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**SMIT HOLDINGS LIMITED**

**國微技術控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2239)**

## **CLARIFICATION ANNOUNCEMENT**

Reference is made to the prospectus dated 16 March 2016 (the “**Prospectus**”) and the annual report published on 20 April 2017 (the “**Annual Report**”) of SMIT Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). Unless otherwise specified, capitalised terms used herein shall have the same meaning as those defined in the Prospectus and the Annual Report.

In addition to the information disclosed in the Annual Report, the Company would like to provide the Shareholders and the market with the additional information below:

### **Disclosure regarding sales to customers located in jurisdictions subject to International Sanctions**

During the year ended 31 December 2016, the Group had CAM sales to customers located in Russia, which accounted for 10.52% of the Group’s total revenue for the year ended 31 December 2016, as well as an insignificant amount of sales to customers located in the Ukraine, the Balkans and Belarus, which in aggregate accounted for 4.57% of the Group’s total revenue for the year ended 31 December 2016. During the year ended 31 December 2016, the Group had no sales to Egypt and Lebanon. The percentage of revenue contribution from relevant customers located in the Sanctioned Countries in the year ended 31 December 2016 was relatively stable as compared to those in the corresponding period in 2015.

In the coming year, the Group is expected to continue its sales to customers located in Russia and does not expect any significant increase or decrease in the Group's sales to customers located in Russia. The Group also expects its sales to customers located in Ukraine, the Balkans, Egypt, Lebanon and Belarus to remain immaterial. During the year ended 31 December 2016, the Group did not, and has no present or future intention to, enter into any transactions in the Sanctioned Countries or with Sanctioned Persons that the Group believes would put the Group or its investors at risk of violating or becoming the target of International Sanctions.

To continuously monitor and evaluate the Group's business and take measures to comply with the Group's continuing undertakings to the Stock Exchange as disclosed in the Prospectus, and to protect the interests of the Group and the Shareholders, the Group undertook the following measures and efforts to monitor and evaluate its business activities in connection with possible International Sanctions risks for the year ended 31 December 2016:

- (i) the Group has set up a risk management committee, comprising the Group's senior management, whose responsibilities include, among others, monitoring the Group's exposure to sanctions risks and export controls and the Group's implementation of the related internal control procedures;
- (ii) the Group evaluated evaluate sanctions risks prior to determining whether it should embark on any business opportunities in the Sanctioned Countries and with Sanctioned Persons. The Group's senior management had conducted relevant customer due diligence without limitation, identity and background of customers and their principal business activities and check such information against the relevant lists of Sanctioned Countries and Sanctioned Persons to identify any possible exposure to sanctions risks; and
- (iii) the risk management committee continuously monitored the Group's exposure to sanctions risks and the Group would, as and when the risk management committee considers it necessary, retain an external International Sanctions legal adviser with necessary expertise and experience in International Sanctions matters for recommendations and advice. During the period between the Listing Date and 31 December 2016, the risk management committee did not discover any exposure to sanctions risks by the Group which it considered necessary for the Group to retain an external International Sanctions legal adviser.

The Directors are of the view that such risk management measures and efforts provided a reasonably adequate and effective framework to assist the Group in identifying and monitoring any material International Sanctions risk so as to protect the interests of the Company and its Shareholders as a whole.

The above additional information does not affect other information contained in the Annual Report and save as disclosed in this announcement, the remaining contents of the Annual Report remain unchanged.

By order of the Board  
**SMIT Holdings Limited**  
**Huang Xueliang**  
*Chairman*

Hong Kong, 12 July 2017

*As at the date of this announcement, the executive Directors are Mr. Huang Xueliang (chairman and chief executive officer), Mr. Shuai Hongyu and Mr. Loong, Manfred Man-tsun; the non-executive Directors are Mr. Zeng Zhijie, Mr. Kwan, Allan Chung-yuen and Mr. Gao Songtao; and the independent non-executive Directors are Mr. Zhang Junjie, Mr. Woo Kar Tung, Raymond and Mr. Jin Yufeng.*

*\* For identification purpose only*