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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)

MAJOR TRANSACTION IN RELATION TO PROPOSED ACQUISITION OF A PROPERTY HOLDING COMPANY

THE ACQUISITION

The Board is pleased to announce that on 20 December 2022 (after trading hours), the Purchaser and the Vendors entered into the Agreement, pursuant to which the Vendors have conditionally agreed to sell the Sale Shares to the Purchaser, and the Purchaser has conditionally agreed to acquire the Sale Shares at the Consideration of HK\$125,000,000 which is subject to the Completion Adjustments.

Upon Completion, the Company will be interested in the entire issued share capital of the Property Holding Company, which will become a wholly-owned subsidiary of the Company and accordingly, the financial results of which will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition is more than 25% but all applicable percentage ratios are less than 100% under the Listing Rules, the Acquisition constitutes a major transaction of the Company and is therefore subject to reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The Company will convene an EGM for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details on the Acquisition; (ii) other information regulated to be disclosed under the Listing Rules; and (iii) a notice of the EGM, will be despatched to the Shareholders on or before 20 February 2023 as additional time is required for preparing the relevant information to be included in the circular.

As the Completion is subject to the fulfillment or, where applicable, waiver of the conditions precedent, the Acquisition may or may not proceed. Shareholders and any potential investors are advised to take caution in dealing in the securities of the Company.

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THE AGREEMENT

The principal terms of the Agreement are summarised as follows:

Date: 20 December 2022 (after trading hours)

Parties: (1) the Purchaser;
(2) Vendor A; and
(3) Vendor B.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

Assets to be acquired

Pursuant to the terms and conditions of the Agreement, the Vendors shall sell and the Purchaser shall acquire the Sale Shares, representing the entire issued share capital of the Property Holding Company.

Consideration

The Consideration of HK\$125,000,000 shall be payable in cash by the Purchaser to the Vendors in the following manner, subject to the Completion Adjustments:

- (i) A refundable deposit in the sum of HK\$44,000,000 (the “**Deposit**”), shall be paid by the Purchaser to the Vendors upon signing the Agreement. If the Completion occurs in accordance with the Agreement, the Deposit shall be regarded as part payment of the Consideration; and
- (ii) Upon Completion, the remaining balance of the Consideration in the sum of HK\$81,000,000 (subject to the Completion Adjustments), shall be paid by the Purchaser to the Vendors.

Completion Adjustments

The Vendors shall deliver the completion accounts and completion statement to the Purchaser for verification prior to the Completion Date. The Consideration shall be adjusted upon Completion as follows:

- (a) Unless otherwise agreed by the Purchaser in writing, all Liabilities of the Property Holding Company shall be discharged by the Vendors on or before the Completion; and all outstanding Liabilities on the Completion Date shall be deducted from the Consideration.
- (b) All government rates, government rents, management fees and all other outgoings in respect of the Property up to and inclusive of the Completion Date shall be discharged by the Vendors. All such rates, rents, fees and outgoings shall be apportioned between the Vendors and the Purchaser on Completion.

The Consideration was arrived at after arm’s length negotiations between the Purchaser and the Vendors by reference to, among others, (i) the preliminary valuation of the Property of approximately HK\$135,000,000 as at 30 November 2022 from Peak Vision Appraisals Limited, an independent professional valuer; and (ii) the Liabilities of the Property Holding Company amounted to approximately HK\$49,419,000 based on the unaudited management accounts of the Property Holding Company as at 31 March 2022.

The Consideration will be funded by way of the Group’s internal resources and partly by way of loan facilities available and/or to be available to the Group.

Conditions Precedent

The Completion shall be conditional upon the followings:

- (a) all necessary authorisations, consents and approval from and filing and registration with the Stock Exchange, other applicable government institutions and regulatory authorities and any other third parties in relation to the transactions contemplated under the Agreement having been obtained;
- (b) passing by the Board and the Shareholders (other than those prohibited from voting under the Listing Rules, if applicable) resolutions at the board meeting and general meeting of the Company approving the Agreement and the transactions contemplated hereunder;
- (c) there being no applicable law, rule, regulation, order, injunction, decree or judgment of any court or other governmental authorities or contracts of agreements which prohibits, restricts or imposes conditions or limitations on, or is reasonably expected to operate to prohibit, restrict or impose conditions or limitations on, the consummation of any of the transactions contemplated under the Agreement;
- (d) the Purchaser having completed and satisfied with the results of due diligence review and investigation on the business, financial and legal aspects of the Sale Shares, the Property Holding Company and the Property;
- (e) the Vendors having procured the Property Holding Company proven and given good title to the Property in accordance with Section 13 and Section 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) on Completion; and
- (f) the representations and the Vendors' warranties contained in the Agreement remaining true and accurate and not misleading in any material respect as given as of the date of the Agreement and at all times up to and including the Completion Date.

None of the party shall be entitled to waive any of the conditions as set out in (a) to (c). The Purchaser may, at its absolute discretion, waive any of the conditions other than the conditions as set out in (a) to (c) at any time by notice in writing to the Vendors and such waiver may be made subject to such terms and conditions as are agreed by the parties.

The parties shall use their respective reasonable endeavours to procure that the conditions (to the extent such party is responsible for such fulfillment) shall be fulfilled or continue to be fulfilled on or before the Long Stop Date.

Completion

Subject to the fulfillment or, where applicable, waiver of the conditions precedent, the Completion shall take place on the Completion Date at or before 12:00 p.m..

Upon Completion, the Company will be interested in the entire issued share capital of the Property Holding Company, which will become a wholly-owned subsidiary of the Company and accordingly, the financial results of which will be consolidated into the financial statements of the Group.

INFORMATION OF THE PROPERTY HOLDING COMPANY

As at the date of this announcement, the Property Holding Company is owned as to 87.5% and 12.5% by Vendor A and Vendor B, respectively. The Property Holding Company is an investment holding company incorporated in Hong Kong with limited liability. Its major asset is the Property, which is a 5-storey (including mezzanine floor) tenement building with a total gross area and saleable area of approximately 3,822 square feet and 3,513 square feet, respectively. The ground floor and mezzanine floor of the Property have been occupied for commercial use and upper floors of the Property have been occupied for residential use. Based on the information provided by the Vendors, as at the date of this announcement, the Property is fully let and subject to various tenancies yielding a total monthly rental income of approximately HK\$377,000 with the latest tenancy expiring on 6 October 2024. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the tenants is an Independent Third Party. The Company intends to, after Completion, negotiate with the existing tenants for renewal and/or look for new tenants upon expiry of the current tenancies.

The following financial information is extracted from the unaudited management accounts of the Property Holding Company for the two financial years ended 31 March 2021 and 2022:

	For the year ended 31 March	
	2022	2021
	HK'000	HK'000
	(unaudited)	(unaudited)
Rental income	4,255	3,753
Profit before taxation	297	730
Profit after taxation	297	730

The unaudited net assets of the Property Holding Company as at 31 March 2022 were approximately HK\$143,728,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in formulating, marketing, sales and distribution of health and beauty supplements and products in Hong Kong.

Faced with continuous uncertainties in the global economy, the Company is exploring opportunities to maximize the returns of its Shareholders and broaden its revenue base. In light of the relative stable rental income of the Property, the Directors believe that it is an appropriate time to invest in the Property. The Directors believe that the Acquisition presents a good opportunity for the Group to generate stable income from the Property in the near future and the Group may also benefit from any long term capital appreciation of the Property.

In view of the above, the Directors believe that the terms of the Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition is more than 25% but all applicable percentage ratios are less than 100% under the Listing Rules, the Acquisition constitutes a major transaction of the Company and is therefore subject to reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The Company will convene an EGM for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details on the Acquisition; (ii) other information regulated to be disclosed under the Listing Rules; and (iii) a notice of the EGM, will be despatched to the Shareholders on or before 20 February 2023 as additional time is required for preparing the relevant information to be included in the circular.

As the Completion is subject to the fulfillment or, where applicable, waiver of the conditions precedent, the Acquisition may or may not proceed. Shareholders and any potential investors are advised to take caution in dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 20 December 2022 entered into among the Purchaser and the Vendors in relation to the Acquisition
“Board”	the board of Directors
“Business Day(s)”	a day on which banks are generally open for business in Hong Kong, except a Sunday and a Saturday or a day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Company”	Shunten International (Holdings) Limited, 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)
“Completion”	completion of the Acquisition pursuant to the Agreement
“Completion Adjustments”	the adjustments to the Consideration as stipulated in the section headed “Completion Adjustments” above
“Completion Date”	the fifth Business Day after the last condition is fulfilled (or, where applicable, waived) or such other date as the Purchaser and the Vendors may mutually agree in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$125,000,000 payable by the Purchaser for the Acquisition subject to Completion Adjustments
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting to be held and convened by the Company to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons
“Liabilities”	all loans, liabilities, trade and other payables, fees, charges, costs, expenses, damages, losses, actions, proceedings, claims and demands, fines, penalties, taxes and any other liability of whatever nature, whether direct or indirect, or whether consequential or otherwise
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2023 or such other date as may be agreed between the parties to the Agreement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property”	the property located at no. 127 Kweilin Street, Kowloon, Hong Kong
“Property Holding Company”	Daisyluck Industries Limited, a company incorporated in Hong Kong with limited liability
“Purchaser”	Shunten Credit Services Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Sale Shares”	100% of the issued share capital of the Property Holding Company
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor A”	Mr. Cheung Shun Kut, an individual investor
“Vendor B”	Ms. Kong Choy Heung, an individual investor

“Vendors” collectively, Vendor A and Vendor B

“%” per cent

By order of the Board
Shunten International (Holdings) Limited
Cheung Siu Fai
Chairman and Executive Director

Hong Kong, 20 December 2022

As at the date of this announcement, the executive Directors are Mr. CHEUNG Siu Fai and Mr. LAM Wai Tong; and the independent non-executive Directors are Mr. LEUNG Winson Kwan Yau, Mr. LIU Ying Shun and Ms. DONG Jian Mei.

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.