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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board of directors (the “Board”) of SMI Culture & Travel Group Holdings Limited (the “Company” or “SMI”) announces the unaudited consolidated financial results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the six months ended 30 June 2019 (the “Period”).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the investment in the production and distribution of films, investment in the production and distribution of television dramas and creation, production and distribution of new media contents, production and distribution of online and film advertisements, agency operation for films, directors, scriptwriters and artists, tourism and online ticketing platform operation.

In the first half of 2019, the Chinese film and television market underwent an adjustment phase. According to the statistics of National Film Bureau, as at 30 June 2019, box office revenue of the country in the first half of the year was RMB31.1 billion, representing a year-on-year decrease of 2.80%. The total number of people watching movies was about 806 million, representing a decrease of 10.44% over the same period last year. A total of 242 films were released while domestic films accounted for 50.6% of total box office revenue. There were 42 films with box office revenue over RMB100 million, including 17 domestic films.

The Group's business development benefited from the prosperity of the Chinese film and television market during the past years. In the first half of 2019, the Group continued to focus on film and television investment. The performance of the Group's main business is expected to continue to develop.

The investment of the 48-episode TV series "Forging Knife 2" is expected to be broadcasted this year. The Group's film and television investment business comes to fruition.

During the Period, in light of the strong consumption market in Mainland China, the Group also actively expanded business in the cultural tourism industry which is favored by the state government, contemplated tourism projects and seek investment targets conducive to the Group's future growth. Moreover, as to the cultural and entertainment industry, the Group actively expands online ticketing services, including ticket sales for movies, concerts and travels. The business performance has steadily advanced. As a result, the Group's market share in Mainland China has gradually increased and its overall profitability and prospects have further improved.

Review of Operations

During the six months ended 30 June 2019, the turnover of the Group was approximately HK\$44.3 million (2018: HK\$80.4 million). Loss for the Period was approximately HK\$47.6 million (2018: profit HK\$2 million), administrative expenses were approximately HK\$7.7 million (2018: HK\$15.4 million), impairment loss for intangible assets was nil (2018: approximately HK\$0.6 million), impairment loss for film rights investments was nil (2018: approximately HK\$0.4 million), gain on fair value change of the embedded derivatives was nil (2018: approximately HK\$10.4 million), provision for inventories was nil (2018: approximately HK\$1.9 million), finance costs was approximately HK\$40.6 million (2018: HK\$35.3 million) and income tax expense was approximately HK\$1.6 million (2018: HK\$1.7 million).

Liquidity and Financial Resources

During the Period, the Group has consistently managed its liquidity and financial resources in a prudent manner in order to meet the liabilities falling due and the loan covenants as stipulated by its creditors. As at 30 June 2019, the Group's cash level stood at approximately HK\$0.2 million (31 December 2018: HK\$1.7 million). The balances are mainly denominated in Hong Kong Dollar and Renminbi. As at 30 June 2019, the Group had working capital (calculated as current assets less current liabilities) of approximately HK\$144.7 million (31 December 2018: HK\$184.8 million) and the current ratio (calculated as current assets over current liabilities) decreased to 1.1 against that of 1.2 as at 31 December 2018.

Gearing ratio (expressed as a percentage of the Group's total borrowings net of pledged deposits over total equity) was approximately 261.0% (31 December 2018: 213.7%).

Contingent Liabilities

As at 30 June 2019, the Group did not have any significant contingent liabilities.

Borrowings Structure

As at 30 June 2019, total borrowings of the Group amounted to approximately HK\$562,839,000 (31 December 2018: HK\$562,798,000). As at 30 June 2019, details of the Group's loan notes, convertible loan notes and debentures are set out in note 15 to these unaudited condensed consolidated interim financial statements.

Mortgages and Charges

As at 30 June 2019, the Group had no significant mortgages and charges.

Exposure to Foreign Exchange Risk

There have been no significant changes in the Group's policy in terms of exchange rate exposure. Transactions of the Group are mainly denominated in either Hong Kong Dollar or Renminbi. However, the management monitors closely the exposures and will consider hedging the exposures should the need arises.

Events after the Reporting Period

No important events affecting the Company occurred since 30 June 2019 and up to the date of this announcement.

Employees and Remuneration Policies

As at 30 June 2019, the Group had a total staff of 21 (31 December 2018: 23) employees. Employees are remunerated based on their performance, experience and the prevailing industry practices, with compensation policies and packages being reviewed on a regular basis. Bonus payments are discretionary and determined according to the Group's performance and the performance of the individual employees. The Group also provides employee benefits including retirement schemes, medical and dental insurance and share option scheme.

Business Outlook

Since the beginning of this year, new policies of reform and opening of Mainland China have been introduced very frequently, thereby significantly driving the sustainable and high-quality development of the economy. The cultural and entertainment industry will continue to grow. At the same time, competition will intensify and the Group's development path will be full of challenges.

Looking ahead to the future, the management will, on one hand, continue to leverage the advantages of industry resources, actively develop high-quality film and television projects, increase investment and produce attractive films and programmes to achieve good business performance for the Group and, on the other hand, under the development blueprint, the Group will continue to expand the revenue sources of IP development, online ticketing services and tourism, enhance the Group's brand value and improve its strength in resource integration and operation.

The management considers that the potential of cultural entertainment and tourism consumption in the domestic market will continue to be substantial in the future. It believes that given the rich resources and the Group's proven management ability, future business performance and competitiveness are poised for further growth, thereby generating considerable investment returns to shareholders of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2019

	<i>Note</i>	Six months ended 30 June 2019 (Unaudited) HK\$'000	Six months ended 30 June 2018 (Unaudited) HK\$'000
Revenue	3	44,331	80,407
Cost of sales		(36,937)	(24,139)
Gross profit		7,394	56,268
Other income	4(a)	1	4
Other expense	4(b)	(1,805)	(4,082)
Impairment losses recognized for the following items:			
– Intangible assets		–	(560)
– Film rights investments	12	–	(406)
Credit losses recognized for the following items:			
– trade and other receivables		(2,405)	–
Provision of inventories	11	–	(1,859)
Fair value change of the embedded derivatives		–	10,391
Selling expenses		(913)	(5,305)
Administrative expenses		(7,689)	(15,439)
Finance costs	5(a)	(40,588)	(35,308)

		Six months ended 30 June 2019 (Unaudited) HK\$'000	Six months ended 30 June 2018 (Unaudited) HK\$'000
(Loss)/profit before taxation	5	(46,005)	3,704
Income tax expenses	6	(1,567)	(1,719)
(Loss)/profit for the Period		<u>(47,572)</u>	<u>1,985</u>
Other comprehensive income/(expenses)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>1,556</u>	<u>(1,495)</u>
Total comprehensive (expenses)/income for the Period		<u><u>(46,016)</u></u>	<u><u>490</u></u>
(Loss)/profit for the Period attributable to:			
Owners of the Company		(47,572)	1,987
Non-controlling interests		–	(2)
		<u>(47,572)</u>	<u>1,985</u>
Total comprehensive (expenses)/income attributable to:			
Owners of the Company		(46,016)	492
Non-controlling interests		–	(2)
		<u>(46,016)</u>	<u>490</u>
Loss per share (<i>HK cents</i>)			
– basic		(3.6)	(0.2)
– diluted		(3.6)	(0.2)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2019

		At 30 June 2019 (Unaudited) HK\$'000	At 31 December 2018 (Audited) HK\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		82	837
Goodwill	9	–	–
Intangible assets	10	82,980	88,113
		<u>83,062</u>	<u>88,950</u>
Current assets			
Inventories	11	185,909	185,909
Film rights investments	12	529,769	561,540
Trade and other receivables	13	364,645	331,747
Amount due from a shareholder	16	56,088	56,289
Amount due from a related party	16	28,976	27,836
Cash and cash equivalents		202	1,717
		<u>1,165,589</u>	<u>1,165,038</u>
Current liabilities			
Trade and other payables	14	271,414	236,520
Amounts due to directors	16	2,208	2,208
Amounts due to fellow subsidiaries	16	23,538	19,350
Tax provisions		163,731	162,175
Loan notes	15	450,000	450,000
Convertible loan notes	15	110,000	110,000
		<u>1,020,891</u>	<u>980,253</u>
Net current assets		144,698	184,785
Total assets less current liabilities		227,760	273,735

		At 30 June 2019 (Unaudited) <i>HK\$'000</i>	At 31 December 2018 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
Non-current liabilities			
Debentures	15	2,839	2,798
Deferred tax liabilities		9,300	9,300
		<u>12,139</u>	<u>12,098</u>
Net assets		<u>215,621</u>	<u>261,637</u>
Capital and reserves			
Share capital		13,160	13,160
Other reserves		204,130	250,146
		<u>217,290</u>	<u>263,306</u>
Equity attributable to owners of the Company		217,290	263,306
Non-controlling interests		(1,669)	(1,669)
		<u>(1,669)</u>	<u>(1,669)</u>
Total equity		<u>215,621</u>	<u>261,637</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1 BASIS OF PREPARATION

These interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the financial statements for the year ended 31 December 2018, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs), which term collectively includes HKASs and Interpretations issued by the HKICPA.

These interim financial statements are unaudited, but have been reviewed by the audit committee of the Company. The financial information relating to the year ended 31 December 2018 that is included in the interim financial statements as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2018 are available from the Company’s head office and principal place of business in Hong Kong. The auditor did not express an opinion on those financial statements in their report dated 29 March 2019.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and Amendments to HKFRSs that are mandatorily effective for the current year.

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

The Group has applied HKFRS 16 for the first time in the current period. HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees which superseded HKAS 17 “Leases” and the related interpretations.

Under HKFRS 16, distinctions of operating leases and finance leases are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modification, amongst others.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as lease applying HKAS 17 and HK(IFRIC) – Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) – Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application, i.e. 1 January 2019.

Based on the allowed practical expedients under HKFRS 16, the Group has elected not to apply the requirements of HKFRS 16 in respect of recognition of lease liability and right-of-use assets to leases for which the lease term ends within twelve months of the date of initial application.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ¹

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective date to be determined

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

The Directors anticipate that the application of the above new and amendments to HKFRSs which have been issued but are not yet effective will have no material impact on the results and the financial position of the Group.

3 REVENUE AND SEGMENT INFORMATION

The Group’s operating segments, determined based on the information reported to the chief operating decision maker (“CODM”), being the executive directors of the Company, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Segment information reported externally was analysed on the basis of the following operating divisions, which are stated as follows:

- Television program related business
 - sales of editing rights
 - licensing income from purchased license rights
- Film investment
 - investment in film rights
 - advertising income
- Ticketing system and IT technical service
 - Agency fee income
 - IT technical service

Segment revenue and results

An analysis of the Group's revenue and results by operating and reportable segment is as follows:

For the six months ended 30 June 2019

	Film investment <i>HK\$'000</i>	Television program related business <i>HK\$'000</i>	Ticketing system and IT technical service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>–</u>	<u>41,243</u>	<u>3,088</u>	<u>44,331</u>
Segment profit/(loss)	<u>(5,133)</u>	<u>8,754</u>	<u>696</u>	4,317
Finance costs				(40,588)
Unallocated expenses				<u>(9,734)</u>
Loss before taxation				<u>(46,005)</u>

For the six months ended 30 June 2018

	Film investment <i>HK\$'000</i>	Television program related business <i>HK\$'000</i>	Ticketing system and IT technical service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>68,355</u>	<u>2,177</u>	<u>9,875</u>	<u>80,407</u>
Segment profit/(loss)	<u>47,925</u>	<u>(7,002)</u>	<u>(723)</u>	40,200
Fair value change of the embedded derivatives				10,391
Finance costs				(35,308)
Unallocated expenses				<u>(11,579)</u>
Profit before taxation				<u>3,704</u>

All of the segment revenue reported above are from external customers.

Segment profit/(loss) represents the profit/(loss) incurred by each segment without allocation of unallocated other income and unallocated expenses (which mainly include central administration costs, director's emoluments), and finance costs. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

4 OTHER INCOME/(EXPENSE)

(a) Other income

	Six months ended 30 June 2019 <i>HK\$'000</i>	Six months ended 30 June 2018 <i>HK\$'000</i>
Interest income	<u>1</u>	<u>4</u>

(b) Other expense

	Six months ended 30 June 2019 <i>HK\$'000</i>	Six months ended 30 June 2018 <i>HK\$'000</i>
Net exchange loss	<u>(1,805)</u>	<u>(4,082)</u>

5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June 2019 HK\$'000	Six months ended 30 June 2018 HK\$'000
Interest on:		
Loan notes	29,750	29,463
Convertible notes	10,675	5,764
Debentures	163	81
	<u>40,588</u>	<u>35,308</u>
Total finance costs	<u>40,588</u>	<u>35,308</u>

(b) Other items

	Six months ended 30 June 2019 HK\$'000	Six months ended 30 June 2018 HK\$'000
Amortisation of intangible assets	5,133	6,955
Depreciation of fixed assets	755	1,387
	<u>5,888</u>	<u>8,342</u>

6 TAXATION

	Six months ended 30 June 2019 HK\$'000	Six months ended 30 June 2018 HK\$'000
Current taxation – Hong Kong Profits Tax	–	–
Current taxation – Outside Hong Kong	1,567	1,719
	<u>1,567</u>	<u>1,719</u>

(a) On 21 March 2018, the Legislative Council of HK passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduced the Two-tiered Profits Tax Rates Regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the Two-tiered Profits Tax Rates Regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the Two-tiered Profits Tax Rates Regime will continue to be taxed at a flat rate of 16.5%. The Directors considered the amount involved upon implementation of the Two-tiered Profits Tax Rates Regime is insignificant to the condensed consolidated financial statements. HK Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for both periods. No provision has been made for Hong Kong Profits Tax during the six months ended 30 June 2019 and 2018 as the Group did not earn any income subject to Hong Kong Profits Tax.

(b) The provision for PRC income tax is made as follows:

- Foreign enterprises with permanent establishment in the PRC are subject to PRC corporate income tax at a rate of 25% on a deemed profit basis on their PRC sourced income.

7 DIVIDENDS

No final dividend in respect of year ended 31 December 2018 and no interim dividend of six months ended 30 June 2019 were paid and declared during the Period (2018: nil).

8 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June 2019 HK\$'000	Six months ended 30 June 2018 HK\$'000
Loss for the purposes of calculating basic earnings per share:		
Loss for the period attributable to owners of the Company	(47,572)	1,987
Effect of dilutive potential ordinary shares:		
Interest on convertible notes and fair value change of embedded derivatives	—	(4,627)
Loss for the purpose of calculating diluted loss per share	<u>(47,572)</u>	<u>(2,640)</u>

Weighted average number of ordinary shares

	Six months ended 30 June 2019 '000	Six months ended 30 June 2018 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share:		
Effect of dilutive potential ordinary shares:		
Convertibles notes	1,316,009	1,316,009
	—	162,963
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>1,316,009</u>	<u>1,478,972</u>

9 GOODWILL

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Purchased goodwill	<u>—</u>	<u>—</u>

10 INTANGIBLE ASSETS

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Purchased licence rights	<u>82,980</u>	<u>88,113</u>

11 INVENTORIES

The inventories as at 30 June 2019 represent the cost of scripts, synopses, publication rights, publishing rights and editing rights purchased by the Group, which are held by the Group for re-sale in the ordinary course of business. They are carried at the lower of cost and net realisable value.

No impairment loss was recognised for the Period (2018: approximately HK\$1,859,000).

12 FILM RIGHTS INVESTMENTS

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
As at 1 January	561,540	810,617
Additions	–	–
Recognised as an expense included in cost of sales	(31,771)	(90,056)
Impairment	–	(159,021)
	<u>529,769</u>	<u>561,540</u>
As at 30 June/31 December	<u>529,769</u>	<u>561,540</u>

13 TRADE AND OTHER RECEIVABLES

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Trade receivables	241,433	200,970
Less: Provision for credit loss	(51,307)	(48,902)
	<u>190,126</u>	<u>152,068</u>
Other receivables	206,252	218,932
Less: Provision for credit loss	(57,507)	(57,507)
	<u>148,745</u>	<u>161,425</u>
Prepayments and deposits	25,774	18,254
	<u>364,645</u>	<u>331,747</u>

The Group provides its trading customers with a credit period ranging from 0 to 270 days. These payments are from independent customers who have no recent history of default. The following is an ageing analysis of trade receivables based on the date of payment due:

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Current	40,608	48,986
Overdue for less than one month to three months	–	–
Overdue for more than three months but less than twelve months	48,131	293
More than one year	101,387	102,789
	<u>190,126</u>	<u>152,068</u>

14 TRADE AND OTHER PAYABLES

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Trade payables	8,288	8,325
Accrued expenses	139,229	117,923
Other payables	123,897	110,272
	<u>271,414</u>	<u>236,520</u>

All accruals and other payable are expected to be settled within one year or payable on demand.

The aging analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	At 30 June 2019 HK\$'000	At 31 December 2018 HK\$'000
Current or less than one month	–	–
One to three months	–	–
Overdue for more than three months but less than twelve months	–	687
Overdue for more than twelve months but less than twenty-four months	8,288	7,638
	<u>8,288</u>	<u>8,325</u>

15 BORROWINGS

(i) Loan notes

The Group did not issue nor repay any loan notes during the current period.

(ii) Convertible loan notes

The Group did not issue or repay any convertible loan notes during the Period and no conversion was made.

(iii) Debentures

The Group did not issue any debentures during the Period. As at 30 June 2019, the debentures were bearing an interest rate of 7% per annum which were repayable within four years to six years and six months.

16 RELATED PARTIES BALANCES

These amounts are unsecured, interest-free and are repayable on demand.

CORPORATE GOVERNANCE

Corporate Governance Practices

During the Period, the Company had complied with the code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Listing Rules, except for the following deviation:

Code provision E.1.2 of the CG Code requires the chairman of the board to invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. Due to other business commitments, the chairmen and members of the audit, remuneration and nomination committees of the Company could not attend the annual general meeting of the Company held in June 2019.

Compliance with Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors (“Directors”) of the Company. The Company, having made specific enquiry, confirms that all Directors complied throughout the Period with the Model Code. The relevant employees who, because of their office in the Company, are likely to be in possession of inside information, have been requested to comply with the provisions of the Model Code.

GENERAL INFORMATION

Interim Dividend

The Directors do not declare an interim dividend for the Period (2018: nil).

Purchase, Sale or Redemption of the Company's Listed Securities

The Company has not redeemed any of its listed securities during the Period. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the Period.

Review of Interim Results

The audit committee of the Company has reviewed the interim financial results for the Period before it was tabled for the Board's review and approval and are of the opinion that such interim financial information complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

Publication of Interim Results Announcement and Interim Report on the Websites

This interim results announcement, containing the relevant information required by the Listing Rules, is published on the website of The Stock Exchange of Hong Kong Limited and the website of the Company. The Company's interim report for the six months ended 30 June 2019 will be dispatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 30 August 2019

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.