

PRESS RELEASE

SMARTRAC to enter Chinese market: joint venture agreed to be formed for the local production of RFID components for the Chinese market

- **SMARTRAC agrees to acquire 30 percent of the shares in RFTAG Holding based in Hong Kong**
- **Production planned of RFID inlays for the local Chinese market under the local subsidiary RFTAG based in Shenzhen, China**
- **Chinese production subsidiary will receive a non-exclusive license for the application of SMARTRAC's proprietary wire-embedding technology**

Amsterdam, July 24, 2008 – The Dutch company SMARTRAC N.V. (stock abbreviation SM7) has signed a contract with respect to the formation of RFTAG Holding based in Hong Kong, China. According to this contract, SMARTRAC will acquire 30 percent of the shares in RFTAG Holding and have an option to take over the remaining shares. Both companies will work together in order to produce RFID inlays for the local Chinese market under the local subsidiary RFTAG based in Shenzhen, China. The contract is subject to standard closing conditions.

By this contract, the local Chinese production subsidiary will receive a non-exclusive license for the application of SMARTRAC's proprietary wire-embedding technology in the manufacturing of RFID inlays. This means that RFTAG will be the only Chinese manufacturer authorized to use this patented production technology.

"The joint venture will open up the important Chinese market for SMARTRAC. China is the single biggest RFID market in the world with tremendous further growth opportunities," said Dr. Christian Fischer, CEO of SMARTRAC. "The presence in the market will also enable SMARTRAC to take further actions to protect its intellectual properties in China as well."



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Forward-looking statements

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