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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 18 June 2021 (after trading hours), the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreement with the Borrower and the Guarantor, pursuant to which the Lender agreed to provide to the Borrower a loan amount of RMB60,000,000 for a term of six months, which carries interest at an interest rate of 0.39% per month and is secured by the Collateral provided by the 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 and the Guarantor in relation to the provision of the 2020 Second Loan on 18 December 2020, 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 2020 Second 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 2020 Second 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 18 December 2020 in relation to the provision of loan provided by the Lender to the Borrower for a loan amount of RMB60,000,000 for a term of six months (the “**2020 Second Loan**”). In relation to the 2020 Second Loan, the Borrower fully repaid the principal thereof with interest on 17 May 2021.

The Board is pleased to announce that on 18 June 2021 (after trading hours), the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreement with the Borrower and the Guarantor, pursuant to which the Lender agreed to provide to the Borrower a loan amount of RMB60,000,000 for a term of six months, which carries interest at an interest rate of 0.39% per month and is secured by the Collateral provided by the Guarantor.

THE LOAN AGREEMENT

Principal terms of the Loan Agreement are set out as below

Date:	18 June 2021
Lender:	The Lender
Borrower:	The Borrower
Guarantor:	Mr. Sun Chuyue

To the best knowledge, information and belief of the Directors have made all reasonable enquiries, each of the Borrower, the ultimate owners of the Borrower and the Guarantor is an Independent Third Party not connected with the Company and its connected persons.

Term of the Loan:	Six months from 18 June 2021 to 17 December 2021
Principal amount:	RMB60,000,000
Interest rate:	0.39% per month
Repayment:	The Borrower shall repay the principal with the interest at the end of the term of the Loan.
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:**
- (i) A share charge over its 60% equity interest in Suining Chuyue given by Mr. Sun Chuyue in favour of the Lender as collateral in respect of the Loan (together with interests, all costs, charges, expenses and damages) has been executed on 18 June 2021. The parties agree that every time the Borrower repays RMB10,000,000 to the Lender, the Lender will release 10% of equity interest in Suining Chuyue back to Mr. Sun Chuyue.
 - (ii) Guarantor has also entered into a guarantee on 18 June 2021 (after trading hours) to guarantee the Borrower's due performance and payment under the Loan Agreement.

The Loan Agreement contains other usual representations, warranties and undertakings given by the Borrower and the 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 Borrower repaid the principal of the 2020 Second Loan in full with interest on 17 May 2021, 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 Guarantor with reference to the normal prevailing commercial practice and the terms and conditions of the loan agreement of the 2020 Second 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 Guarantor.

Taking into account the satisfactory assets owned by the Borrower, the full repayment of the 2020 Second Loan with interest, 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, properties development and related services, generation of photovoltaic power and cloud-related business. 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 GUARANTOR

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

Mr. Sun Chuyue, who holds 70% equity interest in the Borrower as at the date of this announcement, is one of the ultimate beneficial owners of the Borrower.

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DEFINITIONS

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

“Board”	the board of Directors
“BOPP film”	biaxially oriented polypropylene film (聚丙烯雙向拉伸薄膜)
“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 70% by Mr. Sun Chuyue and 30% by Mr. Sun Chuyue’s sister, respectively
“Collateral”	(i) 60% equity interest in Suining Chuyue which is held by Mr. Sun Chuyue as the share charge in favour of the Lender; and (ii) personal guarantee provided by the Guarantor

“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
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Sun Chuyue (孫楚岳), a PRC resident who holds 70% equity interest in Suining Chuyue, an executive director and legal person of the Borrower
“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 of RMB60,000,000 to be lent by the Lender to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 18 June 2021 entered into among the Lender, the Borrower and the Guarantor
“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, 18 June 2021

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

* *For identification purposes only*