

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

ACQUISITION OF THE REMAINING INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY

Reference is made to the announcements of Smartac International Holdings Limited dated 17 November 2021 and 19 November 2021 in relation to the formation of joint venture (the “**Announcements**”). The JV Company was established in the PRC on 29 November 2021 which is owned as to 60% by the Group and 40% by the JV Partner.

Subsequent to the establishment of the JV Company, the Company had entered into further discussion with the JV Partner for the acquisition of the remaining 40% equity interest in the JV Company. On 22 February 2022, the JV Partner and Shanghai Shijiexian entered into the Agreement, pursuant to which the JV Partner agreed to sell, and Shanghai Shijiexian agreed to acquire, the Equity Interest at a consideration of RMB2,000,000.

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date: 22 February 2022

Parties: (1) The JV Partner as vendor.
(2) Shanghai Shijiexian, an indirect wholly owned subsidiary of the Company, as purchaser.

Assets to be acquired

Immediately prior to the date of the Agreement, the fully contributed registered capital of the JV Company of RMB5,000,000 was owned as to 60% by Shanghai Shijiexian and 40% by the JV Partner. The JV Company is a non-wholly owned subsidiary of the Company. Pursuant to the Agreement, the JV Partner agreed to sell, and Shanghai Shijiexian agreed to acquire, the 40% equity interest in the JV Company at a consideration of RMB2,000,000.

Upon completion of the Acquisition, the JV Company will become an indirect wholly owned subsidiary of the Company and the JV Partner will cease to hold any equity interest in the JV Company.

Consideration

The consideration of RMB2,000,000 was arrived at based on normal commercial terms after arm's length negotiations between the Company and the JV Partner with reference to the JV Partner's contribution to the registered capital of the JV Company. The consideration has been fully settled on 22 February 2022 after the execution of the Agreement.

THE JV COMPANY

On 15 November 2021, the JV Partner and Shanghai Shijiexian entered into the JV Agreement which provided for the establishment of the JV Company and strategic cooperation between the Group and the JV Partner. The JV Partner, a company established in the PRC, is a manufacturer and distributor of health food, skin care, personal care and other healthcare products which are predominately sold and distributed in the PRC. Based on public record, the JV Partner is owned as to 10% and 90% by Qiu Amin* (邱阿敏) and Xiamen Xinruisheng Consulting Management Co., Ltd.* (廈門鑫銳晟諮詢管理有限公司), respectively, which in turn is owned as to 10% and 90% by Liu Guoying* (劉國英) and Ms. Hou, respectively, as at the date of this announcement.

The JV Company was established in the PRC on 29 November 2021 and its principal business is the marketing, promotion and sale of Health Food in the PRC. The JV Company's registered capital is RMB5,000,000, of which RMB3,000,000 was contributed by Shanghai Shijiexian and RMB2,000,000 was contributed by the JV Partner. The total commitment of Shanghai Shijiexian under the JV Agreement was RMB12,096,000. The JV Company commenced its business operations in December 2021 and had procured sales of approximately RMB2,000,000 up to 31 December 2021. The JV Company recorded net profit before and after taxation of approximately RMB159,000 and RMB155,000, respectively, during the period from its establishment to 31 December 2021. As at 31 December 2021, the unaudited net asset value of the JV Company was approximately RMB6,155,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the business of online to offline (O2O) commerce (including, among others, the marketing and distribution of healthcare products) and electronic payment solutions.

Subsequent to the establishment of the JV Company, the JV Partner had indicated to the Company that it wished to focus its resources on development of its own manufacturing and distribution businesses. On such basis, the Company entered into further discussion with the JV Partner for the acquisition of the remaining 40% equity interest in the JV Company. The Board is optimistic towards the business development of the JV Company. Since the JV Company commenced its business operations in December 2021, it had procured sales of approximately RMB2,000,000 up to 31 December 2021 and the Board expects the sales of Health Food by the JV Company to improve following the end of the Lunar New Year holidays.

The JV Partner has, pursuant to the JV Agreement, (1) made cash contribution of RMB2,000,000 to the registered capital of the JV Company; and (2) introduced a team of sales and operation staff, who possess a broad client base and sales network and ample professional knowledge and experience in the sale and distribution of the Health Food in the PRC, to the JV Company.

With the Group's expertise in O2O commerce business, the Board is of the view that (i) the JV Company could continue to carry out its business operations and generate income to the Group through sale and distribution of the Health Food; and (ii) the Acquisition enables the Group to capitalise on the JV Company's business development and to ramp up the Group's revenue.

The Board considers that the terms of the Agreement are fair and reasonable and in the interests of the Company and shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

The JV Partner is a substantial shareholder (as defined in the Listing Rules) of the JV Company, a non-wholly owned subsidiary of the Company and it is indirectly owned as to 90% by Ms. Hou, a director of the JV Company.

Pursuant to Rule 14A.09 of the Listing Rules, as each of the total assets, profits and revenue of the JV Company for the financial year ended 31 December 2021 compared to that of the Group were less than 5% under the percentage ratios, the JV Company is an insignificant subsidiary of the Company. Therefore, Ms. Hou and the JV Partner are not regarded as connected persons of the Company and the Acquisition does not constitute a connected transaction of the Company.

As the JV Agreement and the Agreement were entered into within a 12-month period, the two transactions are required to be treated as if they were one transaction pursuant to Rule 14.22 of the Listing Rules. In the circumstances, the Group's commitments under the two transactions are aggregated for the purpose of determining the classification of the transactions.

As the highest percentage ratio in respect of the Group's total commitment is more than 5% but less than 25%, the entering into of the JV Agreement and the Agreement and the transactions contemplated thereunder, in aggregate, constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of the Equity Interest pursuant to the Agreement
“Agreement”	the equity interest transfer agreement dated 22 February 2022 entered into between the JV Partner as vendor and Shanghai Shijiexian as purchaser in respect of the Equity Interest
“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)
“Equity Interest”	40% equity interest in the JV Company which was held by the JV Partner
“Group”	the Company and its subsidiaries
“Health Food”	three brands of health food owned by the JV Partner in the PRC, namely (i) G.L-Enzyme (青檸酵素原液); (ii) Roselle & Cranberry Drinks (洛蔓複合飲品); and (iii) Sturgeon Drink (鱈龍複合飲)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement dated 15 November 2021 and entered into between Shanghai Shijiexian and the JV Partner
“JV Company”	Zhangzhou Keruilin Biotechnology Co., Limited* (漳州市科睿琳生物科技有限公司), a non-wholly owned subsidiary of the Company established in the PRC pursuant to the JV Agreement and owned as to 60% by Shanghai Shijiexian and as to 40% by the JV Partner
“JV Partner”	Xiamen Yizhimei Biotechnology Co., Limited* (廈門懿旨美生物科技有限公司), a company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Hou”	Ms. Hou Beixia* (侯貝霞), a director of the JV Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shanghai Shijiexian”	Shanghai Shijiexian Network Technology Co., Limited* (上海視界線網絡科技有限公司), a company established in the PRC and an indirect wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

The English translation of Chinese names marked with “*” in this announcement, where indicated, is included for identification purpose only, and should not be regarded as the official English translation of such Chinese names. If there is any inconsistency between the Chinese names and their English translations, the Chinese names shall prevail.

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, 22 February 2022

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) two independent non-executive directors, Mr. Poon Lai Yin Michael and Mr. Wang Haoxian.