898 to RMB35,000 per sq.m. Appropriate adjustments and analysis are considered to the differences in several aspects including time and physical characteristics between the comparable properties and the property to arrive at the market value of the property. Based on the analysis of the comparable properties, the adjusted average unit rate for the market value of the property is RMB34,683 per sq.m..

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser – Allbright Law Offices, which contains, inter alia, the following:

- a. The subject property is free from any mortgages or other encumbrances and is not subject to any seizure, freezing, or other restrictions on rights.
- b. Shishi Network is the legal owner of the property. It is entitled to use the property according to the purposes recorded in the Real Estate Title Certificates within the legally prescribed usage period, and has the rights to lease, transfer, mortgage, or otherwise dispose of the property without requiring approval, permission, or consent from any government authority.

VALUATION CERTIFICATE

Group II – Property interest held for investment by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date (HKD)
2.	Workshop A1 on 1st Floor, Hang Fung Industrial Building Phase 1, No. 2G Hok Yuen Street, Kowloon, Hong Kong 13/634 shares of and in the Remaining Portion of Section B and Section C of Kowloon Marine Lot No. 69, the Remaining Portion of Section B and Section C of Kowloon Marine Lot No. 86 and the Subsection 1 of Section J of Kowloon Marine Lot No. 40	The property comprises an industrial unit on 1st floor of a 13-storey industrial building completed in 1979. The property has a saleable area of approximately 6,199 sq.ft. (or 575.90 sq.m.). The lots are held under government leases for a term of 75 years commencing from 15 September 1897 (Kowloon Marine Lot No. 40) and 23 July 1900 (Kowloon Marine Lot No. 69 and Kowloon Marine Lot No. 86) all renewable for 75 years subject to a payment of annual Government rent of HKD4,808 for the lots.	As at the valuation date, the property was sub-divided into 18 units, known as Unit A1-01 to A1-03, Unit A1-05 to A1-12 and A1-15 to A1-21. As advised by the Group, 15 units of the property were leased to various independent third parties under 15 tenancy agreements for industrial purpose whilst the remaining Units A1-09, A1-18 and A1-21 were vacant. (Please refer to Note 4.)	23,100,000

Notes:

1. As at the valuation date, according to Land Registry record, the registered owner of the property is Fortune Trend Investment Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. 10111703040043 dated 18 October 2010.
2. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Deed of Mutual Grant of Rights and Easements in favour of Chun Ming Investment Company Limited vide Memorial No. UB1674609 dated 16 February 1979; and
 - b. Deed of Mutual Covenant vide Memorial No. UB1684176 dated 22 February 1979.
3. The location of the property is zoned for “Other Specified Uses” use under Hung Hom Outline Zoning Plan (plan no. S/K9/28) dated 10 June 2022.
4. As at the valuation date, according to 15 tenancy agreements provided by the Group, portions of the property with a total saleable area of approximately 4,273 sq.ft. were leased to various independent third parties with the last expiry date of 21 April 2026 at a total monthly rent of HKD111,100 inclusive of management fee, Government rates and Government rent.

5. Our valuation has been made on the following basis and analysis:

We have identified and analyzed recent market sales evidences of similar properties to compare with the property under assessment. The unit price of these comparable properties ranges from HKD3,059 to HKD5,480 per sq.ft.on saleable area basis. Appropriate adjustments and analysis are considered to the differences in several aspects including time and physical characteristics between the comparable properties and the property to arrive at the market value of the property. Based on the analysis of the comparable properties, the adjusted average unit rate for the market value of the property is HKD3,726 per sq.ft.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars in compliance with the Takeovers Code and the GEM Listing Rules and for the purpose of giving information with regard to the Company, the Offeror and the Offer.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with him), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (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 Composite Document, the omission of which would make any such statement contained in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each, of which 1,128,986,665 Shares had been issued and were fully paid or credited as fully paid. All the existing issued Shares are fully paid up and rank *pari passu* in all respects including all rights as to capital, dividends and voting.

The Company has not issued any Shares since 31 March 2024, being the date to which the latest audited financial statements of the Company were made up.

Save as disclosed above, as at the Latest Practicable Date, there were no convertible securities, warrants, options, derivatives or other securities issued by the Company that are convertible or exchangeable into Shares or other types of equity interest in issue.

The Shares are listed and traded on GEM of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors' and chief executive in the Shares, the underlying shares and debentures of the Company or any associated corporation.

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange or which were required to be disclosed under the Takeovers Code, were as follows:

Long positions in the Shares and the underlying shares

Name of Director	Capacity/ Nature of interest	Number of Shares interested	Number of underlying Shares interested	Approximate percentage of the issued Shares
Mr. Ho Ying Choi	Beneficial owner	626,071,950	–	55.45%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange or which were required to be disclosed under the Takeovers Code.

(b) Interests and short positions of the substantial Shareholders in the Shares and underlying shares

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the Shares

Name of Shareholder	Capacity/ Nature of interest	Number of Shares interested	Approximate percentage of the issued Shares
Chan Yuk Fan (<i>Note</i>)	Interest of spouse	626,071,950	55.45%

Note: Ms. Chan Yuk Fan is the spouse of Mr. Ho Ying Choi, being the Offeror, and accordingly under the SFO is deemed to be interested in the same number of shares in which Mr. Ho Ying Choi is interested.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. DEALINGS AND INTERESTS IN THE COMPANY'S SECURITIES

During the Relevant Period, save for the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement, none of the Directors had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

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 other Share or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

During the Relevant Period,

- (a) save for the Sale Shares held by the Offeror, 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;
- (b) 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 and/or any person acting in concert with him;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) save for the Facility Charge, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror and Sorrento Securities, or between the Offeror or any person acting in concert with the Offeror, and any other person;
- (g) none of the Offeror and/or parties acting in concert with him has received any irrevocable commitment(s) to accept or reject the Offer;
- (h) there are no conditions to which the Offer is subject;
- (i) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror, nor any person acting in concert with him;
- (j) 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;

- (k) 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;
- (l) 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;
- (m) 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; and
- (n) there is no understanding, arrangement, agreement or special deal under Rule 25 of the Takeovers Code between any Shareholder; and the Company, its subsidiaries or associated companies.

5. OTHER DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (i) none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code owned or controlled any shares or convertible securities, options, warrants, or derivatives of the Company, or had dealt for value in any such securities of the Company during the Relevant Period;
- (ii) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (iii) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company, and no such person had dealt for value in any such securities of the Company during the Relevant Period;

- (iv) none of the Directors has any beneficial shareholdings which is subject to the Offer;
- (v) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;
- (vi) no benefit was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (vii) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (viii) no material contracts had been entered into by the Offeror in which any Director had a material personal interest.

7. SERVICE CONTRACTS

Ms. Ho Siu Chun (“**Ms. Ho**”) has been appointed as an executive Director since 27 June 2024. Ms. Ho has entered into a service agreement for an initial term of one year with effect from 27 June 2024 which is renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then current term of the appointment unless terminated by either party giving not less than one month’s notice in writing to the other party. The appointment is also subject to rotation and re-election at annual general meeting of the Company in accordance with the articles of association of the Company. Ms. Ho was entitled to receive a monthly director’s fee of HK\$184,000 since 27 June 2024. Ms. Ho may be entitled to a management bonus in respect of each financial year of the Company in an amount to be determined by the Board in its absolute discretion. At the annual general meeting of the Company held on 31 July 2024, the resolution relating to the re-election of Ms. Ho as an executive Director was approved by the then Shareholders and Ms. Ho’s remuneration remained unchanged.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with the Company or any of its subsidiaries or associated companies in force which:

- (i) (including both continuous and fixed term contracts) have been entered into or amended within the Relevant Period;
- (ii) were continuous contracts with a notice period of 12 months or more; and
- (iii) were fixed term contracts with more than 12 months to run irrespective of the notice period.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group after the date the two years immediately preceding the date of the commencement of the Offer Period and are, or may be, material:

- (a) a subscription agreement dated 20 December 2022 entered into between Kong Shum Union Property Management Group Limited (“**KSG**”), an indirect wholly owned subsidiary of the Company (as issuer), Shi Shi Property Limited (“**SSPL**”), a wholly-owned subsidiary of the Company (as warrantor) and the Offeror (as subscriber) in relation to the subscription of new shares of KSG (the “**Subscription**”) at a consideration of approximately HK\$2.7 million. For details, please refer to the announcement of the Company dated 20 December 2022;
- (b) a shareholders’ agreement dated 20 December 2022 entered into between KSG, SSPL and the Offeror in connection with the Subscription. For details, please refer to the announcement of the Company dated 20 December 2022;
- (c) a provisional agreement dated 25 April 2024 entered into between More Rise Investment Limited, an indirect wholly-owned subsidiary of the Company (as vendor) and Ms. Tung Kai Yung, an independent third party (as purchaser) in relation to the sale and purchase of a property in Hong Kong (the “**Disposal**”) at a consideration of HK\$8.2 million. For details, please refer to the announcement of the Company dated 29 April 2024; and
- (d) a letter dated 13 June 2024 between More Rise Investment Limited and Ms. Tung Kai Yung to extend the completion date of the Disposal. For details, please refer to the announcement of the Company dated 4 July 2024.

9. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

10. MARKET PRICES

The table below shows the closing prices of the Shares on the Stock Exchange on (a) the last Business Day of each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date.

Date	Closing price per Share (HK\$)
28 March 2024	0.072
30 April 2024	0.065
31 May 2024	0.072
28 June 2024	0.084
31 July 2024	0.079
30 August 2024	0.075
27 September 2024, being the Last Trading Day	0.078
30 September 2024	0.078
18 October 2024, being the Latest Practicable Date	0.121

During the Relevant Period:

- a. the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.121 per Share on 18 October 2024; and
- b. the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.057 per Share on 3 September 2024 and 4 September 2024.

11. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the expert who has given opinion or advice which is contained or referred to in this Composite Document:

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

Name	Qualification
Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL")	independent property valuer and surveyor

Each of Vinco Financial, Proton Capital and JLL has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, and/or references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Vinco Financial, Proton Capital and JLL did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any direct or indirect interest in any assets which had been, since 31 March 2024, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

12. GENERAL

- (i) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its head office and principal place of business in Hong Kong is situated at Unit J, 6/F, Kaiser Estate, Phase 2, 51 Man Yue Street, Hunghom, Kowloon, Hong Kong.
- (ii) The company secretary of the Company is Mr. Sheung Kwong Cho, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (iii) The Company's principal share registrar and transfer office is Conyers Trust Company (Cayman) Limited, situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (iv) The branch share registrar of the Company in Hong Kong is Union Registrars Limited, situated at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (v) The registered office of Vinco Financial is situated at Unit 2602, 26/F, The Center, 99 Queen's Road Central, Hong Kong.
- (vi) The registered office of Proton Capital is situated at Room 2503, 25th Floor, China Insurance Group Building, 141 Des Voeux Road Central, Central, Hong Kong.
- (vii) The English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese translation in the case of inconsistency.

13. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display on the websites of the SFC (<http://www.sfc.hk>) and the Company (www.shishiservices.com.hk) from the date of this Composite Document up to and including the Closing Date:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the annual reports of the Company for each of the three years ended 31 March 2022, 2023 and 2024;
- (c) the letter from the Board as set out on pages 18 to 25 of this Composite Document;
- (d) the letter from the Independent Board Committee as set out on pages 26 to 27 of this Composite Document;
- (e) the letter from Proton Capital as set out on pages 28 to 53 of this Composite Document;
- (f) the property valuation report as set out in Appendix III to this Composite Document;
- (g) the written consents referred to in the paragraph headed “11. Qualifications and Consents of Experts” in this appendix;
- (h) the service contract referred to under the paragraph headed “7. Service Contracts” in this appendix;
- (i) the material contracts referred to under the paragraph headed “8. Material Contracts” in this appendix;
- (j) the Sale and Purchase Agreement; and
- (k) this Composite Document and the accompanying Form of Acceptance.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars in compliance with the Takeovers Code and the GEM Listing Rules and for the purpose of giving information with regard to the Company, the Offeror and the Offer.

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

2. DISCLOSURE OF INTERESTS

Interests of the Offeror and parties acting in concert with him in the Company

As at the Latest Practicable Date, the Offeror and parties acting in concert with him owned or controlled an aggregate of 626,071,950 Shares, representing approximately 55.45% of the entire issued share capital of the Company, being the Sale Shares. Save for the above, the Offeror and parties acting in concert with him did not have any other interest in any shares, warrants, options, derivatives or securities carrying conversion of subscription rights into Shares.

As at the Latest Practicable Date, save for the 626,071,950 Shares, being the Sale Shares, none of the Offeror and parties acting in concert with him had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS OF THE OFFEROR IN THE COMPANY

Save for the Loan Share Charge, the 626,071,950 Sale Shares acquired by the Offeror under the Sale and Purchase Agreement which was completed on 30 September 2024 at HK\$0.059 per Sale Share and the Facility Charge, none of the Offeror or parties acting in concert with him has dealt in nor owned any other Share or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

As at the Latest Practicable Date:

- (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 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 during the Relevant Period;
- (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) save for the Facility Charge, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror and Sorrento Securities, or between the Offeror or any person acting in concert with the Offeror, and any other person;
- (vii) 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;
- (viii) none of the Offeror and/or parties acting in concert with him has received any irrevocable commitment(s) to accept or reject the Offer;
- (ix) there are no conditions to which the Offer is subject;
- (x) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror, nor any person acting in concert with him;

- (xi) 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;
- (xii) save for the security interest of Sorrento Securities in the Facility Charge, Sorrento Securities does not hold, own or has control or discretion over any voting rights of rights over any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities;
- (xiii) 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;
- (xiv) 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;
- (xv) 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;
- (xvi) there is no understanding, arrangement or agreement or special deal under Rule 25 of the Takeovers Code between any Shareholder and the Offeror or any parties acting in concert with him; and
- (xvii) no benefit will be given to any Directors as compensation for loss of office or otherwise in connection with the Offer.

4. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given their opinion and advice which are contained in this Composite Document:

Name	Qualification
Sorrento Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Sorrento Securities Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising in securities) regulated activities under the SFO

Each of Sorrento Capital and Sorrento Securities has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, advice and/or references to its name, in the form and context in which it appears.

5. MISCELLANEOUS

As at the Latest Practicable Date,

- a. the correspondence address of the Offeror is situated at Flat J, 23/F, Block 2, Harmony Garden, No.9 Siu Sai Wan Road, Hong Kong.
- b. the main business address of Sorrento Capital is situated at Room 1208, 12/F, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong.
- c. the main business address of Sorrento Securities is situated Room 1208, 12/F, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong.
- d. In case of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

6. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display on the websites of the SFC (www.sfc.hk) and the Company (www.shishiservices.com.hk) from the date of this Composite Document up to and including the Closing Date:

- a. the letter from Sorrento Securities, the text of which is set out on pages 8 to 25 of this Composite Document;
- b. the written consents as referred to in the section headed “4. Qualifications and Consents of Experts” in this Appendix V;
- c. the Sale and Purchase Agreement; and
- d. the Facility Agreement.