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**SHING CHI HOLDINGS LIMITED**  
**成志控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1741)**

**DISCLOSEABLE TRANSACTION**  
**IN RELATION TO THE DISPOSAL OF ENTIRE ISSUED SHARE**  
**CAPITAL OF THE TARGET COMPANY**

**THE DISPOSAL**

On 13 September 2024 (after the trading hours), the Company and the Purchaser entered into the S&P Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, being the entire issued share capital of the Target Company at the Consideration of HK\$50,000.

Upon Completion, the Company will no longer hold any interest in the Target Company. The Target Company will cease to be a subsidiary of the Company and the Target Group will no longer be consolidated into the financial results of the Group.

**LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but all of the ratios are less than 25%, the Disposal constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

**INTRODUCTION**

On 13 September 2024 (after the trading hours), the Company and the Purchaser entered into the S&P Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, being the entire issued share capital of the Target Company, at the Consideration of HK\$50,000.

## **THE S&P AGREEMENT**

The principal terms of the S&P Agreement are set out below:

### **Date**

13 September 2024

### **Parties**

(i) the Purchaser as purchaser

(ii) the Company as vendor

### **Subject matter**

Pursuant to the S&P Agreement, the Company agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, being the entire issued share capital of the Target Company.

### **Consideration**

The Consideration is HK\$50,000 and shall be payable by the Purchaser to the Company in cash upon the signing of the S&P Agreement. The Consideration is determined after arm's length negotiation between the Company and the Purchaser with reference to (i) the unaudited consolidated net liabilities of the Target Group of approximately HK\$41,985,000 as at 31 August 2024; and (ii) the factors set out in the section headed "Reasons for and the benefits of the proposed Disposal" below.

### **Completion**

Completion shall take place immediately after signing of the S&P Agreement.

## **INFORMATION OF THE PARTIES**

### **Information of the Company and the Group**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability, shares of which have been listed on Stock Exchange since 16 October 2018. The Group principally engaged in provision of foundation works and site formation works, general building works and associated services, other construction works, construction related consultancy services and the Health Management Business.

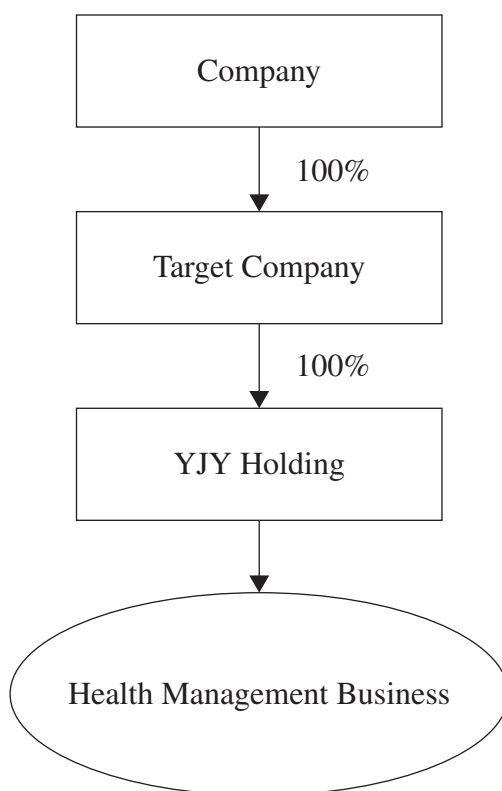
## Information of the Purchaser

The Purchaser is an individual and a merchant. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

## Information of the Target Group

The Target Company is an investment holding company established in the BVI with limited liability and is a direct wholly-owned subsidiary of the Company. The Group has been holding the Sale Shares for more than twelve months before the date of the S&P Agreement. The Target Group operates the Health Management Business through its operating subsidiaries in the PRC. The major operating subsidiaries of the Target Group includes SH YJY, SH Guanzhong, SH Yiqianjin and JL Caishentang and are principally engaged in the sales and licensing of health products as well as the health management software development in the PRC.

The following diagram illustrates a simplified shareholding structure of the Target Group immediately prior to Completion:



## Financial information of the Target Group

Based on the unaudited consolidated management accounts of the Target Group for the years ended 30 September 2022 and 2023 and the eleven months ended 31 August 2024, the revenue and the net loss before and after taxation of the Target Group are as follows:

	<b>For the year ended 30 September 2022 (unaudited) <i>HK\$'000</i></b>	<b>For the year ended 30 September 2023 (unaudited) <i>HK\$'000</i></b>	<b>For the eleven months ended 31 August 2024 (unaudited) <i>HK\$'000</i></b>
Revenue	14,306	48,485	17,053
Loss before taxation	8,369	2,662	26,193
Loss after taxation	8,388	2,738	26,230

According to the unaudited consolidated management accounts of the Target Group, the Target Group recorded consolidated net liabilities of approximately HK\$41,985,000 as at 31 August 2024.

## REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group has commenced the Health Management Business since 2019 and has deployed a lot of resources and manpower for the development of the Target Group. Nevertheless, the business performance of the Health Management Business did not meet the expectation of the Board and the Target Group has been loss-making for past few years. Besides, as disclosed in the announcement of the Company dated 13 May 2024, the operations of certain subsidiaries of the Target Group were disrupted as the access to the office of these subsidiaries were restricted by the relevant authorities to investigate a potential fraud where Mr. Sun Wei, the former executive Director, is allegedly involved in. Amid the current sluggish market conditions, the business prospects of the Target Group have become uncertain and the Board is not optimistic about the future development of the Target Group without risking further financial and management resources which the Group cannot afford. Having considered the Target Group is in net liabilities position and may not be able to make a turnaround, the Directors believe that the Disposal represents a good opportunity for the Group to exit the loss-making investment, and the Disposal will benefit the Group from reduction in its liabilities and enhance the Group's financial positions and performance. After the Disposal, the Group will no longer engage in the Health Management Business in the PRC and the financial and management resources can be reallocated to other businesses of the Group so as to better adapt to existing challenges and any unforeseen circumstances under the volatile business environment.

Taking into consideration the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the S&P Agreement are fair and reasonable, the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. None of the Directors has any material interest in the S&P Agreement and none of them is required to abstain from voting on the relevant resolutions of the Board.

## **FINANCIAL EFFECTS ON THE DISPOSAL AND INTENDED USE OF PROCEEDS**

It is estimated that the Group will record a gain from the Disposal of approximately HK\$39,485,000, which is calculated with reference to the unaudited consolidated net liabilities of the Target Group as at 31 August 2024 attributable to the Company of approximately HK\$39,435,000 and the Consideration of HK\$50,000. The actual gain arising from the Disposal will be subject to audit and may be different from the amount stated.

Upon Completion, the Company will no longer hold any interest in the Target Company. The Target Company will cease to be a subsidiary of the Company and the Target Group will no longer be consolidated into the financial results of the Group. The Group intends to use the net proceeds from the Disposal as general working capital for the Group.

## **LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but all of the ratios are less than 25%, the Disposal constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“business day(s)”	any day(s) except Saturday, Sunday or public holiday on which banks are open in Hong Kong to the general public for business
“BVI”	the British Virgin Islands
“Company”	Shing Chi Holdings Limited (成志控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal pursuant to the terms and conditions of the S&P Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$50,000 payable by the Purchasers to the Company for the Sale Shares under the S&P Agreement

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares as contemplated under the S&P Agreement
“Group”	the Company and its subsidiaries
“Health Management Business”	the health management and consultancy business operated by the Target Group in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of China
“JL Caishentang”	吉林財參堂人參產業集團有限公司 (Jilin Cai Shen Tang Ginseng Industry Group Co., Limited*), a company established in the PRC with limited liability and an indirect subsidiary owned as to 60% by the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Mr. Wong Wa Kei Anthony
“S&P Agreement”	the sale and purchase agreement dated 13 September 2024 entered into between the Purchaser and the Company in relation to the Disposal
“Sale Shares”	the shares of the Target Company held by the Company, representing the entire issued share capital of the Target Company at Completion
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“SH Guanzhong”	上海貫眾健康管理諮詢有限公司 (Shanghai Guanzhong Health Management Consulting Co., Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company

“SH Yiqianjin”	上海易芊錦科技發展有限公司 (Shanghai Yiqianjin Technology Development Co., Limited*), a company established in the PRC with limited liability and an indirect subsidiary owned as to 51% by the Target Company
“SH YJY”	上海醫加醫科技有限公司 (Shanghai Yi Jia Yi Technology Co., Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Ri Ying Group Co., Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Target Group”	the Target Company, its subsidiaries and associates
“YJY Holding”	Yi Jia Yi Holding Group Co., Limited (醫加醫控股集團有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
“%”	per cent.

By order of the Board  
**Shing Chi Holdings Limited**  
**Lau Chi Wang**  
*Chairman and Executive Director*

Hong Kong, 13 September 2024

*As at the date of this announcement, the Board comprises Dr. Lau Chi Wang, Mr. Lau Chi Ming, Dr. Lau Chi Keung and Ms. Lau Yan Ki Patricia as executive Directors; Mr. Leung Bing Kwong Edward, Mr. Pang Ka Hang and Mr. Wong Chun Nam as independent non-executive Directors.*

\* *For identification purpose only*