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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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0395)

POSITIVE PROFIT ALERT

This announcement is made by Smartac Group China Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on a preliminary review of the latest available unaudited consolidated management accounts of the Group for the six months ended 30 June 2017 (the “**Interim Period**”), the Group is expected to record a profit for the Interim Period as compared to a loss for the period ended 30 June 2016 which is primarily attributable to the reversal of provision for onerous contracts of RMB50,575,000 (the “**Provision**”) which was made as at year ended 31 December 2016. Due to high operating cost and low revenue generated, the Group signed termination agreements (the “**Termination Agreements**”) in late of June 2017 to terminate the Wi-Fi operations for railways under Guangzhou Railway (Group) Corporation, Beijing Railway Administration and Lanzhou Railway Administration. As mentioned in the annual report 2016 of the Company, the Provision represented the commitment for the long-term prepayments regarding the operation of wireless network at railway stations in the integrated digital marketing solutions segment for the forthcoming years. Upon the signing of the Termination Agreements, the commitment was released and therefore the Provision

was reversed as at the Interim Period. However, excluding the effect of the reversal of the Provision, the Group is expected to record a loss for the Interim Period.

As the Company is still in the process of finalising the unaudited interim results of the Group for the Interim Period, the information contained in this announcement is only based on the preliminary assessment by the management of the Company with reference to the unaudited consolidated management accounts of the Group, which have not been confirmed, reviewed or audited by the Company's auditors or audit committee of the Company and may be subject to adjustments. Detailed financial information of the Group will be disclosed in the interim results announcement of the Group for the six month ended 30 June 2017 which is expected to be published on 31 August 2017.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Smartac Group China Holdings Limited
Yang Xin Min
Chairman

Hong Kong, 24 August 2017

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