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Shunten International (Holdings) Limited

順騰國際(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 932)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



On 25 April 2019, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company appointed the Placing Agent as its agent to procure currently expected not less than six (6) Placees who are Independent Third Parties to subscribe up to 58,000,000 Placing Shares at the Placing Price of HK\$0.4275 per Placing Share on a best effort basis on the terms and subject to the conditions set out in the Placing Agreement. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 7 September 2018.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 2.73% of the existing issued share capital of the Company of 2,123,002,150 Shares as at the date of this announcement; and (ii) approximately 2.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$145,000.

The Placing Price represents (i) a discount of 10.00% to the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on 25 April 2019, being the date of the Placing Agreement; and (ii) a discount of approximately 10.19% to the average closing price of approximately HK\$0.476 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement.

It is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$24,795,000 and approximately HK\$24,400,000, respectively. The net proceeds from the Placing are intended to be used for general working capital of the Group.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

25 April 2019

Issuer

The Company

Placing Agent

Kilmorey Securities Limited

The Company appointed the Placing Agent as its agent to procure Placees who are Independent Third Parties to subscribe up to 58,000,000 Placing Shares at the Placing Price of HK\$0.4275 per Placing Share on a best effort basis on the terms and subject to the conditions set out in the Placing Agreement.

The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its associate(s) are Independent Third Parties. As at the date of this announcement, the Placing Agent and its associates were not interested in any Share.

Placees

The Placing Agent will place the Placing Shares to professional, institutional or other investor(s) who and whose beneficial owner(s) are Independent Third Parties. It is currently expected that the Placing Shares will be placed to not less than six (6) Placees and none of them will become a substantial Shareholder (as defined in the Listing Rules) upon completion of the Placing.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 2.73% of the existing issued share capital of the Company of 2,123,002,150 Shares as at the date of this announcement; and (ii) approximately 2.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$145,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price represents (i) a discount of 10.00% to the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on 25 April 2019, being the date of the Placing Agreement; and (ii) a discount of approximately 10.19% to the average closing price of approximately HK\$0.476 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Placing is in the interests of the Company and the Shareholders as a whole.

Placing commission

The Placing Agent will receive a placing commission of 1% of the amount equal to the Placing Price multiplied by the number of the Placing Shares which the Placing Agent has procured the Placees to subscribe for the Placing Shares. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent.

General Mandate to allot and issue the Placing Shares

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 424,600,430 Shares under the General Mandate. Up to the date of this announcement, 59,083,193 Shares have been issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders. Upon completion of the Placing, 1,083,193 Shares of the General Mandate will remain unutilised by the Company.

Application for listing of the Placing Shares

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Conditions of the Placing Agreement

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment and/or despatch of certificates for the Placing Shares) the listing of, and permission to deal in, all of the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms thereof, including provisions regarding force majeure events.

Completion of the Placing

Completion of the Placing, in any event, will take place within four Business Days after the fulfilment and/or waiver (in respect of condition (ii) above) of the conditions as set out in paragraph headed “Conditions of the Placing Agreement” above or such other date to be agreed between the Company and the Placing Agent in writing (the “**Completion Date**”). If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before 5:00 p.m. on 15 May 2019 or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing Agreement will not proceed and all obligations and liabilities of the parties under the Placing Agreement (other than the confidentiality provisions) will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

Termination and force majeure

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances (inclusive of any pandemics or epidemics) which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days; or

- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, if repeated, the Placing Agent shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine (other than the confidentiality provisions) and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the formulating, marketing, sale and distribution of health and beauty supplements and products in Hong Kong and the PRC, as well as the provision of online advertising agency business, online payment business, e-commerce promotion business and game distribution business.

The maximum gross proceeds from the Placing will be approximately HK\$24,795,000. The maximum net proceeds from the Placing will amount to approximately HK\$24,400,000 which is intended to be used for general working capital of the Group.

The Directors consider that the Placing represents an opportunity to raise capital for the Group for future development while broadening its Shareholder and capital base. The Directors are of the view that the Placing is in the interest of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following equity fund raising activity has been carried out by the Company in the twelve (12) months immediately prior to the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
22 January 2019 and 13 February 2019	Placing of 5% unsecured convertible bonds in the aggregate principal amount of HK\$106 million convertible into 365,517,237 Shares at HK\$0.29 each	HK\$102 million	Approximately HK\$90 million shall be applied in the purchase of the same principal amount of the 2017 Convertible Bonds and approximately HK\$12 million shall be applied towards the Company's general working capital.	Used as intended in full.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing, assuming the Placing Shares are fully placed, is set out as below:

Shareholder	Shareholding structure as at the date of this announcement		Shareholding structure upon completion of the Placing	
	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)
Directors (including ex-Directors) and substantial Shareholder				
Able Island Group Limited (Note 1)	733,568,000	34.55	733,568,000	33.63
Mr. Lee Chi Hang, Sidney	<u>1,000,000</u>	<u>0.05</u>	<u>1,000,000</u>	<u>0.05</u>
Sub-total	<u>734,568,000</u>	<u>34.60</u>	<u>734,568,000</u>	<u>33.68</u>
Public Shareholders				
The Placees	–	–	58,000,000	2.66
Other public Shareholders	<u>1,388,434,150</u>	<u>65.40</u>	<u>1,388,434,150</u>	<u>63.66</u>
Sub-total	<u>1,388,434,150</u>	<u>65.40</u>	<u>1,446,434,150</u>	<u>66.32</u>
Total	<u>2,123,002,150</u>	<u>100.00</u>	<u>2,181,002,150</u>	<u>100.00</u>

Notes:

1. Able Island Group Limited, is ultimately beneficially wholly-owned by Mr. Chan Yan Tak, who resigned as the chairman, chief executive officer and an executive Director of the Company with effect from 1 April 2019.
2. The percentages are subject to rounding difference, if any.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“2017 Convertible Bonds”	the 6% unsecured convertible bonds due 2019 with outstanding principal amount of HK\$165,000,000 (as at the date of this announcement) issued by the Company in October 2017, the details of which are set out in the Company’s announcements dated 24 April 2017, 9 and 31 May 2017, 30 June 2017, 31 July 2017, 22 and 25 September 2017, 12 October 2017, 4 December 2017, 22 January 2019, 13 February 2019 and 22 February 2019;
“AGM”	the annual general meeting of the Company held on 7 September 2018;
“Board”	the board of Directors;
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business;
“Company”	Shunten International (Holdings) Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 932);
“connected person(s)”	the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;

“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 424,600,430 new Shares, being 20% of the shares then in issue of the capital of the Company as at the date of the AGM;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	third party(ies) who are not connection persons of the Company and independent of, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under as defined under the Listing Rules);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement;
“Placing”	the placing of the Placing Shares on a best effort basis pursuant to the terms of the Placing Agreement;
“Placing Agent”	Kilmorey Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent on 25 April 2019 in relation to the Placing;

“Placing Price”	HK\$0.4275 per Placing Share;
“Placing Share(s)”	up to 58,000,000 new Shares to be placed pursuant to the Placing Agreement;
“Shareholder(s)”	holder(s) of the Share(s);
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong; and
“%”	per cent.

By order of the Board
Shunten International (Holdings) Limited
Wang Xihua
Executive Director

Hong Kong, 25 April 2019

As at the date of this announcement, the executive Directors are Mr. LEE Chi Hang, Sidney, Mr. WANG Xihua and Mr. LAI Wei Lam, William; and the independent non-executive Directors are Ms. SZETO Wai Ling, Virginia, Mr. LEUNG Winson Kwan Yau, Mr. TAM Kin Yip and Mr. LEUNG Man Loon.