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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 FINANCING LOAN AGREEMENT

FINANCING LOAN TRANSACTION

On 4 August 2023 (after trading hours), the Lender, a directly wholly-owned subsidiary of the Company, entered into the Financing Loan Agreement with the Borrower, pursuant to which, the Lender agreed to, among other things, make available to the Borrower the Loan for the amount of RMB50,000,000 on the terms and subject to the conditions therein.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Financing Loan Agreement are more than 5% but all of the applicable percentage ratios are less than 25%, the Financing Loan Agreement and the Transaction constitute 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.

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THE FINANCING LOAN AGREEMENT

Date: 4 August 2023 (after trading hours)

Parties: (1) the Lender; and
(2) the Borrower

Based on the information and confirmations of the Borrower, and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Borrower and the Guarantor are third parties independent of the Company and its connected persons.

Principal terms of the Financing Loan Agreement

Term of the Loan:	Forty-eight (48) months from the drawdown date
Principal amount:	RMB50,000,000 made by the Lender to the Borrower on the terms and subject to the conditions set out in the Financing Loan Agreement.
Interest rate:	4.75% per annum
Purpose of the Loan:	The Loan is provided to the Borrower for the purpose of general working capital.
Repayment:	The Borrower shall repay the principal amount at the end of the term of the Loan with interest. The interest is calculated according to the actual number of days counted from the first drawdown date to the end of the term of the Loan or an early repayment date agreed by both parties or on a date which the Lender elected to exercise its conversion and subscription rights pursuant to the Financing Loan Agreement. The Guarantor provides personal guarantee in the Financing Loan Agreement for the Borrower's due performance and payment of the principal amount, interest and liquidated damages, if any, in connection with or incidental to the Financing Loan Agreement for a period of twenty-four (24) months after the end of the term of the Loan.

Repayment date: Forty-eight (48) months from the drawdown date but subject to the conversion and subscription rights of the Lender; if the Lender (a) informs the Borrower requesting the repayment in writing within one (1) month before the expiration of the term of the Loan; or (b) elected not to exercise its conversion and subscription rights pursuant to the Financing Loan Agreement before the expiration of the term of the Loan, the Borrower shall repay the principal amount in full with interest within five (5) working days after the expiration of the term of the Loan.

Conversion and Subscription Rights:

- (i) The Lender shall have the right to convert the principal amount into ordinary shares of the Borrower by way of capital injection at the Conversion/Subscription Price within the Conversion/Subscription Period.
- (ii) If the Lender elected not to exercise its conversion and subscription rights pursuant to the Financing Loan Agreement in the twenty-fourth (24) month from the drawdown date, the Borrower shall have the right to repay in advance the principal amount with interest to the Lender in the twenty-fifth (25) month from the drawdown date.
- (iii) (A) At any time before the end of the term of the Loan, if any other financial or institutional investor intends to invest and increase the capital of the Borrower and when the shareholders' approval of the Borrower is obtained, the Borrower shall, within five (5) days from the date of the shareholders' approval, issue a written notice to the Lender ascertaining whether the Lender would exercise its conversion and subscription rights pursuant to the Financing Loan Agreement and provide a complete set of transaction documents to the Lender; (B) If the Lender expressly elected not to exercise its conversion and subscription rights pursuant to the Financing Loan Agreement within seven (7) days from the date of the written notice issues by the Borrower or the Lender fails to reply to the Borrower within the aforementioned period, it shall be deemed that the Lender will not exercise its conversion and subscription rights pursuant to the Financing Loan Agreement, and the Borrower shall repay the principal amount in full with interest to the Lender before the investment

made by the financial or institutional investor; (C) If the Lender expressly replies to the written notice and exercises its conversion and subscription rights pursuant to the Financing Loan Agreement, it will be deemed that the Lender agrees to all the conditions in relation to the investment made by the financial or institutional investor, and the Lender shall enjoy the shareholder's rights not lower than those of the financial or institutional investor.

- (iv) Under the circumstance that the Lender becomes the registered shareholder of the Borrower pursuant to the Financing Loan Agreement and the Lender's shareholding in the Borrower is not less than or equal to 10%, the Lender has the right to nominate a director to the board of directors of the Borrower.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The terms of the Financing Loan Agreement, including the interest rates applicable, were arrived at after arm's length negotiations between the Lender and the Borrower having taken into account the prevailing market interest rates and practices. The Financing Loan Agreement was entered into by the Lender having regard to (i) the costs of borrowing in providing the Loan to the Borrower; (ii) the interest income to be generated by the Transaction; and (iii) enjoy the conversion and subscription rights pursuant to the Financing Loan Agreement, especially when the Borrower's business has a good development momentum, the Company can actively convert the principal amount of the Loan into ordinary shares of the Borrower, which will bring additional income to the Company. In view of the above, the Directors are of the view that the terms of the Financing Loan Agreement are on normal commercial terms and the Transaction is fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

INFORMATION RELATING TO THE COMPANY, THE LENDER, THE BORROWER AND THE GUARANTOR

(1) The Company

The Company is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange.

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.

(2) **The Lender**

The Lender is a company incorporated in the PRC with limited liability and is a direct wholly-owned subsidiary of the Company.

The principal business activity of the Lender is investment holding.

(3) **The Borrower**

The Borrower is a company incorporated in the PRC with limited liability.

The principal business activity of the Borrower is engaged in the research and development, sales and technical services of activated carbon, new carbon materials, chemical defense equipment, blood purification product materials in the medical industry, kidney disease treatment drugs oral charcoal and pet medicine.

To the best knowledge, information and belief of the Directors after making reasonable enquiries and based on the confirmation provided by the Borrower, 56.75% equity interest in the Borrower is held by Shenzhen Global Greenland Investment Co., Ltd.* 深圳市環球綠地投資有限公司 (“**Greenland Investment**”), 15.79% equity interest is held by Wang Jing on trust for Mr. Wang, 17.46% equity interest by Chen Hongjuan on trust for Yang Tianlei and the remaining 10% equity interest is held by three independent third parties of the Company. In which Wang Jing holds 32.31% equity interest in Greenland Investment on trust for Mr. Wang, Yang Jiezheng holds 29.23% equity interest in Greenland Investment, Li Huanchang holds 23.08% equity interest in Greenland Investment and Xuzhou Ruiqi Enterprise Management Partnership (Limited Partnership)* 徐州睿奇企業管理合夥企業 (有限合夥) (“**Xuzhou Ruiqi**”) holds 15.38% equity interest in Greenland Investment. Wang Jing indirectly holds 8.30% equity interest of the Borrower by holding 95% of Xuzhou Ruiqi’s equity interest, of which 4.37% equity interest is held on trust for Gao Li and 3.93% equity interest is held on trust for Mr. Wang. Hence, Mr. Wang is the ultimate beneficial owner of the Borrower, who holds 38.06% equity interest in the Borrower.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Borrower and the ultimate beneficial owner of the Borrower are third parties independent of the Company and connected persons of the Company (as defined in the Listing Rules).

(4) **The Guarantor**

Mr. Wang being the Guarantor of the Financing Loan Agreement is the ultimate beneficial owner of the Borrower, director and general manager of the Borrower and general manager of Greenland Investment.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Financing Loan Agreement are more than 5% but all of the applicable percentage ratios are less than 25%, the Financing Loan Agreement and the Transaction constitute 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

“Board”	the board of Directors
“Borrower”	Shenzhen Global Greenland New Material Co., Ltd.* (深圳市環球綠地新材料有限公司), a company incorporated in the PRC with limited liability
“Business Day”	a day (other than a Saturday or Sunday and public holidays) on which banks are generally open for business in Hong Kong
“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 persons”	having the meaning ascribed to it under the Listing Rules
“Conversion/Subscription Period”	where there is a drawdown, the period commencing from the drawdown date to the date falling forty-eight (48) months from such first drawdown date (both dates inclusive)
“Conversion/Subscription Price”	A fixed price in the amount of RMB50 million, and will not be adjusted due to changes in the audited owner’s equity of the Lender before the conversion or third-party market valuation quotations
“Director(s)”	the director(s) of the Company
“Financing Loan Agreement”	the financing loan agreement entered into between the Lender as lender and the Borrower as borrower dated 4 August 2023
“Group”	the Company and its subsidiaries

“Guarantor”	Mr. Wang
“Lender”	Shenzhen Shuntai New Energy Science Technology Co., Ltd.* (深圳順泰新能源科技有限公司), a company incorporated in the PRC with limited liability, a directly wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	RMB50,000,000 made by the Lender to the Borrower on the terms and subject to the conditions set out in the Financing Loan Agreement
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Mr. Wang”	Wang Yufeng, a PRC resident, who holds 38.06% equity interest in the Borrower, director and general manager of the Borrower and general manager of Greenland Investment
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Taiwan, Hong Kong, Macau Special Administrative Region of the People’s Republic of China
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Financing Loan Agreement

“Wang Jing”

Wang Jing, a PRC resident, brother of Mr. Wang, director of Greenland Investment and the general partner of Xuzhou Ruiqi

“%”

per cent

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

Hong Kong, 4 August 2023

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*