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星美控股
SMI HOLDINGS GROUP LIMITED
星美控股集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 198)

INSIDE INFORMATION
UPDATES ON RECENT DEVELOPMENTS
SUSPENSION OF TRADING

This announcement is published by SMI Holdings Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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).

References are made to the announcements of the Company dated 3 September 2018, 14 September 2018, 21 September 2018, 6 December 2018 and 24 December 2018. The board of directors (the “**Directors**”) of the Company (the “**Board**”) wishes to provide an update on certain recent developments of the Group:

1. Business operations

The Group notes that a press article has been published on 21 December 2018 on the Sina Finance* (新浪財經) website concerning the changes in shareholding in certain subsidiaries of the Group. Based on the Company’s preliminary findings, it appears that as at 28 February 2019, shareholdings in approximately 60 out of 300 subsidiaries of the Company in the PRC have been transferred out of the Group. During the enquiry process conducted by the executive Directors, the executive Directors were verbally informed by the management of certain relevant PRC subsidiaries that such share transfer was in practice to serve as security for certain additional financing provided to the Group, which they understand to

be a common financing arrangement in the PRC and hence did not consider the matter to be unusually significant for reporting to the Board. The Company takes this matter very seriously and the executive Directors have been taking steps to proactively investigate this matter. The Company has engaged PRC legal advisers to conduct independent searches to ascertain the shareholding of its subsidiaries in the PRC and is seeking legal advice in this regard. The Company will make further announcement as and when appropriate and as required by the Listing Rule and/or the Insider Information Provisions.

2. Debt restructuring

The Company and its subsidiaries have defaulted on certain loan agreements, and did not repay to the lenders the loan principals and/or accrued interests thereon according to schedules, which constituted events of default.

The Group has been proactively negotiating and discussing with the lenders and creditors in relation to the possibility of providing additional funding to the Group as well as the possible settlement arrangements, including the conversion of their debts or a portion thereof into equity of the Company.

As disclosed in the announcement of the Company dated 24 December 2018, the Group has been in discussion with Television Broadcasts Limited, a company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 511) (“**TVB**”) amongst its lenders and creditors for various options as part of an overall debt restructuring proposal (the “**Debt Restructuring Proposal**”). Due diligence has been conducted on the Group in relation to the Debt Restructuring Proposal.

No agreement or material terms in relation to the Debt Restructuring Proposal has been entered into or agreed between the Group and TVB as at the date of this announcement.

As at the date of this announcement, TVB holds unsecured redeemable fixed coupon bonds due 2020 (extendable to 2021) in the principal amount of US\$23 million at the interest rate of 9.5% per annum and secured redeemable convertible bonds due 2020 (extendable to 2021) in the principal amount of US\$83 million at the interest rate of 7.5% per annum, both issued by the Company.

3. Corporate Bond

As announced by the Company on 27 March 2018, the Group received subscription offers from financial institutions regarding the issuance of bonds with an aggregate principal amount of not more than RMB1,000,000,000 with a term of not more than three years (the “**Bonds**”) proposed to be listed on the Shenzhen Stock Exchange. The Company has not received any further update from the China Securities Regulatory Commission in this regard. The Company will publish further announcement(s) in relation to the Bonds and comply with all other applicable requirements under the Listing Rules as and when necessary.

The Company will use its best endeavours to resume trading in the Shares on the Stock Exchange as soon as practicable.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 3 September 2018 and will remain suspended until further notice. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

The Company will make further announcement(s) in accordance with the Listing Rules and the Inside Information Provisions as and when necessary in relation to any material development in connection with the above matters. Shareholders of the Company and investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board of
SMI Holdings Group Limited
William Wing-Yan LO, JP
Chairman

Hong Kong, 7 March 2019

* *For identification purpose only*

As at the date of this announcement, the Board of Directors comprises six Directors, including Dr. William Wing-Yan Lo, JP, Mr. Kenneth Jack Shang and Mr. Wai Yee Tai as executive Directors and Mr. Pang Hong, Mr. Li Fusheng and Mr. Wong Shui Yeung as independent non-executive Directors.