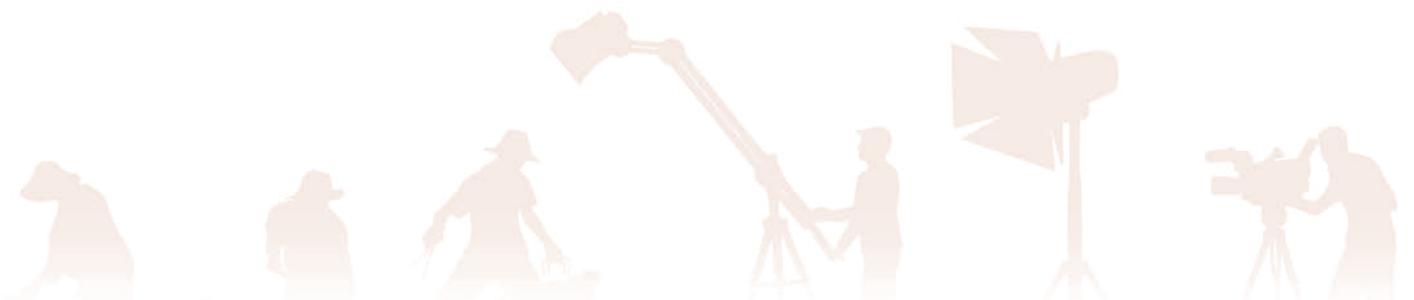


About this Report

SMI Culture & Travel Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) strives continuously to incorporate sustainability initiatives into our daily operations and management. While sharing the vision of becoming the preferred choice of our stakeholders, SMI Culture & Travel Group Holdings Limited is committed to improving sustainable development performance by upholding good corporate governance standards, protecting our environment, engaging the community and promoting social integration.

This ESG Report (hereinafter referred to as “this Report”) focuses on the performance of the environmental, social and corporate governance from 1 January 2017 to 31 December 2017 and outlines our milestones on our sustainability journey during the reporting period (the “Reporting Period”).

This ESG Report has complied with the “comply or explain” provisions set out in the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the Main Board Listing Rules on the Stock Exchange of Hong Kong Limited. The disclosure in the report has been confirmed by the Board of directors of the Company. Unless otherwise specified, the scope of our report is limited to the Hong Kong administrative office and the business office of the Group in Shenzhen. We value your feedback regarding the review and our overall sustainability practices. Please provide your comments by email to <info@smi2366.com>.



Environmental Protection

During the Reporting Period, we measured and managed the practice of environmental protection policies in various areas. The business of the Group has little environmental impact regarding emissions, greenhouse gas emissions and waste generation as most of our business is carried out in offices. The Group regards environmental protection as a corporate social responsibility, advocates a cost-effective corporate culture, and minimizes waste in the operation of offices for higher efficiency.

EMISSIONS

Exhaust emissions

Since our operation does not involve any direct emissions to the atmosphere from combustion process, industrial or heavy transport, no significant impact has been found in this respect. The emissions of the Group mainly come from its own vehicle.

The following table shows the emission categories and related emissions data of the Company¹:

Vehicle exhaust emissions	g
Nitrogen oxide emissions	80.08
Particle emissions	5.90

¹ The relevant emission data was generated during the period from October to December 2017 as the corporate vehicle of the Group was used for business purposes in October 2017.

In order to reduce our emissions, we have implemented the following measures:

- Regular maintenance and cleaning of vehicle
- Take green driving behavior (e.g. avoid sudden acceleration/brake, stop idling)
- Consider using the shortest route
- Replace petroleum with other environmentally friendly fuels

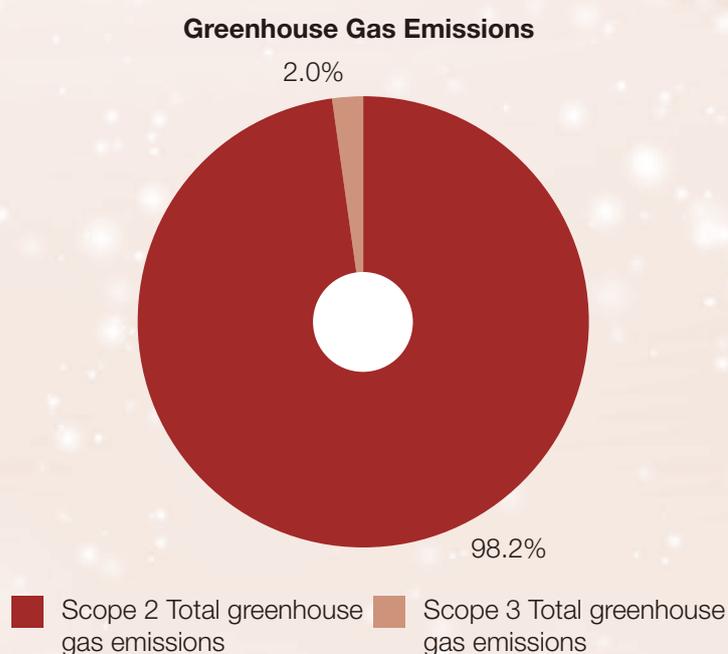
Greenhouse Gas Emission and Energy Conservation

In view of the nature of the Group's business, electricity and paper are the most used resources in our office.

We encourage employees to develop environmentally friendly and energy-saving habits in the office, such as turning off the lights and electronic equipment before leaving the office and setting the indoor temperature to 25.5°C. The Group rent a high-speed printer with high energy efficiency for its daily operation to further save electricity. Paper consumption is mainly related to office paper and we are committed to promoting a paperless office. Employees are encouraged to use double-sided rather than single-sided printing and reuse all single-sided printed paper. During the Reporting Period, we generated a total of 39.09 metric tons of carbon dioxide equivalent emissions. The main source of carbon emissions was electricity use. During the year, we consumed a total of 59,834 kWh electricity.

Environmental Protection

The table below shows our greenhouse gas emissions and energy use during the Reporting Period.



Emission of greenhouse gas	Unit	
Scope 2 ¹ Total greenhouse gas emissions	Carbon dioxide equivalent (metric tons)	38.30
Scope 2 ¹ Total greenhouse gas emissions/ employee	Carbon dioxide equivalent (metric tons)/ employee	1.06
Scope 3 ² Total greenhouse gas emissions	Carbon dioxide equivalent (metric tons)	0.79
Total greenhouse gas emissions	Carbon dioxide equivalent (metric tons)	39.09
Total greenhouse gas emissions/ employee	Carbon dioxide equivalent (metric tons)/employee	1.09

¹ Scope 2: Indirect emissions from electricity consumption

² Scope 3: From other indirect emissions

* Scope 1: During the Reporting Period, it was temporarily unable to collect data on the Company's vehicle fuel consumption

Energy use	Unit	
Electricity consumption	KWh	59,834.06
Electricity use/employee	KWh/employee	1,662.06

Environmental Protection

To manage greenhouse gas emissions more effectively, we have implemented the following measures to reduce carbon footprint:

- Switch off air-conditioning during lunch hour
- Affix reminder/sign to remind staff of switching the office equipment into standby mode in the office after use (e.g. photocopiers, printer, etc.) for all office equipment
- Power off electronic and electrical appliances after office hours
- Maintain proper room temperature (24-26°C)
- Light zoning was established
- Lower the brightness of the screen
- Switch off unnecessary wireless connection

WASTE MANAGEMENT AND REDUCTION

Besides energy usage, we recognise that waste reduction and waste separation at source for recycling are particularly important for environmental protection. The solid waste generated by the Group during daily operation is non-toxic and non-hazardous. Wherever possible, we would employ a number of energy saving measures and recycle or re-use materials or resources, as well as promote environmental protection during the course of our daily operation in order to use resources more efficiently. We have implemented various waste reduction measures as follows:

- Print only when necessary and print in black & white
- Affix reminder/sign at collection point(s) to encourage waste recycling
- Reuse single-sided printed paper
- Reuse stationeries (e.g. paper clips, folders, binders, and envelopes)
- Reuse old envelopes
- Participate in recycling activities organized by manufacturers or the government such as recycling cartridges (e.g. Computer Recycling program)
- Apply electronic functions to reduce photocopying and printing publications (e.g. newsletter/leaflet/report)



USE OF RESOURCES

The Group strives to maintain a high standard of environmental management and minimize the impact of the Company on the environment and society. We do our utmost to reduce the consumption of resources in our operation. During the Reporting Period, we measured the amount of various materials used to evaluate our environmental protection performance. The following table shows the data of materials used during our business operation:

Use of Resources	kg
Paper consumption	163.78
Toner cartridge consumption	5.67
Toner cartridge recycle	1.13
Amount of general waste	78

Water Resources Management

As most of our office-wide water supply is independently controlled and centrally managed by the property management companies of their respective buildings, there is no separate water meter to record the amount of water used by each office unit. Therefore, the Group cannot provide water consumption data of the office. However, we are still actively seeking ways to save water. For example, signs are posted to remind employees to save water.

ENVIRONMENT AND NATURAL RESOURCES

While benefiting from the natural environment and resources, we should bear the responsibilities and fulfil the obligations of protecting and making appropriate use of resources to minimise the impact generated from our business operations to our natural environment.

In addition to the above issues on energy use and waste management and reduction, our business has no significant direct impact on the environment and natural resources. While managing and developing business of the Group, we bear in mind the risks that its business may pose to nature and the environment. During the process of commercial decision making, the Group carefully considers the potential impact on the environment to actively promote and push forward environmental protection and sustainable development.

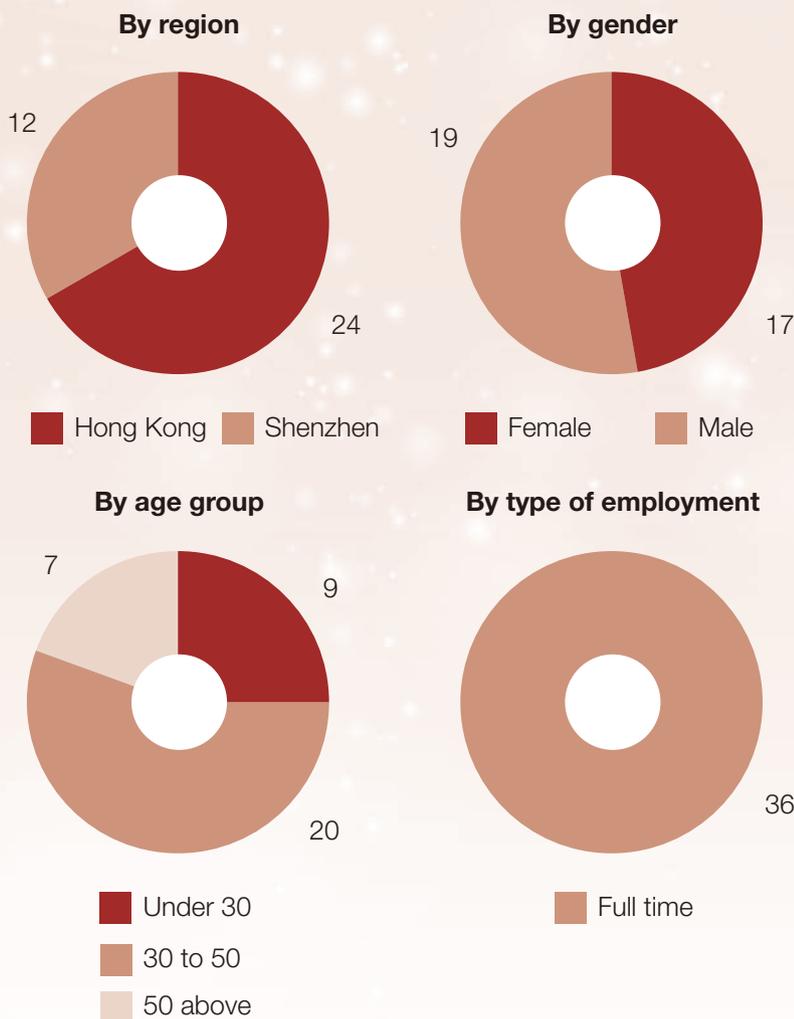


Social Aspect

EMPLOYMENT AND LABOUR PRACTICES

As key enablers in achieving its economic, environmental or social objectives of the Company, our staff is among our most valuable assets. We believe that creating a workplace that offers a strong sense of belonging may inspire our employees to champion our core values. Therefore, we strive to create a pleasant working environment where every employee can develop to their full potential.

As at 31 December 2017, the Group had a total number of 36 employees. The composition of employees is as follows:



During the Reporting Period, we did not violate any laws and regulations in relation to remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity and anti-discrimination.



Health and Safety

We place great attention to the health and safety of our staff. When operating its business, the Group is also committed to providing a safe and comfortable work environment for our employees. In the event of severe weather warnings for, among others, typhoons and rainstorm, the Group will activate emergency response mechanism and stop business. Moreover, we also promote safety awareness of our employees to mitigate risks of work injury and strain. During the Reporting Period, there were no fatal or serious work accidents.

During the Reporting Period, the Group has not identified any high risk or safe-sensitive type of work and has complied with and is in accordance with the laws and regulations in relation to occupational health and safety.

Development and Training

Employees are an integral part of the Group's continued development. To enable our talents to develop themselves to their fullest potential and to provide them with the essential skill sets to deliver the best, the Group focuses on providing trainings for employees to retain appropriate and suitable staff for the long-term development of the Group. The Group also encourages employees to study work-related courses to enhance their knowledge and enrich their skills.

The following table summarized the participation condition of the trainings provided by the Group:

	Number of existing employees	Number of employees trained	Percentage of employees trained	Average training hours per employee (hour(s)/year)
Employee category				
Supervisory level	9	2	22.22	2
General	27	11	40.74	13
Gender				
Male	19	4	21.05	7
Female	17	9	52.94	15



Social Aspect

Human Rights and Labour Practices

Employees are the Company's most important asset and our cornerstone of success, and we see every employee as the Company's most valuable asset. Talent is the Company's key to achieving its economic, environmental and social goals. We believe that the establishment of a sense of belonging to the work environment can lead to more effective carrying through and implementation of our corporate values of sustainable development. As such, we strive to create a pleasant and ideal working environment, so that every employee can play their strengths and perform their best. The Company prohibits the use of child labour and forced or compulsory labour at all its units and suppliers. No employee is made to work against his/her will or work as forced labour, or subject to corporal punishment or coercion of any type related to work.

ANTI-CORRUPTION

As a Hong Kong listed company, credibility is a very important asset. Maintaining good business ethics and integrity is the foundation for the long-term development and achievement of the Company.

Therefore, we adopt a zero tolerance policy for corruption. Regardless of any country or location where the Company conducts its business activities, every employee of the Company must comply with local and other applicable laws and regulations, and maintain a good business and professional conduct.

The Group's policies never allow employees to provide to or accept from customers or suppliers any improper benefits. Staff should avoid their personal interests conflicting with the interests of the Company; otherwise, they must report such to the Company. The Company never allows any fraudulent behaviour. In 2017, the Company did not notice or report any incident of corruption.

COMMUNITY INVESTMENT

The company understands that community development is a part of sustainable development. Therefore, we are committed to supporting the development of the communities in which we operate and continuously assess and manage the impact of our services and products on society. Our community investments focus on supporting low-income and underprivileged families. We encourage employees and investment partners to closely work with communities and non-governmental organizations to participate in volunteer activities to cater for different needs of the community.

Looking ahead, we will continue to work with different community partners to contribute to the community in a long term.



ESG Guide Content Index

Subject Areas, Aspects and General Disclosures	Description	FY 2017 ESG Report
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection
Indicator A1.1	The types of emissions and respective emissions data.	Environmental Protection – Emissions
Indicator A1.2	Total greenhouse gas emissions and (if applicable) intensity.	Environmental Protection – Greenhouse Gas Emissions and Energy Conservation
Indicator A1.3	Total hazardous waste generated and (if applicable) intensity.	Not applicable to the business of the Group
Indicator A1.4	Total non-hazardous waste generated and (if applicable) intensity.	Environmental Protection – Management and Waste Reduction
Indicator A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection – Exhaust Emissions and – Greenhouse Gas Emissions and Energy Conservation
Indicator A1.6	Description of how hazardous and non-hazardous wastes, reduction initiatives and results obtained are handled.	Environmental Protection – Management and Waste Reduction

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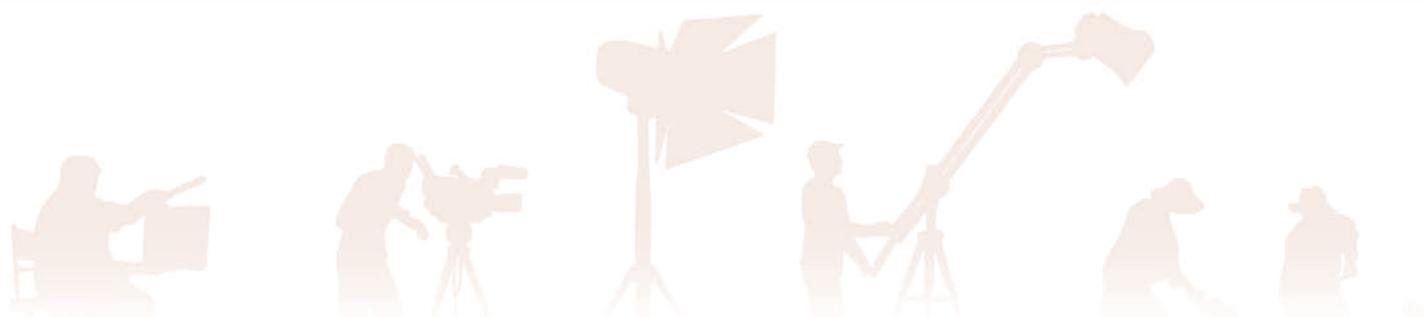
Subject Areas, Aspects and General Disclosures	Description	FY 2017 ESG Report
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection – Greenhouse Gas Emissions and Energy Conservation – Use of Resources
Indicator A2.1	Total direct and/or indirect energy consumption and intensity by category.	Environmental Protection – Greenhouse Gas Emissions and Energy Conservation
Indicator A2.2	Total water consumption and intensity.	Not applicable to the business of the Group
Indicator A2.3	Description of energy use efficiency initiatives and results obtained.	Environmental Protection – Greenhouse Gas Emissions and Energy Conservation
Indicator A2.4	Description of any problems when obtaining suitable water sources and improvement of water use efficiency initiatives and results obtained.	Not applicable to the business of the Group
Indicator A2.5	Total amount of packaging materials used in finished products and (if applicable) per unit of production.	Not applicable to the business of the Group
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Protection – Environment and Natural Resources
Indicator A3.1	Description of significant impact of business activities on the environment and natural resources and actions that have been taken to manage the relevant impact.	Environmental Protection – Environment and Natural Resources

ESG Guide Content Index

Subject Areas, Aspects and General Disclosures	Description	FY 2017 ESG Report
B. Social		
Aspect B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Social Performance – Employment and Labour Practices
Indicator B1.1	Total number of employees by gender, employment types, age group and region.	Social Performance – Employment and Labour Practices
Aspect B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe work environment and protecting employees from occupational hazards.	Social Performance – Health and Safety
Indicator B2.1	The number and rate of deaths due to work.	Social Performance – Health and Safety

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Subject Areas, Aspects and General Disclosures	Description	FY 2017 ESG Report
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social Performance – Development and Training
Indicator B3.1	Percentage of employees trained by gender and by category of employees (e.g. senior management, middle management, etc.).	Social Performance – Development and Training
Indicator B3.2	The average training hours completed per employee by gender and by category of employees.	Social Performance – Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Social Performance – Human Rights and Labour Practices
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	We do not report on this issue as the disclosure is not material to our business



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Subject Areas, Aspects and General Disclosures	Description	FY 2017 ESG Report
Aspect B6: Product Responsibility		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	<p>We do not report on this issue as the disclosure is not material to our business</p>
Aspect B7: Anti-corruption		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to bribery, extortion, fraud and money laundering.</p>	<p>Social Performance</p> <ul style="list-style-type: none"> - Anti-corruption
Aspect B8: Community Investment		
General Disclosure	<p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p>	<p>Social Performance</p> <ul style="list-style-type: none"> - Community Investment
Indicator B8.1	<p>Focus on areas of contribution (e.g. education, environmental issues, labor needs, health, culture, sports).</p>	<p>Social Performance</p> <ul style="list-style-type: none"> - Community Investment