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SMARTAC INTERNATIONAL HOLDINGS LIMITED

環球智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 395)

DECISION OF THE LISTING COMMITTEE ON RULE 13.24

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

References are made to the announcements of the Company dated 8 and 10 November 2020 (collectively, the “**Announcements**”) in relation to, inter alia, (i) the decision of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) to suspend trading in the Shares under Rule 6.01(3) and to proceed with cancellation of the listing of the Shares under Rule 6.01A(1) of the Listing Rules if trading remains suspended for a continuous period of 18 months (the “**LD’s Decision**”); and (ii) the Company’s request to refer the aforesaid decision of the Stock Exchange to the Listing Committee for review pursuant to Rule 2B.06(1) of the Listing Rules, respectively. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Company has received a letter (the “**Letter**”) dated 22 February 2021 from the Listing Committee of the Stock Exchange (the “**Listing Committee**”), which serves as a notice that the Listing Committee has decided to uphold the LD’s Decision to suspend trading in the Shares under Rule 6.01(3) of the Listing Rules and that the Listing Committee was of the view that the Company has failed to maintain a sufficient level of operations as required under Rule 13.24 of the Listing Rules to warrant the continued listing of the Shares (the “**LC Decision**”). The Listing Committee arrived at its decision for, among others, the following reasons:

1. the Company’s original existing businesses, namely, (i) the provision of software sales and online-to-offline consultation services; (ii) the provision of electronic payment solutions and services by integrated digital marketing solutions segment; and (iii) the building, operation and promotion services for clients on e-commerce platforms

(“**Original Existing Businesses**”), failed to perform and diminished to a very low level of operation. The Listing Committee was of the view that the Original Existing Businesses were not viable and sustainable;

2. the Company’s trading business (“**Trading Business**”), which commenced in late 2019 after the appointment of Mr. Ho Chi Kin as an executive Director and which involves, (i) supply chain management solutions business which involves trading of a variety of products (including medical supplies, lifestyle and household products, drugs and supplements, skin care and beauty products) and provision of value-added services to customers (the “**Supply Chain Management Solutions Business**”); (ii) the Brand E-commerce Business; and (iii) online shop operation where the Company’s internal sourcing team selects and purchases products for resale to retail customers on self-managed online shops (“**E-stores Operation**”), has short operating history and small scale of operation, and generated minimal revenue for the 11 months ended 30 November 2020. The Listing Committee doubted that the Trading Business would have sufficient level of operations and/or able to substantially improve the Company’s financial performance at an early stage of development, particular with regard to: (i) the low entry barriers and low profit margin of the Supply Chain Management Solutions Business; (ii) with strong competition in the e-commerce industry and in light of the limited track record of selling products online since commencing operations around mid-2020, it is doubtful whether the forecasted revenue attributable to online retail sales is achievable; and (iii) the limited portfolio of brands in cooperation for the E-stores Operation and Brand E-commerce Business, and that, despite the number of brands which were in the pipeline, the Listing Committee considered that such brands were still under negotiation and were not certain to come to fruition. Further, the Trading Business recorded operating loss for the 11 months ended 30 November 2020, which did not appear to be a temporary downturn or decline. As such, the Listing Committee was of the view that the Company has failed to demonstrate that such Trading Business was viable and sustainable and/or had substance; and
3. the revenue and the profit of the Trading Business projected under the profit forecast as provided by the Company to the Listing Committee are considered insufficient to cover the corporate expenses of the Group; and it is doubtful as to whether the projections for the E-stores Operation, which commenced in mid-2020, is achievable.

POSSIBLE REVIEW OF THE LC DECISION

Under Rules 2B.06(2) and 2B.08(1) of the Listing Rules, the Company has the right to have the LC Decision reviewed by the Listing Review Committee (as defined in the Listing Rules) within 7 business days of receipt of the LC Decision. Therefore, if the Company does not make any review application before 4 March 2021, trading in the Shares will be suspended from 9:00 a.m. on 4 March 2021. Before that, trading in the Shares will continue.

The Company is reviewing and considering the LC Decision internally and with external advisers and is minded to submit a request for the LC Decision be referred to the Listing Review Committee for review before 4 March 2021.

The directors of the Company (the “**Directors**”) remind the shareholders of the Company (the “**Shareholders**”) and potential investors that (i) the Company may or may not proceed with the review by the Listing Review Committee; and (ii) the outcome of such review is uncertain, if undertaken.

Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules.

Shareholders who have any queries about the implications of the LC Decision are advised to obtain appropriate professional advice. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 23 February 2021

As at the date of this announcement, the Board comprises of (i) two executive Directors, namely, Mr. Yang Xin Min (Chairman) and Mr. Ho Chi Kin; and (ii) five independent non-executive Directors, namely Dr. Cheng Faat Ting Gary, Mr. Poon Lai Yin Michael, Mr. Peng Bobo, Mr. Tsui Francis King Chung and Mr. Tang Yat Ming Edward.