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shishi

shi shi services limited

時時服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8181)

DISCLOSEABLE AND CONNECTED TRANSACTION

PROVISION OF THE LOAN

THE LOAN AGREEMENT

The Board hereby announces that on 3 May 2022 (after trading hours), Lucky Stone, a wholly-owned subsidiary of the Company, entered into the Loan Agreement with Mr. Ho, pursuant to which Lucky Stone has conditionally agreed to provide the Loan in the principal amount of not more than HK\$21 million to Mr. Ho, as borrower, for a period of one year commencing from the date of drawdown of the Loan at an interest rate of 10% per annum.

Lucky Stone is principally engaged in money lending business as licensed under the MLO. Therefore, the Provision of the Loan is part of the ordinary and usual course of business of the Group.

GEM LISTING RULES IMPLICATIONS

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

As the principal amount of the Loan is more than HK\$10 million, according to the GEM Listing Rules, the Loan Agreement and the transactions contemplated thereunder are subject to reporting, announcement, circular (including advice from an independent financial adviser) and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

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

Further, the principal amount of the Loan exceeds 8% under the assets ratio of the Group defined under Rule 19.07(1) of the GEM Listing Rules and therefore the Loan may also constitute advance to an entity under Rule 17.15 of the GEM Listing Rules and subject to the general disclosure obligations under Rules 17.15 and 17.17 of the GEM Listing Rules.

A circular containing, inter alia, further details of the Loan Agreement and the transactions contemplated thereunder, a letter from the Independent Board Committee, a letter of advice from an independent financial adviser, and a notice convening the EGM to approve the Loan Agreement and the transactions contemplated thereunder will be despatched to the Shareholders on or before 10 June 2022 as additional time is required to obtain and finalise the information to be included in the circular.

Completion of the Provision of the Loan is subject to the fulfilment of various conditions precedent and therefore the Provision of the Loan may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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The Board hereby announces that on 3 May 2022 (after trading hours), Lucky Stone, a wholly-owned subsidiary of the Company, entered into the Loan Agreement with Mr. Ho, pursuant to which Lucky Stone has conditionally agreed to provide the Loan to Mr. Ho, as borrower, for a period of one year commencing from the date of drawdown of the Loan.

Date	:	3 May 2022
Parties	:	(i) Lucky Stone, as Lender; and (ii) Mr. Ho, as Borrower.
Principal amount of the Loan	:	Not more than HK\$21 million
Interest	:	10% per annum
Collateral	:	Mortgages or charges over two residential units and a private car parking space in Hong Kong with an aggregate estimated market value of approximately HK\$30.4 million after netting off the outstanding balance of their mortgage loan(s)

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

Repayment and prepayment : Mr. Ho shall repay the principal amount of the Loan in full and interest accrued thereon upon the maturity date.

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

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

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

Conditions precedent : The obligation of Lucky Stone to advance the Loan to Mr. Ho on the Drawdown Date shall be subject to the fulfilment of the following conditions precedent at or before 4:00 p.m. on the Long Stop Date:

- (i) the parties to the Loan Agreement having duly signed the Section 18 Note within seven (7) days of the Loan Agreement in accordance with the relevant requirements under the MLO;

- (ii) Lucky Stone having received each of the following documents in form and substance satisfactory to Lucky Stone before 10:00 a.m. on the Drawdown Date:
 - (a) a copy of the Hong Kong Identity Card or other valid proof of identity of Mr. Ho together with his specimen signature certified to be true copy;
 - (b) the notice of drawing duly completed and signed by Mr. Ho;
 - (c) the original of each of the duly executed Security Documents; and
 - (d) evidence that all authorisations have been obtained and all necessary filings, registrations and other formalities have been or will, promptly, be completed in order to ensure that the Loan Agreement and the Security Documents and such other documents in connection therewith are valid, enforceable and legally binding;
- (iii) the proposed Drawdown Date is a Business Day;
- (iv) all representations, warranties and undertakings made by Mr. Ho in the Loan Agreement shall be true and accurate and comply with in all material respects with the same effect as though made on and as of the Drawdown Date and repeated each day so long as any part of the Loan and interested accrued or to be accrued thereon remains outstanding under the Loan Agreement by reference to the then existing circumstances and facts;
- (v) no event of default (as set out in the Loan Agreement) shall have occurred and is continuing before the proposed Drawdown Date;
- (vi) the Independent Shareholders having approved the Loan Agreement and transactions contemplated thereunder at the EGM pursuant to the GEM Listing Rules; and

- (vii) Lucky Stone being satisfied with the results of due diligence exercise conducted on Mr. Ho, including but not limited to his assets, liabilities, financial condition, legal liabilities and tax record.

Each party to the Loan Agreement undertakes to the other party to use its best endeavours to ensure that the above conditions precedent are fulfilled as early as practicable and in any event not later than the Long Stop Date.

In the event that any conditions precedent to the Loan Agreement is not fulfilled or otherwise waived by Lucky Stone (except the conditions precedent (i) and (vi) which may not be waived by Lucky Stone) at or before 4:00 p.m. on the Long Stop Date or such later date as may be agreed in writing between the parties to the Loan Agreement, the Loan Agreement and transactions contemplated thereunder will be terminated.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

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

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

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

According to the annual report of the Company for the year ended 31 March 2021, the Company recorded net cash generated from operating activities of approximately HK\$39.5 million. As at 31 March 2022, the Group has cash and cash equivalents of approximately HK\$64.1 million (unaudited). Taking into account the above, the Company considers that it would have sufficient internal resources to fund the Loan and the Loan will be recorded as loan receivable of the Group. The Loan is an extension of the loan advanced to Mr. Ho in 2021 as announced by the announcements of the Company dated 25 February 2021 and 12 March 2021, which was used primarily for Mr. Ho's personal use and investment purposes.

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

Given that a stable interest income can be generated from the Loan as contemplated under the Loan Agreement and the Provision of the Loan is part of the ordinary and usual course of business activities of the Group, the Directors (other than the independent non-executive Directors whose view will be set out in the circular of the Company) consider that the terms of the Loan Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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

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

Further, the principal amount of the Loan exceeds 8% under the assets ratio of the Group defined under Rule 19.07(1) of the GEM Listing Rules and therefore the Loan may also constitute an advance to an entity under Rule 17.15 of the GEM Listing Rules and subject to the general disclosure obligations under Rules 17.15 and 17.17 of the GEM Listing Rules.

A circular containing, inter alia, further details of the Loan Agreement and the transactions contemplated thereunder, a letter from the Independent Board Committee, a letter of advice from an independent financial adviser, and a notice convening the EGM to approve the Loan Agreement and the transactions contemplated thereunder will be despatched to the Shareholders on or before 10 June 2022 as additional time is required to obtain and finalise the information to be included in the circular.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday or a day on which a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“Company”	Shi Shi Services Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the issued ordinary shares of which are listed on GEM (stock code: 8181)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held and convened to consider and approve the Loan Agreement and the transactions contemplated thereunder
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huge Rise”	Huge Rise Investment Limited (泰陞投資有限公司), a company incorporated in Hong Kong with limited liability and owned by as to 50% by each of Mr. Ho and his spouse Ms. Chan Yuk Fan respectively
“Independent Board Committee”	an independent board committee comprising all independent non-executive Directors, namely, Mr. Lin Dongming, Mr. Lam Kai Yeung and Mr. Lo Chi Ho, Richard formed to advise the Independent Shareholders on the Loan Agreement and the transactions contemplated thereunder
“Independent Shareholders”	with respect to the Loan Agreement, Shareholders other than Mr. Ho and his associates who are required by the GEM Listing Rules to abstain from voting at the EGM in respect of the resolution(s) relating to the Loan Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and connected persons of the Company
“Loan”	a loan in the principal amount of not more than HK\$21 million to be provided by Lucky Stone, as lender, to Mr. Ho, as borrower, pursuant to the Loan Agreement
“Loan Agreement”	the conditional agreement dated 3 May 2022 entered into between Mr. Ho, as borrower, and Lucky Stone, as lender, in relation to the Provision of the Loan
“Long Stop Date”	the latest date to fulfil all conditions precedent of the Loan Agreement, being 10 June 2022 (or other dates as agreed by both parties to the Loan Agreement from time to time)
“Lucky Stone” or “Lender”	Lucky Stone Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, a licensed money lender in Hong Kong under the MLO and the lender under the Loan Agreement

“MLO”	the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Mortgage Deed I”	the security deed executed by, among other, Huge Rise as the mortgagor in favour of Lucky Stone creating a second priority ranking charge over the property situated at Flat A on 19th floor of Tower 2 and private car park number 63 on car park level 8 of Bel-Air, No. 8, Bel-Air on the Peak, Island South, No. 8 Bel-Air Peak Avenue, Hong Kong as security for repayment of the Loan and the interest accrued or to be accrued thereon
“Mortgage Deed II”	the security deed executed by, among other, Mr. Ho as the mortgagor in favour of Lucky Stone creating a first priority ranking charge over the property situated at Flat J on 23rd floor of Block 2, Harmony Garden, No. 9 Siu Sai Wan Road, Hong Kong as security for repayment of the Loan and the interest accrued or to be accrued thereon
“Mr. Ho” or “Borrower”	Mr. Ho Ying Choi, an executive Director of the Company and the borrower under the Loan Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Provision of the Loan”	the provision of the Loan pursuant to the Loan Agreement
“Section 18 Note”	the note or memorandum in writing of the Loan Agreement to be made within seven (7) days after the making of the Loan Agreement pursuant to section 18 of the MLO
“Security Documents”	the Mortgage Deed I, the Mortgage Deed II and all documents ancillary to or derived from any of them
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

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

Hong Kong, 3 May 2022

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company’s website at www.shishiservices.com.hk.