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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

On 20 August 2024 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser, an Independent Third Party has entered into the Agreement in relation to the Disposal, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 100% equity interest in the Target Company at the Consideration.

The Target Company was an indirect wholly-owned subsidiary of the Company as at the date of the Agreement and before the Completion. Upon the completion of the Disposal, the Target Company will no longer be a subsidiary of the Company.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratio(s) exceed 5% but are all less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the requirements of notification and announcement but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 20 August 2024 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser, an Independent Third Party has entered into the Agreement in relation to the Disposal. The principal terms of the Agreement are set out below:

Date

20 August 2024 (after trading hours)

Parties

- (1) Century Leader Science and Technology (Shenzhen) Co., Ltd., an indirect wholly-owned subsidiary of the Company (as Vendor); and
- (2) Huaian Daxing Internet of Things Technology Co. Ltd.* (淮安大行物聯網科技有限公司) (as Purchaser).

To the best knowledge, information and belief of the Board and after making all reasonable enquiries, the Purchaser is substantially controlled by Hong Kong Dasheng International Logistics Investment Management Limited (香港大盛國際物流投資管理有限公司), which is a company incorporated under the laws of Hong Kong with limited liability and is substantially owned by a PRC resident who is a merchant. As confirmed by the Board, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Subject Matter

Pursuant to the Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase 100% equity interest in the Target Company. The Target Company is an indirect wholly-owned subsidiary of the Company as at the date of the Agreement and before Completion.

Consideration

The Consideration shall be payable by the Purchaser to the designated bank account of the Vendor within seven days upon signing of the Agreement. The Consideration for the Disposal was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among others, the net assets value of the Target Company as at 31 May 2024 in the amount of RMB49,514,000.

Completion

Within seven business days after the settlement of the Consideration, the Vendor and the Purchaser shall jointly apply to the relevant governmental approval department for the change of equity interest in the Target Company.

INFORMATION ON PARTIES TO THE AGREEMENT

The Group

The principal activities of the Group include sales of sub-processing cigarette films, sales of semi-conductors, properties development and related services and generation of photovoltaic power.

The Vendor

The Vendor is an indirect wholly-owned subsidiary of the Company incorporated in the PRC with limited liability and is principally engaged in investment holdings and trading of semi-conductors.

The Purchaser

The Purchaser is a company incorporated in the PRC with limited liability and is principally engaged in providing software and IT services. To the best knowledge, information and belief of the Board and after making all reasonable enquiries, the Purchaser is substantially controlled by Hong Kong Dasheng International Logistics Investment Management Limited (香港大盛國際物流投資管理有限公司), which is a company incorporated under the laws of Hong Kong with limited liability and is substantially owned by a PRC resident who is a merchant. As confirmed by the Board, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

The Target Company

The Target Company is an indirect wholly-owned subsidiary of the Company as at the date of the Agreement and before Completion. It is a company incorporated in the PRC with limited liability and is principally engaged in printing cigarette films. As at the date of the Agreement, the registered capital of the Target Company was RMB35,000,000. The financial results of the Target Company are set out as follows:

	For the year ended 31 December	
	2022	2023
	<i>RMB</i>	<i>RMB</i>
	(audited)	(audited)
Revenue	3,226,000	2,981,000
Loss before taxation	(1,533,000)	(1,742,000)
Loss after taxation	(1,533,000)	(1,742,000)

As at 31 May 2024, the unaudited net assets value of the Target Company was RMB49,514,000.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Upon the completion of the Disposal, the Target Company will no longer be a subsidiary of the Company. Accordingly, the assets, liabilities and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

Subject to the final audit, it is expected that the Company will record a profit of approximately RMB486,000 from the Disposal after deducting the expenses attributable thereto. The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the review and final audit by the auditors of the Company. The proceeds from the Disposal are currently intended to be used by the Group as general working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Considering the financial performance and after reviewing the business (including but not limited to the projected continuous decrease in the number of cigarette smokers and the projected decrease in the market share of traditional cigarettes as a result of the emergence of electronic cigarettes) and operation status (including losses of the Target Company in the past two years) of the Target Company, the Board considers that it is appropriate for the Group to proceed with the Disposal. The Disposal, when materialized, strengthen the cash flow of the Group allowing the Group to improve its liquidity and allow the Group to reallocate its resources for future development.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Agreement are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) exceed 5% but are all less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the requirements of notification and announcement but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement” the sale and purchase agreement dated 20 August 2024 entered into between the Vendor and the Purchaser in relation to the Disposal, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 100% equity interest in the Target Company

“Board” the board of Director(s) of the Company

“Company”	Sheen Tai Holdings Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 1335)
“Completion”	the completion of the Disposal under the Agreement
“Consideration”	the consideration pursuant to the Agreement in the amount of RMB50,000,000.00
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an independent third party who is not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, modified or otherwise supplemented from time to time
“PRC”	The People’s Republic of China
“Purchaser”	Huaian Daxing Internet of Things Technology Co. Ltd.* (淮安大行物聯網科技有限公司), a company incorporated in the PRC with limited liability and is principally engaged in providing software and IT services
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jiangsu Sheen Colour Science Technology Co., Ltd. (江蘇金格潤科技有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of the Agreement

“Vendor” Century Leader Science and Technology (Shenzhen) Co., Ltd (領先飛宇科技(深圳)有限責任公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company

“%” per cent.

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

Hong Kong, 20 August 2024

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

** For identification purpose only*