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Sheen Tai Holdings Group Company Limited
順泰控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 01335)

SUPPLEMENTAL ANNOUNCEMENT

References are made to the announcements of the Company dated 28 April 2025 and 25 June 2025 in relation to the acquisition of Machineries and Filecoin (together, the "**Announcements**"). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Board is pleased to provide more information on the business development of the Group supplemental to the Announcements.

BUSINESS PLAN

The Group is principally engaged in, inter alia, the semiconductors business, related services and generation of photovoltaic power and property development and related services. It is the intention of the Board to continue with the current businesses and no agreement has been entered into to dispose of or downsize the same. To enhance the value of the Group for the interest of the Shareholders, the Group has been exploring other viable business opportunities.

The blockchain and cryptocurrency industry ("**Crypto Industry**") has been on the rise in recent years and it is expected that the development will be unprecedented in the future. The Group attempts to tap into this industry by mining and purchase of cryptocurrency. Cryptocurrencies are traded worldwide on various platforms, open for the public to buy and sell. As such, there is no entry barrier for crypto mining and trading. In addition to the potentials of the Crypto Industry, the Board is of the view that the Group's expansion in this area is compatible with its semiconductor business. The equipment in the Crypto Industry relies on the supplies of semiconductor, which makes semiconductor becoming a vital part in the growth of the Crypto Industry. By venturing into crypto mining and trading, the Group essentially takes its semiconductor business a step further on the usage of semiconductor and contemplate an option for payment settlement with cryptocurrencies.

The Group's businesses have been of high-technology nature, for instance generation of photovoltaic power and semiconductor business. Crypto mining and trading are also technology oriented, which aligns with the business pattern of the Group. The Hong Kong government has a vision to position Hong Kong as a leading global hub of digital assets and aims to provide a supportive ecosystem with

clear regulations and infrastructure to facilitate the same. The Group's plan to be engaged in the Crypto Industry is a move in line with the government policy and allows the Group to capture the opportunities in the upward trend of the industry.

FURTHER INFORMATION ON FILECOIN

As disclosed in the Announcements, the Group acquired the Machines and purchased a number of the Filecoin tokens at trading price between US$2.1 and US$2.3 per unit.

Filecoin was introduced in 2017. Filecoin provides users with a decentralised storage network that turns cloud storage into an algorithmic marketplace. The market operates on a blockchain and in order to release storage space for storing or sharing data on the network, users must deposit Filecoin as collateral through a blockchain pledge transaction. Unlike other cryptocurrencies, Filecoin miners extract blocks that yield substantial rewards subject to its mining power based on active storage. The network requires users to place collateral in order to utilise it. The amount of collateral changes according to the miner's storage preference.

Filecoin has its unique utility on data storage and there are commentaries predicting Filecoin price may reach US$10.21 by 2028 and US$32.88 by 2031. It is anticipated that the demand for data storage space will surge as information is digitalised and hence the value of Filecoin will increase.

INTERNAL CONTROL

Crypto market is known for its high volatility, which offers significant profit potential but also carries substantial risks. Internal control procedures have been set up specifically to deal with the risks of the crypto trading.

Investment policy and objectives

Purpose and objective

The purpose of investing in crypto is to increase the Group's return within a controlled framework and risk level. The crypto market is open all year round to the public worldwide, cryptocurrencies have higher liquidity than listed securities for trading purposes and are less susceptible to local matters. Crypto trading is therefore a possible way to increase the Group's return in addition to the principal business of the Company.

The objective of trading crypto is to achieve long-term sustainability by adopting the usual strategies of, inter alia, buy low sell high and strong hold. To follow the Group's prudent financial policy, the Group will ensure it has sufficient cash to meet its liquidity requirement before investing in crypto.

Selection of crypto tokens

Some crypto tokens in the market may be developed and structured for rug-pulls to rip the investors money. To avoid falling into these scams, the Group will only invest in actively-traded cryptocurrencies with years of history (not less than 5 years of track record), good liquidity and market depth. The tokens that fulfill these criteria include but not limited to Bitcoin (BTC), Ethereum (ETH), Binance Coin (BNB) and Filecoin (FIL). The Group will also invest in stablecoins which are a type of cryptocurrency whose value is pegged to another asset, such as a fiat currency, to maintain a stable price. As the name implies, stablecoins strive to provide an alternative to the high volatility of other popular cryptocurrencies.

It is the current intention that these 4 crypto tokens together with stablecoins, for example Tether (USDT) and USD Coin (USDC), will constitute the majority of the Group's crypto portfolio. Should the Group propose to trade cryptos other than the aforesaid named tokens, evaluations shall be made in the following aspects:

– fundamental analysis: evaluate the blockchain technology used by that token, the historical and current price and market demand of that token. Tokens with little transparency or unproven fundamentals will not be chosen.

– Technical analysis: use professional analysis tools (for example Volatility Index (VIX)) and platforms to monitor and analyse market fluctuations, price volatility, trading volume and other indicators related to crypto.

Holding time of tokens

The holding time of the tokens differ depending on the market trend. When the market is in upward trend, the Group will hold the tokens for a longer period until the technical analysis suggests selling. When the market is in downward trend, the Group will switch to stablecoins until the market stabilizes.

Risk management and control measures

Diversified portfolio

As a rule of thumb, the Group will manage the crypto portfolio to avoid over-concentration in one single token. A diversified portfolio can reduce exposure to the failure or sharp plunge in one digital asset. Stablecoin will constitute not less than 5% of the Group's portfolio to hedge against extreme market swings and maintain liquidity.

Trading limit

A limit is set as to the amount of money involved in each purchase of crypto, which is in general expressed as a certain percentage to the Budget (as defined below). The limit is currently set at 10% of the available unused Budget and the limit may be changed from time to time depending on the circumstances.

Gain and loss limits

For each trade, stop-loss and take-profit levels will be set. The stop-loss is a measure to control the maximum possible loss, the threshold is set at not more than 20% below the price that the Group purchased that token. Once the threshold is hit, the system will automatically sell the token in the market. Similarly, the take-profit is a measure to lock in profits when the token reaches a desired price. The stop-loss and take-profit levels are set based on technical and data analysis, they can counter against human impulsive decisions.

In respect of the collateral requirement for the mining of Filecoin, certain number of Filecoin tokens are pledged for mining purpose. The pledged Filecoin tokens can be returned to the Group if the Group generates proofs of storage for the data it committed to store. Also, the number of pledged Filecoin tokens can be changed according to the Group's storage preference. In the case of significant market volatility, the Group may not be able to timely get back the pledged Filecoins, the Group may utilize options trading as a hedging strategy to mitigate relevant risks.

Constant monitoring

The Group will keep abreast of the market news which may have impact on the industry prospect and sentiment. Government policies and regulations, collapse of crypto trading platform, security breaches, etc may affect crypto prices and safety. Swift actions will be taken to secure the Group's crypto positions.

Leveraging

The Group may use moderate leverage in crypto trading in the ratio up to 10x. Board approval must be obtained in advance if higher leverage ratio is proposed.

Counterparty risk

The Group will only trade crypto on trust-worthy platforms with good reputation and liquidity, for example: Binance, Coinbase and HashKey. For local trading platform, the Group will only select platforms which are properly licensed in Hong Kong. For global trading platform, the Group will take into account the ranking of crypto exchanges curated by the websites (for example: Coinmarketcap) that provide information and data such as prices, trade volumes, market capitalization on cryptocurrencies. The choices of trading platform will be reviewed from time to time by the Team (as defined below) to assess the regulatory and reliability aspects.

Storage of token

The Group has put in place security measures and policies in safeguarding its digital assets. The Group maintains digital assets in both "hot wallet" and "cold wallet", it is known that "hot wallet" is more susceptible to cyber attacks or potential theft due to their connection to the public internet. To mitigate such risks, unique passwords and two-factor authentication will be used to assess the "hot wallet". When not trading, the Group will store its digital assets in "cold wallet". The Group stores the "cold wallet" in a safe box to be opened with a set of complicated passwords which is kept by separate persons.

Approval and oversight mechanisms

Specialised Team

To cater for the Group's developing crypto mining and trading business, a specialized team (the "**Team**") is formed to be responsible for managing and supervising the virtual asset business and conducting risk control on the aspects and standards mentioned above. The Team will report to the Board from time to time on the performance of the crypto-related business. If there is any material market fluctuation or serious concern, the Team shall immediately bring to the attention of the Board.

The Team consists of 3 core members and additional technical support, headed by Mr. Dai Jizhou (the "**Team Head**"), an executive director of the Company. He has over 28 years of experience in business development and project and investment management. Before joining the Group, Mr. Dai worked in a PRC company for around 2 years where he monitored the operation of data centre, conducted research on the development of Web 3.0 related business and monitored the development of blockchain application. The Team includes the general manager of the Group, who will be in charge of internal control procedures, monitor operations and oversee compliance. An actuarial specialist complements the Team by monitoring the business model and providing risk management for the project. Their expertise in financial modeling and risk assessment is crucial for evaluating potential risks and ensuring the long-term sustainability of the business. Together, the Team possesses a diverse range of skills including actuarial science, data analysis, crypto and blockchain experience. The Team is capable of handling the current crypto mining and trading business and related compliance matters. Additional technical support will assist the core members in various operational aspects. The composition of the Team may change as and when necessary to strengthen it and suit the evolving needs of the business.

The Board will pre-approve a certain amount (the "**Budget**") for development of crypto mining and trading business for a specified period. Within the Budget, the Specialised Team can trade crypto on its own without the Board approval. Each member in the Team can make recommendation to the other members in relation to the crypto trading by specifying the type, unit price and number of tokens to be bought or sold together with the proposed stop-loss or take-profit price (where relevant). The member shall make the recommendation to the Team Head, who may approve or reject the same. In the event the recommendation is approved, the Team Head shall proceed to execute or procure the execution of the trade. On the other hand, if the recommendation is from the Team Head, the Team

Head shall inform the other Team members of his recommendation. When one of such Team members approves Team Head's recommendation, the Team Head shall execute or procure the execution of the trade.

It is the present intention of the Group to allocate from its internal financial resources approximately HK$70 million for crypto trading, part of which has been utilized in the acquisition of Filecoin token as disclosed in the announcement dated 25 June 2025. The Company will comply with the requirements under Chapter 14 and 14A of the Listing Rules in relation to the crypto trading as and when necessary.

The Board is of the view that the Group's expansion plan in the Crypto Industry will generate positive returns. Further announcement will be made to update the Shareholders and the public of the Group's business developments where relevant.

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

Hong Kong, 27 August 2025

As at the date of this announcement, the executive Directors are Mr. Guo Yumin, Ms. Xia Yu and Mr. Dai Jizhou; and the independent non-executive Directors are Ms. Fan Qing, Mr. Dai Tin Yau and Mr. Chan Yin Lam.