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SHENG TANG HOLDINGS LIMITED
聖唐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8305)

CONNECTED TRANSACTION IN RELATION TO PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR DEBT CAPITALISATION

CONNECTED TRANSACTION IN RELATION TO PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR DEBT CAPITALISATION

On 26 September 2025 (after trading hours of the Stock Exchange), the Company (as issuer) and Mr. Heung (as subscriber) entered into the Capitalisation Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Heung has conditionally agreed to subscribe for, a total of 110,000,000 Capitalisation Shares at the price of HK$0.285 per Capitalisation Share for the settlement of part of the Outstanding Sum owed by the Company to Mr. Heung. The subscription amount in the sum of HK$31,350,000 payable by Mr. Heung under the Capitalisation Agreement shall be satisfied by setting off against an equivalent amount of the Outstanding Sum on a dollar-for-dollar basis.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the Capitalisation Shares represent (i) approximately 7.28% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.78% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares.

GEM LISTING RULES IMPLICATIONS

The Capitalisation Shares will be allotted and issued by the Company under Specific Mandate. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares.

As at the date of this announcement, Mr. Heung is the chairman of the Board and an executive Director, and is directly and beneficially interested in 35,500,000 Shares, representing approximately 2.35% of the entire issued share capital of the Company. Therefore, Mr. Heung is a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Debt Capitalisation constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate). Mr. Heung and his associates shall abstain from voting in respect of the resolution approving the Capitalisation Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save for Mr. Heung, no other Shareholders are required to abstain from voting at the EGM in respect of the Capitalisation Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders regarding, among other things, the terms of the Capitalisation Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Capitalisation Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Capitalisation Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Capitalisation Agreement and the transactions contemplated thereunder; (iv) a notice to convene the EGM; and (v) other information as required under the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 5 November 2025.

CONNECTED TRANSACTION IN RELATION TO PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR DEBT CAPITALISATION

On 26 September 2025 (after trading hours of the Stock Exchange), the Company (as issuer) and Mr. Heung (as subscriber) entered into the Capitalisation Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Heung has conditionally agreed to subscribe for, a total of 110,000,000 Shares at the price of HK$0.285 per Capitalisation Share for the settlement of an equivalent amount of the Outstanding Sum on a dollar-for-dollar basis.

Details of the Capitalisation Agreement are summarised as follow:

Date

26 September 2025 (after trading hours of the Stock Exchange)

Parties

(1) The Company (as issuer); and

(2) Mr. Heung (as subscriber)

Capitalisation Shares

The Company has conditionally agreed to allot and issue, and Mr. Heung has conditionally agreed to subscribe for, a total of 110,000,000 Capitalisation Shares at the price of HK$0.285 per Capitalisation Share.

As at the date of this announcement, the Company is in debt to Mr. Heung the Outstanding Sum in the amount of HK$31,468,000. The subscription price in the amount of HK$31,350,000 payable by Mr. Heung under the Capitalisation Agreement shall be satisfied by setting off an equivalent amount of the Outstanding Sum on a dollar-for-dollar basis.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the Capitalisation Shares represent (i) approximately 7.28% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.78% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares.

The aggregate nominal value of the Capitalisation Shares (with a par value of HK$0.01 each) is HK$1,100,000.

Issue Price

The Issue Price of HK$0.285 per Capitalisation Share represents:

(i) a discount of 24.0% to the closing price per Share of HK$0.375 as quoted on the Stock Exchange on 26 September 2025, being the date of the Capitalisation Agreement;

(ii) a discount of approximately 18.1% to the average closing price per Share of HK$0.348 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Capitalisation Agreement;

(iii) a discount of approximately 13.1% to the average closing price per Share of approximately HK$0.328 as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the Capitalisation Agreement; and

(iv) a premium of approximately 768.9% over the consolidated net asset value attributable to the Shareholders of approximately HK$0.0328 per Share as at 30 June 2025, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK$49,590,000 as at 30 June 2025 by 1,512,000,000 Shares in issue as at the date of the Capitalisation Agreement.

The Issue Price was arrived at on an arm's length basis between the Company and Mr. Heung after taking into account the recent trading performance of the Shares, the recent market conditions, the current financial position and the business prospects of the Group. The Directors (other than the independent non-executive Directors, who shall provide their views after considering the advice from the Independent Financial Adviser) consider that the Issue Price and the terms of the Capitalisation Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The amount of the total Issue Price of HK$31,350,000 shall be satisfied by way of setting-off against an equivalent amount of the Outstanding Sum owed to Mr. Heung by the Company on a dollar-for-dollar basis. In addition, the Group will use its internal resources to settle the professional fees and all related expenses which may be borne by the Company in connection with the Debt Capitalisation.

Conditions

Completion is conditional upon the fulfilment of the following conditions:

(i) the passing of the necessary resolution(s) by the Shareholders who are entitled to vote and not required to be abstained from voting under the GEM Listing Rules and other applicable laws and regulations at the EGM to be held and convened to approve the Capitalisation Agreement and the transactions contemplated thereunder, including the allotment and issue of the Capitalisation Shares under Specific Mandate;

(ii) the GEM Listing Committee of the Stock Exchange granting, and not having withdrawn or revoked up to Completion, the listing of and permission to deal in the Capitalisation Shares;

(iii) all necessary consents and approvals required to be obtained by the Company in respect of the Capitalisation Agreement and the transactions contemplated thereunder having been obtained; and

(iv) all necessary consents and approvals required to be obtained by Mr. Heung in respect of the Capitalisation Agreement and the transactions contemplated thereunder having been obtained.

None of the above conditions can be waived. If the above conditions are not fulfilled on or before 31 December 2025 or such later date as the parties to the Capitalisation Agreement may agree, all rights, obligations and liabilities of the parties under the Capitalisation Agreement shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the Completion Date after satisfaction of the conditions precedent set out above (or such other date as may be agreed between the Company and Mr. Heung).

Ranking of the Capitalisation Shares

The Capitalisation Shares, when allotted and issued, shall rank *pari passu* in all respects with the existing Shares in issue at the date of allotment and issue of the Capitalisation Shares.

EFFECT OF THE CAPITALISATION SHARES ON THE SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion and the allotment and issue of the Capitalisation Shares as contemplated under the Debt Capitalisation (assuming there are no other changes to the issued share capital of the Company between the date of this announcement and the Completion Date save for the allotment and issue of the Capitalisation Shares):

	As at the date of this announcement		**Immediately after Completion and the allotment and issue of the Capitalisation Shares as contemplated under the Debt Capitalisation**	
Shareholders	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Substantial Shareholder				
Xu Changcheng	301,800,000	19.96	301,800,000	18.59
Directors				
Mr. Heung *(Note 1)*	35,500,000	2.35	145,500,000	8.96
Liang Bin	2,210,000	0.15	2,210,000	0.14
Public Shareholders	1,172,490,000	77.55	1,172,490,000	72.31
Total	**1,512,000,000**	**100.00**	**1,623,000,000**	**100.00**

Notes:

(1) As at the date of this announcement, Mr. Heung is interested in 35,500,000 Shares through Advanced Pacific Enterprises Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by him.

(2) Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

EQUITY FUND RAISING OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company had carried out the following equity fund-raising activities in the past twelve months immediately preceding the date of this announcement:

On 10 December 2024, the Company placed 210,000,000 new Shares, representing approximately 16.67% of the then total issued shares of the Company as enlarged by the allotment and issue of the 210,000,000 placing shares, at a subscription price of HK$0.055 per Share to not less than six placees who are third parties independent of and not connected with the Company (the "**2024 Placing**"). The Company has received total net proceeds of approximately HK$11,204,000 from the 2024 Placing. The Company has fully utilised all of the net proceeds from the 2024 Placing. For details of the 2024 Placing, please refer to the announcements of the Company dated 20 November 2024, 25 November 2024, 10 December 2024 and 18 August 2025, respectively.

On 8 September 2025, the Company placed 252,000,000 new Shares, representing approximately 16.67% of the then total issued shares of the Company as enlarged by the allotment and issue of the 252,000,000 placing shares, at a subscription price of HK$0.20 per Share to not less than six placees who are third parties independent of and not connected with the Company (the "**2025 Placing**"). The Company has received total net proceeds of approximately HK$48,700,000 from the 2025 Placing. For details of the 2025 Placing, please refer to the announcements of the Company dated 18 August 2025 and 8 September 2025, respectively. As at the date of this announcement, the Company has utilised the net proceeds from the 2025 Placing as follows:

	Approximate allocation of net proceeds as previously disclosed		**Utilised net proceeds as at the date of this announcement**	
Intended use of proceeds	*HK$*	*Approximate %*	*HK$*	*Approximate %*
Business operation and potential expansion of the construction business	19,700,000	40.45	850,000	1.75
Development of the Group's business segment in the distribution of dairy products	17,000,000	34.91	—	—
Repayment of existing bank borrowings	4,000,000	8.21	230,000	0.47
General working capital	8,000,000	16.43	50,000	0.1
Total	**48,700,000**	**100.00**	**1,130,000**	**2.32**

Saved as disclosed above, the Company had not conducted any equity fundraising activities in the past twelve months immediately preceding the date of this announcement.

INFORMATION ON THE COMPANY AND THE CREDITOR

The Company is an investment holding company. The Group is principally engaged in (i) provision of construction works — performing alteration and addition works, new construction works and corrosion protection works in Hong Kong; and (ii) distribution of dairy products — distribution of sheep dairy products including milk powder and ultra-high temperature milk.

As at the date of this announcement, Mr. Heung is the chairman of the Board and an executive Director and is interested in 35,500,000 Shares, representing approximately 2.35% of the entire issued share capital of the Company. Therefore, Mr. Heung is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

REASONS FOR THE DEBT CAPITALISATION

As disclosed in the annual report of the Company for year ended 31 December 2024, the Group incurred net loss of approximately HK$3.1 million and recorded net operating cash outflow of approximately HK$4.3 million for the year ended 31 December 2024. In this regard, the Directors have undertaken substantial work for improving the Group's liquidity and financial position.

Capitalisation of part of the Outstanding Sum enables the Group to settle its outstanding indebtedness without utilising existing financial resources of the Company and avoid cash outflows. The Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to preserve as much liquidity as possible in order to strengthen the Group's financial and liquidity position for its business development.

Although the allotment and issue of the Capitalisation Shares will have a dilution effect to the existing Independent Shareholders, having considered (i) the capitalisation of part of the Outstanding Sum can alleviate the repayment and settlement pressure of the Group; and (ii) the Capitalisation Shares, when allotted and issued, will be recognised entirely as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base and enhance the net asset position of the Group, the Directors are of the view that the dilution effect arising from the allotment and issue of the Capitalisation Shares is justifiable in this regard.

In view of the above, the Directors consider that the terms of the Capitalisation Agreement are fair and reasonable based on the current market conditions and are on normal commercial terms. Accordingly, the Directors consider the Debt Capitalisation is in the interest of the Company and the Shareholders as a whole.

SPECIFIC MANDATE

The Capitalisation Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Heung is the chairman of the Board and an executive Director and is interested in 35,500,000 Shares, representing approximately 2.35% of the entire issued share capital of the Company. Therefore, Mr. Heung is a connected person of the Company.

Accordingly, the Debt Capitalisation constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Mr. Heung and his associates shall abstain from voting in respect of the resolution approving the Capitalisation Agreement and the transactions contemplated thereunder at the EGM.

Mr. Heung has abstained from voting on the Board resolution approving the Capitalisation Agreement and the transactions contemplated thereunder. Save as disclosed above, (i) no other Director has a material interest in the Capitalisation Agreement and the transactions contemplated thereunder or is required to abstain from voting on the Board resolutions in relation to the aforesaid matters; (ii) to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has any material interest in the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and therefore no other Shareholder is required to abstain from voting at the EGM in respect of the resolution approving the Capitalisation Agreement and the transactions contemplated thereunder.

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate). Mr. Heung and his associates shall abstain from voting in respect of the resolution approving the Capitalisation Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save for Mr. Heung, no other Shareholders are required to abstain from voting at the EGM in respect of the Capitalisation Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders regarding, among other things, the terms of the Capitalisation Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Capitalisation Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Capitalisation Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Capitalisation Agreement and the transactions contemplated thereunder; (iv) a notice to convene the EGM; and (v) other information as required under the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 5 November 2025.

DEFINITIONS

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

"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Board"	the board of directors of the Company
"Business Day"	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
"Capitalisation Agreement"	the debt capitalisation agreement dated 26 September 2025 entered into between the Company as the issuer and Mr. Heung as the subscriber in relation to the subscription of 110,000,000 Capitalisation Shares
"Capitalisation Shares"	an aggregate of 110,000,000 new Shares to be allotted and issued by the Company to Mr. Heung pursuant to the terms and conditions of the Capitalisation Agreement
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"Company"	Sheng Tang Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8305)
"Completion"	completion of the Debt Capitalisation pursuant to the terms and conditions of the Capitalisation Agreement
"Completion Date"	the date of Completion, being the third Business Day (or such other date as the parties to the Capitalisation Agreement may agree) after satisfaction of the conditions of the Capitalisation Agreement
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Debt Capitalisation"	the capitalisation of the debt owed by the Group to Mr. Heung
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve, among other things, the Capitalisation Agreement, and the transactions contemplated thereunder (including the grant of the Specific Mandate)
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board which comprised all the independent non-executive Directors, has been established by the Company to make recommendations to the Independent Shareholders in respect of the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)

"Independent Financial Adviser"	Red Sun Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
"Independent Shareholder(s)"	Shareholder(s) who are not required to abstain under the GEM Listing Rules from voting at the EGM for the resolution approving the Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
"Issue Price"	HK$0.285 per Capitalisation Share
"Mr. Heung"	Mr. Heung Chung Sum, who is the chairman of the Board and an executive Director and is interested in 35,500,000 Shares, representing approximately 2.35% of the entire issued share capital of the Company, as at the date of this announcement
"Outstanding Sum"	the amount of debts owed by the Company to Mr. Heung under a Shareholder's loan, which amounted to approximately HK$31.5 million as at the date of this announcement
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Specific Mandate"	the specific mandate proposed to be granted to the Directors by the Independent Shareholders at the EGM to allot and issue the Capitalisation Shares

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"%"	per cent

By order of the Board
Sheng Tang Holdings Limited
Heung Chung Sum
Chairman and Executive Director

Hong Kong, 26 September 2025

As at the date of this announcement, the executive Directors are Mr. Heung Chung Sum and Ms. Li Lo Wan; the non-executive Directors are Ms. Xu Chunli, Mr. Liang Bin and Mr. Xu Yongqiang; and the independent non-executive Directors are Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun and Mr. Chan Chi Hang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkexnews.hk for at least 7 days from the day of its publication. This announcement, will also be published on the Company's website at www.tongkee.com.hk.