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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)

VOLUNTARY ANNOUNCEMENT ENTERING INTO A JOINT VENTURE AGREEMENT AND COOPERATION ON PROVISION OF NOVEL CORONAVIRUS (COVID-19) TESTING SERVICE IN THE PRC

This announcement is made on a voluntary basis by the Company.

THE JOINT VENTURE AGREEMENT

The Board is pleased to announce that on 22 March 2020, the Company and Devinadia entered into the Joint Venture Agreement for the incorporation of the Joint Venture to cooperate in novel coronavirus (COVID-19) (“**COVID-19**”) testing service in the PRC.

A summary of the major terms of the Joint Venture Agreement is set out below:

Date: 22 March 2020

Parties: (i) the Company; and

(ii) Devinadia

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Devinadia and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Establishment of the Joint Venture

As agreed by the parties to the Joint Venture Agreement, the Joint Venture shall be incorporated in Hong Kong within sixty (60) business days from the date on which certain conditions precedent set out in the Joint Venture Agreement are fulfilled or waived by the Company. Should the said conditions precedent are not fulfilled or waived by the Company on or before 30 June 2020, the Joint Venture Agreement shall be terminated automatically and of no further effect save for certain clauses as specified thereunder and the Joint Venture Partners shall not be required to contribute capital and incorporate the Joint Venture.

Upon its incorporation, the Joint Venture will establish a wholly-owned subsidiary in Chongqing City, the PRC and may incorporate other subsidiary(ies) in Hong Kong, the PRC and other jurisdictions to accommodate its needs during the course of business development.

Issued share capital of the Joint Venture

The Joint Venture will have an issued share capital of HK\$10 million and will be contributed by the Company as to HK\$5.1 million in cash and Devinadia as to HK\$4.9 million by way of (including but not limited to) injection of tangible assets and intellectual property, respectively. The Company will satisfy its capital commitment to the capital of the Joint Venture by the internal resources of the Group.

Save as the aforesaid, the Group has no other capital commitment under the Joint Venture Agreement.

Upon incorporation of the Joint Venture, it will be owned by the Company and Devinadia as to 51% and 49%, respectively. The Joint Venture will be accounted for as a subsidiary of the Company upon its incorporation.

The issued share capital of the Joint Venture in the amount of HK\$10 million was determined after arm's length negotiations between the Joint Venture Partners and is based on the expected initial funding requirements of the Joint Venture.

Business of the Joint Venture

In February 2020, Devinadia entered into a cooperation agreement with two cooperation partners who are subsidiaries of State-owned enterprises in health and clinical testing industries to, among other things, cooperate in launching the health management service plan for COVID-19 in the PRC. The said plan is proposed in response to China National Health Commission's announcement to require all employers and schools to have their employees and students tested for COVID-19 before resumption of work and school, respectively. A combination of blood routine examination, CRP and RT-PCR will be used to detect the nucleic acids and antibodies to COVID-19 and the results will be issued no more than five (5) working days.

As confirmed by Devinadia, the other partners under the said cooperation agreement agreed that all rights and obligations of Devinadia thereunder shall be taken up by the Joint Venture or its subsidiary. In this regard, the Joint Venture will work along the cooperation partners and provide all technology and know-how, expertise, facilities and equipment necessary for the implementation of the COVID-19 health management service plan.

Rights and responsibilities of the Joint Venture Partners

Under the Joint Venture Agreement, the Company will provide the Joint Venture with working capital and promote the COVID-19 health management service plan on internet social media platforms. Devinadia will provide the Joint Venture with working capital and enable the Joint Venture and its subsidiary(ies) to use its technology and know-how for detection of COVID-19 for free.

Each of the Joint Venture Partners has the right of first refusal in the event that any of the other Joint Venture Partners intends to transfer any of its shares in the Joint Venture. If Devinadia intends to transfer its shares in the Joint Venture to a third party purchaser, it is required to procure such third party purchaser to serve the Company a notice in writing and offer to purchase all shares held by the Company in the Joint Venture at a purchase price per share not lower than the purchase price per share it will purchase the shares in the Joint Venture from Devinadia. The Company has the right to tag along and sell its shares in the Joint Venture on the terms set out in the said notice.

The Joint Venture Partners agreed to procure the Joint Venture to seek external financing to satisfy its capital needs and if it fails to do so, the Company shall have the right of first refusal for providing such financing. Going forward, in the event that any Joint Venture Partner intends to provide capital to the Joint Venture by way of subscribing for its new shares, it will not do so in a way which will dilute the shareholdings of the other Joint Venture Partner in the Joint Venture without its consent.

Each of the Joint Venture Partners also has information rights regarding the books and other financial records of the Joint Venture.

Board of directors of the Joint Venture

The board of directors of the Joint Venture will comprise five (5) directors. The Company and Devinadia will have the right to nominate three (3) directors and two (2) directors, respectively.

INFORMATION OF THE COUNTER-PARTY TO THE JOINT VENTURE AGREEMENT

Devinadia

Devinadia is an independent medical diagnostic enterprise established in 2015. It is a China national High-tech enterprise and a China national genetic test application model centre. Devinadia currently owns the Antibody Engineering Technology Research Centre, Immunology Research Centre, Early Tumour Screening Research Centre and Microbiology Research Centre in Chongqing. It was awarded “Internet + New Commercial Mode Third Party Diagnostic Model Enterprise (互聯網+第三方檢測商業新模式示範單位)” by Chongqing Science and Technology Bureau.

REASONS FOR AND BENEFIT OF ENTERING INTO THE JOINT VENTURE AGREEMENT

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 entering into of the Joint Venture Agreement will enable the Company to invest in the COVID-19 testing business and cooperate with other partners in implementing the COVID-19 health management service plan in the PRC. Not only will it increase the Group's profitability and bring long-term value to the Group, it will also fulfill our corporate social responsibility to participate in the fight against the epidemic by joining force with other parties with strong background and expertise in health and medical industry.

According to Devinadia, as at the date hereof, orders for over 1 million COVID-19 tests under the COVID-19 health management service plan have been received and the indicative price to be charged for each test is RMB279.

LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the formation of the Joint Venture are less than 5%, the entering into the Joint Venture Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

“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)”	has the meaning ascribed thereto in the Listing Rules
”Devinadia”	Chongqing Devinadia Medical Laboratory Co., Ltd (重慶迪威納迪亞醫學檢驗所有限公司), a company established in the PRC with limited liability
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China

“Joint Venture”	the joint venture company proposed to be incorporated in Hong Kong by the Joint Venture Partners pursuant to the Joint Venture Agreement
“Joint Venture Agreement”	the joint venture agreement dated 22 March 2020 entered into between the Joint Venture Partners
“Joint Venture Partners”	the Company and Devinadia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China
“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
“%”	per cent

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

Hong Kong, 22 March 2020

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.