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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 INVOLVING DISPOSAL OF PROMISSORY NOTE RECEIVABLE**

#### **THE AGREEMENT**

On 30 September 2021 (after trading hours), the Company and the Purchaser entered into the Agreement pursuant to which the Purchaser agreed to purchase and the Company agreed to sell the Promissory Note Receivable for a Consideration equals to the fair value of the Promissory Note Receivable as at 30 September 2021 as shown on the Valuation Report to be obtained, but in any event shall not be less than the sum of HK\$25,000,000, which shall be satisfied by the Purchaser in cash to the Company at Completion.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but are all less than 25%, the Disposal 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.

On 30 September 2021 (after trading hours), the Company and the Purchaser entered into the Agreement pursuant to which the Purchaser agreed to purchase and the Company agreed to sell the Promissory Note Receivable. Details of the Agreement are set out as follows:

## **THE AGREEMENT**

**Date:** 30 September 2021 (after trading hours)

**Parties:** (1) the Purchaser as purchaser; and  
(2) the Company as vendor

The Company is 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 research and development, 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 Purchaser is a company incorporated in Hong Kong with limited liability, and is owned by Mr. Hendra Anwar, who is a business relations consultant of a subsidiary of the Company, as to 99.998%, and by his son as to 0.002%. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is an Independent Third Party pursuant to the definition of the Listing Rules, and save as disclosed above, each of the Purchaser and its ultimate beneficial owners has no other relationship with the Company and/or its connected persons.

### **Assets to be disposed**

Pursuant to the Agreement, the Company agreed to sell and the Purchaser agreed to acquire the Promissory Note Receivable.

For details of the Promissory Note Receivable, please refer to the section headed "Information on the Promissory Note Receivable".

### **Consideration and use of proceeds**

The Consideration for the sale and purchase of the Promissory Note Receivable shall be equal to the fair value of the Promissory Note Receivable as at 30 September 2021 as shown on the Valuation Report to be obtained, but in any event shall not be less than the sum of HK\$25,000,000. The Consideration shall be satisfied by the Purchaser in cash to the Company at Completion.

The Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to (i) the valuation as shown on the Valuation Report to be obtained by the Company; and (ii) the reasons as set out under the section headed "Reasons for and Benefits of the Disposal" below.

It is expected that the Consideration will be applied as general working capital of the Group.

Having considered the reasons as set out under the section headed "Reasons for and Benefits of the Disposal" below and the factors mentioned above, 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.

### **Conditions Precedent**

Completion shall be conditional upon and subject to:

- (a) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (b) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (c) the Company having obtained the Valuation Report prepared by an independent professional valuer appointed by the Company in such form and substance satisfactory to the Company showing the fair value of the Promissory Note Receivable as at 30 September 2021;
- (d) the warranties given by the Company as set out in the Agreement remaining true and accurate in all respects; and
- (e) the Company being satisfied with the background search and due diligence results on the Purchaser.

If the conditions precedent set out above have not been satisfied (or as the case may be, waived by the Purchaser in respect of condition precedent (d)) on or before 31 October 2021 or such later date as the Company and the Purchaser may agree, the Agreement shall cease and determine (save and except for clauses in relation to restriction on announcements, notices, costs and stamp duty and governing law and jurisdiction which shall continue to have full force and effect) and thereafter neither party to the Agreement shall have any obligations and liabilities towards each other under the Agreement save for any antecedent breaches of the terms of the Agreement.

For the avoidance of doubt, save and except for condition precedent (d) which can be waived by the Purchaser, none of the above conditions can be waived. As at the date of this announcement, none of the above conditions precedent has been fulfilled.

### **Completion**

Completion shall take place on the fifth Business Day after the fulfillment (or waiver) of the conditions set out above (or such later date as the Company and the Purchaser may agree).

### **INFORMATION ON THE PROMISSORY NOTE RECEIVABLE**

Reference is made to the announcement of the Company dated 19 November 2019 in relation to the Previous Disposal, whereby the Previous Vendors and Grand Spread entered into the Previous Agreement, pursuant to which the Previous Vendors agreed to sell and Grand Spread agreed to purchase 70% of the entire issued share capital of N Dimension Limited (a subsidiary of the Company at the material time) at the consideration of HK\$229,000,000. Subsequently, as disclosed in the announcement of the Company dated 27 March 2020, the Company, the Previous Vendors and Grand Spread entered into a supplemental agreement pursuant to which the subject matter of the Previous Disposal was changed to the entire issued share capital of Empire Access, as disposed the same by the Company as the vendor therein. Upon completion of the Previous Disposal, consideration therefor were settled by cash and by consideration in kind, which include the Promissory Note.

The Promissory Note has fallen due since 26 March 2021 and as at the date of the Agreement, a principal amount of HK\$36,143,178 remained outstanding, and there was no accrued and unpaid interest under the Promissory Note.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

As disclosed in the annual report of the Company for the financial year ended 31 March 2021, as at 31 March 2021, the Directors considered that the amount due under the Promissory Note has been defaulted and there is no realistic prospect of recovery, hence, full impairment of the amount relevant to the Promissory Note was recognised during the year. Subsequent thereto, the Company continued to use its best effort to liaise with Grand Spread for the repayment of the outstanding balance of the Promissory Note. However, repayment progress remained slow and unsatisfactory and the Directors considered that it would take exceptionally long time for Grand Spread to repay the amount in full, and the chance of full repayment remains uncertain.

Accordingly, to mitigate its loss and to protect the interest of Company and the Shareholders, the Company has been identifying possible purchaser for the Promissory Note Receivable as distressed assets. At last the Purchaser was identified by the Company and it was agreed that the Consideration shall refer to the valuation of the Promissory Note Receivable, and in any event, shall not be less than HK\$25,000,000, which is a floor price at a discount to the face value of the outstanding balance of the Promissory Note agreed between the parties as willing buyer and seller taking into account of the terms, status and recoverability of the Promissory Note Receivable. As such, the Company considered that the Disposal represents an opportunity for the Company to mitigate the loss and through the Disposal, the Group will be able to realise a material portion the value of the Promissory Note and also eliminate the risk arising from the Promissory Note.

In light of the prevalence of COVID-19 pandemic and the uncertainty concerning the recovery of the local and regional economy, the Group also believes that it is vital to maintain the financial flexibility of the Group and strengthen its financial resources for the development of the Group's business. As disclosed above, it is expected that the Consideration will be applied towards the general working capital of the Group. The Directors consider that the Disposal will generate a positive cash flow for the Group and greatly improve the Group's liquidity.

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

#### **FINANCIAL EFFECT OF THE DISPOSAL**

Assuming the maximum amount of Consideration is equal to the outstanding balance of the Promissory Note Receivable, the estimate net gain from the Disposal will be approximately HK\$35.9 million, and assuming the Consideration is equal to HK\$25,000,000, the estimated net gain from the Disposal will be approximately HK\$24.7 million, after deducting expenses in relation to the Disposal. The actual gain or loss on the Disposal may be different from the above and subject to the review and final audit by the Company's auditor.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but are all less than 25%, the Disposal 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.

## DEFINITIONS

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

“Agreement”	the unconditional agreement dated 30 September 2021 and entered into between the Company and the Purchaser in relation to the sale and purchase of the Promissory Note Receivable
“associate(s)”	has the meaning as ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which the banks are open for business in Hong Kong (other than 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)
“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 Promissory Note Receivable 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 Company for the sale and purchase of the Promissory Note Receivable
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Promissory Note Receivable by the Purchaser in accordance with the terms and conditions of the Agreement
“Empire Access”	Empire Access Limited, a company incorporated in the British Virgin Islands with limited liability and a former subsidiary of the Company which has been disposed of by the Company under the Previous Disposal

“Empire Advance”	Empire Advance Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Grand Spread”	Grand Spread Limited, a company incorporated in Hong Kong with limited liability and is the purchaser under the Previous Disposal, and the issuer of the Promissory Note to the Company
“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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Previous Agreement”	the agreement dated 19 November 2019 and entered into between the Previous Vendors as vendors and Grand Spread as purchaser in relation to the original plan of sale and purchase of 70% of the entire issued share capital of N Dimension Limited (as supplemented by two supplement agreements dated 17 February 2020 and 27 March 2020 respectively and ultimately amended for the sale and purchase of the entire issued share capital of Empire Access instead)
“Previous Disposal”	the disposal of the entire issued share capital of Empire Access in accordance with the terms and conditions of the Previous Agreement and its supplements
“Previous Vendors”	collectively, Empire Access and Empire Advance
“Promissory Note”	the promissory note issued by Grand Spread to the Company pursuant to the Previous Agreement on 27 March 2020 in the original principal amount of HK\$37,893,798, which was extended to fall due on 26 March 2021 (as supplemented by an extension agreement dated 18 August 2020 and a settlement agreement dated 11 June 2021 respectively), with an outstanding balance of HK\$36,143,178 as at the date of the Agreement

“Promissory Note Receivable”	all obligations, liabilities and debts owing or incurred by Grand Spread to the Company under the Promissory Note on or at any time prior to the Completion, the outstanding balance of which was in the sum of HK\$36,143,178 as at the date of the Agreement
“Purchaser”	Lucky Glory International Group Limited (鴻裕國際集團有限公司), a company incorporated in Hong Kong with limited liability
“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
“Valuation Report”	the valuation report to be obtained by the Company and prepared by an independent professional valuer appointed by the Company in respect of the fair value of the Promissory Note Receivable as at 30 September 2021
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 30 September 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.*