

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SMI Culture & Travel Group Holdings Limited

星美文化旅遊集團控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 2366)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

References are made to the annual report for the year ended 31 December 2017 published on 26 April 2018 (the “**Annual Report**”) of SMI Culture & Travel Group Holdings Limited (the “**Company**”) and the joint announcements (the “**Announcements**”) of the SMI Holdings Group Limited and the Company dated 24 January 2017 and 30 June 2017 respectively. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

Further to the information disclosed in the Annual Report, the Company wishes to provide to the shareholders of the Company and the potential investors with the following supplementary information:

I. FUNDRAISING THROUGH ISSUE OF EQUITY

On 30 June 2017, the Company completed the Placing. An aggregate of 214,285,000 Placing Shares were allotted and issued to not less than six Placees at the Placing Price of HK\$0.70 per Placing Share pursuant to the terms and conditions of the Placing Agreement. The net proceeds from the Placing is approximately HK\$145 million, which was intended to be applied in repayment of debts, financing investment or opportunities to be identified and general working capital of the SMI Culture Group.

The Board hereby announces that as at the date of this announcement, all the aforesaid net proceeds from the fund raising activities has been used mostly as intended. Approximately HK\$140,098,000 was used by balance payment for loan and approximately HK\$5,000,000 was applied as operating expenses of the SMI Culture Group, whereas the Company did not apply any of the net proceed for financing investment or business opportunities.

II. UPDATES ON MATERIAL ASSET IMPAIRMENTS

The Board hereby announces that the subject impairment loss on other receivables of approximately HK\$52 million (the “**Impairment**”) was mainly attribute to a potential movie investment project (the “**Project**”), in which the Company invested approximately HK\$51 million in 2016.

Upon months of searching and negotiating, the Company has not yet been able to engage the suitable producer for the Project. In addition, due to the sensitivity of the movie theme of the Project which is related to specters, as at the date of this announcement, the local authorities have not yet granted all the relevant approvals for the Project to be proceeded with.

Since the Company was unable to assess the recoverability of its investment in the Project, in March 2018, BDO Limited, the auditor, proposed the subject Impairment as an accounting treatment to the balance of the Project, which the Company subsequently approved. Besides, the Company did not prepare any valuation report or engage any independent third party expert to prepare any valuation report in respect of the Impairment.

The Board is of the view that the Impairment will not pose any material adverse impact on the business operation of the Group as a whole.

The additional information provided above does not affect other information contained in the Annual Report and the contents of the Annual Report remain unchanged.

By order of the Board
SMI Culture & Travel Group Holdings Limited
YAO Qinyi
Executive Director

Hong Kong, 26 September 2018

As at the date of this announcement, the executive Directors are Mr. WU Chien-Chiang (Chairman), Ms. YAO Qinyi and Mr. LI Kai; and the independent non-executive Directors are Mr. RAO Yong, Mr. LIU Xianbo and Mr. ZHAO Xuebo.