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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)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF A NON-WHOLLY OWNED SUBSIDIARY**

The Board is pleased to announce that on 3 December 2021, Forever Triumph, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which Forever Triumph agreed to dispose of, and the Purchaser agreed to acquire, the Sale Shares.

#### **THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are as follows:

##### **Date**

3 December 2021

##### **Parties**

- (1) Forever Triumph as seller; and
- (2) the Purchaser as purchaser

To the best knowledge, information and belief of the directors of the Company having made all reasonable enquiries, (a) the Purchaser is an investment holding company; and (b) each of the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

##### **Assets to be disposed of**

Immediately prior to the date of the Sale and Purchase Agreement, Forever Triumph owned 51% of the issued share capital of the Target Company. Pursuant to the Sale and Purchase Agreement, Forever Triumph agreed to dispose of, and the Purchaser agreed to acquire, the Sale Shares at a consideration of HK\$1.00.

Upon completion of the Disposal, Forever Triumph will cease to hold any shareholding interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

### **Assignment of Debt**

At the time of the execution of the Sale and Purchase Agreement, (i) a shareholder's loan in a sum of HK\$8,000,000 together with interest of HK\$167,671 was due from the Target Company to Forever Triumph; and (ii) a total sum of HK\$196,476 was due from the Target Company to the Group (other than Forever Triumph).

Pursuant to the Sale and Purchase Agreement, Forever Triumph agreed to (a) assign the Shareholder's Loan to the Purchaser at a consideration of HK\$8,000,000; (b) waive the payment of the outstanding interest of HK\$167,671; and (c) procure the relevant members of the Group to waive the outstanding sum of HK\$196,476.

### **Consideration**

On completion of the Disposal, Forever Triumph received from the Purchaser HK\$1.00 as consideration for the disposal of the Sale Shares and HK\$8,000,000 as consideration for the assignment of the Shareholder's Loan to the Purchaser.

The total amount of consideration was arrived at after arms' length negotiations between the Group and the Purchaser with reference to (i) the financial position of the Target Company, in particular, the net losses incurred by the Target Company for the year ended 31 December 2020 and the six months ended 30 June 2021, and the net liabilities of the Target Company as at 31 December 2020 and 30 June 2021; (ii) the total amount of Shareholder's Loan due from the Target Company to Forever Triumph; and (iii) the reasons set out in the paragraph headed "Reasons for and benefits of the Disposal" in this announcement.

### **Completion**

Completion of the Disposal took place on 3 December 2021, after the execution of the Sale and Purchase Agreement.

### **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated in Hong Kong on 14 September 2018. Immediately prior to the date of the Sale and Purchase Agreement, the Target Company was owned as to 51% by Forever Triumph and 49% by Nutronic Biomedical Group Limited, a wholly-owned subsidiary of Huakang Biomedical Holdings Company Limited, a company listed on GEM of the Stock Exchange (stock code: 8622). The Target Company is principally engaged in the sale, marketing and distribution in the PRC and Hong Kong of certain product series supplied by a subsidiary of Huakang Biomedical Holdings Company Limited, including without limitation, male and female fertility supplements. For further information regarding the distribution of such products series, please refer to the Company's announcement dated 10 September 2020 on the Company's continuing connected transactions. When the Target Company ceases to be a subsidiary of the Company upon

completion of the Disposal, the transactions between the Target Company and Huakang Biomedical Holdings Company Limited and its subsidiaries will no longer be regarded as connected transactions of the Group.

The financial information of the Target Company for the year ended 31 December 2020 and the six months ended 30 June 2021 is as follows:

	<b>For the year ended 31 December 2020 RMB (audited)</b>	<b>For the six months ended 30 June 2021 RMB (unaudited)</b>
Loss for the year/period	533,000	435,000

As the Target Company only commenced its business operations in September 2020, the Target Company did not record any profit or loss for the year ended 31 December 2019. As at 30 June 2021, the unaudited total assets and net liabilities of the Target Company was approximately RMB6,300,000 and RMB900,000, respectively.

#### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in the business of online to offline commerce (including, among others, the marketing and distribution of healthcare products) and electronic payment solutions.

Since the Target Company commenced its business operations in September 2020, the Target Company has recorded net liabilities and net losses and have not been performing at forecast levels. The Board does not foresee a significant turnaround in the near future and believes that it is more commercially favourable to dispose of the Group's interests in the Target Company and cease the Group's investment in a loss recurring business. The Board further believes that the Disposal allows the Group to streamline its business operations and to allocate its financial resources to the development of other lines of operations. The Board expects that the Disposal will not have any material impact on the Group's operations and could enhance the cash position and working capital position of the Group.

Subject to further procedures to be performed by the auditors of the Company, it is expected that the Group will record a gain of approximately RMB500,000 as a result of the Disposal, being the difference of discharge on the share of net liabilities of the Target Company and the outstanding amounts to be waived by Forever Triumph and the relevant members of the Group. The proceeds received from the Disposal will be used as the Group's general working capital.

Based on the above, the Board considers that the terms of the Disposal are fair and reasonable and in the interests of the Company and shareholders of the Company as a whole.

## LISTING RULES IMPLICATIONS

As the highest percentage ratio (as defined in the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following terms shall have the following meanings:

“Board”	the board of directors of the Company
“Company”	Smartac International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 395)
“Disposal”	the disposal of the Sale Shares (including the assignment of the Shareholder's Loan) pursuant to the Sale and Purchase Agreement
“Forever Triumph”	Forever Triumph Holdings Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Casa Mia Caterers International Limited, a company incorporated in the British Virgin Islands with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 3 December 2021 entered into between Forever Triumph as seller and the Purchaser as purchaser in relation to the Disposal
“Sale Shares”	51,000 shares of the Target Company, representing 51% of its entire issued share capital

“Shareholder’s Loan”	the shareholder’s loan in a sum of HK\$8,000,000 due from the Target Company to Forever Triumph
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Smartronic Limited, a company incorporated in Hong Kong with limited liability, immediately prior to completion of the Disposal, the issued share capital of which was held as to 51% by Forever Triumph and 49% by Nutronic Biomedical Group Limited
“%”	per cent.

## CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021 and will remain suspended until the Company fulfils the Stock Exchange’s guidance for the resumption of trading in the shares.

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

Hong Kong, 3 December 2021

*As at the date of this announcement, the Board comprises (i) three executive directors, 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, Dr. Cheng Faat Ting Gary, Mr. Poon Lai Yin Michael and Mr. Wang Haoxian.*