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Shenghui Cleanness Group Holdings Limited

升輝清潔集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2521)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF LISTED SECURITIES

THE ACQUISITION

The Board wishes to announce that during the period from 9 August 2024 to 19 September 2024, the Company completed the Acquisition, through its indirect wholly-owned subsidiary, by way of off-market Block Trade of an aggregate 5,574,600 BTI Shares from the Vendors, which are independent third parties, at an aggregate consideration of approximately RMB27,873,000, equivalent to approximately HK\$30.6 million (exclusive of transaction costs), at an average price of approximately RMB5.00 per BTI Share.

LISTING RULES IMPLICATION

Each of the Acquisition of BTI Shares by the Group, on a standalone basis, does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. However, given that each of the Acquisition took place within a 12-month period under Rule 14.22 of the Listing Rule, such transactions shall be treated as one transaction.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the Acquisition, when aggregated as a whole, exceed 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

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ASSETS ACQUIRED

Immediately before the Acquisition, the Company held nil BTI Shares. Immediately upon completion of the Acquisition of the BTI Shares, the Company will hold an aggregate of 5,574,600 BTI Shares, representing approximately 6.99% of the total issued shares of BTI as at the date of this announcement.

CONSIDERATION

The consideration of the Acquisition was arrived at after arm's length negotiations between the Company and the Vendors with reference to the prevailing market prices of the BTI Shares as quoted on the NEEQ and the prospects of BTI. The Board considers that the Acquisition was made on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The aggregate consideration for the Acquisition was approximately RMB27.9 million (equivalent to approximately HK\$30.6 million) (exclusive of transaction costs). The consideration for the Acquisition has been funded by both use of proceeds from the Listing and internal resources of the Group.

INFORMATION OF BTI

BTI is a company established under the laws of the PRC, the shares of which are listed on NEEQ (stock code: 833204). As at the date of this announcement, BTI has a market capitalisation of approximately RMB300 million. BTI, together with its subsidiaries, is principally engaged in recycling of waste materials for manufacturing of packaging materials, and design, manufacture and sale of environmental friendly biodegradable materials.

Based on the audited consolidated financial statements of BTI prepared in accordance with the PRC Accounting Standards for Enterprises, the financial information of the BTI group for the two financial years ended 31 December 2023 is as follows:

| | For the year ended | |
|-------------------------------|---------------------------|----------------------|
| | 31 December | |
| | 2022 | 2023 |
| | <i>(RMB million)</i> | <i>(RMB million)</i> |
| Revenue | 139.3 | 113.5 |
| Profit before taxation | 25.2 | 9.1 |
| Profit after taxation | 21.3 | 5.7 |

Based on the audited consolidated financial statements of the BTI group for the year ended 31 December 2023, the net asset value of the BTI group as at 31 December 2022 and 31 December 2023 was approximately RMB150.6 million and RMB156.4 million, respectively.

INFORMATION OF THE VENDORS

Vendor A is an individual, who is an independent third party.

Vendor B is an investment fund incorporated in the PRC and is principally engaged in investments.

Vendor C is an investment fund incorporated in the PRC and is principally engaged in investments.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owners of the BTI Shares are independent third parties of the Company and its connected persons as defined under the Listing Rules.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the Prospectus, the Group intends to use part of the proceeds from the Listing for strategic acquisitions which will bring overlap between the Group's service offering and the acquisition target. In view of the increasing public and governmental awareness of environmental, social and governance ("ESG") and the potential in recycling materials market, the Group continues to explore market opportunities to reinforce its business to be in line with the PRC governmental goal of low carbon emission. The Directors believe that the technical know-how of BTI will enable the Group to recycle its collected garbage and provide value-added services to the Group's customers, and is expected to create synergy effect.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability and is an investment holding company. The Group is principally engaged in the provision of basic cleaning and maintenance service, garbage collection and transportation service, waste collection and transportation service, water tank cleaning service and ancillary services. The Group also offers specialised cleaning services such as stone cleaning and restoration and high-altitude cleaning with mobile elevated platforms.

LISTING RULES IMPLICATIONS

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As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the Acquisition, when aggregated as a whole, exceed 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

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| “Acquisition” | the acquisition of 5,574,600 BTI Shares from the Vendor at the average market price of RMB5.0 per BTI Shares for a consideration of approximately RMB27.9 million (equivalent to approximately HK\$30.6 million) (exclusive of transaction costs) conducted through an off-market Block Trade on from 9 August 2024 to 19 September 2024 |
| “Block Trade” | the stocks trade on the NEEQ of which the quantity of an order is not less than 100,000 shares or the trading amount is not less than RMB1 million under the related NEEQ rules |

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| “BTI” | 深圳市百事達卓越科技股份有限公司* (Best Technology (shenzhen) Inc.), shares of which are listed on NEEQ (stock code: 833204) |
| “BTI Share(s)” | the share(s) issued by BTI, which are listed on NEEQ (Stock code: 833204) and denominated in RMB |
| “Board” | the board of Directors |
| “Company” | Shenghui Cleanness Group Holdings Limited (stock code: 2521), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange |
| “Director(s)” | directors of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “HK\$” | Hong Kong Dollar, the lawful currency of Hong Kong |
| “Listing” | the listing of shares of the Company on The Stock Exchange of Hong Kong Limited on 5 December 2023 |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| “NEEQ” | National Equities Exchange and Quotations (全國中小企業股份轉讓系統) |
| “PRC” | the People’s Republic of China which, for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan region |
| “Prospectus” | the prospectus of the Company dated 27 November 2023 |

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| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Vendors” | comprises Vendor A, Vendor B and Vendor C |
| “%” | per cent. |

For the purpose of this announcement, conversion of RMB into HK\$ is based on the approximately exchange rate of RMB 1.0 to HK\$1.099. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK dollars or RMB have been, could have been or maybe converted at such or any other rate or at all.

By order of the Board
Shenghui Cleanness Group Holdings Limited
Li Chenghua
Chairman and Executive Director

Hong Kong, 19 September 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Li Chenghua (Chairman and Chief Executive Officer) and Mr. Chen Liming; and three independent non-executive Directors, namely Ms. Cheung Bo Man, Ms. Yau Yin Hung and Dr. Wang Hui.

* *For identification purposes only*