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**芯智控股有限公司**  
**Smart-Core Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2166)**

**CONNECTED TRANSACTION**  
**SUPPLEMENTAL AGREEMENT TO THE LOAN AGREEMENT**  
**AND PROVISION OF FINANCIAL ASSISTANCE**

**THE SUPPLEMENTAL AGREEMENT**

On 13 August 2019, Smart-Core International and Quiksol entered into the Supplemental Agreement to amend and restate the terms of the Loan Agreement.

**IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Smart IC Cloud, a wholly-owned subsidiary of the Company, holds 25% of the issued share capital of the Quiksol. Mr. Yan is an executive Director and therefore a connected person of the Company. He is also a substantial shareholder of Quiksol. Quiksol is therefore regarded as a commonly held entity within the meaning in rule 14A.27 of the Listing Rules.

The Amended Facility made available by Smart-Core International to Quiksol as set out in the Supplemental Agreement constitutes a connected transaction of the Company under rule 14A.26 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Amended Facility does not exceed 5%, the Amended Facility is therefore subject to the reporting and announcement requirements and is exempt from the circular (including independent financial advice) and shareholders' approval requirements under rule 14A.76(2) of the Listing Rules.

As Mr. Yan is a connected person of the Company as disclosed above and Mr. Li is a substantial shareholder of Quiksol, each of the Personal Guarantee (Yan Qing) and the Personal Guarantee (Li Hong Sheng) constitutes a connected transaction of the Company in the form of financial assistance under the Listing Rules. According to rule 14A.90 of the Listing Rule, such financial assistance received by the Group is fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as the Directors consider that it is conducted on normal commercial terms or better and it is not secured by the assets of the Group.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 28 May 2019 (the “**Announcement**”) in relation to the loan agreement entered into between Smart-Core International and Quiksol, pursuant to which Smart-Core International agreed to make available to Quiksol a US\$ revolving loan facility in an aggregate amount of US\$2,500,000 at an interest rate of 7% per annum. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

## **THE SUPPLEMENTAL AGREEMENT**

On 13 August 2019, Smart-Core International and Quiksol entered into the Supplemental Agreement to amend and restate the terms of the Loan Agreement. Major terms and conditions of the Supplemental Agreement are set out below:

- Date: 13 August 2019
- Parties: (1) Smart-Core International, a wholly-owned subsidiary of the Company, as the lender; and
- (2) Quiksol, as the borrower
- Continuing Obligations: (1) the Loan Agreement shall remain in full force and effect;
- (2) the obligations and liabilities of Quiksol under the Loan Agreement will not be discharged or reduced notwithstanding the execution of the Supplemental Agreement; and
- (3) nothing in the Supplemental Agreement shall constitute or be construed as a waiver or release of any right or remedy of Smart-Core International under the Loan Agreement, nor otherwise prejudice any right or remedy of Smart-Core International under the Loan Agreement
- Proposed Amendments and Restatement: Please refer to the section headed “Proposed Amendments and Restatement” below

## **PROPOSED AMENDMENTS AND RESTATEMENT**

Pursuant to the Supplemental Agreement, with effect from the Effective Date (i) the Loan Agreement shall be amended and restated so that it shall be read and be construed for all purposes as the Amended Loan Agreement; and (ii) the Loan Agreement will be amended and/or supplemented by the Supplemental Agreement so that all references to the “Loan Agreement” therein shall be read and construed as references to the Loan Agreement as amended and supplemented from time to time, including the Supplemental Agreement.

Below is the comparison of differences of the major terms and conditions between the Loan Agreement and the Amended Loan Agreement:

	<b>Loan Agreement</b>	<b>Amended Loan Agreement</b>
Aggregate amount of US\$ revolving loan facility Smart-Core International agreed to make available to Quiksol	US\$2,500,000	US\$3,800,000
Availability period	The period commencing from the date of the Loan Agreement up to and inclusive of 29 September 2019	The period commencing from the date of the Amended Loan Agreement up to and inclusive of 30 March 2020
Maturity date	30 September 2019	31 March 2020

Save for the above, all other major terms and conditions set out in the Amended Loan Agreement are the same as those of the Loan Agreement.

#### **PERSONAL GUARANTEES**

To secure the Guaranteed Obligations, each of Mr. Yan and Mr. Li entered into the Personal Guarantee (Yan Qing) and the Personal Guarantee (Li Hong Sheng), respectively, on 13 August 2019, pursuant to which, each of Mr. Yan and Mr. Li irrevocably and unconditionally, among others, guarantees to Smart-Core International the punctual performance by each other Obligor of all of the Guaranteed Obligations and undertakes that whenever another Obligor does not pay any amount of the Guaranteed Obligations when due, he shall immediately on demand pay that amount as if he were the principal obligor.

#### **CONDITIONS PRECEDENT**

Upon satisfaction of the following conditions precedent the Loan Agreement shall be amended and restated with effect on and from the Effective Date:

1. Smart-Core International's receipt of a copy of the board minutes of Quiksol or similar authorisation to execute the Supplemental Agreement and all ancillary documents related to the Supplemental Agreement;
2. the Supplemental Agreement duly executed by each of Smart-Core International and Quiksol;
3. the Personal Guarantee (Li Hong Sheng) duly executed by each party thereto;
4. a warning notice in respect of the Personal Guarantee (Li Hong Sheng) duly executed by each party thereto;
5. the Personal Guarantee (Yan Qing) duly executed by each party thereto;

6. a warning notice in respect of the Personal Guarantee (Yan Qing) duly executed by each party thereto;
7. Smart-Core International's receipt of such other documents and information as Smart-Core International may reasonably require.

## **REASONS FOR AND BENEFITS OF THE ENTRY INTO OF THE SUPPLEMENTAL AGREEMENT**

Quiksol is expanding its business operation as a distributor of electronic components. To ensure such steady growth will be backed by ample financial resources, Quiksol would need additional cash flow to finance purchase orders of commodity goods arising from orders by its customers. It is estimated that Quiksol's demand for such additional cash flow will be bigger and last for a longer period of time than previously expected. Therefore, after arm's length negotiation between Quiksol and the Company, the Company agrees, through Smart-Core International, to enter into the Supplemental Agreement.

The Directors (including the independent non-executive Directors) considered even though the entry into of the Supplemental Agreement is not in the ordinary and usual course of business of the Group, the terms of the Supplemental Agreement, which has been entered into after arm's length negotiation between the Company and Quiksol, are on normal commercial terms and the terms therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Mr. Yan is an executive Director and a substantial shareholder of Quiksol. He is considered to have an interest in the transactions contemplated under the Supplemental Agreement, and had abstained from voting on the relevant Board resolutions to approve the Supplemental Agreement. Save for the above, no Director has a material interest in the transactions contemplated under the Supplemental Agreement, and none of them is required to abstain or had abstained from, voting on the relevant Board resolutions to approve the Supplemental Agreement.

## **INFORMATION OF QUIKSOL**

Quiksol is a private company limited by shares incorporated under the laws of Hong Kong. Quiksol, together with its wholly-owned subsidiary, Suzhou Kuke, are leading distributors of electronic components. Most of the clients of Quiksol and Suzhou Kuke are based in Asia but Quiksol has also provided services and products to clients who have global branches. One of the core business of Quiksol is reverse supply chain management services and it provides its clients with solutions in the event of market supply shortage. Quiksol is also experienced in assisting clients with their operation of global OEM/EMS business by handling their surplus inventory in an efficient and market-sensitive manner. Quiksol is owned as to 25%, 22.5%, 22.5%, 22.5% and 7.5% by Smart IC Cloud, Mr. Yan, Mr. Li, Ng Teck Yee (Jason) and Ni Li, respectively, and it is a subsidiary of the Company as the financial results of Quiksol is consolidated into the consolidated financial statements of the Group under the relevant accounting policy. For details, please refer to the announcement of the Company dated 22 October 2018.

## **INFORMATION OF THE GROUP**

The Group is a leading distributor and technical value-added service provider of integrated circuit and other electronic components based in the People's Republic of China. The Group has maintained long-term and stable relationships with world-renowned suppliers of electronic components and also have a loyal and diversified customer base. In addition, the Group's engineering support services help it maintain symbiotic relationship with suppliers and customers. The Group maintained its leading position in the product lines in smart media display, intelligent broadcasting terminal and memory products and achieved initial scaled sales in optical communication, security monitoring, touch screen display, auto electronics, and Internet of Things. The principal activities of Smart-Core International is trading of electronic components and it is one of the Company's principal subsidiaries.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Smart IC Cloud, a wholly-owned subsidiary of the Company, holds 25% of the issued share capital of the Quiksol. Mr. Yan is an executive Director and therefore a connected person of the Company. He is also a substantial shareholder of Quiksol. Quiksol is therefore regarded as a commonly held entity within the meaning in rule 14A.27 of the Listing Rules.

The Amended Facility made available by Smart-Core International to Quiksol as set out in the Supplemental Agreement constitutes a connected transaction of the Company under rule 14A.26 of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Amended Facility does not exceed 5%, the Amended Facility is therefore subject to the reporting and announcement requirements and is exempt from the circular (including independent financial advice) and shareholders' approval requirements under rule 14A.76(2) of the Listing Rules.

As Mr. Yan is a connected person of the Company as disclosed above and Mr. Li is a substantial shareholder of Quiksol, each of the Personal Guarantee (Yan Qing) and the Personal Guarantee (Li Hong Sheng) constitutes a connected transaction of the Company in the form of financial assistance under the Listing Rules. According to rule 14A.90 of the Listing Rule, such financial assistance received by the Group is fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as the Directors consider that it is conducted on normal commercial terms or better and it is not secured by the assets of the Group.

## DEFINITIONS

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

“Amended Facility”	the US\$ revolving loan facility in an aggregate amount of US\$3,800,000 as agreed under the Amended Loan Agreement
“Amended Loan Agreement”	the Loan Agreement as amended and restated pursuant to the Supplemental Agreement so that it shall be read and be construed for all purposes as set out in the schedule of the Supplemental Agreement
“Effective Date”	the date on which the conditions precedent set out in the Supplemental Agreement are fulfilled to the satisfaction of Smart-Core International
“Guaranteed Obligations”	all present and future moneys, debts, obligations and liabilities due, owing or incurred by an Obligor to Smart-Core International under or in connection with any Finance Document (including the Amended Loan Agreement, the Personal Guarantee (Yan Qing), the Personal Guarantee (Li Hong Sheng and any other document designated as such by Smart-Core International and Quiksol) and in each case, whether alone or jointly, or jointly or severally, with any other person, whether actually or contingently and whether as principal, surety or otherwise
“Loan Agreement”	the US\$2,500,000 revolving loan facility agreement dated 28 May 2019 entered into between Smart-Core International and Quiksol
“Mr. Li”	Li Hong Sheng, a citizen of the People's Republic of China and a substantial shareholder of Quiksol
“Mr. Yan”	Yan Qing, a citizen of the Republic of Singapore and an executive Director
“Obligors”	Quiksol, Mr. Yan and Mr. Li, each an “ <b>Obligor</b> ”
“Personal Guarantee (Li Hong Sheng)”	the personal guarantee made by Mr. Li as guarantor in favour of Smart-Core International
“Personal Guarantee (Yan Qing)”	the personal guarantee made by Mr. Yan as guarantor in favour of Smart-Core International
“Quiksol”	Quiksol International HK Pte Limited (銘冠國際香港有限公司), a private company limited by shares incorporated under the laws of the Hong Kong and as at the date of this announcement, held as to 25% by the Company

- “Smart-Core International” Smart-Core International Company Limited (芯智國際有限公司), a private company limited by shares incorporated under the laws of the Hong Kong and a wholly-owned subsidiary of the Company
- “Smart IC Cloud” Smart IC Cloud Holdings Limited, a company duly established and validly existing under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
- “Supplemental Agreement” the supplemental agreement relating to the Loan Agreement entered into between Smart-Core International and Quiksol on 13 August 2019, which sets out, among others, the Amended Loan Agreement in its schedule

By order of the Board  
**Smart-Core Holdings Limited**  
**Tian Weidong**  
*Chairman and Executive Director*

Hong Kong, 13 August 2019

*As at the date of this announcement, the Board comprises Mr. Tian Weidong (Chairman), Mr. Wong Tsz Leung, Mr. Liu Hongbing and Mr. Yan Qing as executive Directors and Mr. Zheng Gang, Mr. Tang Ming Je and Mr. Wong Hok Leung as independent non-executive Directors.*