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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 INTERESTS IN A NON-WHOLLY OWNED SUBSIDIARY

The Board is pleased to announce that on 8 September 2022, the Company and the Target Company, a non-wholly owned subsidiary of the Company, entered into the Agreement, pursuant to which the Company agreed to sell, and the Target Company agreed to repurchase, the Sale Shares, representing 51% of the issued share capital of the Target Company, at a consideration of HK\$1,652,400.

THE AGREEMENT

The principal terms of the Agreement are as follows:

- Date:** 8 September 2022
- Parties:** (1) the Company; and
(2) the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Target Company and its ultimate beneficial owners (other than the Group) are third parties independent of the Company and connected persons of the Company.

Assets to be disposed of

Immediately prior to the date of the Agreement, the Target Company was owned as to 51% by the Company and 49% by Lucky Creation, an investment holding company incorporated in the BVI. For information regarding the subsidiaries of the Target Company, please refer to the paragraph headed "Information of the Target Group" below.

Consideration

The consideration of HK\$1,652,400 for the Sale Shares is determined after arms' length negotiations on normal commercial terms between the Company and the Target Company with reference to (i) the cash and bank balances of the Target Group as at 31 May 2022; (ii) the financial position of the Target Group, in particular, the net loss incurred by the Target Group during the two years ended 31 December 2020 and 2021, and the net liabilities position of the Target Group as at 31 December 2020 and 2021; (iii) the provision for contingent liabilities previously made by the Company in relation to PRC enterprise income tax; (iv) the valuation report prepared by the Independent Valuer in respect of the valuation by way of market approach on the market value of 51% equity interest in the Target Group as at 31 May 2022 of approximately RMB873,000 (equivalent to approximately HK\$1,037,000); and (v) the reasons set out in the paragraph headed "Reasons for and benefits of the Disposal" below.

Considering the above, and as the 51% stake of the cash and bank balances of the Target Group as at 31 May 2022 available to the Company was higher than the market value of 51% equity interest of the Sale Shares appraised by the Independent Valuer, the total consideration for the Sale Shares was agreed to be HK\$1,652,400.

The consideration for the Sale Shares was fully settled in cash by the Target Company upon completion of the Agreement.

Completion

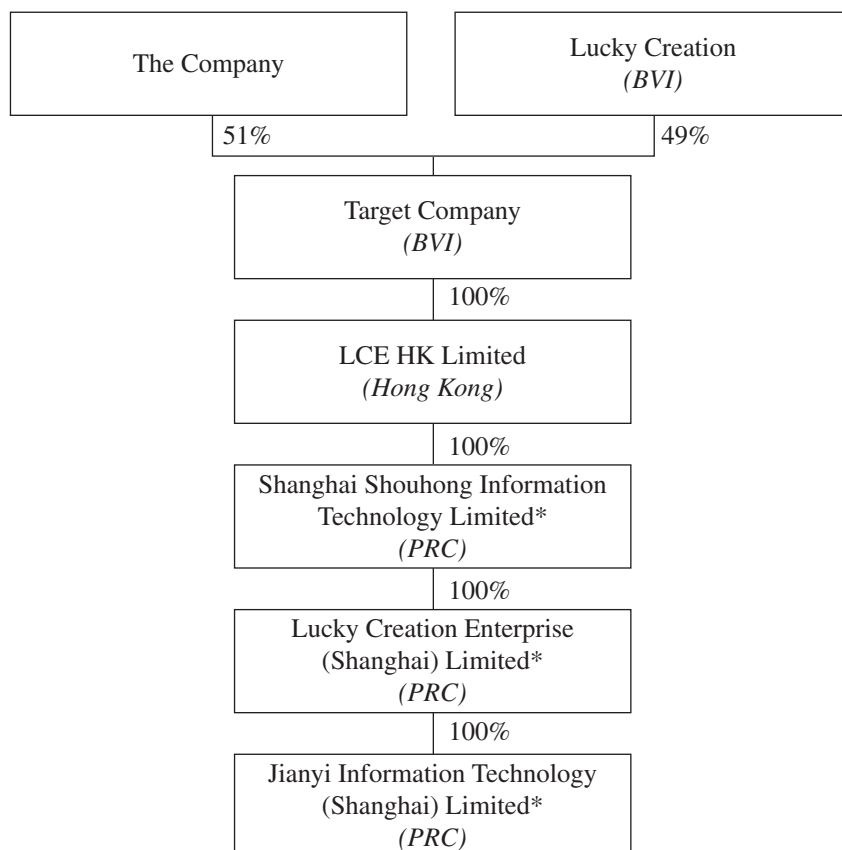
Completion of the Disposal took place on 8 September 2022 immediately after the execution of the Agreement.

Upon completion of the Disposal, the Company ceased to hold any equity interest, directly or indirectly, in each member of the Target Group and each member of the Target Group ceased to be a subsidiary of the Company.

INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the BVI with limited liability. Immediately prior to the completion of the Agreement, the Target Company was owned as to 51% by the Company and 49% by Lucky Creation, an investment holding company incorporated in the BVI. The subsidiaries of the Target Company are principally engaged in trading of goods, provision of marketing strategy and operation of online shop on e-commerce platforms in the PRC.

The corporate structure of the Target Group immediately prior to the completion of the Agreement is set out as follows:



The Target Company holds the entire issued share capital of LCE HK Limited, an investment holding company incorporated in Hong Kong with limited liability, which in turns holds the entire equity interest in Shanghai Shouhong Information Technology Limited* (上海朔泓信息技術有限公司), a company established in the PRC with limited liability, which in turns holds the entire equity interest in Lucky Creation Enterprise (Shanghai) Limited* (上海建運信息技術有限公司), a company established in the PRC with limited liability, which in turn holds the entire equity interest in Jianyi Information Technology (Shanghai) Limited* (建宜信息技術(上海)有限公司).

The audited consolidated financial information of the Target Group for each of the two years ended 31 December 2021 are as follows:

	For the year ended 31 December	
	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	10,646	4,101

	As at 31 December	
	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Net liabilities	1,230	5,285

The unaudited consolidated net liability value of the Target Group as at 31 May 2022 was approximately RMB6,973,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in providing (i) O2O commerce; (ii) electronic payment solutions; and (iii) others (i.e. provision of IT system development and support services).

Since the Company acquired 51% interest in the Target Company in 2017, the Target Group has recorded net losses and net liabilities and has not performed 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 Group and cease the Group's investment in a loss recurring business. The Board further believes that the Disposal allows the Group to restructure and streamline its business operations, to allocate its financial resources to the development of the Group's principal business. Besides, the Group secured a more favourable term for the Disposal where the total consideration for the Sale Shares agreed for the Disposal was higher than the market value of the Sale Shares as at 31 May 2022 of approximately RMB873,000 appraised by the Independent Valuer. The Board expects that the Disposal will not have any material impact on the Group's operations and could enhance the Group's cash position and working capital position.

After the Disposal, the financial results of the Target Group will no longer be consolidated into the results of the Group. Subject to further procedures to be performed by the auditors of the Company, as a result of the Disposal, it is estimated that the Company will record a gain of approximately RMB1,391,000. Such gain is calculated as the difference between the consideration received and the estimated unaudited consolidated net book value of the Target Group attributed to the Company at the date of completion of the Disposal. It is expected that the Group will record a net proceeds of HK\$1,652,400 resulted from the consideration received from the Disposal, after deducting the estimate 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 share repurchase agreement dated 8 September 2022 entered into between the Company and the Target Company in relation to the Disposal
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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 the Sale Shares by the Company pursuant to the Agreement
“Group”	the Company and its subsidiaries (excluding the Target Group)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Valuer”	International Valuation Limited, an independent professional valuer appointed by the Company for the purpose of the Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lucky Creation”	Lucky Creation Enterprise Limited, a company incorporated in the BVI with limited liability
“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
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Shares”	5,100 shares of the Target Company, representing 51% of its issued share capital
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	LCE Group Limited, a company incorporated in the BVI with limited liability, immediately prior to the completion of the Agreement, the issued share capital of which was held as to 51% by the Company and 49% by Lucky Creation
“Target Group”	the Target Company and its subsidiaries
“%”	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in HK\$ have been converted into RMB at the rate of HK\$1.0 to RMB0.8419. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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, 8 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.