

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 BUSINESS UPDATE MEMORANDUM OF UNDERSTANDING**

This announcement is made on a voluntary basis by the Company to provide its shareholders and potential investors with the latest business development of the Group.

#### **MOU**

The Board announces that on 12 October 2020, the Company and Shijiazhuang Yiling Pharmaceutical entered into the MOU whereby the Parties agreed to negotiate in good faith to enter into the Formal Agreement on the Proposed Cooperation.

A summary of the major terms of the MOU is set out below:

**Parties** : (i) the Company; and  
(ii) Shijiazhuang Yiling Pharmaceutical

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Shijiazhuang Yiling Pharmaceutical and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons.

**Subject matter** : Subject to further negotiations and the terms and conditions to be set out in the Formal Agreement, the Parties agreed as follows:

1. International brand and sales cooperation, including international e-commerce platform and management

Product sales and brand cooperation in Hong Kong and Macau: the Parties will register and sell the products of Shijiazhuang Yiling Pharmaceutical based on the current strategic cooperative distribution facilitator stores of Royal Medic in Hong Kong and Macau, including an aggregate of approximately 620 physical stores and approximately 100 sales counters with in-store salespersons (already accounts for approximately half of the relevant retail stores in Hong Kong and Macau).

2. Sales of products in Mainland China and brand cooperation

Shijiazhuang Yiling Pharmaceutical will introduce the Group's products to Mainland China for distribution. Before obtaining the domestic product registration approval, the sales of the products will be conducted in cooperation with Shijiazhuang Yiling Pharmaceutical through cross-border e-commerce platform. The Parties will also manage the big data of cross-border e-commerce sales. Meanwhile, the registration of the Group's products will be initiated, and both parties will, upon obtaining the registration approval, make use of the current 100,000 domestic pharmacies directly accessible to Shijiazhuang Yiling Pharmaceutical and the 300,000 pharmacies within the reach of intermediates, and conduct off-line sales in the 400,000 pharmacies combined.

### 3. Medical cooperation

With Royal Medic's years long experience in providing services at traditional Chinese medicine outpatient facilities within its distribution facilitator stores network, the Parties will expand their traditional Chinese medicine outpatient services by giving online diagnosis remotely or sending doctor teams of Shijiazhuang Yiling Pharmaceutical to Hong Kong and Macau, while establishing an international brand. In addition, the Parties will sell various flagship traditional Chinese medicine and health care products under the brands of Shijiazhuang Yiling Pharmaceutical and Royal Medic and set up their own clinical database to provide Shijiazhuang Yiling Pharmaceutical with the basic data of the Greater Bay Area for future use.

- Formal agreement** : The Parties agreed to proceed to negotiate for a definitive and legally binding Formal Agreement within a period of sixty (60) days commencing from the date of the MOU.
- Termination** : The MOU will be terminated upon the earlier of any of the followings: (i) the execution of the Formal Agreement; (ii) the expiration of a period of sixty (60) days commencing from the date of the MOU; or (iii) the third (3rd) day from the date of the termination notice issued by the Company to Shijiazhuang Yiling Pharmaceutical.
- Binding effect** : Save for certain provisions including but not limited to confidentiality, exclusivity and termination, the MOU does not create legally binding obligations on the Parties.

## **INFORMATION OF SHIJIAZHUANG YILING PHARMACEUTICAL**

Shijiazhuang Yiling Pharmaceutical is a company incorporated in the PRC with limited liability with its shares listed on Shenzhen Stock Exchange (Stock Code: 002603). It is principally engaged in the research and development, manufacturing and distribution of Chinese patent medicine. Being a national key high-tech enterprise, Shijiazhuang Yiling Pharmaceutical is a national innovative enterprise and one of the top 20 listed Chinese pharmaceutical enterprises. Founded by Wu Yiling, the Academician of the Chinese Academy of Engineering, and under his leadership, Shijiazhuang Yiling Pharmaceutical has always adhered to the development strategy of taking the technology innovation as the guide and taking the market as the lead. It has established the five-in-one unique operating model, “Theory, Clinical Practices, Scientific Research, Industry, Education” and set up a new drug development and innovation technology system guided by theoretical innovation of traditional Chinese medicine collateral disease. The five-in-one unique operating model has received high recognition from the leaders of the Ministry of Science and Technology of PRC, who hailed it as “the pioneering work in the industrialization of scientific and technological achievements in traditional Chinese medicine”. Shijiazhuang Yiling Pharmaceutical promotes the industrialization of traditional Chinese medicine with innovation of the collateral disease theory and has developed traditional Chinese medicine of science and technology, western medicine and biologics with modern high-tech as well as more than 10 national patent Chinese medicine, 13 clinic permissions, over 20 preclinical permissions and hundreds of hospital preparations, covering major diseases fields as cardiovascular and cerebrovascular diseases, cold and respiratory diseases, tumors, and diabetes. The traditional Chinese medicine production line authorized by the national GMP and the chemical preparation production workshop certified by the European Union ensure the high quality of the product.

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

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 e-commerce promotion business.

It has been the business strategy of the Group to consider promising business and investment opportunities from time to time in order to increase the value of the Company. The Group is expected to benefit through the combination of its experience in retail and e-commerce businesses together with Shijiazhuang Yiling Pharmaceutical’s professional background and expertise in research and development of healthcare products.

The Parties will develop a platform for research and development in Chinese medicine and healthcare and beauty supplement products, an international Chinese clinic network, and healthcare centres in line with international standards in the PRC, Hong Kong, Macau and overseas. The Group expects that the Proposed Cooperation will help expand and promote the growth of the Group's existing businesses of manufacturing of and retailing healthcare products. The Proposed Cooperation is also expected to expand the sales channels of the Group due to the similar business nature of the Parties which are also mainly engaged in the formulation, sale and distribution of health and beauty supplements, which is therefore expected to increase the Group's profitability and bring long term value to the Group.

## **GENERAL**

Shareholders and potential investors of the Company should note that the MOU only sets out the intention of the Parties in relation to the Proposed Cooperation, and that the MOU is not legally binding and creates no legal obligations on the Parties. In the event that a legally binding definitive agreement is agreed and/or signed, further announcement(s) will be made by the Company in compliance with the Listing Rules as and when appropriate.

## **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)”	the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the definitive and legally-binding agreement in relation to the Proposed Cooperation proposed to be entered into by the Parties
“Group”	the Company and its subsidiaries
“Hong Kong”	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
“Macau”	Macau Special Administrative Region of the People's Republic of China

“MOU”	the memorandum of understanding dated 12 October 2020 between the Parties in relation to the Proposed Cooperation
“Parties”	the Company and Shijiazhuang Yiling Pharmaceutical
“PRC” or “China”	the People’s Republic of China
“Proposed Cooperation”	the proposed cooperation between the Parties under the MOU on (i) establishment of a international e-commerce platform focusing on development international branding, (ii) optimization and merchandising of the products of the Parties and (iii) establishment of Chinese medicine clinical network in the PRC and overseas
“Royal Medic”	one of the brands being held by the Company
“Shijiazhuang Yiling Pharmaceutical”	Shijiazhuang Yiling Pharmaceutical Co., Limited (石家莊以嶺藥業股份有限公司), a company incorporated in the PRC with limited liability, the shares of which are listed on Shenzhen Stock Exchange (Stock code: 002603)
“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, 12 October 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.*