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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)

TERMINATION OF SHARE TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF RISE POWER LIMITED INVOLVING ISSUE OF CONVERTIBLE BOND

Reference is made to the announcement of Sheen Tai Holdings Group Company Limited (the “**Company**”) dated 12 October 2015 (the “**Announcement**”) in relation to the sale and purchase agreement entered into among the Company (as purchaser), Li Xiu Yun (as vendor and guarantor), Mr. Bao Guang Qing, Mr. Du Jian Feng, Mr. Hu Yu Rui and Mr. Mei Jin Ping (each as guarantor) (the “**Sale and Purchase Agreement**”) for the acquisition of the entire issued share capital of Rise Power Limited and the announcement of the Company dated 31 December 2015 in relation to the supplemental agreement entered into among the above parties to extend the long stop date for the transactions contemplated under the Sale and Purchase Agreement (the “**Supplemental Agreement**”).

Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

The Company announces that on 23 June 2016, based on mutual negotiation, the parties to the Sale and Purchase Agreement entered into a termination agreement (the “**Termination Agreement**”) to terminate the Sale and Purchase Agreement and the Supplemental Agreement and the transactions contemplated thereunder with effect from the date of the Termination Agreement. Pursuant to the Termination Agreement, it was agreed that:

- (1). the Sale and Purchase Agreement and the Supplemental Agreement shall be fully terminated and all the rights and obligations of the parties under the Sale and Purchase Agreement and the Supplemental Agreement shall accordingly be terminated;

- (2). the Company agreed to pay the reasonable expenses which had been incurred by the Vendor in relation to the corporate reorganisation of the Target Group up to the date of the Termination Agreement, which shall not exceed HK\$100,000; and
- (3). each of the Company and the Vendor confirms to each other that there is no losses, obligations, damages or claims against the other party in respect of the Sale and Purchase Agreement, the Supplemental Agreement or other related matters arising thereof and the parties irrevocably and unconditionally surrendered and waived all related rights and powers.

REASONS FOR THE ENTERING INTO OF THE TERMINATION AGREEMENT

As disclosed in the Announcement, the PRC Company is principally engaged in the development and construction of photovoltaic power stations in the PRC and the Acquisition was intended to facilitate the development of the Group in the photovoltaic industry in the PRC in the future. In view of the recent tightened policy of the PRC government on the generation of photovoltaic power in the PRC, the Directors consider that the PRC Company may not be able to achieve the return as was expected by the Directors at the time of entering into of the Sale and Purchase Agreement. Accordingly, the Directors consider that the entering into of the Termination Agreement would enable the Group to utilise its financial resources in other business activities and investment opportunities which can maximise the return to the shareholders of the Company.

The Board considers that (i) the terms of the Termination Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole; and (ii) the termination of the Sale and Purchase Agreement and the Supplemental Agreement will not have any material adverse effect on the operation and financial position of the Group.

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

Hong Kong, 23 June 2016

As at the date of this announcement, the executive Directors are Mr. Guo Yumin, Ms. Xia Yu, Mr. Zeng Xiangyang, Mr. Guo Cheng and Mr. Bau Siu Fung and the independent non-executive Directors are Ms. Fan Qing, Mr. Lo Wa Kei, Roy and Mr. Fong Wo, Felix.