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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 AN ASSOCIATE

The Board is pleased to announce that on 5 September 2022 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement in relation to the disposal of an associate of the Company at a consideration of RMB10,000,000.

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date: 5 September 2022 (after trading hours)

Parties: (1) the Vendor; and

(2) the Purchaser.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected person (as defined under the Listing Rules).

Asset to be disposed of

As at the date of the Agreement, the Target Company was an associate of the Company owned as to 47.85% by the Purchaser, 27.40% by the Vendor and 24.75% by Tianyi Technology.

Pursuant to the Agreement, the Vendor has agreed to dispose of, and the Purchaser has agreed to acquire, 27.40% equity interest in the Target Company, being the entire equity interest held by the Vendor, at a consideration of RMB10,000,000.

Consideration

Pursuant to the Agreement, the consideration of RMB10,000,000 will be payable by the Purchaser to the Vendor in cash by three instalments in the following manner:

- (i) a sum of RMB1,000,000 will be payable by the Purchaser upon signing of the Agreement;
- (ii) a sum of RMB7,000,000 will be payable by the Purchaser within 7 working days upon the date of the industrial and commercial registration changes of the Target Company's equity interest being completed; and
- (iii) a sum of RMB2,000,000 will be payable by the Purchaser within 24 working days upon the date of the industrial and commercial registration changes of the Target Company's equity interest being completed.

The consideration of the Disposal was determined after arm's length negotiation on normal commercial terms between the Vendor and the Purchaser with reference to (i) the historical acquisition and subscription costs for the 27.40% equity interest in the Target Company under the Previous Investment at a total consideration of RMB11,425,000; (ii) the financial position of the Target Company; (iii) the valuation report dated 17 August 2022 prepared by an independent professional valuer, Shanghai Shenwei Assets Appraisal Co. Ltd.* (上海申威資產評估有限公司), in respect of the valuation of the Target Company as at 30 June 2022, which appraised the value of the entire equity interest of the Target Company as at 30 June 2022 to be RMB36,000,000 by way of income approach; and (iv) the reasons set out in the paragraph headed "Reasons for and benefits of the Disposal" in this announcement.

Considering the above, and that the 27.40% of the appraised value of RMB36,000,000 of the Target Company is RMB9,864,000 (proportionate to the entire equity interest held by the Vendor in the Target Company), the total consideration for the Disposal was agreed to be RMB10,000,000.

Completion

Completion of the Disposal will take place upon the completion of the industrial and commercial registration changes of the Target Company's equity interest and the full payment of the consideration of RMB10,000,000.

Upon completion of the Disposal, the Vendor will cease to hold any equity interest, directly or indirectly, in the Target Company and the Target Company will cease to be an associate of the Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. As at the date of this announcement, the registered paid up capital of the Target Company is RMB6,060,606, it was owned as to 47.85% by the Purchaser, 27.40% by the Vendor and 24.75% by Tianyi Technology. The Target Company is principally engaged in provision of information inquiries and sharing services, including without limitation, the supply of integrated mobile marketing solutions, research and development of computation software and provider of electronic business information enquiry and related services in the PRC.

The financial information of the Target Company for the year ended 31 December 2021 and the six months ended 30 June 2022 are as follows:

	For the year ended 31 December 2021 RMB'000 Approximately (audited)	For the six months ended 30 June 2022 RMB'000 Approximately (unaudited)
Revenue	105,934	6,031
Net profit/(loss)	14,585	(1,731)

The unaudited net asset value of the Target Company as at 30 June 2022 was approximately RMB28,685,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in providing (i) online to offline commerce; (ii) electronic payment solutions; and (iii) others (i.e. provision of IT system development and support services).

The Board is of the view that the recent introduction of the new data privacy law in the PRC has an adverse impact on the electronic information sharing industry in the PRC which the Target Company is principally engaged in. As a result, the revenue of the Target Company derived from the provision of related electronic information enquiry services has declined significantly. As disclosed in the paragraph headed “Information of the Target Company” above in this announcement, the Board noted that the revenue of the Target Company for the six months ended 30 June 2022 has underperformed and anticipated that the revenue of the Target Company for the year ending 31 December 2022 would not achieve a similar level of success as compared to the revenue of the Target Company for the year ended 31 December 2021. It is also supported by the fact that the Target Company has recorded a net loss of approximately RMB1,731,000 for the six months ended 30 June 2022. The Board does not foresee a significant turnaround regarding the financial performance of the Target Company in the near future.

As part of the initiative to streamline the structure of the Group adopted by the Board, the Board has been actively reviewing and assessing the performance of each of the business lines of the Group and identifying loss-making business for potential disposal. Therefore, the Board considered that the Disposal represents a good opportunity for the Group to reduce its investment risks, to realise part of its investment at a reasonable return and to reallocate its financial resources to the development of other lines of operations.

Subject to further procedures to be performed by the auditors of the Company, as a result of the Disposal, it is expected that the Group will record a net cash proceeds of approximately RMB9,945,000 resulted from the consideration received from the Disposal, after deducting the estimated expenses in relation to the Disposal. The proceeds received from the Disposal will be used as general working capital and for future investment of the Group should suitable investment opportunities arise.

In light of the reasons above, the Board (including the independent non-executive Directors) considers that the terms of the Disposal are fair and reasonable, on normal commercial terms 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 notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement dated 5 September 2022 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“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)
“Director(s)”	the director(s) of the Company
“Disposal”	disposal of 27.40% equity interest in the Target Company by the Vendor to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries (excluding the Target Group)
“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
“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
“Previous Investment”	the acquisition and subscription for a total of 27.40% equity interest of the Target Company pursuant to an investment agreement and supplemental investment agreement dated 21 January 2015 and 15 September 2015, respectively; details of the Previous Investment are disclosed in the announcements of the Company dated 21 January 2015 and 15 September 2015
“Purchaser”	Han Yu* (韓宇), an equity holder and the chairman of the board of directors of the Target Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shanghai Zewei Information Technology Co. Ltd.* (上海澤維信息技術有限公司), a limited liability company established in the PRC and an associate of the Company as at the date of the Agreement

“Tianyi Technology”	Tianyi Technology Venture Capital Co. Ltd.* (天翼科技創業投資有限公司), a limited liability company established in the PRC and an equity holder of the Target Company
“Vendor”	Gezi Digital Technology (Yixing) Co. Ltd.* (鴿子數碼科技(宜興)有限公司), a limited liability company established in the PRC, a wholly-owned subsidiary of the Company and an equity holder of the Target Company as at the date of the Agreement
“%”	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, 5 September 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) three independent non-executive Directors, Mr. Poon Lai Yin Michael, Mr. Wang Haoxian and Mr. Leung Kwong Choi.