

Preliminary restructuring plan: Both Parties, after preliminary negotiations, unanimously agree that Success Electronics shall acquire all or part of the equity or interests of Chengdu Runyun through the issuance of shares and/or payment of cash, and the price determination date for the issuance of shares shall be the date of the announcement of the resolutions of the board of directors of Success Electronics approving the transaction.

The issue price of shares shall not be lower than 90% of the average trading price of the shares of Success Electronics over the 20 trading days, 60 trading days or 120 trading days preceding the price determination date. The final issue price shall be further negotiated and determined by each relevant party.

During the period from the price determination date to the issue date, if there are any ex-right or ex-dividend events (such as distribution of dividends, bonus issue, capitalisation, issuance of new shares or placing of shares) with Success Electronics, the issue price shall be adjusted in accordance with the relevant rules of the Shenzhen Stock Exchange.

The type of shares to be issued shall be domestically listed RMB ordinary shares (A Shares) of Success Electronics with a nominal value of RMB1.00 per share.

Pursuant to Practice Note 15 to the Listing Rules, the Disposal may constitute a spin-off of all or part of the Group's existing assets or businesses, and may therefore be subject to the consulted opinion and approval of the Stock Exchange before implementation. The Disposal may also constitute a very substantial transaction of the Company under the Listing Rules and is subject to the review and approval of the Company's relevant documents, such as announcement and circular, by the regulatory authority(ies) in Hong Kong as well as the approval of the shareholders of the Company in a general meeting.

Payment of consideration and tax liability	The payment terms of the consideration for the Disposal will be negotiated and determined by Both Parties, and the tax expenses incurred will be borne by each Party in accordance with laws.
Follow-up arrangement:	After entering into the Restructuring Framework Agreement, Both Parties undertake to provide full support to the due diligence exercise on the assets of Chengdu Runyun and its related cinemas. The valuation benchmark date is 30 September 2017 on which the relevant assets shall be audited and evaluated, and the negotiations in relation to the Disposal shall commence.
Implementation of : the Restructuring Framework Agreement	The Restructuring Framework Agreement is a framework agreement and Both Parties shall enter into a formal agreement of the transaction or make relevant undertakings in accordance with the terms of the Restructuring Framework Agreement.
Termination of the Restructuring Framework Agreement:	<p>The Restructuring Framework Agreement will be terminated on the date upon the occurrence of any one of the following conditions:</p> <ol style="list-style-type: none"> 1. the entering into of the formal agreement on the Disposal, which has been considered and approved internally by the competent persons of the relevant Parties; 2. Both Parties unanimously agree to terminate the Restructuring Framework Agreement after negotiation; 3. Success Electronics fails to comply with the conditions or requirements on major capital restructuring (including the acquisition of assets through issuance of shares) as required by the laws and regulations, including the Administrative Measures on Significant Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》);

4. failure to obtain the approvals of the Hong Kong regulatory authorities and/or the general meeting on the sale or spin-off of Chengdu Runyun in relation to the Disposal;
5. failure to continue to perform due to the occurrence of force majeure or other events (including but not limited to the change of regulatory policy).

GENERAL

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Success Electronics and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Board is of the view that the terms of the Restructuring Framework Agreement have been entered into on normal commercial terms which are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

The Board wishes to remind the shareholders of the Company that there is no assurance that the formal agreement will be signed between the parties concerned. Further announcement(s) in relation to the Disposal will be made by the Company as and when appropriate in accordance with the Listing Rules.

Shareholders and investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Chengdu Runyun”	Chengdu Runyun Culture Broadcasting Limited (成都潤運文化傳播有限公司), a sino-foreign equity joint venture established in the PRC with limited liability and a subsidiary of the Company

“Company”	SMI Holdings Group Limited, a company incorporated in Bermuda with limited liability, and the issued shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited
“Director(s)”	director(s) of the Company
“Disposal”	the possible disposal of all or part of the Group’s equity or interests in Chengdu Runyun to Success Electronics by way of sale, spin-off or otherwise
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Restructuring Framework Agreement”	the restructuring framework agreement dated 26 September 2017 entered into between the Company and Success Electronics
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Electronics”	Shenzhen Success Electronics Co., Ltd (深圳市宇順電子股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 2289)

By order of the Board
SMI Holdings Group Limited
YANG Rongbing
Executive Director and Chief Executive Officer

Hong Kong, 26 September 2017

As at the date of this announcement, the executive Directors are Mr. WAI Yee Tai (Chairman), Mr. YANG Rongbing (Chief Executive Officer), Mr. CHENG Chi Chung, Mr. KOH Kok Sim and Mr. KONG Dalu; the non-executive Directors are Dr. YAP Allan and Mr. HUNG Ka Hai Clement; and the independent non-executive Directors are Mr. PANG Hong, Mr. LI Fusheng and Mr. WONG Shui Yeung.