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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 IN RELATION TO
THE EXTENSION OF LOAN FACILITY
AND PROVISION OF FINANCIAL ASSISTANCE**

THE SUPPLEMENTAL AGREEMENT

On 28 April 2021, Smart-Core International, a wholly-owned subsidiary of the Company, and Quiksol entered into the Supplemental Agreement, pursuant to which certain terms of the Loan Facility Agreement dated 8 May 2020 had been supplemented, including but not limited to, the maturity date of the Amended Facility of US\$3,500,000 is extended to 30 April 2022 with interest rate of 8% per annum for the period from 1 May 2021 to 30 April 2022 (both days inclusive). Save as aforesaid, all other terms of the Loan Facility Agreement shall remain in full force and effect.

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 8 May 2020 in relation to the Loan Facility Agreement entered into between Smart-Core International and Quiksol, pursuant to which Smart-Core International had agreed to make available to Quiksol a US\$ revolving loan facility in an aggregate amount of US\$3,800,000 at an interest rate of 7% per annum.

THE SUPPLEMENTAL AGREEMENT

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Date:	28 April 2021
Parties:	(1) Smart-Core International, a wholly-owned subsidiary of the Company, as lender; (2) Quiksol, as the borrower
Amended Facility:	The aggregate amount of US\$ revolving loan facility had been adjusted from US\$3,800,000 to US\$3,500,000
Available Period:	Smart-Core International agrees to extend the loan facility available to Quiksol from 29 April 2021 to 29 April 2022
Maturity date:	Smart-Core International agrees to extend the maturity date from 30 April 2021 to 30 April 2022
Interest rate:	the parties agree to an increase of interest rate from 7% per annum under the Loan Facility Agreement to 8% per annum, which is determined with reference to the prevailing interest rate in the market

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 28 April 2021, 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 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 Supplemental Agreement will become effective 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 is duly executed by each of Smart-Core International and Quiksol;
3. the Personal Guarantee (Li Hong Sheng) is duly executed by each party thereto;
4. a warning notice in respect of the Personal Guarantee (Li Hong Sheng) is duly executed by each party thereto;
5. the Personal Guarantee (Yan Qing) is duly executed by each party thereto;
6. a warning notice in respect of the Personal Guarantee (Yan Qing) is duly executed by each party thereto; and
7. the 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 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

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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

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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\$3,500,000 as agreed under Supplemental Agreement
“Board”	board of Directors
“Company”	Smart-Core Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Director(s)”	director of the Company
“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 Supplemental 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility Agreement”	the US\$3,800,000 revolving loan facility agreement dated 8 May 2020 entered into between Smart-Core International and Quiksol. For details, please refer to the announcement of the Company dated 8 May 2020
“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”	collectively, Quiksol, Mr. Yan and Mr. Li, each an “Obligor”

“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. Yang 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 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement relating to the Loan Facility Agreement entered into between Smart-Core International and Quiksol on 28 April 2021

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

Hong Kong, 28 April 2021

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.