

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DISCLOSEABLE TRANSACTION — DISPOSAL OF A SUBSIDIARY

The Board is pleased to announce that on 30 September 2021, the Vendor and the Purchaser have entered into the Disposal Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 100% of the equity interest in the Target Company, a wholly-owned subsidiary of the Group at a consideration of US\$1.

THE DISPOSAL AGREEMENT

The principal terms of the Disposal Agreement are as follows:

Date

30 September 2021

Parties

- (1) Vendor: Smartac International Holdings Limited
- (2) Purchaser: Mr. WU MINGXIAO

INFORMATION OF THE VENDOR AND THE PURCHASER

The Vendor is a company incorporated in Cayman Islands with limited liability which shares are listed on the Stock Exchange, and is an investment holding company. Together with its subsidiaries, the Group is principally engaged in O2O commerce and electronic payment solutions and related services. Prior to the Disposal, the Vendor was the holding company of the Target Company.

The Purchaser is a PRC merchant and engaged in China-Hong Kong trading business. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is an independent third party and not connected with the Company and its connected persons (as defined in the Listing Rules).

INFORMATION OF THE TARGET GROUP

As of the date of this announcement, the Target Company is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Vendor prior to entering into the Disposal Agreement. The Target Company is an investment holding company without active business operations which owns 51% equity interest in BVI Holding Company which in turn has four wholly-owned subsidiaries. BVI Holding Company together with its subsidiaries are principally engaged in O2O commerce in the PRC and Hong Kong.

DISPOSAL INTEREST

According to the Disposal Agreement, the Vendor agrees to dispose of and the Purchaser agrees to acquire the entire issued share capital of the Target Company.

The Vendor agrees to sell and the Purchaser agrees to acquire all the economic benefits, debts and contractual commitments of the Target Group in relation to the Target Company, excluding the Target Group's bank balance of approximately RMB774,000 as at 30 June 2021. The transfer is deemed to take place on 1 July 2021.

CONSIDERATION

The Consideration for the Disposal is US\$1 payable within 30 days upon the completion of the Disposal.

The Consideration for the Disposal Agreement was determined through arm's length negotiation between the Vendor and the Purchaser with reference to (i) the unaudited net liabilities value of the Target Group as at 30 June 2021, and (ii) the current operating conditions of the Target Group after the review by the Board of the Vendor.

The Disposal Agreement stipulates that the cash received by the Purchaser from the trade receivables of the Target Group, amounting to approximately RMB1,398,000 as of 30 June 2021, shall first be used to repay any amounts owed to the Vendor by the Target Company.

COMPLETION

Completion of the Disposal takes place upon signing of the Disposal Agreement and is not subject to any condition precedent. Upon and following the completion of the Disposal, the Target Group has ceased to be subsidiaries of the Company.

FINANCIAL DATA OF TARGET GROUP

	For the year ended 31 December 2020	For the six months ended 30 June 2021
Financial Performance	<i>RMB'000</i> Audited	<i>RMB'000</i> Unaudited
Net loss before tax	(5,305)	(8,444)
Net loss after tax	(5,305)	(8,444)
	As at 31 December 2020	As at 30 June 2021
Asset and Liabilities	<i>RMB'000</i> Audited	<i>RMB'000</i> Unaudited
Total assets	17,402	9,636
Total liabilities	(21,536)	(22,117)
Net liabilities	(4,134)	(12,481)

REASONS FOR THE DISPOSAL

The Target Group is currently engaged in O2O commerce in the PRC and Hong Kong and has been operating since the first quarter of 2020. The Target Group has suffered from substantial losses due to lower than expected sales volume from the adverse effects of the novel coronavirus, which resulted in the impairment of the trade receivables and inventories, and recorded net loss after tax of the Target Group of approximately RMB5,305,000 and RMB8,444,000 for the year ended 31 December 2020 and the six months ended 30 June 2021 respectively. The loss-making situation of the Target Group has continued and an unaudited net loss after tax of approximately RMB720,000 was recorded for the two months ended from 1 July 2021 to 31 August 2021. In order to streamline the structure and to reduce the operating costs and the continuing risk of financial commitment of the Group, the Board decided to dispose of the entire issued share capital of the Target Company.

THE FINANCIAL IMPACT ON THE DISPOSAL

It is estimated that the Group will record a consolidated loss of approximately RMB10,894,000 from the Disposal as follows:

	<i>RMB'000</i>
Unaudited net liabilities of the Target Group as at 30 June 2021	12,481
Less: Non-controlling Interest	(5,304)
Adjustment of exchange gain and loss	543
Allowance for the amounts owed by the Target Group to the Group	<u>(18,614)</u>
Estimated consolidated loss on the Disposal	<u><u>(10,894)</u></u>

Since the Consideration of the Disposal and expenses involved are not material, it is not included in the calculation of the estimated consolidated loss on the Disposal. The actual financial impact on the Disposal is subject to audit and may be different from the amount mentioned above.

After the completion of the Disposal, the Company will no longer hold any equity interest in the Target Company. Accordingly, the Target Company will cease to be a wholly-owned subsidiary of the Company, and its relevant financial performance, assets and liabilities after the Disposal will not be accounted into the Group's consolidated financial statements.

CONFIRMATION OF DIRECTORS

The Consideration for the Disposal was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the Target Group's net liabilities and loss-making situation. The Directors are of view that the terms and conditions of the Disposal are fair and reasonable, and that entering into the Disposal Agreement is in the best interests of the Company and Shareholders as a whole. No Director regarded himself to have a material interest or perceived conflict in the transaction which requires him to disclose his interest and/or to abstain from voting on the Board level regarding the Disposal.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the following meanings:

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“BVI Holding Company” or “its subsidiaries”	Value Top Group Limited, a company incorporated in the BVI, owned 51% interest by the Target Company as of the date of this announcement
“Company” or “Vendor”	Smartac International Holdings Limited, a company incorporated in Cayman Islands with limited liability which shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Disposal pursuant to the Disposal Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire issued share capital of the Target Company by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement is entered into between the Vendor and the Purchaser on 30 September 2021 in relation to the Disposal
“Group”	The Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“O2O”	Online-to-offline
“PRC”	People’s Republic of China
“Purchaser”	Mr. WU MINGXIAO, a PRC merchant
“RMB”	the lawful currency of China
“Shareholders”	the shareholders of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

“Target Company”	Upfront Success Holding Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Vendor prior to the entering into of the Disposal Agreement, is principally engaged in O2O business
“Target Group”	Target Company, BVI Holding Company and its subsidiaries
“US\$”	the lawful currency of the United States

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

Hong Kong, 30 September 2021

As at the date of this announcement, the Board comprises (i) three executive Directors, namely, Mr. Yang Xin Min (Chairman), Mr. Ke Haiwei (Joint Chief Executive Officer) and Mr. Wong Wai Wai (Joint Chief Executive Officer); and (ii) three independent non-executive Directors, namely Dr. Cheng Faat Ting Gary, Mr. Poon Lai Yin Michael and Mr. Wang Haoxing.