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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)

DISCLOSEABLE TRANSACTION IN RELATION TO PROVISION OF A LOAN

The Board is pleased to announce that on 15 November 2022 (after trading hours), the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreement with the Borrower and the Personal Guarantor, pursuant to which the Lender agreed to provide to the Borrower a loan amount up to RMB45,000,000 for a term of seven months, which carries interest at an interest rate of 0.58% per month and is secured by the Collateral provided by the Personal Guarantor.

THE LISTING RULES IMPLICATIONS

The Loan as provided under the Loan Agreement constitutes a financial assistance provided by the Lender within the meaning of the Listing Rules.

As Xuzhou New Advantage entered into a loan agreement with the Borrower in relation to the provision of the 2022 First Loan on 2 June 2022, the Loan Agreement shall be regarded as entered into by the Group with the same party or with parties connected or otherwise associated with one another and are expected to complete within a 12-month period of each other. Hence, the provision of Loan and the 2022 First Loan will be aggregated as a series of transactions pursuant to Rule 14.22 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 provision of Loan and the 2022 First Loan in aggregate are more than 5% but less than 25%, the provision of Loan constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

Reference is made to the announcement of the Company dated 2 June 2022 in relation to the provision of loan provided by the Lender to the Borrower for a loan amount up to RMB55,000,000 for a term of six months (the “**2022 First Loan**”).

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THE LOAN AGREEMENT

Principal terms of the Loan Agreement are set out as below:

Date:	15 November 2022
Lender:	The Lender
Borrower:	The Borrower
Guarantor of the Loan Agreement:	Personal Guarantor To the best knowledge, information and belief of the Directors have made all reasonable enquiries, each of the Borrower, the ultimate owner of the Borrower and the Personal Guarantor, is an Independent Third Party.
Term of the Loan:	Seven months from the drawdown date of the Loan
Principal amount:	RMB45,000,000 to be drawn down in three tranches. The first tranche in the loan amount of RMB20,000,000 to be drawn down on 15 November 2022, the second tranche in the loan amount of RMB15,000,000 to be drawn down on 17 November 2022 and the third tranche in the loan amount of RMB10,000,000 to be drawn down on 18 November 2022.
Interest rate:	0.58% per month
Purpose of the Loan:	For use of development and construction of the Borrower’s Suining Chuyue Mansion (Wanda) Project (睢寧楚岳公館(萬達)項目)

Repayment: The Borrower shall repay the principal with the interest at the end of the term of the Loan. The Personal Guarantor provides personal guarantee in the Loan Agreement for the Borrower's due performance and payment.

Early repayment: The Borrower may make an early repayment of all or part of the Loan with the all interest accrued but unpaid after 4 months from the commencement of the term of the Loan.

Collateral for the Loan includes: (i) The Equity Pledge Agreement:

On 15 November 2022, the Lender, the Borrower and the Personal Guarantor entered into the Equity Pledge Agreement, pursuant to which the Personal Guarantor agreed to pledge 60% equity interest in the Borrower (the "**Equity Pledge**") in favour of the Lender in order to secure the repayment obligation of the Borrower under the Loan Agreement.

Pursuant to the Loan Agreement, the Equity Pledge shall secure all indebtedness owed by the Borrower to the Lender and the Lender shall release 10% of the Equity Pledge within 3 business days for every repayment of RMB10 million by the Borrower.

(ii) The Personal Guarantee Agreement:

On 15 November 2022, the Lender, the Borrower and the Personal Guarantor entered into the Personal Guarantee Agreement, pursuant to which the Personal Guarantor undertook to guarantee the Borrower's repayment obligation under the Loan Agreement.

Each of the Loan Agreement and the Collateral contains other usual representations, warranties and undertakings given by the Borrower and/or the Personal Guarantor in favour of the Lender. The Loan will be funded by internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

As the Board believes that the Borrower is creditable and the Loan can provide the Group with an opportunity to generate stable income as the Board considers that the Group currently has surplus cash resources and the entering into of the Loan Agreement can utilize such resources more efficiently.

The terms and conditions of the Loan Agreement (including the interest rate) are negotiated on an arm's length basis between the Lender, the Borrower and the Personal Guarantor with reference to the normal prevailing commercial practice and the terms and conditions of the loan agreement of the 2022 First Loan. The Directors consider that the Loan, the Loan Agreement and the Collateral are on normal commercial terms entered into based on the Group's credit assessment towards the Borrower and the Personal Guarantor.

Taking into account the satisfactory assets owned by the Borrower, the creditability of the Borrower, the Collateral and the expected return to be generated from the Loan, the Directors consider that the terms of the transaction under the Loan Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY AND THE LENDER

The principal activities of the Group include sales of sub-processing cigarette films, sales of semi-conductors, properties development and related services and generation of photovoltaic power. The Lender is an indirect wholly-owned subsidiary of the Company which is principally engaged in properties development in Xuzhou City, the PRC.

INFORMATION OF THE BORROWER AND THE PERSONAL GUARANTOR

The Borrower is a company established in the PRC which is principally engaged in property sales, property lease and development.

Personal Guarantor, who holds 99% equity interest in the Borrower as at the date of this announcement, is the ultimate beneficial owner of the Borrower.

THE LISTING RULES IMPLICATIONS

The Loan as provided under the Loan Agreement constitutes a financial assistance provided by the Lender within the meaning of the Listing Rules.

As Xuzhou New Advantage entered into a loan agreement with the Borrower and the Personal Guarantor in relation to the provision of the 2022 First Loan on 2 June 2022, the Loan Agreement shall be regarded as entered into by the Group with the same party or with parties connected or otherwise associated with one another and are expected to complete within a 12-month period of each other. Hence, the provision of Loan and the 2022 First Loan will be aggregated as a series of transactions pursuant to Rule 14.22 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 provision of Loan and the 2022 First Loan in aggregate are more than 5% but less than 25%, the provision of Loan constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Borrower” or “Suining Chuyue”	Suining Chuyue Zhiye Company Limited* (睢寧楚岳置業有限公司), a company established in the PRC with limited liability, which is owned as to 99% by the Personal Guarantor and 1% by Personal Guarantor’s daughter, Ms. Sun Yijun, respectively
“Collateral”	the Equity Pledge Agreement and the Personal Guarantee Agreement as set out in the section headed “The Loan Agreement” in this announcement
“Company”	Sheen Tai Holdings Group Company Limited (stock code: 1335), a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Pledge Agreement”	the equity pledge agreement entered into among the Lender, the Borrower and the Personal Guarantor dated 15 November 2022
“Group”	the Company and its subsidiaries
“Independent Third Parties”	third party(ies) independent of the Company and are not connected persons (as defined under the Listing Rules) of the Company
“Lender” or “Xuzhou New Advantage”	Xuzhou New Advantage Real Estate Development Co., Ltd.* (徐州新優勢房地產開發有限公司), a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company, which is principally engaged in properties development in Xuzhou City, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan”	the principal amount up to RMB45,000,000 to be drawn down by the Borrower pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 15 November 2022 entered into among the Lender, the Borrower and the Personal Guarantor
“Personal Guarantee Agreement”	the personal guarantee agreement entered into among the Lender, the Borrower and the Personal Guarantor dated 15 November 2022
“Personal Guarantor”	Mr. Sun Yong (孫勇), a PRC resident, who holds 99% equity interest in Suining Chuyue, an executive director and legal person of the Borrower. Mr. Sun Yong is also the father of Ms. Sun Yijun
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 15 November 2022

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

* *For identification purposes only*