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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
PROVISION OF FINANCIAL ASSISTANCE

THE LOAN

On 8 May 2020, Smart-Core International and Quiksol entered into the Loan Agreement, pursuant to which Smart-Core International 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.

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 is an executive Director and therefore a connected person of the Company. 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 Loan made by Smart-Core International to Quiksol under the Loan 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 Loan does not exceed 5%, the Loan Agreement is therefore subject to the reporting and announcement requirements and is exempt from the circular and independent 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 Rule, 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.

THE LOAN

On 8 May 2020, Smart-Core International, a wholly-owned subsidiary of the Company, and Quiksol entered into the Loan Agreement, pursuant to which Smart-Core International 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.

THE LOAN AGREEMENT

Date

8 May 2020

Parties

(1) Smart-Core International, a wholly-owned subsidiary of the Company, as lender; and

(2) Quiksol, as the borrower.

Subject matter

Pursuant to the Loan Agreement, Smart-Core International agrees 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. Smart-Core International agrees to make the Facility available to Quiksol from the date of the Loan Agreement up to and inclusive of 29 April 2021, and the Maturity Date is 30 April 2021. Quiksol shall apply all Loans solely towards financing purchase orders of electronic components of commodity nature goods (the "**Purchase Orders**") arising from orders (the "**Customer Orders**") placed by customers of Quiksol (the "**Customers**") with Quiksol from time to time.

Drawdown

Smart-Core International will not be obliged to make any Loan if, among others, (i) as a result of that Loan, the aggregate amount of the Loans outstanding would exceed US$3,800,000; (ii) on the date of the applicable drawdown request or on the proposed Drawdown Date for that Loan an event of default as defined in the Loan Agreement is continuing or would result from that Loan; or (iii) Quiksol fails to provide evidence satisfactory to Smart-Core International in Smart-Core International's absolute discretion that the terms, arrangement, agreement or other aspects of the applicable Purchase Order, the applicable Customer and the applicable Customer Order have been or will be made on terms satisfactory to Smart-Core International, including but not limited to the credit terms given by Quiksol to such Customer, the credibility of such Customer, the amount of deposit paid by such Customer, the type of goods ordered and the net margin of the matched Purchase Order and Customer Order.

During the Availability Period, Quiksol may draw down the Loan by delivering to Smart-Core International a prescribed form of drawdown request supported and/or supplemented by evidence or documents relating to the applicable underlying Purchase Order and Customer Order in the form and substance satisfactory to Smart-Core International not later than 11:00

a.m. (Hong Kong time) on the day falling two business days prior to a proposed Drawdown Date (or such shorter time as agreed by Smart-Core International). Quiksol may redraw any part of a Loan which is repaid in accordance with the terms of the Loan Agreement.

Interest

The applicable interest rate for each Loan shall be 7% per annum, which is determined with reference to the prevailing interest rate in the market.

Interest shall be payable on each Loan in arrears on the applicable Repayment Date of such Loan provided that on the Maturity Date, Quiksol shall pay, to the extent not already paid, all accrued but unpaid interest owing and/or payable under the Loan Agreement.

Repayment

Quiksol shall repay each Loan under the Loan Agreement on the applicable Repayment Date unless Smart-Core International allows for a roll over. No repayment or rollover date shall extend beyond the Maturity Date. Quiksol may, if it gives Smart-Core International no less than one business day prior notice, prepay the whole or any part of a Loan together with accrued interest on the amount prepaid.

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 8 May 2020, pursuant to which, each of Mr. Yan and Mr. Li irrevocably and unconditionally, among others, guarantees to Smart-Core International the punctual performance by each other 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.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE LOAN AGREEMENT AND PROVISION OF FINANCIAL ASSISTANCE

As the previous loan agreement entered into between Smart-Core International and Quiksol dated 28 May 2019 has expired on 31 March 2020, Quiksol is still 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. Therefore, after arm's length negotiation between Quiksol and the Company, the Company agrees, through Smart-Core International, to enter into the Loan Agreement and provide financial assistance to Quiksol to support its business development.

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

Mr. Yan is an executive Director and a substantial shareholder of Quiksol. He is considered to have an interest in the transactions contemplated under the Loan Agreement, and had abstained from voting on the relevant Board resolutions to approve the Loan Agreement. Save for the above, no Director has a material interest in the transactions contemplated under the Loan Agreement, and none of them is required to abstain or had abstained from, voting on the relevant Board resolutions to approve the Loan 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 subsidiary, Suzhou Kuke, are leading distributors of electronic components. Most of the clients of Quiksol and Suzhou Kuke 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, Ng Teck Yee (Jason) and 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 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 television products, smart terminals, optoelectronic displays and memory products. The principal activities of Smart-Core International is trading of electronic components and it is one of the Company's principal subsidiaries.

IMPLICATIONS UNDER THE LISTING RULES

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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 Rule, 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:

"Availability Period"	the period of commencing from the date of the Loan Agreement up to and inclusive of 29 April 2021
"Board"	the board of Directors
"Company"	Smart-Core Holdings Limited, a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange (stock code: 2166)
"connected person"	has the meaning as ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Drawdown Date"	the date on which a Loan is or is to be made within the Availability Period and must be a business day
"EMS"	electronics manufacturing service
"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 Loan Agreement, the Personal Guarantee (Yan Qing), the Personal Guarantee (Li Hong Sheng and any other document designated as such by Smart-Core 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
"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

"Loan"	a loan made or to be made under the Loan Agreement or the principal amount outstanding for the time being of that loan
"Loan Agreement"	the US$3,800,000 revolving loan facility agreement dated 8 May 2020 entered into between Smart-Core International and Quiksol
"Maturity Date"	30 April 2021
"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 an executive Director
"OEM"	original equipment manufacturing
"Obligors"	Quiksol, Mr. Yan and Mr. Li, each an "Obligor"
"Personal Guarantee (Li Hong Sheng)"	the personal guarantee made by Mr. Li as guarantor in favour of Smart-Core International
"Personal Guarantee (Yan Qing)"	the personal guarantee made by Mr. Yan as guarantor in favour of Smart-Core 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 the Hong Kong and as at the date of this announcement, held as to 25% by the Company
"Repayment Date"	the proposed repayment date for a Loan (being a date falling seven business days after the intended deadline for settlement of the relevant invoice in respect of the relevant Customer Order by the Customer (the accuracy of such deadline for payment of such invoice to be verified and/or supported by evidence or documents satisfactory to Smart-Core International in Smart-Core International's absolute discretion)), provided that such repayment date shall not fall on a date after the Maturity Date
"Share(s)"	ordinary share(s) of US$0.00001 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Shares
"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

"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
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning as ascribed to it under the Listing Rules
"substantial shareholder"	has the meaning as ascribed to it under the Listing Rules
"Suzhou Kuke"	Suzhou Kuke Electronics Co., Ltd. (蘇州酷科電子有限公司), a wholly-owned subsidiary of Quiksol, which is a limited liability company duly incorporated and validly existing under the laws of the People's Republic of China
"US$"	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, 8 May 2020

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 and Mr. Zheng Gang, Mr. Tang Ming Je and Mr. Wong Hok Leung as independent non-executive Directors.