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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- Turnover decreased by approximately 18.1% to approximately HK$213.7 million for the six months ended 30 June 2015 as compared with the same period of previous year.

- Gross profit decreased by approximately 41.6% to approximately HK$57.7 million for the six months ended 30 June 2015 as compared with the same period of previous year.

- Gross profit margin decreased by approximately 28.8% to approximately 27.0% for the six months ended 30 June 2015 as compared with the same period of previous year.

- Profit attributable to equity shareholders of the Company increased by approximately 1,155.7% from approximately HK$26.4 million to approximately HK$331.5 million for the six months ended 30 June 2015 as compared with the same period of previous year.

- Average trade and bill receivables turnover days increased from approximately 102.6 days for the year ended 31 December 2014 to approximately 125.7 days for the six months ended 30 June 2015.

- Average inventory turnover days increased from approximately 82.9 days for the year ended 31 December 2014 to approximately 124.6 days for packaging materials for the six months ended 30 June 2015.

The board (the "Board") of directors (the "Directors") of Sheen Tai Holdings Group Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2015 together with the comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2015 — unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2015	2014
	Note	***$'000***	*$'000*
Revenue	*3*	**213,710**	261,106
Cost of sales		**(155,972)**	(162,210)
Gross profit		**57,738**	98,896
Other revenue and net income	*4*	**373,869**	8,033
Distribution costs		**(6,654)**	(6,858)
Administrative expenses		**(39,062)**	(36,182)
Other operating expenses		**(167)**	(181)
Profit from operations		**385,724**	63,708
Finance costs	*5(a)*	**(8,702)**	(6,788)
Profit before taxation	*5*	**377,022**	56,920
Income tax	*6*	**(45,591)**	(16,532)
Profit for the period		**331,431**	40,388
Attributable to:			
Equity shareholders of the Company		**331,456**	26,440
Non-controlling interests		**(25)**	13,948
Profit for the period		**331,431**	40,388
Earnings per share	*7*		
Basic (HK$)		**0.70**	0.06
Diluted (HK$)		**0.63**	0.06

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 30 June 2015 — unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
Profit for the period	**331,431**	40,388
Other comprehensive income for the period, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries	**3,386**	(7,624)
Available-for-sale financial assets: net movement in the fair value reserve	**—**	4,592
Other comprehensive income for the period	**3,386**	(3,032)
Total comprehensive income for the period	**334,817**	37,356
Attributable to:		
Equity shareholders of the Company	**334,842**	24,080
Non-controlling interests	**(25)**	13,276
Total comprehensive income for the period	**334,817**	37,356

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2015 — unaudited

(Expressed in Hong Kong dollars)

	Note	At 30 June 2015 $'000	At 31 December 2014 $'000
Non-current assets			
Fixed assets	*8*		
— Property, plant and equipment		**184,841**	188,573
— Interests in leasehold land held for own use under operating lease		**22,886**	23,148
— Solar power plants		**53,477**	—
Intangible assets		**108**	125
Deferred tax assets		**7,905**	6,473
Other non-current assets		**2,212**	—
		271,429	218,319
Current assets			
Trading securities		**59,065**	—
Inventories	*9*	**413,516**	323,555
Trade and other receivables	*10*	**587,874**	186,383
Restricted cash		**3,804**	18,950
Assets classified as held for sale	*11*	—	330,650
Cash and cash equivalents	*12*	**224,911**	117,049
		1,289,170	976,587
Current liabilities			
Trade and other payables	*13*	**290,028**	221,455
Bank loans		**221,573**	211,273
Financial liabilities at fair value through profit or loss		**921**	1,891
Convertible bond — interest payable		**2,600**	2,830
Current taxation		**3,287**	2,982
Liabilities classified as held for sale	*11*	—	139,770
		518,409	580,201
Net current assets		**770,761**	396,386
Total assets less current liabilities		**1,042,190**	614,705

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2015 — unaudited

(Expressed in Hong Kong dollars)

	Note	At 30 June 2015 $'000	At 31 December 2014 $'000
Non-current liabilities			
Bank loans		**773**	878
Convertible bond	*14*	**68,586**	66,329
Deferred tax liabilities		**8,747**	10,770
		78,106	77,977
NET ASSETS		**964,084**	536,728
CAPITAL AND RESERVES			
Share capital	*16(b)*	**5,003**	4,173
Reserves	*16(c)*	**955,142**	437,695
Total equity attributable to equity shareholders of the Company		**960,145**	441,868
Non-controlling interests		**3,939**	94,860
TOTAL EQUITY		**964,084**	536,728

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Basis of preparation

(a) Basis of preparation

Sheen Tai Holdings Group Company Limited (the "Company") was incorporated in the Cayman Islands on 24 February 2012 and registered as an exempted company with limited liability under Companies law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. This interim financial report of the Company as at and for the six months ended 30 June 2015 comprises the Company and its subsidiaries (collectively referred to as the "Group"). The Group is principally engaged in manufacturing and supply of cigarette paper boxes, cigarette films and other marketing films and development of properties and development of photovoltaic power projects. The Company's shares were listed on Stock Exchange of Hong Kong Limited on 13 July 2012.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 31 August 2015.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for 1) New accounting policy applied by the Company as set out in note 1(b); and 2) The accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statement. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements and the consolidated financial statements for that financial year are derived from those financial statements. Statutory financial statements for the year ended 31 December 2014 are available from the Company's registered office. The auditor has expressed an unqualified opinion on these financial statements in their report dated 31 March 2015.

(b) Sales of electricity

Revenue arising from the sale of electricity is recognised in the accounting period when electricity is generated and supplied to the provincial power grid. Revenue excludes value added tax ("VAT") or other sales taxes.

2 Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company:

- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared of presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are manufacturing and supply of cigarette paper boxes, cigarette films and other marketing films, development of properties and operation of photovoltaic power plants in the People's Republic of China (the "PRC").

Turnover represents the sales value of goods sold less returns, discounts and value added taxes and other sales taxes. The amount of each significant category of revenue recognised in turnover during the six months ended 30 June 2015 and 2014 is as follows:

	Six months ended 30 June			
	2015		2014	
	$'000	*%*	*$'000*	*%*
Manufacturing and sales of related packaging materials				
— Cigarette paper boxes	**—**	**—**	94,992	37%
— Anti-counterfeiting films	**29,207**	**14%**	41,886	16%
— Other cigarette films	**108,066**	**50%**	65,859	25%
— non-cigarette-related packaging materials	**46,502**	**22%**	43,193	16%
Sub-total	**183,775**	**86%**	245,930	94%
Trading of imported films	**29,935**	**14%**	15,176	6%
Sales of properties	**—**	**—**	—	—
Sales of electricity	**—**	**—**	—	—
Total	**213,710**	**100%**	261,106	100%

For the six months ended 30 June 2015 there are 2 customers (six months ended 30 June 2014: 2) with whom transactions have exceeded 10% of the Group's revenues. Revenues from sales of cigarette packages and films to these customers, including sales to entities which are known to the Group to be under common control with these customers (i.e. the sales to different customers are viewed as a single customer if the relevant sales were made to various customers under common control), amounted to approximately HK$130,579,000 and HK$174,888,000 for the six months ended 30 June 2015 and 2014 respectively.

(b) Segment reporting

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is set out below.

	Six months ended 30 June											
	Manufacturing and sales of packaging materials		Trading		Development of properties		Generation of Photovoltaic power		Unallocated items		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external Customers	**182,821**	241,453	**30,889**	19,653	—	—	—	—	—	—	**213,710**	261,106
Reportable segment revenue	**182,821**	241,453	**30,889**	19,653	—	—	—	—	—	—	**213,710**	261,106
Reportable segment gross profit	**53,869**	96,236	**3,869**	2,660	—	—	—	—	—	—	**57,738**	98,896
Reportable segment profit/ (loss) before taxation	**24,901**	62,598	**(9,537)**	(5,678)	**(4,332)**	—	**(405)**	—	**3,270**	—	**13,897**	56,920
Interest income from bank deposits	**229**	1,782	**427**	173	**12**	—	**109**	—	—	—	**777**	1,955
Interest expense	**4,018**	5,974	**3,631**	814	**1,041**	—	**12**	—	—	—	**8,702**	6,788
Depreciation and amortisation for the period	**7,846**	15,383	**359**	767	**192**	—	**1**	—	—	—	**8,398**	16,150
As at 30 June/31 December												
Reportable segment assets	**503,591**	768,958	**141,849**	180,747	**350,370**	245,201	**297,188**	—	**267,601**	—	**1,560,599**	1,194,906
Reportable segment liabilities	**90,760**	230,330	**236,069**	222,105	**179,546**	205,743	**90,140**	—	—	—	**596,515**	658,178

(c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
Reportable Segment profit before taxation	**13,897**	56,920
Net income from sale of a subsidiary	**363,125**	—
Consolidated profit before taxation	**377,022**	56,920

4 Other revenue and net income

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
(a) Other revenue		
Interest income	**777**	1,955
Government grants	**—**	199
Dividend income from listed securities	**356**	—
Sales of scrap materials	**5,059**	5,843
	6,192	7,997
(b) Other net income		
Net foreign exchange gain/(loss)	**651**	(301)
Net realised and unrealised gains on trading securities	**2,913**	—
Net income from sale of a subsidiary	**363,125**	—
Gain on revaluation of convertible bond *(note 14)*	**970**	—
Others	**18**	337
	367,677	36

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
(a) Finance costs		
Interest on bank borrowings	**4,410**	6,788
Interest on other borrowings	**6,192**	—
Interest on convertible bond *(note 14)*	**2,027**	—
Less: Interest expense capitalised into properties under development*	**(3,927)**	—
	8,702	6,788

* The borrowing cost has been capitalised at a rate of 7.990% - 8.515% per annum.

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*

(b) Staff costs

Contributions to defined contributions retirement plans	**1,540**	2,068
Equity-settled share-based payment expense	**4,385**	584
Salaries, wages and other benefits	**24,254**	23,958
	30,179	26,610

(c) Other items

Amortisation of intangible assets	**17**	70
Cost of inventories	**155,972**	162,210
Depreciation and amortisation of fixed assets	**8,381**	16,080
Net foreign exchange (gain)/loss	**(651)**	301
Operating lease charges	**6,600**	3,841
Net loss on disposal of fixed assets	**81**	93

6 Income tax

(a) Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period	**41,670**	3,512
Current tax – PRC income tax		
Provision for the period	**7,371**	11,396
Deferred tax		
Origination and reversal of temporary differences	**(3,450)**	1,624
	45,591	16,532

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in these jurisdictions.

(ii) The provision for Hong Kong profits tax for the six months ended 30 June 2015 and 2014 is calculated at 16.5%. The payments of dividends by the Group companies incorporated in Hong Kong are not subject to withholding tax.

(iii) The provision for PRC income tax has been calculated at the applicable tax rates on the estimated assessable profits of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. The income tax rate applicable to the Group's subsidiaries located in the PRC is 25% (2014: 25%).

(iv) According to the Corporate Income Tax Law of the PRC and its implementation rules, dividends receivable by non-PRC-resident corporate investors from PRC-resident enterprises are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Under the tax arrangement between the Mainland China and Hong Kong Special Administrative Region and the relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% equity interest or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%.

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on the consolidated profit attributable to equity shareholders of the Company of HK$331,456,000 (six months ended 30 June 2014: HK$26,440,000) and weighted average of 474,975,000 shares in issue during the six months ended 30 June 2015 (six months ended 30 June 2014: 415,544,000 shares).

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company of HK$332,693,000 (six months ended 30 June 2014: HK$26,440,000) divided by the weighted average number of ordinary shares of 527,139,000 shares (six months ended 30 June 2014: 418,474,000 shares) after adjusting for the effects of deemed issue of shares under the Company's Pre-IPO Share Option Scheme (note 15) and the effect of conversion of convertible bond (note 14).

8 Fixed assets

During the six months ended 30 June 2015, the Group's additions to fixed assets amounted to HK$58,081,000 (six months ended 30 June 2014: HK$2,609,000). Items of equipment with a net book value of HK$81,000 were disposed of during the six months ended 30 June 2015 (six months ended 30 June 2014: HK$93,000), resulting in a loss on disposal of HK$81,000 (six months ended 30 June 2014: HK$93,000).

9 Inventories

Inventories in the consolidated statement of financial position comprise:

	At 30 June 2015	At 31 December 2014
	$'000	*$'000*
Packaging materials manufacturing and trading:		
Raw materials	**77,005**	57,586
Work in progress	**6,886**	6,547
Finished goods	**37,890**	28,808
	121,781	92,941
Property development:		
Land held for future development for sales	**—**	230,614
Property under development	**291,735**	—
	291,735	230,614
	413,516	323,555

10 Trade and other receivables

	Group	
	At 30 June	At 31 December
	2015	2014
	$'000	*$'000*
Trade and bills receivable	**140,494**	161,992
Less: Allowance from doubtful debts *(note 10(b))*	**(3,876)**	(1,830)
	136,618	160,162
Deposits, prepayments and other receivables — others	**451,256**	26,221
	587,874	186,383

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis:

As at 30 June 2015 and 31 December 2014, the ageing analysis of trade and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2015		At 31 December 2014	
	Trade receivable	**Bills receivable**	Trade receivable	Bills receivable
	$'000	***$'000***	*$'000*	*$'000*
Less than 30 days	**35,605**	1,109	**46,747**	19,645
31 - 90 days	**57,568**	2,596	**61,884**	9,530
91 - 180 days	**22,833**	9,936	**11,859**	76
181 - 365 days	**5,154**	481	**6,247**	—
Over 365 days	**1,336**	—	**4,174**	—
	122,496	14,122	**130,911**	29,251

Trade and bills receivable are due within 30 to 180 days from the invoice date.

(b) Impaired of trade debtors and bills receivable:

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is directly written off against trade debtors and bills receivable.

As of 30 June 2015, an impairment loss of HK$3,876,000 (31 December 2014: HK$1,830,000) was recognised and provided for as a result from the assessment of the Group's trade receivables due from third parties of HK$3,876,000 (31 December 2014: HK$1,830,000) that individually determined to be impaired. The individually impaired trade receivables mainly relate to customers who are in financial difficulties and the likelihood of recoverability is expected to be in doubt. The Group does not hold any collateral over these balances.

Trade receivables due from third parties that are past due but not impaired relate to creditworthy customers who have maintained a close working relationship with the Group and have consistent payment records.

11 Assets and liabilities classified as held for sale

On 15 January 2015, Sheen China Group Holdings Ltd. ("SCGHL"), a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Chinese Hongkong International Tobacco Group Co., Limited (the "Purchaser") in relation to a disposal (the "Disposal'') of 51% of its equity interest in Jiangsu Shuntai Packaging & Printing Science Technology Co., Ltd. ("JSST"). The Purchaser is a wholly-owned subsidiary of Shenzhen Jinjia Color Printing Group Co., Ltd. ("Shenzhen Jinjia"), which is a minority shareholder of the JSST, holding 49% of its interest. Pursuant to the Equity Transfer Agreement, the consideration for the Disposal was RMB325 million (the "Consideration").

On 9 March 2015, the resolution in relation to disposal of JSST was approved by the shareholders of the Company at the extraordinary general meeting. The official registration of the change in equity interest in JSST with the relevant authorities was completed on 16 April 2015.

12 Cash and cash equivalents

	Group	
	At 30 June	At 31 December
	$'000	*$'000*
Cash at bank and in hand	**224,911**	117,049

13 Trade and other payables

	Group	
	At 30 June	At 31 December
	2015	2014
	$'000	*$'000*
Trade and bills payable	**22,196**	61,530
Other payables and accruals		
— related parties	**75,195**	46,011
— others	**191,872**	110,157
Amount due to the Controlling Shareholder and director		
— Mr Guo Yumin	**765**	3,757
	290,028	221,455

All of the trade and other payables are expected to be settled within one year.

Included in trade and other payables are trade creditors with the following ageing analysis as at 30 June 2015 and 31 December 2014:

	Group			
	At 30 June 2015		At 31 December 2014	
	Trade receivable	**Bills receivable**	Trade receivable	Bills receivable
	$'000	***$'000***	*$'000*	*$'000*
Due within 1 month or on demand	**4,529**	**11,411**	11,554	42,500
Due after 1 month but within 3 months	**3,905**	**—**	6,329	—
Due after 3 months but within 6 months	**1,631**	**—**	397	—
Due more than 6 months	**720**	**—**	750	—
	10,785	**11,411**	19,030	42,500

14 Convertible bond

On 30 June 2014, the Company issued convertible bond in the principal amount of HK$165,000,000 to the Controlling Shareholder and director, Mr Guo Yumin. The maturity date of the convertible bond is on the third anniversary of the date of issuance (i.e. 30 June 2017). The convertible bond bears interest at 3% per annum. No security or guarantee is granted in respect of the convertible bond. The convertible bond can be converted into 99,517,490 shares at the initial conversion price HK$1.658 (subject to adjustment pursuant to the terms of the convertible bond).

The Company may at any time before the maturity date of the convertible bond, by serving at least seven days prior written notice on the holder of the convertible bond with the total amount proposed to be redeemed from such holder specified therein, redeem the convertible bond (in whole or in part) at 100% to the principal amount (together with the accrued interests) of the part of the convertible bond to be redeemed. Any amount of the convertible bond which is redeemed by the Company will forthwith be cancelled.

At 30 June 2015, the outstanding principal amount of the convertible bond is HK$70,000,000.

The convertible bond recognised in the consolidated statement of financial position of the Group are analysed as follows:

	Host liability Component	**Derivative component**	**Total**
	$'000	*$'000*	*$'000*
Balance at 31 December 2014	69,159	1,891	71,050
Interest expenses *(note 5(a))*	2,027	—	2,027
Change in fair value of derivative component *(note 4(b))*	—	(970)	(970)
Balance at 30 June 2015	71,186	921	72,107
Less: Interest payable due within 1 year derivative	(2,600)	—	(2,600)
component	—	(921)	(921)
Non-current portion of convertible bonds at 30 June 2015	68,586	—	68,586

(i) Interest expense on the convertible bond is calculated using the effective interest method by applying the effective interest rate of 3.74% per annum to the liability component.

(ii) No convertible bond was converted as at 30 June 2015.

15 Equity-settled share-based transactions

Pursuant to an ordinary resolution of the sole shareholder passed on 22 June 2012, a pre-IPO share option scheme (the "share option scheme") was approved and adopted to provide grantees with the opportunity to acquire equity interest in the Company.

On 29 January 2015, the Company announced 14,600,000 share options to subscribe for up to a total of 14,600,000 ordinary shares of HK$0.01 each of the Company were granted to certain grantees under the share option scheme adopted by the Company on 22 June 2012 set above.

The purpose of the share option scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time), directors and advisers of the Group and to promote the success of the business of the Group.

Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(a) The terms and conditions of the grants are as follows:

			Options granted to		
Date granted	**Vesting date**	**Expiry date**	**Directors**	**Employees**	**Total**
22 June 2012	14 July 2013	13 July 2018	275,000	725,000	1,000,000
22 June 2012	14 July 2014	13 July 2018	412,500	1,087,500	1,500,000
22 June 2012	14 July 2015	13 July 2018	550,000	1,450,000	2,000,000
22 June 2012	14 July 2016	13 July 2018	687,500	1,812,500	2,500,000
22 June 2012	14 July 2017	13 July 2018	825,000	2,175,000	3,000,000
29 January 2015	29 January 2016	28 January 2025	500,000	2,420,000	2,920,000
29 January 2015	29 January 2017	28 January 2025	500,000	2,420,000	2,920,000
29 January 2015	29 January 2018	28 January 2025	500,000	2,420,000	2,920,000
29 January 2015	29 January 2019	28 January 2025	500,000	2,420,000	2,920,000
29 January 2015	29 January 2020	28 January 2025	500,000	2,420,000	2,920,000
			5,250,000	19,350,000	24,600,000

(b) The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price	**2015 No. of options**	2014 No. of options
		'000	*'000*
Outstanding at the beginning of the year	HK$0.6029	**7,664**	10,000
Issued during the period	HK$3.3000	**14,600**	—
Exercised during the period		**—**	(2,336)
Outstanding at 30 June/ 31 December	HK$2.3700/ HK$0.6029	**22,264**	7,664
Exercisable at 30 June/ 31 December	HK$0.6029	**164**	164

The options outstanding at 30 June 2015 had a weighted average exercise price of HK$2.37 (31 December 2014: HK$ 0.6029) and a weighted average remaining contractual life of 2.08 years (31 December 2014: 1.62 years).

16 Capital, reserves and dividends

(a) Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period.

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK$0.08 per ordinary share (six months ended 30 June 2014: HK$ 0.08 per ordinary share)	**40,027**	33,253

(b) Share capital

Authorised and issued share capital

		2015		2014	
		Number of shares	**Amount**	Number of shares	Amount
	Note	***(‘000)***	***$’000***	*(‘000)*	*$’000*
Authorised:					
Ordinary shares of HK$0.01 each		**2,000,000**	**20,000**	2,000,000	20,000
Ordinary shares, issued and fully paid:					
At 1 January		**417,336**	**4,173**	415,000	4,150
Shares issued under share option scheme	*(v)*	**—**	**—**	2,336	23
Placing of new shares	*(vi)*	**83,000**	**830**	—	—
At 30 June/31 December		**500,336**	**5,003**	417,336	4,173

(i) The Company was incorporated on 24 February 2012 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the same date, the Company issued 1 share at par value of HK$ 0.01 each.

(ii) On 21 June 2012, the Group completed the Reorganisation to rationalise the Group’s structure in preparing for the listing of the Company’s shares on the the Stock Exchange. Further details of the Reorganisation are set out in the paragraph headed “Corporate reorganisation” in Appendix V to the Prospectus. As a result of the Reorganisation, the Company became the holding company of the Group on 21 June 2012.

(iii) Pursuant to the resolutions in writing of all the shareholders of the Company passed on 21 June 2012, the authorized share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of an additional 1,962,000,000 shares of HK$0.01 each. In addition 299,999,999 shares, all credited as fully paid at par, were allotted and issued to shareholder of the Company.

(iv) On 13 July 2012, the shares of the Company was listed on the Stock Exchange following the completion of its initial public offering 100,000,000 ordinary shares of HK$0.01 each were issued at a price of HK$1.20 per share under the initial public offering. On 3 August 2012, the over-allotment option has been exercised in full to cover over-allocations in the Placing. Under the over-allotment option, an aggregate of 15,000,000 ordinary shares have been allotted and issued by the Company at HK$1.20 per share. Proceeds of HK$1,150,000 representing the par value of these ordinary shares, were credited to the Company's share capital and the excess of the proceeds over the nominal value of the total number of ordinary shares issued after offsetting share issuance costs of HK$123,696,000, were credited to the share premium account of the Company.

(v) Nil options were exercised during the six months ended 30 June 2015 (2014: 2,336,250).

(vi) On 26 February 2015 the Company placed 83,000,000 new shares to third parties at a price of HK$2.66. Proceeds of HK$830,000 representing the par value of these ordinary shares, were credited to the Company's share capital and the excess of the proceeds over the nominal value of the total number of ordinary shares issued after offsetting share issuance costs of HK$211,119,000, were credited to the share premium account of the Company.

(c) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Statutory reserve

General reserve fund

Pursuant to the applicable PRC regulations, all PRC subsidiaries of the Group are required to appropriate 10% of their after-tax profit (after offsetting losses of previous year/period) to the statutory reserve until such reserve reaches 50% of the registered capital of each relevant PRC subsidiary. The transfer to the statutory reserve must be made before distribution of dividends to equity shareholders. The statutory reserve fund can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase the registered capital of the subsidiary.

(iii) Share-based compensation reserve

Share-based compensation reserve presents the fair value of the share options granted to employees of the Group in accordance with the accounting policy adopted by share-based payments.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial information of operations with functional currency other than Hong Kong dollars.

(v) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial asset held at the end of the reporting period and is dealt with in accordance with the accounting policies.

17 Commitments

(a) Capital commitments outstanding not provided for in the interim financial report:

	At 30 June 2015	At 31 December 2014
	$'000	*$'000*
Contracted for	**493**	5,320

(b) The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2015	At 31 December 2014
	$'000	*$'000*
Within 1 year	**6,340**	7,403

The Group is the lessee in respect of certain properties and plant held under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

18 Material related party transactions

During the six months ended 30 June 2015 and 2014, transactions with the following parties are considered to be related party transactions:

Name of related party	**Relationship with the Group**
Mr Guo Yumin	Director and the Controlling Shareholder of the Group
Xuzhou Ruilong Real Estate Development Co., Ltd. (徐州瑞龍房地產開發有限公司) *(Note)*	Owned by Mr Guo Yumin, the director and the Controlling Shareholder
Xuzhou Xingchen Real Estate Development Co., Ltd. (徐州星辰房地產開發有限公司) *(Note)*	Owned by Mr Guo Yumin, the director and the Controlling Shareholder

Note: The English translation of the names is for reference only. The official names of these entities are in Chinese.

(a) Remuneration of key management personnel

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
Short-term employee benefits	**2,876**	3,370
Post-employment benefits	**76**	218
Equity-settled share-based payment expenses	**1,518**	272
	4,470	3,860

Total remuneration is disclosed in "staff costs" (see note 5(b)).

(b) Other related party transactions

(i) Sheen China Group Holdings Ltd., a wholly-owned subsidiary of the Company, has entered into an Equity Transfer Agreement with Chinese Hongkong International Tobacco Group Co., Limited (the "Purchaser") in relation to a possible disposal of 51% of its equity interest in Jiangsu Shuntai Packaging & Printing Science Technology Co., Ltd. ("JSST") on 15 January 2015. The Purchaser is a wholly-owned subsidiary of Shenzhen Jinjia Color Printing Group Co., Ltd. ("Shenzhen Jinjia"), which is a shareholder of JSST, holding 49% of its interest.

(ii) Other transactions with related parties

	Six months ended 30 June 2015				
	Interest expenses	**Rental expenses**	**Proceeds from borrowing**	**Repayment of borrowing**	**Interest on convertible bond**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Xuzhou Ruilong Real Estate Development Co., Ltd.	**3,927**	**292**	**34,238**	**3,851**	**—**
Xuzhou Xingchen Real Estate Development Co., Ltd.	**—**	**—**	**—**	**1,203**	**—**
Mr Guo Yumin	**—**	**—**	**—**	**—**	**2,027**
	3,927	**292**	**34,238**	**5,054**	**2,027**

(c) Balances with related parties

As at 30 June 2015 and 31 December 2014, the Group had the following balances with related parties:

	Note	**At 30 June 2015** *$'000*	At 31 December 2014 *$'000*
Amount due to the Controlling Shareholder and director			
— Mr Guo Yumin	*(i)*	**765**	3,757
Amount due to related companies			
— Xuzhou Ruilong Real Estate Development Co., Ltd.	*(ii)*	**75,195**	44,808
— Xuzhou Xingchen Real Estate Development Co., Ltd.		—	1,203
Convertible bond issued to the Controlling Shareholder and director			
— Mr Guo Yumin	*(iii)*	**71,050**	71,050
		147,010	120,818

(i) The balance with the Controlling Shareholder and director is unsecured, interest- free and repayable on demand.

(ii) Pursuant to the agreement dated 13 May 2014, Xuzhou Ruilong Real Estate Development Co., Ltd. had advanced a loan of RMB58,000,000 (equivalent to approximately HK$73,520,000) to the Group at an interest rate 8.515% per annum. The Group partially repaid the loan amounted to HK$28,786,000 on 14 November 2014.

Pursuant to the agreement dated 25 January 2015, Xuzhou Ruilong Real Estate Development Co., Ltd. had advanced a loan of RMB 27,000,000 (equivalent to approximately HK$34,238,000) to the Group at an interest rate 7.990% per annum. The Group partially repaid the loan amounted to HK$3,851,000 on 16 March 2015.

(iii) Information about Convertible bond due to the Controlling Shareholder and director has been disclosed in Note 14.

BUSINESS REVIEW

Sheen Tai Holdings Group Company Limited (the "Company" or "Sheentai") and together with its subsidiaries (the "Group") is originally a packaging materials manufacturer and property developer in the People's Republic of China (the "PRC"). Since the listing of the shares of the Company The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2012, the Group has been making significant effort in expanding the Group's cigarette paper box business. The Group had explored new market for the cigarette paper box business and attempted to increase its market share in cigarette paper box business. However, the Group has weakness in terms of economies of scale in the cost of production when compared to other competitor. The Group faced difficulty in expanding its cigarette paper box business in this competitive market. To achieve sustainable growth, the Group disposed of its equity interest in its cigarette paper box business and strives to diversify its business by focusing on the photovoltaic power sector and capturing related opportunities after considering the development and the expected return from investment in the photovoltaic industry in the PRC in the foreseeable future. The Group is leveraging its existing advantage and is embarking on business transformation with the aim to seize the development opportunities in the industry emerging from favorable policies and ultimately achieve rapid growth.

After the disposal of the cigarette paper box business and entering of the photovoltaic power industry, the Group has reclassified its existing business into four categories, namely, (i) trading, (ii) manufacturing and sales of packaging materials (comprising anti-counterfeiting films, other cigarette film and non-cigarette-related films), (iii) development of properties, and (iv) generation of photovoltaic power. During the six months ended 30 June 2015, the Group had made sales to (i) cigarette manufacturers; (ii) other customers of cigarette films; and (iii) customers of non-cigarette-related packaging materials. No sale has been recorded for sales of properties and photovoltaic power for the period.

The Group has two factories located in (i) Huai'an City in Jiangsu Province, accommodating production facilities for the printing and manufacturing of cigarette paper boxes; and anti-counterfeiting films: and (ii) Qingdao City in Shandong Province, accommodating production facilities for the manufacturing of BOPP films. The site for property development is located in Xuzhou, Jiangsu, the PRC and is expected to generate profit in early 2017. The Group has a photovoltaic power station under construction located in Xuzhou in Jiangsu Province, which is expected to commence generation of photovoltaic power before the end of 2015. In April 2015, the Group has entered into an agreement with TBEA Xinjiang New Energy Company Limited to acquire the equity mterests of two photovoltaic power companies located in Mu Lei and Kelamayi upon the two photovoltaic companies having achieved on-grid connection and commenced power generation. The transactions are expected to be completed before the end of 2015. To oversee the operation of the new photovoltaic power business, the Group has reviewed and enhanced the existing human resources by employing personnel with relevant experiences.

RESULTS OF OPERATION

Turnover

Our turnover, being the sales value of goods sold less returns, discounts and value added taxes and other sales taxes and which are principally derived from the manufacturing and trading of packaging materials, decreased by approximately HK$47.4 million, or approximately 18.1%, from approximately HK$261.1 million for the six months ended 30 June 2014 to approximately HK$213.7 million for the six months ended 30 June 2015, primarily as a result of the following:

(1) Decrease in turnover from sales of packaging materials

The decrease in turnover from sales of packaging materials was mainly due to (i) the disposal of our cigarette paper box business on 1 January 2015; the sales of our cigarette paper boxes was approximately HK$95.0 million for the six months ended 30 June 2014 and there was no sales in 2015; and (ii) the decrease of the sales of our anti-counterfeiting films by approximately 30.3%, from approximately HK$41.9 million for the six months ended 30 June 2014 to approximately HK$29.2 million for the six months ended 30 June 2015, primarily due to the decrease in demand from our sole anti-counterfeiting film customer. The decrease was partially offset by the increase in the sales of our other cigarette films by approximately 64.0%, from approximately HK$65.9 million for the six months ended 30 June 2014 to approximately HK$108.1 million for the six months ended 30 June 2015, primarily due to the engagement of our second production line in our Qingdao factory which has increased our production capacity to facilitate the increase in sales of our other cigarette films.

(2) Increase in sales of trading business

The increase in sales of our trading business by approximately 56.9%, from approximately HK$19.7 million for the six months ended 30 June 2014 to approximately HK$30.9 million for the six months ended 30 June 2015 was primarily due to the recovery of supply of imported films from our sole overseas supplier.

Cost of Sales

Our cost of sales decreased by approximately HK$6.2 million, or approximately 3.8% from approximately HK$162.2 million for the six months ended 30 June 2014 to approximately HK$156.0 million for the six months ended 30 June 2015, which is generally caused by the disposal of our cigarette paper box business and the increase of our sales in cigarette packaging films.

Gross profit and gross profit margin

Our gross profit decreased by approximately HK$41.2 million, or approximately 41.7%, from approximately HK$98.9 million for the six months ended 30 June 2014 to approximately HK$57.7 million for the six months ended 30 June 2015. Our gross profit margin decreased from approximately 37.9% for the six months ended 30 June 2014 to approximately 27.0% for the six months ended 30 June 2015. The decrease was due to the disposal of our cigarette paper box business which carried the highest profit margin among our products.

Other revenue and net income

Our other net income for the six months ended 30 June 2015 recorded an increase of approximately HK$365.8 million when compared with the same period in 2014. The increase was mainly caused by the gain on disposal of our cigarette paper box business and trading of listed securities in 2015 (2014: Nil).

Distribution costs

Our selling and distribution expenses decreased approximately by HK$0.2 million, or approximately 2.9%, from approximately HK$6.9 million for the six months ended 30 June 2014 to approximately HK$6.7 million for the six months ended 30 June 2015. The decrease was mainly attributable to the improved cost control by the implementation of open bidding of the transportation contracts of our packaging films to distant customers.

Administrative expenses

Our administrative expenses increased approximately by HK$2.9 million, or approximately 8.0%, from approximately HK$36.2 million for the six months ended 30 June 2014 to approximately HK$39.1 million for the six months ended 30 June 2015, primarily attributable to the increase in staff cost generated from the employment of personnel with relevant photovoltaic power experiences which was offset by the decrease of salary expenses due to the disposal of our cigarette paper box business.

Finance cost

Our finance costs increased by approximately 27.9% from HK$6.8 million for the six month ended 30 June 2014 to approximately HK$8.7 million for the six months ended 30 June 2015, primarily due to the increase of interest expenses.

Income tax

Our income tax increased by approximately HK$29.1 million from approximately HK$16.5 million for the six months ended 30 June 2014 to approximately HK$45.6 million for the six months ended 30 June 2015, primarily as a result of the tax generated from the disposal of our cigarette paper box business.

Profit attributable to equity holders of the Company

As a result of the foregoing factors, profit attributable to equity holders of the Company for the six months ended 30 June 2015 increased by approximately HK$305.1 million to approximately HK$331.5 million. The increase was mainly due to the gain on sale of a subsidiary during the period.

Liquidity and financial resources

As at 30 June 2015, the cash and cash equivalent of the Group amounted to approximately HK$224.9 million (which were denominated in HKD, RMB and USD) as compared with approximately HK$117.0 million as at 31 December 2014.

For the six months ended 30 June 2015, the Group's net cash outflow of operating activities, net cash outflow of investment activities and net cash inflow of financing activities amounted to approximately HK$52.4 million, approximately HK$49.6 million and approximately HK$209.9 million respectively.

Borrowings and gearing ratio

Total interest-bearing borrowings of the Group as at 30 June 2015 was approximately HK$448.1 million (31 December 2014: approximately HK$409.4 million) which were denominated in RMB, USD and HK dollar, of which approximately HK$379.6 million were current interest-bearing borrowings (31 December 2014: approximately HK$338.5 million) and approximately HK$68.5 million were non-current interest-bearing borrowings (31 December 2014: approximately HK$70.9 million). Approximately 68.3% of the borrowings were fixed rate borrowings and 31.7% of the borrowings were variable rate borrowings. The Group's gearing ratio, measured by net debt divided by shareholders' equity as at the end of the periods and multiplied by 100%, decreased from 62% as at 31 December 2014 to 23% as at 30 June 2015.

Exposure to fluctuation in exchange rate

The Group is exposed to currency risk primarily through sales and purchases made by the subsidiaries in the PRC which give rise to receivables, payables, cash balances and bank loans that are denominated in US dollars. At present, the Group has no hedging policy with respect to the foreign exchange exposure.

As the functional currency for all subsidiaries in the PRC are RMB, these subsidiaries are not exposed to any currency risk due to the exchange rate movement of RMB. For subsidiaries established outside of the PRC, they have no material financial assets and liabilities denominated in RMB. Accordingly, the Group's exposure to RMB currency risk is insignificant.

Capital expenditure

During the six months ended 30 June 2015, the Group's total capital expenditure amounted to approximately HK$4.6 million, which was used in the acquisition of property, plant and equipment.

Charge on assets

As at 30 June 2015, the Group had pledged its lease prepayments, machinery and building held for own use with net book value of approximately HK$175.8 million (31 December 2014: approximately HK$179.5 million) for the purpose of securing loans with carrying value of approximately HK$218.9 million (31 December 2014: approximately HK$199.0 million). Approximately HK$3.8 million of cash has been pledged as at 30 June 2015 (31 December 2014: approximately HK$117.0 million).

Significant investment, material acquisitions and disposal of subsidiaries and associated companies

Disposal of the Equity Interest of Jiangsu Shuntai Packaging & Printing Science Technology Co., Ltd.

On 15 January 2015, Sheen China Group Holdings Limited (the "Vendor"), a wholly-owned subsidiary of the Company, and Chinese Hongkong International Tobacco Group Co., Limited (中華香港國際煙草集團有限公司) (the "Purchaser") entered into an equity transfer agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the 51% equity interest in Jiangsu Shuntai Packaging & Printing Science Technology Co., Ltd. (the "Target Company") at a consideration of RMB325,000,000, which will be satisfied in cash (the "Disposal"). Upon completion of the Disposal, the Company will not hold any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

The Purchaser is a wholly-owned subsidiary of Shenzhen Jinjia Color Printing Group Co., Ltd. (深圳勁嘉彩印集團股份有限公司) ("Shenzhen Jinjia"), which holds the remaining 49% equity interest in the Target Company before the Disposal and thus a substantial shareholder and a connected person of the Group before the Disposal. The Purchaser is an associate of Shenzhen Jinjia and hence a connected person at the subsidiary level (as defined under the Listing Rules) of the Company under the Listing Rules. The Disposal therefore constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Chapter 14 of the Listing Rules and is subject to the reporting, announcement and the Shareholders' approval requirements.

The Disposal had been approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 9 March 2015. On 16 April 2015, the registration of transfer of the equity interest of Jiangsu Shuntai with the Jiangsu Administration for Industry and Commerce has been completed on 16 April 2015.

For details of the Disposal, please refer to the announcements of the Company dated 26 January 2015, 9 March 2015 and 16 April 2015 and the circular of the Company dated 17 February 2015.

Acquisition of the Equity Interest of Mu Lei Hua Guang Power Generation Company Limited and Kelamayi Xin Te Hua Guang Power Generation Company Limited

On 24 April 2015, Shenzhen Sheentai New Energy Technology Company Limited (an indirect subsidiary of the Company) ("Sheentai New Energy"), TBEA Xinjiang New Energy Company Limited ("Xinjiang New Energy") and Mu Lei Hua Guang Power Generation Company Limited ("Mu Lei Company") entered into an equity transfer agreement (the "Mu Lei Equity Transfer Agreement"), pursuant to which Sheentai New Energy conditionally agreed to purchase, and Xinjiang New Energy agreed to sell, the entire equity interest in Mu Lei Company for a total consideration of RMB53,700,000 in cash.

On the same day, Sheentai New Energy, Xinjiang New Energy and Kelamayi Xin Te Hua Guang Power Generation Company Limited ("Kelamayi Company") entered into an equity transfer agreement (the "Kelamayi Equity Transfer Agreement", together with the Mu Lei Equity Transfer Agreement, the "Equity Transfer Agreements"), pursuant to which Sheentai New Energy conditionally agreed to purchase, and Xinjiang New Energy agreed to sell, the entire equity interest in Kelamayi Company for a total consideration of RMB53,700,000 in cash.

As the applicable percentage ratios under the Listing Rules in relation to the Equity Transfer Agreements are in aggregate greater than 25% but are less than 100%, the Equity Transfer Agreements and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirement.

Sheen Tai Group Holding Limited, a shareholder of the Company which holds 300,000,000 shares of the Company, representing approximately 59.96% of the issued share capital of the Company, had given written approval for the Equity Transfer Agreements and the transactions contemplated therein so as to dispense with the holding of an extraordinary general meeting in accordance with Rule 14.44 of the Listing Rules. For further details of the Equity Transfer Agreements, please refer to the announcement of the Company dated 24 April 2015.

Approval For the Construction of a 15MW Photovoltaic Power Project in Wei Ning County, Jiangsu Province

On 30 April 2015, Xuzhou Sheentai New Energy Power Company Limited, an indirect wholly-owned subsidiary of the Company, has obtained approval from Xuzhou Development and Reform Commission for the construction of a 15 megawatts (MW) photovoltaic power project (the "15MW Photovoltaic Power Project"). The 15MW Photovoltaic Project is located in Wei Ji Town, Wei Ning County, Jiangsu Province, the PRC with an expected power capacity of 15MW. The total investment amount is approximately RMB120,000,000. For further details, please refer to the announcement of the Company dated 30 April 2015.

Framework Agreement in respect of Construction of 200MW Photovoltaic Power Project in Xinjiang

On 23 May 2015, Hami Sheentai New Energy Power Company Limited, an indirect wholly-owned subsidiary of the Company, has entered into a framework agreement with Liu Shu Quan Farm of the 13th division of the Xinjiang Production and Construction Corps in respect of the development and construction of a photovoltaic power project in Xinjiang, the PRC with an expected power capacity of 200 megawatts (the "200MW Photovoltaic Power Project"). The total investment amount of the 200MW Photovoltaic Power Project is expected to be approximately RMB1,800 million. For further details, please refer to the announcement of the Company dated 25 May 2015.

Contingent liabilities

As at 30 June 2015, the Group did not have any significant contingent liabilities (31 December 2014: Nil).

Human resources

As at 30 June 2015, the Group employed approximately 272 employees (as compared with 445 employees as at 30 June 2014) with total staff cost of approximately HK$30.2 million incurred for the six months ended 30 June 2015 (as compared with approximately HK$26.6 million for the same period of 2014). The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Company has also adopted a pre-IPO share option scheme and a share option scheme to provide incentive or reward to high-calibre employees and attract human resources that are valuable to the Group.

Continuing connected transactions

On 4 February 2015, Qingdao Ener Packaging Technology Co., Ltd. ("Qingdao Ener") (an indirect wholly owned subsidiary of the Company) entered into an agreement with Qingdao Justo Packaging Co., Ltd. (青島嘉澤包裝有限公司) ("Qingdao Justo") (the "Agreement"), pursuant to which Qingdao Justo shall purchase not more than 1,089.45 tonnes of cigarette films from Qingdao Ener for a period from the date of the Agreement until 31 December 2015 with a total consideration of not more than RMB24,891,556.04 (including value added tax) (equivalent to approximately HK$30,840,637.93).

As at the date of entering of the Agreement, the equity interests of Qingdao Justo were owned indirectly as to 30% by Shenzhen Jinjia Color Printing Group Co., Ltd. (深圳勁嘉彩印集團股份有限公司) ("Shenzhen Jinjia"), while Shenzhen Jinjia also held 49% equity interests in Jiangsu Shuntai Packaging & Printing Science Technology Co., Ltd ("Jiangsu Shuntai") (an indirect 51%-owned subsidiary of the Company). Qingdao Justo was hence an associate of Shenzhen Jinjia and thus a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Agreement was less than 5%, the Agreement was subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules, but was exempt from the circular, independent financial advice and shareholders' approval requirements.

Upon completion of the disposal of the 51% equity interest in Jiangsu Shuntai (details of which are set out in the section headed "Significant investment, material acquisitions and disposal of subsidiaries and associated companies" above), the Company does not hold any interest in Jiangsu Shuntai. Accordingly, Qingdao Justo has ceased to be an associate of Shenzhen Jinjia and a connected person of the Company.

Interim dividend

The Directors do not recommend payment of any interim dividend for the six months ended 30 June 2015.

Subsequent Event

Discloseable Transaction — Entering into of EPC Contract

On 2 July 2015, Xuzhou Sheentai New Energy Power Company Limited (an indirect wholly-owned subsidiary of the Company) ("Xuzhou Sheentai") entered into an engineering, procurement and construction ("EPC") contract with Xinjiang New Energy (the "EPC Contract"), pursuant to which Xinjiang New Energy, acting as the contractor, will provide EPC services to Xuzhou Sheentai for the construction of the on-grid photovoltaic power project located in Wei Ji Town, Wei Ning County (唯寧縣魏集鎮), Jiangsu Province, the PRC with an expected power capacity of approximately 16.74MW at the aggregate consideration of RMB120,528,000.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the EPC Contract exceed 5% but less than 25%, the EPC Contract and the transactions contemplated thereunder constitute discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempted from approval of the shareholders of the Company under Chapter 14 of the Listing Rules. For details of the EPC Contract, please refer to the announcement of the Company dated 2 July 2015.

Proposed Share Subdivision

On 26 August 2015, the Board proposes to subdivide each one existing issued and unissued share of HK$0.01 each in the share capital of the Company into four subdivided shares of HK$0.0025 each (the "Proposed Share Subdivision"). The Proposed Share Subdivision is conditional on, among others, the passing of an ordinary resolution by the shareholders of the Company at the extraordinary general meeting to approve the Share Subdivision. For details, please refer to the announcement of the Company dated 26 August 2015.

Prospects

Having considered the development and the expected return from investment in the photovoltaic industry in the PRC, the Directors are optimistic about the prospect of the photovoltaic industry in the PRC in the foreseeable future. The Company has been actively looking for new investments and business opportunities and considers photovoltaic power generation industry to be a sector with great potential. As a listed group, the Group has access to international capital markets which can provide substantial capital for the further business development. Going forward, the Group will continue to capture the growth potential and keep exploring new business opportunities for existing and new products in the PRC market.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Purchase, Sales or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

Corporate Governance Code

The Company has complied with the requirements under the code provisions set out in Appendix 14 - Corporate Governance Code (the "Code") to the Listing Rules or the continuing obligations requirements of a listed issuer pursuant to the Listing Rules for the six months ended 30 June 2015, except for the deviation from code provision A.1.8 of the Code as described below.

Under code provision A.1.8 of the Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company does not have such insurance cover for its Directors. This is deviated from code provision A.1.8 of the Code.

With regular, timely and effective communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual litigation against the Directors is relatively low. The Company will review and consider to make such arrangement as and when it thinks necessary.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the code of conduct and the required standard set out in the Model Code regarding directors' securities transactions during the six months ended 30 June 2015.

Audit Committee

The Company has an audit committee (the "Audit Committee") with terms of reference aligned with the provision of the Code for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Audit Committee comprises three members, all being independent non-executive Directors, namely, Mr. Lo Wa Kei, Roy, as its chairman, Ms. Fan Qing and Mr. Fong Wo, Felix.

The Audit Committee met with the external auditors of the Company to discuss the review process and accounting issues of the Group. The interim financial results of the Group for the six months ended 30 June 2015 is unaudited but has been reviewed by KPMG, the auditors of the Company, and by the Audit Committee.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float during the six months ended 30 June 2015 as required under the Listing Rules.

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

Hong Kong, 31 August 2015

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