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Smartac
中國智能

Smartac Group China Holdings Limited

中國智能集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 395)

PROFIT WARNING

This announcement is made by Smartac Group China Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review and analysis of the latest available unaudited consolidated management accounts of the Group for the year ended 31 December 2017, the Group is expected to record a net loss for the year ended 31 December 2017 (despite the Group recorded an unaudited consolidated net profit for the six months ended 30 June 2017), as compared to a net loss of approximately RMB157.9 million recorded by the Group for the year ended 31 December 2016. Apart from the operating loss incurred for the year ended 31 December 2017, the net loss of the Group was mainly attributed to the combined effect of the following:

- 1) Impairment loss in the fair value of the Group’s intangible assets of approximately RMB23.8 million and impairment loss on goodwill of approximately RMB5.7 million of the O2O solutions segment of the Group; and
- 2) Provision was made to the PRC enterprise income tax arising from acquisition of LCE Group Limited of approximately RMB5.6 million.

Furthermore, the Company is currently assessing whether it is necessary to make any further impairment on the Group's available-for-sale financial assets and investment in an associate (which may further increase the net loss for the year ended 31 December 2017) and has not yet reached a conclusion as at the date of this announcement. The Company will make further announcement if necessary after the conclusion is reached.

As the Company is still in the process of finalising the audited consolidated financial statements of the Group for the year ended 31 December 2017, the information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the information currently available, which has not been reviewed or audited by the auditors of the Company and may be subject to change. Shareholders and potential investors are advised to refer to the details of the Group's financial results for the year ended 31 December 2017, which are expected to be published in late March 2018 and the subsequent publication of the Group's annual report for the year ended 31 December 2017.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board of
Smartac Group China Holdings Limited
Yang Xin Min
Chairman

Hong Kong, 15 March 2018

As at the date of this announcement, the Directors are Mr. Yang Xin Min, Mr. Yang Zhen and Mr. Kwan Che Hang Jason as executive Directors, and Dr. Cheng Faat Ting Gary, Mr. Poon Lai Yin Michael and Mr. Yang Wei Qing as independent non-executive Directors.