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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)**

### **DISCLOSEABLE TRANSACTION: ACQUISITION OF 43.05% ISSUED SHARE CAPITAL IN AGGRESSIVE RESOURCES LIMITED INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

#### **THE AGREEMENT**

On 12 August 2021 (after trading hours), the Vendor, the Purchaser and the Company entered into the Agreement pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares for a total Consideration of approximately HK\$66,687,691, which shall be settled by the Company allotting and issuing the Consideration Shares at the Issue Price.

Upon Completion, the Target Company will be owned as to 56.95% by the Vendor and as to 43.05% by the Purchaser or its nominee(s). As such, the Target Company will become an associate company of the Company.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Acquisition are more than 5% but are all less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The Consideration Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM. The allotment and issue of the Consideration Shares is not subject to approval of the Shareholders.

**Completion of the Proposed Acquisition is subject to fulfilment and/or waiver of the conditions under the Agreement. As the Proposed Acquisition may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## THE AGREEMENT

**Date:** 12 August 2021 (after trading hours)

**Parties:**

- (1) the Purchaser as purchaser;
- (2) the Company; and
- (3) the Vendor as vendor

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Vendor is a direct wholly-owned subsidiary of Symphony Holdings, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1223). Symphony Holdings is an investment holding company principally engaged in branding, retailing and financial services businesses.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners are Independent Third Parties.

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Purchaser is a wholly-owned subsidiary of the Company, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 932). The Company is a Hong Kong-based

investment holding company and the Group is principally engaged in the manufacture, sale and distribution of health supplements and beauty supplements and products in Hong Kong, as well as the provision of e-commerce promotion business.

### **Assets to be acquired**

Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares (representing 43.05% of the issued share capital of the Target Company). The Target Company is a company incorporated in the British Virgin Islands and is principally engaged in investment holding.

### **Consideration**

The Consideration of approximately HK\$66,687,691 for the sale and purchase of the Sale Shares shall be settled by the Company allotting and issuing to the Vendor the Consideration Shares credited as fully paid at the Issue Price at Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the reasons as set out under the section headed "Reasons for and Benefits of the Proposed Acquisition" below and (ii) the Valuation.

The valuation of the entire equity interest of the Target Group is HK\$154,900,000. The Consideration represents approximately the value of 43.05% equity interest of the Target Group under the Valuation.

Having considered the above factors, the Directors consider that the Consideration is fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

### **Consideration Shares**

The Consideration Shares will be issued at the Issue Price of HK\$0.13 per Consideration Share, which:

- (1) represents a discount of approximately 13.33% to the closing price of HK\$0.150 per Share as quoted on the Stock Exchange as at the date of the Agreement;
- (2) represents a discount of approximately 10.96% to the closing price of HK\$0.146 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (3) represents a discount of approximately 2.99% to the average closing price of HK\$0.134 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Date; and

- (4) represents a premium of approximately 1.56% to the average closing price of HK\$0.128 per Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Date.

When allotted and issued, the Consideration Shares will represent approximately:

- (1) approximately 20% of the existing issued share capital of the Company as at the date of this announcement; and
- (2) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming no other change in the share capital other than the allotment and issue of the Consideration Shares).

The Consideration Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM. The General Mandate entitles the Directors to allot, issue and deal with up to 512,982,240 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, no Shares have been allotted and issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Consideration Shares and the allotment and issue of the Consideration Shares is not subject to approval of the Shareholders. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue.

The Issue Price was arrived at after arm's length negotiations between the Vendor and the Purchaser after taking into account, among others, the prevailing market price of the Shares and the current market conditions. The Directors consider that the Issue Price is fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

### **Conditions**

Completion shall be conditional upon and subject to:

- (1) the Purchaser being reasonably satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Target Group;
- (2) the Purchaser having received from a firm of professional valuer chosen by the Purchaser a valuation report on the Target Group in such form and substance to the satisfaction of the Purchaser showing the entire equity value of the Target Group to be not less than HK\$150,000,000;

- (3) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other competent government authority preventing the consummation of the transaction contemplated by the Agreement shall be in effect;
- (4) the representations, warranties and undertakings provided by the Vendor under the Agreement remaining true, complete and accurate in all material respects;
- (5) there has not been any material adverse change in respect of the Target Group as a whole since the date of the Agreement;
- (6) the representations, warranties and undertakings provided by the Company to the Vendor under the Agreement remaining true, complete and accurate in all material respects; and
- (7) the Stock Exchange granting the listing of and permission to deal in the Consideration Shares.

The Purchaser may at any time at its absolute and sole discretion waive in writing conditions (1), (2) and/or (4). The other conditions are incapable of being waived. If the conditions have not been fulfilled and/or waived by the Purchaser on or before 31 August 2021, or such later date as the Vendor and the Purchaser may agree in writing, the Agreement shall cease and terminate and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies thereafter.

### **Completion**

Completion shall take place on the fifth Business Day after the fulfilment and/or waiver of the conditions or such other date as may be agreed between the Vendor and the Purchaser in writing.

Upon Completion, the Target Company will be owned as to 56.95% by the Vendor and as to 43.05% by the Purchaser or its nominee(s). As such, the Target Company will become an associate company of the Company.

### **INFORMATION ON THE TARGET GROUP**

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

SBTL is a company incorporated in Hong Kong with limited liability and a direct wholly owned subsidiary of the Target Company. SBTL is principally engaged in sourcing, manufacturing, designing, packaging, wholesaling and trading of health supplement products in Hong Kong.

The unaudited financial information of the Target Group for the two years ended 31 December 2020 and prepared under the Hong Kong Financial Reporting Standards are as follows:

	<b>For the year ended 31 December 2019 <i>HKD'000</i></b>	<b>For the year ended 31 December 2020 <i>HKD'000</i></b>
Revenue	18,580	8,447
Net profit before taxation	5,081	358
Net profit after taxation	4,464	358
Net asset value	10,775	11,133

### **REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

The Company is a Hong Kong-based investment holding company and the Group is principally engaged in the manufacture and sales and distribution of health supplements and beauty supplements and products in Hong Kong, as well as the provision of e-commerce promotion business.

The Group is currently distributing its health products through certain distribution channels, among which include two leading health and beauty products retail chains in Hong Kong (the “**Existing Retail Chains**”). As a result of the adverse market conditions under COVID-19, the number of outlets of the Existing Retail Chains, which are commonly located in commercial areas which require higher rents, has rapidly decreased in the past few months. As such, the Directors have been actively seeking and identifying new distribution channels in order to diversify its existing distribution channels so as to maintain and/or increase the sales of its existing health products.

The Target Group is currently distributing its health supplement products through a number of distribution channels, among which include a renowned houseware retail chain (the “**Houseware Retail Chain**”), which are commonly located in residential areas such as housing estates in Hong Kong. According to the official website of the Houseware Retail Chain, it is currently the largest houseware retail chain in Hong Kong, Macau and Singapore with an extensive retail network comprising 360 stores in Hong Kong.

The Directors believe that the Proposed Acquisition will allow the Group to cooperate with these new retail chains (including but not limited to the Houseware Retail Chain) and establish new distribution channels for its existing health products, which may otherwise take a lot of time, costs and effort to establish. It is expected that these new potential distribution channels may potentially open new markets for its existing health products and increase the sales and revenue to the Group.

In view of the foregoing benefits of the Proposed Acquisition, the Board is of the view that the terms of the Proposed Acquisition are fair and reasonable and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Acquisition are more than 5% but are all less than 25%, the Proposed Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The Consideration Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM. The allotment and issue of the Consideration Shares is not subject to approval of the Shareholders.

**Completion of the Proposed Acquisition is subject to fulfilment and/or waiver of the conditions under the Agreement. As the Proposed Acquisition may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“AGM”	the annual general meeting of the Company held on 17 August 2020
“Agreement”	the agreement dated 12 August 2021 and entered into among the Vendor, the Purchaser and the Company in relation to the sale and purchase of the Sale Shares
“associate(s)”	has the meaning as ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours



“Company”	Shunten International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 932)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration to be satisfied by the Purchaser to the Vendor for the sale and purchase of the Sale Shares
“Consideration Shares”	an aggregate of 512,982,240 new Shares to be allotted and issued by the Company to the Vendor at the Issue Price credited as fully paid for the purpose of the settlement of the Consideration
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Issue Price”	the issue price of HK\$0.13 for each Consideration Share
“Last Trading Day”	11 August 2021, being the last trading day immediately before the date of the Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Proposed Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser subject to and upon the terms and conditions of the Agreement



“Purchaser”	Super Winner Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale Shares”	the 21,525 shares of US\$1.0 each of the Target Company, which are legally and beneficially owned by the Vendor
“SBTL”	Supremium Bio-Technology Limited, a company incorporated in Hong Kong with limited liability and a direct wholly owned subsidiary of the Target Company
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.0025 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Symphony Holdings”	Symphony Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1223)
“Target Company”	Aggressive Resources Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	collectively, the Target Company and SBTL
“Valuation”	the valuation of the entire equity interest of the Target Group as at 30 June 2021 adopting the income approach prepared by the Valuer
“Valuer”	Vincorn Consulting and Appraisal Limited, an independent professional valuer
“Vendor”	Cosmo Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of Symphony Holdings

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong  
“US\$” United States dollars, the lawful currency of the United States of America

By Order of the Board  
**Shunten International (Holdings) Limited**  
**WANG Xihua**  
*Executive Director*

Hong Kong, 12 August 2021

*As at the date of this announcement, the executive Directors are Mr. WANG Xihua and Mr. LAI Wei Lam, William; and the independent non-executive Directors are Mr. LEUNG Winson Kwan Yau, Mr. TAM Kin Yip and Mr. LEUNG Man Loon.*