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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 43.05% ISSUED SHARE CAPITAL IN AGGRESSIVE RESOURCES LIMITED

THE AGREEMENT

On 16 June 2022 (after trading hours), the Company, the Vendor and the Purchaser entered into the Agreement, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing approximately 43.05% of the issued share capital of the Target Company, at the Consideration of HK\$66,000,000. Upon Completion, the Group will cease to have any interest in the Target Company and the Target Company will cease to be an associate 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 16 June 2022 (after trading hours), the Vendor and the Purchaser entered into the Agreement, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing approximately 43.05% of the issued share capital of the Target Company, at the Consideration of HK\$66,000,000.

The principal terms of the Agreement are summarised below:

Date: 16 June 2022

Parties: (1) the Vendor;
(2) the Purchaser; and
(3) the Company

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 agreed to sell and the Purchaser agreed to purchase the Sale Shares, representing approximately 43.05% of the issued share capital of the Target Company, at the Consideration of HK\$66,000,000.

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 for the sale and purchase of the Sale Shares shall be the sum of HK\$66,000,000 which shall be payable by the Purchaser to the Company, as the nominee of the Vendor, in cash 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 Disposal" below and (ii) the book value of the interest in the Target Group as shown in the unaudited consolidated accounts of the Company as at 31 March 2022.

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.

Completion

Completion shall be unconditional and shall take place on the Completion Date.

Upon Completion, the Company shall cease to hold any interest in the Target Company and it will no longer be accounted for as associate company of the Company.

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, and e-commerce promotion 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 43.05% of the issued share capital of the Target Company.

The Purchaser is Mr. Wu Lianju, a Hong Kong resident who is a third party independent of the Company and its connected parties.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, it holds 100% of the issued share capital of SBTL and Best Power.

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.

Best Power is a company incorporated in Hong Kong with limited liability and a direct wholly owned subsidiary of the Target Company. Best Power has no active business operations.

As at the date of the Agreement, the Target Company is held as to 43.05% and 56.95% by the Vendor and Cosmo Group Holdings Limited, respectively. Cosmo Group Holdings Limited is a substantial Shareholder (as defined in the Listing Rules) of the Company and its indirect holding company, Symphony Holdings Limited, is 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).

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

	For the year ended 31 December 2020 <i>HKD'000</i> (unaudited)	For the year ended 31 December 2021 <i>HKD'000</i> (unaudited)
Revenue	8,447	12,533
Net profit before taxation	358	733
Net profit after taxation	358	780
Net asset value	11,133	11,816

As at 31 March 2022, the Target Group had an unaudited net assets value of approximately HK\$12.2 million.

FINANCIAL EFFECTS OF THE DISPOSAL

As at the date of this announcement, the Vendor owns 43.05% of the issued shares of the Target Company, which is treated as an investment in associate. Upon Completion, the Group will cease to have any interests in the Target Company. As such, the Target Company shall cease to be an associate of the Company.

Upon Completion, the Company expects to record an unaudited loss on the Disposal of approximately HK\$1.0 million resulting from deconsolidation of the interest in the Target Company from the Group and such figure represents the difference between the Consideration and the sum of the unaudited net book value of the interest in the Target Company in the Company's consolidated management accounts as at 31 March 2022 and the expenses relating to the Disposal of approximately HK\$0.1 million.

It is expected that the net proceeds of the Consideration are expected to be approximately HK\$66.0 million and will be used by the Group as general working capital.

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 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 Group acquired the Target Group in August 2021 with the expectation that the Target Group can provide the Group with a good platform to build cooperation and distribution relationship with a houseware retail chain thereby diversifying the risk of reliance on the existing retail chains and bringing in new driving force to the revenue of the Group in a cost-effective manner.

Although the Target Group was profit-making during the year ended 31 December 2021, the expected synergy effect between the Group and the Target Group did not materialise. The performance of the Target Group was also not as robust as the Company expected during the previous acquisition. It is considered that the prolonged effect of COVID-19 on the retail and wholesale environment, as well as the recurrence of COVID-19 which poses uncertainty as to the business environment, all contributed to the slow performance of the Target Group. The expected expansion of overseas sales channel through the Target Group also failed to materialise as the relevant parties could not agree on the details of the cooperation. Facing the prevailing challenging operating environment, the Board believes that the Target Group's growth prospects and potential contribution to the Group's expansion of sales channels would be more limited than expected and hence it is a better choice to realise such investment now. The Consideration will be settled in cash which improves the Group's liquidity position. The Board therefore decided to dispose the Target Group and the Disposal will allow the Company to avoid further cash outflows of the Group.

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:

“Agreement”	the agreement entered into between Super Winner Enterprises Limited as vendor and Mr. Wu Lianju as purchaser on 16 June 2022 relating to the Disposal
“associate”	has the meaning ascribed thereto under the Listing Rules
“Best Power”	Best Power Investment Limited, a company incorporated in Hong Kong with limited liability
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturdays, Sundays and public holidays) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“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
“Completion Date”	the date falling on or before the seventh calendar day after the date of the Agreement or such other date as the Vendor and the Purchaser may agree in writing
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$66,000,000, 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
“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
“Purchaser”	Mr. Wu Lianju, a Hong Kong resident who is a third party independent of the Company and its connected parties
“Sale Shares”	21,525 shares of US\$1.00 each of the Target Company, representing approximately 43.05% of the issued share capital of the Target Company owned by the Vendor immediately prior to the Completion

“SBTL”	Supremium Bio-Technology Limited, a company incorporated in Hong Kong with limited liability and a direct wholly owned subsidiary of the Target Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Aggressive Resources Limited, a company incorporated in the BVI with limited liability and is owned as to approximately 43.05% by the Vendor immediately prior to the Completion
“Target Group”	collectively, the Target Company, SBTL and Best Power
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	Super Winner Enterprises 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, 16 June 2022

As at the date of this announcement, the executive Directors are Mr. WANG Xihua, Mr. LAI Wei Lam, William, Mr. CHEUNG Siu Fai, Mr. LAM Wai Tong and Mr. CHEN Man Lung; and the independent non-executive Directors are Mr. LEUNG Winson Kwan Yau, Mr. TAM Kin Yip, Mr. LEUNG Man Loon, Ms. SO Tsz Kwan and Mr. YEUNG Yat Chuen.