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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
2022 SUPPLEMENTAL AGREEMENT IN RELATION TO
FURTHER EXTENSION OF LOAN FACILITY
AND PROVISION OF FINANCIAL ASSISTANCE**

THE 2022 SUPPLEMENTAL AGREEMENT

On 28 April 2022, Smart-Core Cloud International (a wholly-owned subsidiary of the Company), Smart-Core International (a wholly-owned subsidiary of the Company) and Quiksol entered into the 2022 Supplemental Agreement to the 2021 Loan Facility Agreement, pursuant to which, among others, the Parties have agreed (i) the maturity date of the Facility being a US\$ revolving loan facility in an aggregate amount of US\$3,500,000 is further extended to 30 April 2023 with interest rate of 8% per annum for the period from 1 May 2022 to 30 April 2023 (both days inclusive); and (ii) Smart-Core International shall be released while Smart-Core Cloud International shall assume all the rights and obligations as lender in relation to the 2021 Loan Facility Agreement. Save as aforesaid, all other terms of the 2021 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 was a former Director in the last 12 months and therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. 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 Facility made available by Smart-Core Cloud International to Quiksol as set out in the 2022 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 Facility does not exceed 5%, the Facility is therefore subject to the reporting and announcement requirements but 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 Rules, 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

References are made to the announcements of the Company dated 8 May 2020 and 28 April 2021 in relation to the 2020 Loan Facility Agreement and the 2021 Loan Facility Agreement (as a supplemental agreement to the 2020 Loan Facility Agreement) entered into between Smart-Core International and Quiksol.

In accordance with the terms of the 2020 Loan Facility Agreement, 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 with the maturity date on 30 April 2021.

On 28 April 2021, Smart-Core International and Quiksol entered into the 2021 Loan Facility Agreement, pursuant to which certain terms of the 2020 Loan Facility Agreement had been supplemented, including but not limited to, the maturity date of the amended facility being a US\$ revolving loan facility in an aggregate amount 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).

THE 2022 SUPPLEMENTAL AGREEMENT

On 28 April 2022, Smart-Core Cloud International, Smart-Core International and Quiksol entered into the 2022 Supplemental Agreement to the 2021 Loan Facility Agreement, pursuant to which, among others, the Parties have agreed (i) the maturity date of the Facility being a US\$ revolving loan facility in an aggregate amount of US\$3,500,000 is further extended to 30 April 2023 with interest rate of 8% per annum for the period from 1 May 2022 to 30 April 2023 (both days inclusive); and (ii) Smart-Core International shall be released while Smart-Core Cloud International shall assume all the rights and obligations as lender in relation to the 2021 Loan Facility Agreement. Save as aforesaid, all other terms of the 2021 Loan Facility Agreement shall remain in full force and effect. Major terms of the 2022 Supplemental Agreement are set out below:

- Date:** 28 April 2022
- Parties:**
- (1) Smart-Core Cloud International, a wholly-owned subsidiary of the Company, as the lender;
 - (2) Smart-Core International, a wholly-owned subsidiary of the Company, as the former lender;
 - (3) Quiksol, as the borrower
- Facility:** The aggregate amount of US\$ revolving loan facility remains US\$3,500,000
- Available Period:** Smart-Core Cloud International agrees to extend the loan facility available to Quiksol from 29 April 2022 to 29 April 2023
- Maturity date:** Smart-Core Cloud International agrees to extend the maturity date from 30 April 2022 to 30 April 2023
- Interest rate:** Same as the 2021 Loan Facility Agreement, being 8% per annum

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 2022, pursuant to which, each of Mr. Yan and Mr. Li irrevocably and unconditionally, among others, guarantees to Smart-Core Cloud 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 2022 Supplemental Agreement will become effective from the Effective Date:

1. Smart-Core Cloud International's receipt of a copy of the board minutes of Quiksol or similar authorisation to execute the 2022 Supplemental Agreement and all ancillary documents related to the 2022 Supplemental Agreement;
2. the 2022 Supplemental Agreement is duly executed by each of Smart-Core Cloud International, 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 Cloud International may reasonably require.

ASSIGNMENT

With from the Effective Date, subject to the terms of the 2022 Supplemental Agreement, the Parties have agreed:

1. Smart-Core Cloud International unconditionally, irrevocably and absolutely assumes all the rights and obligations in relation to the 2021 Loan Facility Agreement from the Smart-Core International; and
2. Smart-Core International no longer has rights and obligations in relation to the 2021 Loan Facility Agreement.

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 Cloud International, to enter into the 2022 Supplemental Agreement.

The Directors (including the independent non-executive Directors) considered even though the entry into of the 2022 Supplemental Agreement is not in the ordinary and usual course of business of the Group, the terms of the 2022 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.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, no Director has a material interest in the transactions contemplated under the 2022 Supplemental Agreement, and none of them is required to abstain from voting on the relevant Board resolutions to approve the 2022 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 subsidiaries, are leading distributors of electronic components. Most of the clients of Quiksol 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, Mr. Ng Teck Yee (Jason) and Ms. 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 all-round distributor of integrated circuit and other electronic components and technology value-added service provider in China, covering multiple business segments such as authorised distribution, independent distribution, e-commerce platform, technology value-added and design and manufacturing of optical communication chips. Our service networks cover the Mainland China and many regions in Asia Pacific, providing supply chain services of semiconductor chips and various electronic components, as well as technical solutions and corresponding technical support to customers in the electronics industry in the Asia Pacific region. The principal activities of both Smart-Core Cloud International and Smart-Core International are trading of electronic components and each of them is one of the Company's principal subsidiaries.

IMPLICATIONS UNDER THE LISTING RULES

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The Facility made available by Smart-Core Cloud International to Quiksol as set out in the 2022 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 Facility does not exceed 5%, the Facility is therefore subject to the reporting and announcement requirements but 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 Rules, 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2020 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
“2021 Loan Facility Agreement”	the US\$3,500,000 revolving loan facility agreement (supplemental to the 2020 Loan Facility Agreement) dated 28 April 2021 entered into between Smart-Core International and Quiksol. For details, please refer to the announcement of the Company dated 28 April 2021
“2022 Supplemental Agreement”	the supplemental agreement relating to the 2021 Loan Facility Agreement entered into between Smart-Core Cloud International, Smart-Core International and Quiksol on 28 April 2022
“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 2022 Supplemental Agreement are fulfilled to the satisfaction of Smart-Core Cloud International

“Facility”	the US\$ revolving loan facility in an aggregate amount of US\$3,500,000 as agreed under 2022 Supplemental Agreement
“Group”	the Company and its subsidiaries
“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 2022 Supplemental Agreement, the Personal Guarantee (Yan Qing), the Personal Guarantee (Li Hong Sheng and any other document designated as such by Smart-Core Cloud 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
“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 a former executive Director
“Obligors”	collectively, Quiksol, Mr. Yan and Mr. Li, each an “Obligor”
“Parties”	collectively, Smart-Core Cloud International, Smart-Core International and Quiksol
“Personal Guarantee (Li Hong Sheng)”	the personal guarantee made by Mr. Li as guarantor in favour of Smart-Core Cloud International
“Personal Guarantee (Yan Qing)”	the personal guarantee made by Mr. Yang as guarantor in favour of Smart-Core Cloud 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, indirectly held as to 25% by 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

“Smart-Core Cloud International”	Smart-Core Cloud International Company Limited (芯智雲國際有限公司), a private company limited by shares incorporated under the laws of the Hong Kong and a wholly-owned subsidiary of the Company
“Smart-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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 28 April 2022

As at the date of this announcement, the Board comprises Mr. Tian Weidong (chairman), Mr. Wong Tsz Leung, Mr. Liu Hongbing and Mr. Mak Hon Kai Stanly as executive directors of the Company, Mr. Zheng Gang, Mr. Tang Ming Je and Ms. Xu Wei as independent non-executive directors of the Company.