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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 IN RELATION TO
THE ACQUISITION OF INTERESTS IN
THE TARGET COMPANY**

The Board is pleased to announce that on 26 May 2021 (after trading hours), the SPA was entered into among the Buyer, an indirect non-wholly owned subsidiary, and the Seller in relation to the acquisition of the Sale Shares, representing the entire issued share capital of the Target Company for the Purchase Price of USD1,663,071.44, subject to the Consideration Adjustment.

As at the date of this announcement, the Seller is the sole shareholder of the Target Company and he also holds 22.5% of the issued share capital of the Buyer and accordingly a substantial shareholder of the subsidiary of the Company. Therefore, pursuant to Rule 14A.07(1) of the Listing Rules, the Seller is a connected person of the Company at the subsidiary level, and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition does not exceeds 5%, the Acquisition is therefore subject to the reporting and announcement requirements and is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

As Completion is subject to fulfillment of the conditions precedent under the section headed “Conditions Precedent” in this announcement, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE ACQUISITION

The Board is pleased to announce that on 26 May 2021 (after trading hours), the SPA was entered into among the Buyer, an indirect non-wholly owned subsidiary, and the Seller in relation to the acquisition of the Sale Shares, representing the entire issued share capital of the Target Company for the Purchase Price of USD1,663,071.44, subject to the Consideration Adjustment.

THE SPA

Set out below are the principal terms of the SPA:

Date

26 May 2021

Parties

- (i) Quiksol International HK Pte Limited, as the Buyer; and
- (ii) Ng Teck Yee Jason, as the Seller.

Assets to be Acquired

Pursuant to the SPA, the Buyer has conditionally agreed to acquire and the Seller has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company.

Purchase Price

Subject to the Consideration Adjustment as set out below, the Purchase Price for the Acquisition is USD1,663,071.44, which will be payable as follows:

Two (2) months from the Completion Date	US\$1,000,000.00
18 months from the Completion Date	<u>US\$663,071.44</u>
Total	<u><u>US\$1,663,071.44</u></u>

The Purchase Price will be adjusted based on the audited net asset value of the Target Company as at 30 April 2021 which shall be available on or before 31 July 2021.

The Company intends to finance the payment of the Purchase Price by the internal resources of the Company.

Basis of the Purchase Price

The Purchase Price was determined by the Seller and the Buyer after arm's length negotiations taking into account, among other things, (i) the financial performance, business growth and prospects of the Target Company; (ii) the unaudited net asset value of the Target Company as at 30 April 2021; and (iii) the factors as set out in the section headed "Reasons for and Benefits of the Acquisition".

Conditions Precedent

The Completion is conditional upon various conditions precedent being satisfied including but not limited to the following:

- (1) the Buyer is satisfactory with the results of the legal due diligence exercise conducted;
- (2) there are no claims and/or actions made or brought by any former or present employee(s) or director(s) of the Target Company against the Target Company as at the Completion Date; and
- (3) there has been no material adverse change in the financial or trading position or the business or management condition of the Target Company from 30 April 2021 up to the date of the SPA.

At any time before the Completion Date, the Buyer may waive any conditions precedent set out above at its sole discretion by written request from the Seller.

Completion

Completion shall take place on 1 June 2021 subject to all the conditions precedent in the SPA have been fulfilled or waived.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group, with its presence in the People's Republic of China, is a leading distributor and technical value-added service provider of integrated circuit and other electronic components. The Group will integrate the globally branded electronic parts resources of the Target Company with the technology value-added services and professional marketing team of the Group to serve more global customers and in turn promote the further increase its sales and market share.

The Directors (including the independent non-executive Directors) are of the view that the SPA and the transactions contemplated thereunder are on normal commercial terms after arm's length negotiations, and that the terms of the SPA are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE TARGET COMPANY

The Target Company is a private company limited by shares incorporated under the laws of Singapore and is principally engaged in the distributorship of electronic components and reverse supply chain management services where it provides its clients with solutions in the event of market supply shortage.

Set out below is the unaudited financial information of the Target Company for the two financial years immediately preceding the Acquisition prepared in accordance with the Financial Reporting Standards in Singapore:

	For the financial year ended	
	30 June	
	2019	2020
	<i>USD'000</i>	<i>USD'000</i>
Revenue	8,459	6,381
Net profits before taxation	225	608
Net profits after taxation	185	464

The unaudited net asset value of the Target Company as at 30 April 2021 was approximately USD1,663,071.

INFORMATION OF THE GROUP

The Group is a leading distributor and technical value-added service provider of integrated circuit and other electronic components based in the People's Republic of China. The Group has maintained long-term and stable relationships with world-renowned suppliers of electronic components and also have a loyal and diversified customer base. In addition, the Group's engineering support services help it maintain symbiotic relationship with suppliers and customers. The Group maintained its leading position in the product lines in smart media display, intelligent broadcasting terminal and memory products and achieved initial scaled sales in optical communication, security monitoring, touch screen display, auto electronics, and IoT.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition does not exceeds 5%, the Acquisition is therefore subject to the reporting and announcement requirements and is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

As at the date of this announcement, the Seller is the sole shareholder of the Target Company and he also holds 22.5% of the issued share capital of the Buyer and accordingly a substantial shareholder of the subsidiary of the Company. Therefore, pursuant to Rule 14A.07(1) of the Listing Rules, the Seller is a connected person of the Company at the subsidiary level, and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

None of the Directors had any material interest in the Acquisition and thus no Director was required to abstain from voting on the Board resolutions approving the SPA and the transactions contemplated thereunder.

As Completion is subject to fulfillment of the conditions precedent under the section headed “Conditions Precedent” in this announcement, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Buyer from the Seller pursuant to the SPA
“Board”	the board of Directors
“Buyer”	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, held as to 25% by the Company
“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 (stock code: 2166)
“Completion”	completion of the Acquisition pursuant to the SPA
“Completion Date”	1 June 2021 subject to all the conditions precedent in the SPA have been fulfilled or waived
“connected person(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Consideration Adjustment”	the adjustment to the Purchase Price as set forth in the paragraph headed “Purchase Price” in this announcement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its connected persons

“IoT”	Internet of Things, which is the internet that connects things and an extension and expansion of the internet, with the users of it extend between any items for information exchange and communication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchase Price”	the purchase price for the Sale Shares, which is USD1,663,071.44
“Sale Shares”	200,000 shares of the Target Company, representing the entire issued share capital of the Target Company
“Seller”	Ng Teck Yee Jason, a citizen of the Republic of Singapore and the sole shareholder of the Target Company as at the date of this announcement
“Shareholder(s)”	the holder(s) of the Shares
“SPA”	the share purchase agreement entered into among the Buyer and the Seller in relation to the Acquisition dated 26 May 2021
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Quiksol Int’l Components Pte. Ltd. (Company Registration No. 200502497W), is a private limited company incorporated under the laws of Singapore
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 26 May 2021

As at the date of this announcement, the Board comprises Mr. Tian Weidong (chairman), Mr. Wong Tsz Leung, Mr. Liu Hongbing and Mr. Yan Qing as executive Directors, Mr. Zheng Gang, Mr. Tang Ming Je and Mr. Wong Hok Leung as independent non-executive Directors.