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Smartac
中國智能

Smartac Group China Holdings Limited

中國智能集團控股有限公司

(formerly known as Sino Dragon New Energy Holdings Limited 中國龍新能源控股有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 395)

VOLUNTARY ANNOUNCEMENT IN RESPECT OF SIGNING OF WI-FI INSTALLATION AND POST-INSTALLATION MAINTENANCE AND OPERATION AGREEMENT

INTRODUCTION

This announcement is made by the Company on voluntary basis.

The Board is pleased to announce that on 21 December 2014 (after trading hours), Solomedia, being an indirectly non-wholly owned subsidiary of the Company, has entered into the Agreement with Speed Media. Pursuant to the Agreement, Solomedia has obtained sole and exclusive rights (i) to render Wi-Fi Networks facilities installation and post-installation repairing, maintenance, solution and software operational services to Speed Media; (ii) to render Advertisements digitization service to Speed Media; and (iii) to use jointly with Speed Media of its Wi-Fi Network at all passenger railway stations operated by Lan Zhou Railway in a number of provinces in the PRC for an initial term of 3 years at an aggregate commitment of RMB18,600,000 (approximately equivalent to HK\$23,540,000).

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PRINCIPAL TERMS OF THE AGREEMENT

Date

21 December 2014 (after trading hours)

Parties

- (i) Solomedia
- (ii) Speed Media

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Speed Media is an Independent Third Party and not connected with the Company and its connected persons (as defined under the Listing Rules)

Sole and exclusive right - Wi-Fi Networks facilities installation and post-installation repairing, maintenance, solution and software operational services

Under the Agreement, Solomedia has agreed to act as sole and exclusive service provider of Speed Media to perform the Wi-Fi Networks related facilities installation and post-installation repairing, maintenance, solution and software operational services at all passenger railway stations operated by Lan Zhou Railway in a number of provinces in the PRC on condition that Speed Media shall (i) appoint Solomedia as its sole and exclusive agent to digitize the Advertisements for Speed Media; and (ii) grant Solomedia sole and exclusive right to use the Wi-Fi Networks jointly with Speed Media subject to payment of Consideration.

Sole and exclusive right - Advertisements digitization service

Pursuant to the terms of the Agreement, Speed Media has agreed to appoint Solomedia as its sole and exclusive digitization service provider to digitize all Advertisements on behalf of Speed Media. Solomedia, in return, shall be entitled to 95% of Speed Media's net operating profits arising in and derived from the placement of Advertisements, which shall be arrived at according to the PRC GAAP.

Sole and exclusive right – Jointly use the Wi-Fi Networks with Speed Media

Pursuant to the terms of the Agreement, Speed Media, being the sole and exclusive user of the Wi-Fi Networks, has agreed to grant Solomedia sole and exclusive right to jointly use the Wi-Fi Networks with Speed Media directly or indirectly subject to payment of fixed usage fee on quarterly basis and additional floating usage fee on yearly basis as more particularly described under section headed "Consideration" below.

Consideration

The Consideration for Solomedia's sole and exclusive right to jointly use the Wi-Fi Networks with Speed Media shall be satisfied by:

- (i) predetermined quarter payments with resulting aggregate sum of RMB18,600,000 (approximately equivalent to HK\$23,540,000) for the initial term of 3 years; and
- (ii) additional annual payment being equivalent to 5% of Solomedia's net operating profits arising in and derived from the Wi-Fi Networks as calculated in accordance with the PRC GAAP.

The Consideration has been determined after arm's length negotiation between Solomedia and Speed Media with reference to, among other things, the fees and costs incurred or to be incurred by Speed Media in obtaining its sole and exclusive right to operate and use the Wi-Fi Networks.

The Directors consider the consideration is fair and reasonable and on normal commercial terms and that the entering into the Agreement is in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

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| “Advertisements” | the commercial advertisements to be designed and produced by Speed Media and released through the Wi-Fi Networks pursuant to an advertising agency agreement entered into between Speed Media and Golden Wheel Cultural |
| “Agreement” | the agreement dated 21 December 2014 (after trading hours) entered into between Solomedia and Speed Media in relation to, inter alia, appointing or granting Solomedia as sole and exclusive (i) Wi-Fi network facilities installation and post-installation repairing, maintenance, solution and software operational services provider; and (ii) Advertisements digitization service provider; and (iii) right to use the Wi-Fi Networks jointly with Speed Media |
| “Board” | the Board of Directors of the Company |
| “Company” | Smartac Group China Holdings Limited (formerly known as Sino Dragon New Energy Holdings Limited), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (Stock code: 0395) |
| “Director(s)” | director(s) of the Company |
| “Golden Wheel Cultural” | Gansu Golden Wheel Cultural Media Company Limited* (甘肅金輪文化傳媒有限公司), being a company incorporated in the PRC and an indirect wholly-owned subsidiary of Lan Zhou Railway, which is an Independent Third Party |

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| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party” | a third party independent of and not connected with the Company and its subsidiaries and its connected persons (as defined under the Listing Rules) |
| “Lan Zhou Railway” | Lan Zhou Railway Administration, an Administration established by the Ministry of Railways in the PRC, which is an Independent Third Party |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Parties” | parties to the Agreement, namely Solomedia and Speed Media |
| “PRC” | The People’s Republic of China |
| “PRC GAAP” | People’s Republic of China Generally Accepted Accounting Principles |
| “Shares” | Ordinary shares of HK\$0.05 each in the share capital of the Company |
| “Shareholders” | holders of Shares |
| “Solomedia” | Solomedia Digital (Shanghai) Limited, a company incorporated in the PRC, which is an indirect non-wholly owned subsidiary of the Company |
| “Speed Media” | Guangdong Speed Media Company Limited* (廣東速度傳媒有限公司), a company incorporated in the PRC and a sole and exclusive advertising agent of the Wi-Fi Network at all passengers railway stations operated by Lanzhou Railway, which is an Independent Third Party |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Wi-Fi Networks” | Wi-Fi wireless networks to be gradually installed by Speed Media at all railway stations operated by Lanzhou Railway in a number of provinces of the PRC for, among others, release of digitized advertisements |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | Percent |

By Order of the Board
SMARTAC GROUP CHINA HOLDINGS LIMITED
Yang Xin Min
Chairman

Hong Kong, 21 December 2014

As at the date of this announcement, the Directors are Mr. Yang Xin Min, Ms. Huang Yue Qin and Mr. Kwan Che Hang Jason as executive Directors, Mr. Wang Jia Wei as non-executive Director and Dr. Cheng Faat Ting Gary, Mr. Poon Lai Yin Michael and Mr. Yang Wei Qing as independent non-executive Directors.

If there is any inconsistency between the Chinese names of the PRC entities, departments, facilities or titles mentioned in this announcement and their English translation, the Chinese version shall prevail.

Unless the context requires otherwise, the conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00= RMB0.79. Such conversion should not be construed as a representation that the amount in question has been, could have been or could be converted at any particular rate at all.

** for identification purposes only*