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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 IN RELATION TO THE DISPOSAL OF 69.75% ISSUED SHARE CAPITAL OF A SUBSIDIARY**

#### **THE AGREEMENT**

On 26 June 2020 (after trading hours), the Vendor and the Purchaser entered into the Agreement, pursuant to which, the Vendor conditionally agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing approximately 69.75% of the issued share capital of the Target Company, at the Consideration of HK\$18,235,002.74.

Upon Completion, the Group will cease to have any interest in the Target Company and the Target Company will cease to be a subsidiary of the Group. The accounts of the Target Company will no longer be consolidated in the financial statements of the Group.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Disposal is/are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

## **INTRODUCTION**

On 26 June 2020 (after trading hours), the Vendor and the Purchaser entered into the Agreement, pursuant to which, the Vendor conditionally agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing approximately 69.75% of the issued share capital of the Target Company, at the Consideration of HK\$18,235,002.74.

The principal terms of the Agreement are summarised below:

## **THE AGREEMENT**

**Date:** 26 June 2020

**Parties:** (1) the Vendor; and  
(2) the Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons.

### **Assets to be disposed of**

Pursuant to the Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing approximately 69.75% of the issued share capital of the Target Company, at the Consideration of HK\$18,235,002.74.

The Sale Shares will be sold free from all encumbrances and together with all rights attaching or accruing to the Sale Shares on or after the Completion Date.

### **Consideration**

The Consideration of HK\$18,235,002.74 shall be settled by the Purchaser in the following manner:

- (a) a deposit of HK\$1,200,000 shall be paid by the Purchaser to the Vendor by way of cashier order on the Completion Date;
- (b) HK\$13,435,002.74 shall be settled by way of assuming the Payment Obligations by execution of the Novation Deed on the Completion Date;

- (c) HK\$1,600,000 shall be settled by way of issuance of 1-year promissory note by the Purchaser to the Vendor on the Completion Date; and
- (d) HK\$2,000,000 shall be paid by the Purchaser to the Vendor by way of cheque or cashier order within 1 month after the Completion Date.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser by making reference to the Valuation Report dated 24 June 2020 prepared by the independent valuer, Vincorn Consulting and Appraisal Limited. The rounded market value of 69.75% issued share capital of the Target Company as at 15 June 2020 using the Guideline Public Company Method under the market approach is HK\$17,380,000.

Considering that the Consideration represents a premium over the appraised market value of 69.75% issued share capital of the Target Company as at 15 June 2020 and taking into account the reasons for and benefits of the Disposal as disclosed in the section headed "Reasons for and Benefits of the Disposal" below, the Directors consider that the Consideration is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

#### **Condition Precedent**

Completion shall be conditional upon, among others, the fulfilment (or waived by the Purchaser in writing, except for items (c) to (e)) of the following conditions:

- (a) the Purchaser and its advisers carrying out legal, business, financial and regulatory due diligence in respect of the Target Group, and the Purchaser being reasonably satisfied with the results thereof;
- (b) the warranties given by the Vendor to the Purchaser in the Agreement having remained true, accurate and not misleading in any material respects and that no events have occurred that would result in any material breach of such warranties or other provisions of the Agreement;
- (c) the Vendor and the Purchaser having obtained all necessary governmental, regulatory or third party consents and approvals in respect of the Disposal;
- (d) the Company having published all necessary announcement(s) and obtained all necessary approval(s) under the Listing Rules in respect of the Disposal, if any; and
- (e) the consent of the Original Owner for the assignment of the Payment Obligations and all rights and obligations under the promissory notes from the Company to the Purchaser and the execution of a novation deed in this regard among the Company, the Purchaser and the Original Owner.

In the event that the above conditions precedent cannot be fulfilled or waived (if applicable) on or before the Long Stop Date, the Agreement shall be terminated automatically and be of no further effect.

### **Completion**

Completion shall take place after all the above-mentioned conditions precedent have been fulfilled or waived (if applicable), or such other date as the parties to the Agreement may agree in writing.

Upon Completion, the Company shall cease to hold any interest in the Target Company and its financial results will no longer be consolidated into the financial statements of the Group.

### **INFORMATION ABOUT THE COMPANY**

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 932). The Group is principally engaged in the formulating, marketing, sales and distribution of health and beauty supplements and products in Hong Kong and the PRC, provision of online advertising agency business, online payment business, e-commerce promotion business and game distribution business.

### **INFORMATION ABOUT THE PARTIES TO THE AGREEMENT**

The Vendor is a company incorporated in the BVI with limited liability, which is an indirect wholly-owned subsidiary of the Company immediately prior to Completion. The Vendor is an investment holding company and is the legal and beneficial owner of approximately 69.75% of the issued share capital of the Target Company.

The Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in computer network technology, communication technology, online game, information service, advertising and media industry. It is ultimately owned by Hui Pui Kit Eric, a Hong Kong resident.

### **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in the publishing, operating and distribution of online games in Great China.

As at the date hereof, it is held as to approximately 69.75% and 30.25% by the Vendor and Great Asia Holdings Limited, respectively. The Vendor is an indirect wholly-owned subsidiary of the Company while Great Asia Holdings Limited and its ultimate beneficial owner(s) are all independent of the Company and its connected persons (as defined in the Listing Rules).

Set out below is the summary of the financial information of the Target Company:

	<b>For the year ended 31 March 2019</b>	<b>For the period from 1 January 2017 to 31 March 2018</b>
	<i>US\$</i> Audited	<i>US\$</i> Audited
Net loss before taxation	(102,921)	(27,391)
Net loss after taxation	(104,049)	(82,762)

As at 31 March 2019, the Target Company had an audited net assets value of approximately US\$1,018,000.

### **FINANCIAL EFFECTS OF THE DISPOSAL**

Upon Completion, the Group will cease to have any interests in the Target Company. As such, the Target Company shall cease to be a subsidiary of the Company, its financial results will also be deconsolidated from the consolidated accounts of the Company.

Upon Completion, the Company expects to record a gain on the Disposal of approximately HK\$3.9 million resulting from the deconsolidation of the Target Company from the Group and such figure represents the difference between the Consideration and the sum of the net carrying value of the assets plus non-controlling interest of approximately HK\$14.1 million of Target Company as at 31 March 2020 and the expenses relating to the Disposal of approximately HK\$0.2 million.

The abovementioned financial effects are shown for illustrative purpose only and the actual gain/loss eventually to be recognised in the consolidated financial statements of the Company, depends on, among other things, the consolidated net asset value of the Target Company on the Completion Date and the review by the auditor of the Company upon finalisation of the consolidated financial statements of the Group.

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

The Board has considered the financial performance of the Target Company since completion of the acquisition thereof in February 2018 (being loss-making for the two financial years ended 31 March 2019) and the prevailing challenging operating environment affecting it due to the recent social unrest in Hong Kong and the outbreak of novel coronavirus, and believes that its growth prospects to be limited. The Board therefore considers that the Disposal will allow the Company to focus on the health and beauty supplements and products business, and will streamline the Company's existing business segments and operations, and sharpen the Company's strategic focus on its core business. In addition, the Disposal allows the Company to realise its investment and retrieve its invested capital. Therefore, the Company entered into the Agreement and carry out the Disposal.

It is expected that the net proceeds from the cash portion of the Consideration will be used by the Group as general working capital and for expanding its principal businesses.

In light of the foregoing, the Board is of the view that the terms of the Agreement are fair and reasonable, on normal commercial terms and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Disposal is/are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2018 SPA”	the agreement dated 5 January 2018 entered into among the Original Owner, the Vendor and the Target Company (as supplemented and amended by the supplemental agreements thereto dated 7 February 2018, 28 February 2018, 4 May 2018 and 25 January 2019, respectively) in relation to the acquisition of 1,799,995 shares of the Target Company by the Vendor
“Agreement”	the agreement entered into between Ultra Land Group Limited as vendor and Pearl (Hong Kong) Properties Limited (明珠(香港)置業有限公司) as purchaser on 26 June 2020 relating to the Disposal
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturdays, Sundays and public holidays or days on which a typhoon signal No.8 or above or black rainstorm signal is hoisted in Hong Kong at or after 10:00 a.m.) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Company”	Shunten International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange (Stock Code: 932)
“Completion”	completion of the Disposal in accordance with the Agreement

“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$18,235,002.74, being the consideration payable by the Purchaser to the Vendor for the Sale Shares under the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2020 (or such other date as the parties agreed in writing)
“Novation Deed”	the novation deed to be entered into between the Company, the Purchaser and the Original Owner for the assignment of the rights and obligations under the Promissory Notes to the Purchaser
“Original Owner”	Full Creative Limited, a company incorporated in Hong Kong with limited liability, being the previous beneficial owner of 1,799,995 shares of the Target Company
“Payment Obligations”	the obligations of the Company to pay to the Original Owners in the maximum amount of HK\$13,435,002.74 under the Promissory Notes, the amount of which shall be determined by the actual performance achieved by the Target Company for the 24 months period from 1 January 2018 to 31 December 2019
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Promissory Notes”	the promissory notes issued by the Company to the Original Owner in connection with the acquisition under the 2018 SPA, which have outstanding principal amounts and interests of HK\$6,811,002.74 and HK\$6,624,000, respectively

“Purchaser”	Pearl (Hong Kong) Properties Limited (明珠(香港)置業有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by Hui Pui Kit Eric, a Hong Kong resident
“Sale Shares”	2,536,357 shares of the Target Company, representing approximately 69.75% of the issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	IAHGames Hong Kong Limited, a company incorporated in Hong Kong with limited liability and is owned as to approximately 69.75% by the Vendor immediately prior to the Completion
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	Ultra Land Group Limited, a company incorporated in the BVI with limited liability and is an indirect wholly-owned subsidiary of the Company
“%”	percent

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

Hong Kong, 26 June 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.*