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Sheen Tai Holdings Group Company Limited

順泰控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01335)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

GROUP FINANCIAL HIGHLIGHT

For the year ended 31 December 2022 (Expressed in Hong Kong dollars)

	2022	2021
	HK\$'000	HK\$'000
Revenue	315,701	66,113
Gross profit	38,540	36,443
Profit/(loss) before tax	12,089	(6,129)
Profit/(loss) attributable to:		
Equity shareholders of the Company	7,313	(6,794)
Earnings/(loss) per share		
Basic <i>(HK\$ per share)</i>	0.003	(0.003)
Diluted <i>(HK\$ per share)</i>	0.003	(0.003)
Cash and cash equivalents	330,894	344,940
Net assets	774,607	825,329
Total assets	828,252	881,843

RESULTS

The board (the “Board”) of directors (the “Directors”) of Sheen Tai Holdings Group Company Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2022 (the “Year”), with the comparative figures for the year ended 31 December 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022 (Expressed in Hong Kong dollars)

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	4	315,701	66,113
Cost of sales		<u>(277,161)</u>	<u>(29,670)</u>
Gross profit		38,540	36,443
Other income	5	6,204	6,979
Other gains and losses, net	6	(5,229)	(740)
Distribution costs		(288)	(528)
Reversal of impairment losses/(impairment losses) on trade and other receivables		2,773	(14,611)
Administrative expenses		(26,999)	(30,448)
Other operating expenses		<u>(2,011)</u>	<u>(2,254)</u>
Profit/(loss) from operations		12,990	(5,159)
Finance costs	7	<u>(901)</u>	<u>(970)</u>
Profit/(loss) before tax		12,089	(6,129)
Income tax expense	8	<u>(4,785)</u>	<u>(775)</u>
Profit/(loss) for the year	9	<u>7,304</u>	<u>(6,904)</u>

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Attributable to:			
Equity shareholders of the Company		7,313	(6,794)
Non-controlling interests		<u>(9)</u>	<u>(110)</u>
		<u>7,304</u>	<u>(6,904)</u>
Earnings/(loss) per share			
	11		
Basic (<i>HK\$ per share</i>)		<u>0.003</u>	<u>(0.003)</u>
Diluted (<i>HK\$ per share</i>)		<u>0.003</u>	<u>(0.003)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022 (Expressed in Hong Kong dollars)

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the year	<u>7,304</u>	<u>(6,904)</u>
Other comprehensive (loss)/income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(58,497)	19,858
Exchange differences reclassified to profit or loss on disposal of foreign operations	471	(334)
Release of exchange reserve upon deregistration of a subsidiary	<u>–</u>	<u>(157)</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(58,026)</u>	<u>19,367</u>
Total comprehensive (loss)/income for the year	<u>(50,722)</u>	<u>12,463</u>
Attributable to:		
Equity shareholders of the Company	(50,715)	12,487
Non-controlling interests	<u>(7)</u>	<u>(24)</u>
	<u>(50,722)</u>	<u>12,463</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022 (Expressed in Hong Kong dollars)

	Note	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment		247,877	287,589
Right-of-use assets		23,421	25,814
Goodwill		–	–
Intangible assets		13	608
Other non-current assets		434	1,480
Contract assets		31,155	26,191
Deferred tax assets		117	106
		<hr/>	<hr/>
Total non-current assets		303,017	341,788
Current assets			
Financial assets at fair value through profit or loss		5,681	–
Inventories		5,107	5,990
Trade and other receivables	12	183,482	180,322
Current tax assets		71	8,803
Bank and cash balances		330,894	344,940
		<hr/>	<hr/>
Total current assets		525,235	540,055
Current liabilities			
Trade and other payables	13	13,758	15,585
Lease liabilities		1,002	656
Deferred government grants		264	287
Current tax liabilities		11,811	11,990
		<hr/>	<hr/>
Total current liabilities		26,835	28,518
Net current assets		498,400	511,537
		<hr/>	<hr/>
Total assets less current liabilities		801,417	853,325

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	13,245	14,591
Deferred tax liabilities	8,363	7,472
Deferred government grants	5,202	5,933
	<u>26,810</u>	<u>27,996</u>
Total non-current liabilities		
	<u>26,810</u>	<u>27,996</u>
NET ASSETS	<u>774,607</u>	<u>825,329</u>
CAPITAL AND RESERVES		
Share capital	6,085	6,085
Reserves	768,789	819,244
	<u>774,874</u>	<u>825,329</u>
Equity attributable to equity shareholders of the Company	774,874	825,329
Non-controlling interests	(267)	–
	<u>774,607</u>	<u>825,329</u>
Total equity	<u>774,607</u>	<u>825,329</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022(Expressed in Hong Kong dollars)

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 24 February 2012 and registered as an exempted company with limited liability under Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries hereinafter are collectively referred to as the “Group”. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Unit 1903, 19/F, Jubilee Centre, 18 Fenwick Street, Wan Chai, Hong Kong. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 13 July 2012.

The Company is an investment holding company. The principal activities of its subsidiaries are sales of sub-processing cigarette films, sales of semi-conductors, properties development and related services and generation of photovoltaic power.

In the opinion of the directors of the Company, Sheen Tai Group Holding Limited, a company incorporated in the British Virgin Islands (the “BVI”), is the immediate and ultimate parent and Mr. Guo Yumin, a director of the Company, is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2022. The new standard amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	2022		2021	
	HK\$'000	%	HK\$'000	%
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregated by major products or service lines				
Sales of sub-processing cigarette films	3,728	1%	8,115	12%
Sales of semi-conductors	255,344	80%	–	–
Properties development and related services	415	1%	446	1%
Generation of photovoltaic power	56,214	18%	57,552	87%
Total	<u>315,701</u>	<u>100%</u>	<u>66,113</u>	<u>100%</u>

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the year ended 31 December	Sales of sub-processing cigarette films		Sales of semi-conductors		Properties development and related services		Generation of photovoltaic power		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Primary geographical market										
Hong Kong	–	–	240,219	–	–	–	–	–	240,219	–
Mainland China	3,728	8,115	15,125	–	415	446	56,214	57,552	75,482	66,113
Total	<u>3,728</u>	<u>8,115</u>	<u>255,344</u>	<u>–</u>	<u>415</u>	<u>446</u>	<u>56,214</u>	<u>57,552</u>	<u>315,701</u>	<u>66,113</u>
Timing of revenue recognition										
Products transferred at a point in time	3,728	8,115	255,344	–	415	446	–	–	259,487	8,561
Products and services transferred over time	–	–	–	–	–	–	56,214	57,552	56,214	57,552
Total	<u>3,728</u>	<u>8,115</u>	<u>255,344</u>	<u>–</u>	<u>415</u>	<u>446</u>	<u>56,214</u>	<u>57,552</u>	<u>315,701</u>	<u>66,113</u>

(b) Segment reporting

The Group has four (2021: three) operating segments as follows:

- Sales of sub-processing cigarette films: this segment engages in trading of sub-processing cigarette films;
- Sales of semi-conductors: this segment engages in trading of semi-conductors;
- Properties development and related services: this segment engages in development and sales of properties and providing property management services; and
- Generation of photovoltaic power: this segment engages in generating and sales of electricity.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

During the year ended 31 December 2022, due to the change of strategy of the Group, the segment related to cloud-related business was no longer an operating segment of the Group. The segment information for the year ended 31 December 2021 has been restated.

Segment profits or losses do not include unallocated head office and corporate expenses, net realised and unrealised loss on investment in equity securities. Segment assets do not include equity securities and unallocated head office and corporate assets. Segment liabilities do not include unallocated head office and corporate liabilities.

(i) *Segment results, assets and liabilities*

Information about operating segment profit or loss, assets and liabilities:

	Sales of sub-processing cigarette films		Sales of semi-conductors		Properties development and related services		Generation of photovoltaic power		Total	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000 (Restated)
Year ended 31 December										
Revenue from external customers	3,728	8,115	255,344	-	415	446	56,214	57,552	315,701	66,113
Reportable segment gross (loss)/profit	(495)	(262)	2,733	-	122	(13)	36,180	36,718	38,540	36,443
Reportable segment (loss)/profit before tax	(5,046)	(9,921)	(803)	-	6,131	(15,391)	28,571	28,498	28,853	3,186
Interest income from bank deposits	662	656	30	-	997	928	93	23	1,782	1,607
Interest expense	-	-	-	-	-	-	862	907	862	907
Depreciation and amortisation	1,178	1,785	400	-	4	13	17,028	17,636	18,610	19,434
Other material non-cash items:										
Impairment/(reversal of impairment) of trade and other receivables	-	-	768	-	(3,621)	14,468	80	143	(2,773)	14,611
As at 31 December										
Reportable segment assets	99,537	103,466	62,933	-	221,093	235,919	404,368	448,576	787,931	787,961
Additions to non- current segment assets during the year	-	1,545	3	-	-	-	160	1,981	163	3,526
Reportable segment liabilities	22,330	23,454	1,249	-	5,677	8,313	20,051	21,849	49,307	53,616

(ii) *Reconciliations of segment profit or loss*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Profit/(loss)		
Reportable segment profit before tax	28,853	3,186
Unrealised loss on investment in equity securities	–	(1,442)
Unallocated head office and corporate expenses	<u>(16,764)</u>	<u>(7,873)</u>
Consolidated profit/(loss) before tax	<u><u>12,089</u></u>	<u><u>(6,129)</u></u>

(iii) *Reconciliations of segment assets and liabilities*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Assets		
Total assets of reportable segments	787,931	787,961
Unallocated head office and corporate assets	<u>40,321</u>	<u>93,882</u>
Consolidated total assets	<u><u>828,252</u></u>	<u><u>881,843</u></u>
Liabilities		
Total liabilities of reportable segments	49,307	53,616
Unallocated head office and corporate liabilities	<u>4,338</u>	<u>2,898</u>
Consolidated total liabilities	<u><u>53,645</u></u>	<u><u>56,514</u></u>

(iv) *Geographic information*

No geographic information is presented as the revenue, contribution to operating results, assets and liabilities of the Group are attributable to operating activities which are carried out or originated principally in the People's Republic of China (the "PRC") including Hong Kong.

(v) *Revenue from major customers*

Revenue from major customers who have individually contributed to 10% or more of the Group are disclosed as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Segment of sales of semi-conductors		
Customer A	<u><u>240,219</u></u>	<u><u>–</u></u>
Segment of generation of photovoltaic power		
Customer B	<u><u>56,214</u></u>	<u><u>57,552</u></u>

5. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government grants (<i>Note (i)</i>)	235	100
Amortisation of deferred government grants	273	282
Interest income on bank deposits	1,979	1,665
Loan interest income	3,544	4,780
Rental income	71	44
Sundry income	102	108
	<u>6,204</u>	<u>6,979</u>

Note:

- (i) During the year, the Group recognised government grants of HK\$216,000 (2021: HK\$Nil) in respect of COVID-19 related subsidies relating to Employment Support Scheme provided by the Hong Kong Special Administrative Region Government. The Group has complied all attached conditions before 31 December 2022. Government grants of approximately HK\$19,000 (2021: HK\$100,000) mainly related to the subsidy received from the PRC local government authority for the achievements of the Group.

6. OTHER GAINS AND LOSSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gain on deregistration of a subsidiary	–	1,953
Gain on disposal of property, plant and equipment	–	67
Write off of property, plant and equipment	(37)	(25)
Write back of trade payables	490	–
Loss on disposal of subsidiaries	(4,353)	(1,809)
Net foreign exchange (losses)/gains	(1,371)	515
Unrealised loss on investment in equity securities	–	(1,442)
Fair value gain on investment in wealth management product	42	–
Others	–	1
	<u>(5,229)</u>	<u>(740)</u>

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expense on lease liabilities	<u>901</u>	<u>970</u>

8. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – PRC enterprise income tax		
Provision for the year	3,548	3,949
Underprovision in prior years	274	111
	<u>3,822</u>	<u>4,060</u>
PRC land appreciation tax (“LAT”)	–	(5,454)
Deferred tax	963	2,169
	<u>4,785</u>	<u>775</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in these jurisdictions.
- (ii) No provision for Hong Kong Profits Tax is required since the Group has no assessable profit derived in Hong Kong during the year (2021: Nil).
- (iii) On 16 March 2007, the Fifth Plenary Session of the Tenth National People’s Congress passed the Corporate Income Tax Law of the PRC (“New Tax Law”) which became effective on 1 January 2008 and the PRC’s statutory Corporate Income Tax rate is 25%.

Pursuant to the rules and regulations applicable to advanced technology enterprises established in the PRC, Jiangsu Sheen Colour Science Technology Co., Ltd. is subject to PRC corporate income tax at a preferential tax rate of 15% (2021:15%) for the year ended 31 December 2022.

Entities engaged in qualified power generating projects, are eligible for a corporate income tax exemption for the first year to the third year, and a 50% reduction for the fourth year to the sixth year starting from the year in which the entities first generate operating income (the “3+3 tax holiday”). Xuzhou Sheentai New Energy Power Generation Co., Ltd. (an indirect wholly-owned subsidiary of the Group) was entitled to the 3+3 tax holiday.

Entities engaged in software related business are eligible for a corporate income tax exemption for the first year to second year, and a 50% reduction for the third year to the fifth year starting from the year in which the entities first generate operating income (the “2+3 tax holiday”). Xuyi Guangcai Information Technology Co., Ltd. (an indirect wholly-owned subsidiary of the Group) was entitled to 2+3 tax holiday.

- (iv) According to the New Tax Law and its implementation rules, dividends receivable by non-PRC-resident corporate investors from PRC-resident enterprises are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Under the tax arrangement between the Mainland of China and Hong Kong Special Administrative Region and the relevant regulations, a qualified Hong Kong tax resident which is the “beneficial owner” and holds a 25% equity interest or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%. The withholding tax rate applicable to the Group is 5%.

- (v) According to the New Tax Law and its implementation rules, where the research and development expenses incurred by an enterprise in its research and development activities do not form intangible assets and are included in the current period's profit or loss, 50% of such research and development expenses shall be deducted from the taxable income amount of the year; where intangible assets are formed, pretax amortisation shall be made based on 150% of the costs of the intangible assets.

The reconciliation between income tax expense and product of profit/(loss) before tax multiplied by the applicable tax rates is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit/(loss) before tax	<u>12,089</u>	<u>(6,129)</u>
Notional tax on profit/(loss) before tax, calculated at the rates applicable in the jurisdictions concerned	4,398	(383)
Tax effect of the preferential tax rates	(2,167)	(2,202)
Additional deductible allowance for research and development expenses	(586)	(151)
Tax effect of non-deductible expenses	2,587	7,217
PRC dividend withholding tax	995	947
Tax effect of non-taxable income	(780)	(70)
Tax effect of tax losses not recognised	932	2,595
Tax effect of utilisation of tax losses not previously recognised	(698)	(346)
Underprovision in prior years	274	111
LAT	–	(5,454)
Tax effect of unrecognised temporary differences	<u>(170)</u>	<u>(1,489)</u>
Income tax expense	<u>4,785</u>	<u>775</u>

The weighted average applicable tax rate is 36.4% (2021: 6.2%). The increase is caused by the effect of change in the profitability at the Group's subsidiaries in respective jurisdictions.

9. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging/(crediting) the following:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Amortisation of intangible assets (included in cost of sales)	73	211
Depreciation on property, plant and equipment	17,685	18,391
Depreciation on right-of-use assets	1,595	1,698
Auditor's remuneration	950	930
Cost of inventories sold	254,766	6,143
Expenses relating to short-term lease	1,372	2,632
(Reversal of allowance)/allowance for inventories (included in cost of inventories sold)	(22)	387
(Reversal of allowance)/allowance for trade and other receivables, net	(2,773)	14,611
Research and development expenditure	2,418	4,328
Write off of property, plant and equipment	37	25
Staff costs	<u>12,093</u>	<u>14,377</u>

10. DIVIDEND

No dividend was paid by the Company during the year ended 31 December 2022 (2021: Nil).

Subsequent to the end of reporting period, final dividend in respect of the year ended 31 December 2022 of HK1.0 cent per share has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

11. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of the basic and diluted earnings (2021: loss) per share is based on the profit (2021: loss) for the year attributable to owners of the Company of approximately HK\$7,313,000 (2021: HK\$6,794,000) and the weighted average number of ordinary shares of approximately 2,434,136,000 (2021: 2,434,136,000).

Diluted earnings/(loss) per share

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options were higher than the average market price for shares for the years ended 31 December 2022 and 2021. Diluted earnings (2021: loss) per share was the same as the basic earnings (2021: loss) per share for the year ended 31 December 2022.

12. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables (<i>Note (a)</i>)	116,332	106,927
Allowance for doubtful debts	<u>(1,233)</u>	<u>(420)</u>
	115,099	106,507
Deposits and other receivables (<i>Note (b)</i>)		
– third parties	14,348	15,126
Prepayments		
– third parties	14,330	893
Due from a director and the ultimate controlling party (<i>Note (c)</i>)		
– Mr. Guo Yumin	238	427
Loan receivable (<i>Notes (b) & (d)</i>)	<u>39,467</u>	<u>57,369</u>
	<u>183,482</u>	<u>180,322</u>

- (a) The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 180 days from the invoice date. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Unbilled (<i>Note</i>)	87,293	102,048
Less than 30 days	7,440	3,260
31–90 days	19,731	416
91–180 days	11	97
Over 365 days	624	686
	115,099	106,507

Note: As at 31 December 2021 and 2022, the amount represents unbilled tariff adjustment receivables of solar power plants registered in the Renewable Energy Tariff Subsidy List.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
United States Dollars ("US\$")	24,719	–
Renminbi ("RMB")	90,380	106,507
	115,099	106,507

- (b) At 31 December 2022, an allowance of approximately HK\$11,363,000 (2021: HK\$16,142,000) was made for loan and other receivables.
- (c) Details of amount due from a director and the ultimate controlling party are as follows:

Name	Balance at 31 December 2022 <i>HK\$'000</i>	Balance at 31 December 2021 <i>HK\$'000</i>	Maximum amount outstanding during the year <i>HK\$'000</i>
Mr. Guo Yumin	238	427	427

The amount due is unsecured, interest free and repayable on demand.

As at 31 December 2022, no allowance is made for estimated irrecoverable amount due from a director and the ultimate controlling party.

- (d) Loan receivable of HK\$39,467,000 (net of allowance for doubtful debts of HK\$11,297,000) (2021: HK\$57,369,000 (net of allowance for doubtful debts of HK\$16,101,000)) related to a loan agreement entered into by an indirect wholly-owned subsidiary of the Company on 15 November 2022 with Suining Chuyue Zhiye Company Limited (睢寧楚岳置業有限公司) (“Suining Chuyue”), a company established in the PRC with limited liability, and Mr. Sun Yong, 99% equity interest owner of Suining Chuyue (2021: Mr. Sun Chuyue, 70% equity interest owner of Suining Chuyue, and Mr. Sun Yong, the father of Mr. Sun Chuyue). Pursuant to the loan agreement, the Group agreed to provide to Suining Chuyue a loan amount of RMB45,000,000 (equivalent to approximately HK\$50,764,000) (2021: RMB60,000,000 (equivalent to approximately HK\$73,470,000)) for a term of approximately seven months (2021: six months), which carries interest at 0.58% (2021: 0.39%) per month and is secured by (1) 60% equity interest in Suining Chuyue which is held by Mr. Sun Yong (2021: Mr. Sun Chuyue) as the share charge in favour of the subsidiary and (2) personal guarantee given by Mr. Sun Yong in favour of the subsidiary.

13. TRADE AND OTHER PAYABLES

	2022	2021
	HK\$'000	HK\$'000
Trade payables	2,346	4,981
Other payables and accruals		
– related parties	–	140
– third parties	11,412	10,464
	13,758	15,585

The ageing analysis of trade payables, based on invoice date, is as follows:

	2022	2021
	HK\$'000	HK\$'000
Due within 1 month or on demand	165	775
Due more than 6 months	2,181	4,206
	2,346	4,981

The carrying amounts of the Group’s trade payables are denominated in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Year, the Group commenced the new business segment which was related to sales of semi-conductor products. The total revenue for the year ended 31 December 2022 was approximately HK\$315.7 million, representing an increase of approximately 377.5% compared to approximately HK\$66.1 million for the year ended 31 December 2021. The increase in total revenue was mainly from the sales of semi-conductors segment.

The new business and segment information disclosed in results of operation. The Group now maintain its business classified into four segments, namely, (i) sales of sub-processing cigarette films; (ii) sales of semi-conductors; (iii) properties development and related services; and (iv) generation of photovoltaic power.

RESULTS OF OPERATION

Revenue

Sales of sub-processing cigarette films

During the Year, the Group recorded revenue amounting to approximately HK\$3.7 million from sales of sub-processing cigarette and non-cigarette films (for the year ended 31 December 2021: approximately HK\$8.1 million).

Sales of semi-conductors

The Group started the trading business of wafer and memory chips during the Year. The revenue from sales of semi-conductors was approximately HK\$255.3 million for the Year.

Properties development

The properties development revenue were generated from sales of remaining inventories of previous property project, which contributed approximately HK\$0.4 million to the Group for the Year (for the year ended 31 December 2021: approximately HK\$0.4 million).

Generation of photovoltaic power

For the Year, the Group had three photovoltaic power stations in operation. The revenue generated from this segment reached approximately HK\$56.2 million for the Year (for the year ended 31 December 2021: approximately HK\$57.6 million).

Gross Profit

The gross profit increased by approximately HK\$2.1 million, or approximately 5.8%, from approximately HK\$36.4 million for the year ended 31 December 2021 to approximately HK\$38.5 million for the Year. Our gross profit margin decreased from approximately 55.1% for the year ended 31 December 2021 to approximately 12.2% for the Year. The decrease was mainly from sales of semi-conductors segment which was in lower gross profit margin than other segments.

Selling and Distribution Costs

The selling and distribution expenses amounted to approximately HK\$0.3 million for the Year (for the year ended 31 December 2021: approximately HK\$0.5 million).

Administrative Expenses

The administrative expenses decreased by approximately HK\$3.4 million, or approximately 11.2%, from approximately HK\$30.4 million for the year ended 31 December 2021 to approximately HK\$27.0 million for the Year.

Impairment Loss

The Group has engaged an independent valuer to perform impairment assessment and calculated the expected credit loss in accordance with Hong Kong Accounting Standards. During the Year, the Group recorded reversal of impairment losses of approximately HK\$2.8 million on trade and other receivables (for the year ended 31 December 2021: impairment losses on trade and other receivables approximately HK\$14.6 million).

Finance Costs

The finance costs amounted to approximately HK\$0.9 million for the Year (for the year ended 31 December 2021: approximately HK\$1.0 million).

Income Tax

The income tax expense amounted to approximately HK\$4.8 million for the Year (for the year ended 31 December 2021: income tax expenses approximately HK\$0.8 million).

Profit Attributable to the Shareholders of the Company

As a result of the foregoing factors, the Group recorded a profit attributable to equity shareholders of the Company of approximately HK\$7.3 million for the Year as compared to a loss attributable to equity shareholders of the Company of approximately HK\$6.8 million for the year ended 31 December 2021.

Liquidity and Financial Resources

As at 31 December 2022, the cash and cash equivalent of the Group amounted to approximately HK\$330.9 million (which were denominated in HK\$, RMB and US\$) as compared with approximately HK\$344.9 million as at 31 December 2021, representing a decrease of approximately HK\$14.0 million. The decrease is the sum of the Group's net cash outflow of operating activities, net cash inflow of investment activities and net cash outflow of financing activities that amounted to approximately HK\$14.3 million, approximately HK\$37.7 million and approximately HK\$1.0 million respectively. As at 31 December 2022, the Group's current ratio being the rate of total current assets to total current liabilities was 19.6 (as at 31 December 2021: 18.9).

Bank Loans and Other Borrowings

As at 31 December 2022, the Group did not have any material bank loans, debt securities, borrowings, indebtedness, guarantees, hire purchase commitments or mortgages (as at 31 December 2021: Nil).

Exposure to Fluctuation in Exchange Rate

Currently, the Group has no hedging policy with respect to the foreign exchange exposure. As the functional currency for all subsidiaries in the PRC are RMB, these subsidiaries were not exposed to any currency risks due to the exchange rate movement of RMB during the Year. For subsidiaries established outside the PRC, they had no material financial assets and liabilities denominated in RMB. Accordingly, the Group's exposure to RMB risk is insignificant.

Capital Expenditure

During the Year, the Group's total capital expenditure amounted to approximately HK\$0.2 million.

SUBSEQUENT EVENTS

Save as disclosed above, there is no significant event after the Year and up to the date of this announcement.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

On 17 May 2022, the Company (the "Vendor") entered into a share purchases agreement with Yuko International Investment Limited (the "Purchaser"), pursuant to which the Vendor conditionally agreed to sell all issued shares of Treasure Cloud Limited, a direct wholly-owned subsidiary of the Company, at the consideration of HK\$21.4 million (the "Disposal") to the Purchaser.

For the details of the Disposal, please refer to the announcement of the Company dated 17 May 2022.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities.

HUMAN RESOURCES

As at 31 December 2022, the Group employed 57 employees (as compared with 67 employees as at 31 December 2021) with total staff cost of approximately HK\$12.1 million for the Year. The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Company has also adopted a pre-IPO share option scheme and a share option scheme to provide incentive or reward to high-calibre employees and attract human resources that are valuable to the Group.

FINAL DIVIDEND

The Board is pleased to propose a final dividend of HK1.0 cent per share for the Year (for the year ended 31 December 2021: Nil).

ADVANCE TO THE ENTITY

On 2 June 2022 (after trading hours), Xuzhou New Advantage Real Estate Development Co., Ltd. (the "Lender"), an indirect wholly-owned subsidiary of the Company, entered into the loan agreement (the "2022 First Loan Agreement") with Suining Chuyue Zhiye Company Limited* (睢寧楚岳置業有限公司) (the "Borrower"), granting a loan of RMB55.0 million for a term of six months from 2 June 2022 to 1 December 2022 at an interest rate of 0.5% per month to the Borrower which executed, among others, an equity pledge over the 60% equity interest in the Borrower held by Mr. Sun Chuyue (the "Guarantor") as security in favour of the Group and a personal guarantee provided by Mr. Sun Yong ("Mr. Sun"), father of the Guarantor.

On 15 November 2022 (after trading hours), the Lender entered into the loan agreement (the "2022 Second Loan Agreement") with the Borrower and Mr. Sun (as guarantor), pursuant to which the Lender agreed to provide to the Borrower a loan amount up to RMB45.0 million for a term of approximately seven months from 15 November 2022 to 17 June 2023, which carries interest at an interest rate of 0.58% per month and is secured by the equity pledge of 60% equity interest in Borrower and personal guarantee provided by Mr. Sun.

Each of the loan as provided under the 2022 First Loan Agreement and the 2022 Second Loan Agreement constitutes a financial assistance provided by the Lender within the meaning of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Each of the loan as provided under the 2022 First Loan Agreement and the 2022 Second Loan Agreement also constitutes an advance to an entity under Rule 13.13 of the Listing Rules.

For details, please refer to the announcements of the Company dated 2 June 2022 and 15 November 2022.

PROSPECTS

The Group newly set up the sales of semi-conductors segment which focused on trading of semi-conductors memory chips and wafer in 2022. As the decline of the effects of COVID-19 pandemic, domestic and worldwide economies will gradually recover. It is expected that the demand of the semi-conductors memory chips will increase steadily. In order to grasp the opportunity of economic growth, the Group will further evaluate the feasibility of expanding the sales of semi-conductors segment from trading of semi-conductors memory chips to sub-processing and manufacturing semi-conductor products in the future.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CAPITAL COMMITMENTS

As at 31 December 2022, the Group did not have any capital commitments (as at 31 December 2021: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Directors continuously abide by the principles of good corporate governance in the interests of shareholders and devote considerable effort to identifying and formalizing best practice.

The Group's corporate governance practices for the Year are based on the principles and the code provisions in the Corporate Governance Code (the "Code") version up to 31 December 2022 as set out in Appendix 14 to the Listing Rules.

The Board considered that the Company had complied with the code provisions of the Code during the Year except for the deviations from code provision C.2.1 of the Code as stated below.

Under code provision C.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year, there was no chief executive in the Company, Mr. Guo Yumin acted as the Chairman of the Board, and responsible for the overall management and formulation of business strategy of the Group. The Board does not have the intention to fill the position of the chief executive officer of the Company at present and believes that the absence of the chief executive officer will not have adverse effect to the Company, as decisions of the Company will be made collectively by the executive Directors. The Board will keep reviewing the current structure of the Board and the need of appointment of a suitable candidate to perform the role of chief executive. Appointment will be made to fill the post to comply with code provision C.2.1 of the Code if necessary.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Director's securities transactions for the Year and up to the date of this announcement.

CLOSURE OF THE REGISTER OF MEMBERS

For determining entitlement to attend the forthcoming annual general meeting ("AGM") to be held on 31 May 2023, the register of members of the Company will be closed from 25 May 2023 to 31 May 2023, both days inclusive, during which period no transfer of Shares will be registered. The record date will be on 31 May 2023. In order to qualify for attending the AGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on 24 May 2023.

For determining entitlement to the proposed final dividend (if approved at the AGM), the register of members of the Company will be closed from 6 June 2023 to 7 June 2023, both days inclusive. The record date will be 7 June 2023. In order to qualify for the entitlement of the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on 5 June 2023. Subject to the approval of the shareholders at the AGM, it is expected that the final dividend will be paid on or around 23 June 2023.

AUDIT COMMITTEE

The Company established the audit committee (the “Audit Committee”) on 22 June 2012 with written terms of reference which are in compliance with the code provisions of the Code. The Audit Committee currently has three members comprising Mr. Dai Tin Yau (being the chairman of the Audit Committee), Ms. Fan Qing and Mr. Chan Yin Lam, all being independent non-executive Directors. The Group’s final results for the Year had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee had also reviewed this announcement, and confirmed that this announcement has complied with the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company’s listed securities by the Company or any of its subsidiaries during the Year.

PUBLICATION OF FINAL RESULTS

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the Year as set forth in this announcement have been agreed by the Company’s auditor, RSM Hong Kong, Certified Public Accountants. The work performed by RSM Hong Kong in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong.

This announcement will be published on the websites of the Stock Exchange and the Company website at www.sheentai.com. The annual report for the Year containing all the information required by the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Sheen Tai Holdings Group Company Limited
Guo Yumin
Chairman

Hong Kong, 31 March 2023

As at the date of this announcement, the executive Directors are Mr. Guo Yumin and Ms. Xia Yu and the independent non-executive Directors are Ms. Fan Qing, Mr. Dai Tin Yau and Mr. Chan Yin Lam.