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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, 24 December 2018, 7 March 2019, 9 April 2019 and 2 June 2019. The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to provide an update on certain recent developments of the Group:

1. Financial position and business operations

Based on the financial information currently available to the Board, and after having made all reasonable enquiries, the Group is currently short of sufficient working capital to support its business operations. Based on the unaudited management information of the Group as at 31 August 2019:

- the aggregate amount of outstanding wages not yet paid by the Group to some of its employees was approximately RMB81 million;
- the aggregate amount of outstanding rent not yet paid by the Group for some of its leased premises was approximately RMB94 million; and
- the aggregate amount of outstanding licence fees for the films screened at its movie theatres not yet paid to its suppliers by the Group was approximately RMB20 million.

As at 31 August 2019, to the best knowledge of the Directors, having made all reasonable enquiries, the Group operated about 336 movie theatres in the People's Republic of China (the "PRC"), out of which about 201 are in operation and about 135 movie theatres' operations have been temporarily suspended. The management expects that temporarily suspended operations of 27 movie theatres will be resumed in the near future.. As the Group fails to pay certain licence fees to film suppliers, after active negotiation initiated by the management of the Group with some major suppliers, a settlement plan has been reached and movie supply is being maintained.

References are made to the announcements of the Company dated 7 March 2019 and 8 March 2019 in relation to the changes in shareholding in certain subsidiaries of the Group. As disclosed in the announcements, the then 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 with an aim to revitalise the cinema operations, 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. As disclosed in the announcements, 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 Inside Information Provisions.

Reference is made to the announcements of the Company dated 15 April 2019, 12 June 2019, 2 July 2019, 30 July 2019 and 12 August 2019 in relation to a petition ("**Petition**") filed by The Hongkong and Shanghai Banking Corporation Limited (the "**Petitioner**") for an order that the Company be wound up by the Court. As disclosed in the announcements, at the hearing before the High Court of the Hong Kong Special Administrative Region (the "**High Court**") on 12 August 2019, (i) the Petitioner confirmed that it would no longer pursue the Petition against the Company; and (ii) the High Court ordered Television Broadcasts Limited ("**TVB**") to be a substituting petitioner and that a hearing for the petition to be made by TVB will be fixed at a date on or after 4 November 2019. The Company will make further announcements to provide updates on any significant development on this matter as and when appropriate.

2. Debt restructuring

As disclosed in the announcements of the Company dated 6 December 2018 and 7 March 2019, 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. No agreement or material terms in relation to the above arrangements have been entered into or agreed between the Group and its lenders or creditors as at the date of this announcement. The Company will make further announcement as and when appropriate and as required by the Listing Rule and/ or the Inside Information Provisions.

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
Kenneth Jack Shang
Executive Director

Hong Kong, 2 September 2019

As at the date of this announcement, the Board of Directors comprises seven Directors, including Mr. Kenneth Jack Shang and Mr. Zhang Yong as executive Directors, Mr. Jason Chia-Lun Wang and Mr. Peter Torben Jensen as non-executive Directors and Mr. Pang Hong, Mr. Li Fusheng and Mr. Wong Shui Yeung as independent non-executive Directors