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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)**

### **FURTHER ANNOUNCEMENT**

#### **PROFIT FORECAST OF THE DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF ALL ISSUED SHARES OF THE TARGET COMPANY**

References are made to the announcements of Sheen Tai Holdings Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 22 May 2024 and 21 October 2024 (the “**Announcements**”) in relation to the Company’s proposed acquisition of 100% of the issued shares of the Target Company. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

#### **COMPLIANCE WITH THE LISTING RULES**

As disclosed in the Announcement dated 21 October 2024, the Consideration of HK\$75,000,000 in relation to the Acquisition was agreed after arm’s length negotiations between the Vendor and the Company on normal commercial terms with reference to, among others, the Valuation Report prepared by the Valuer. The Valuation Report indicates that the value of all issued shares of the Target Company is US\$10,263,000 based on the income approach.

As the Valuer mainly applied the income approach and based on certain assumptions in the valuation to appraise the value of the Target Company, which constitutes a profit forecast under Rule 14.61 of the Listing Rules and the requirements of Rule 14.60A of the Listing Rules are therefore applicable.

This announcement is made in compliance with Rule 14.60A of the Listing Rules.

## **PROFIT FORECASTS UNDER THE VALUATION REPORT, VALUATION APPROACH AND ASSUMPTIONS**

### **Valuation approach and assumptions**

#### **Approach**

In the appraisal regarding the fair value of the Target Company, the Valuer has considered the business nature, assets type, specialty of operations, assets owned and liabilities assumed of the Target Company and industry the Target Company is participating. The Valuer believed that the income approach would be appropriate and reasonable in the valuation of the Target Company.

#### **Assumptions**

The specific key assumptions adopted in this valuation include:

- (1) the Target Company is assumed to have no contingent assets and liabilities or any other off-balance sheet items which should be recognised or valued attributable to the Target Company;
- (2) to continue as a going concern, the Target Company will successfully carry out all necessary activities for the development of its business;
- (3) the contractual parties of relevant agreements will act in accordance with the terms and conditions of the agreements and understandings between the parties and will be renewable upon expiry, if applicable;
- (4) the audited/unaudited financial and operational information of the Target Company as supplied to the Valuer have been prepared in a manner which truly and accurately reflect the financial position of the Target Company as at the respective balance sheet dates;
- (5) the availability of financing will not be a constraint on the forecast growth of the Target Company's operations;
- (6) market trends and conditions where the Target Company operates will not deviate significantly from the economic forecasts in general;
- (7) key management, competent personnel and technical staff will all be retained to support ongoing operations of the Target Company;
- (8) there will be no material changes in the business strategy of the Target Company and its expected operating structure;
- (9) interest rates and exchange rates in the localities for the operations of the Target Company will not differ materially from those presently prevailing;

- (10) all relevant consents, business certificates, licenses or other legislative or administrative approvals from any local, provincial or national government, or private entity or organization required to operate in the localities where the Target Company operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- (11) there will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Target Company operates or intends to operate, which would adversely affect the revenues and profits attributable to the Target Company.

### **The Board's assessment on the independence of the Valuer**

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Valuer is a third party independent from the Group and its connected persons. As at the date of this announcement, the Valuer does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for the securities in any member of the Group.

### **The Letter from the Board and the Report of the Reporting Accountants of the Company**

According to Rule 14.60A(3) of the Listing Rules, a letter from the Board, confirming that it has made the forecast after due and careful enquiry, has been attached to Appendix I to this announcement.

According to Rule 14.60A(2) of the Listing Rules, the report from the Company's reporting accountants (the "**Reporting Accountants**"), HLB Hodgson Impey Cheng Limited, confirming that they have reviewed the calculations for the discounted future cash flow, has been attached to Appendix II to this announcement.

### **Experts**

The following are the qualifications of the Valuer and the Reporting Accountants (collectively, the "**Experts**") who have provided opinions and/or suggestions contained in this announcement:

<b>Name</b>	<b>Qualification</b>
Valplus Consulting Limited	Independent valuation firm with asset valuation qualification in Hong Kong
HLB Hodgson Impey Cheng Limited	Certified public accountants

Each of the Experts mentioned above has given and none of the Experts has withdrawn its written consent to the issue of this announcement with the inclusion of its letters, reports and/or opinion.

As at the date of this announcement, none of the Experts nor their respective subsidiaries mentioned above held any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the date of this announcement, as far as the Directors are aware, none of the Experts nor their respective subsidiaries mentioned above had, or had had, any direct or indirect interest in any material assets which have been since 31 December 2023 (being the date to which the latest published audited consolidated accounts of the Company were made up) acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group.

## **FURTHER INFORMATION**

Completion is subject to fulfillment of the conditions precedent as set out in the section headed “Conditions Precedent” of the Announcement dated 21 October 2024. Further announcement will be made upon completion of the Acquisition.

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

Hong Kong, 11 November 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.*

## **APPENDIX I – LETTER FROM THE BOARD**

*The following is the text of a letter from the Board for inclusion in this announcement.*

### **Discloseable transaction in relation to the acquisition of Sino Leader Ventures Limited**

We refer to the announcements of Sheen Tai Holdings Group Company Limited (the “**Company**”) dated 22 May 2024 and 21 October 2024 (the “**Announcements**”) in relation to the captioned transaction. Capitalised terms used in this letter shall have the same meanings as those defined in the Announcements unless stated otherwise.

We refer to the Valuation Report dated 21 October 2024 issued by Valplus Consulting Limited (the “**Independent Valuer**”) regarding the valuation of the entire equity interest in Target Company as at 31 July 2024 (the “**Valuation**”), which constitutes profit forecasts under Rule 14.61 of the Listing Rules.

We have discussed with the Independent Valuer about different aspects including (without limitation) the bases and assumptions based upon which the Valuation has been prepared, and reviewed calculations in the Valuation for which the Independent Valuer is responsible. We have also considered a report from HLB Hodgson Impey Cheng Limited, the reporting accountant of the Company, regarding the calculations of the discounted cash flows on which the Valuation is based. We also approve the discounted cash flow forecast underlying the Valuation.

On the basis of the foregoing, in accordance with Rule 14.60A(3) of the Listing Rules, the Board of the Company confirmed that the Valuation prepared by the Independent Valuer has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of the Board  
**Sheen Tai Holdings Group Company Limited**  
**Guo Yumin**  
*Chairman*

## **APPENDIX II – REPORT FROM THE REPORTING ACCOUNTANT**

*The following is the text of a report received from the Company’s Reporting Accountant, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for inclusion in this announcement.*

### **REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE TOTAL EQUITY INTEREST OF SINO LEADER VENTURES LIMITED**

#### **TO THE BOARD OF DIRECTORS OF SHEEN TAI HOLDINGS GROUP COMPANY LIMITED**

We refer to the discounted future cash flows on which the valuation (the “**Valuation**”) dated 21 October 2024 prepared by Valplus Consulting Limited in respect of the appraisal of the market value of Sino Leader Ventures Limited (the “**Target Company**”) as at 31 July 2024 is based. The Valuation is prepared based in part on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

#### **Directors’ Responsibilities**

The directors of Sheen Tai Holdings Group Company Limited (the “**Directors**”) are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

#### **Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Reporting Accountants' Responsibilities**

Our responsibility is to report, as required by paragraph 14.60A(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

## **Basis of Opinion**

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

## **Opinion**

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

## **Other Matters**

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relates to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

**HLB Hodgson Impey Cheng Limited**

Certified Public Accountants

Hong Kong

11 November 2024