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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
CONTINUED SUSPENSION OF TRADING IN THE SHARES

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, 2 June 2019 and 2 September 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

At 30 November 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**”) and the operating conditions were roughly the same as in the previous quarter, the management expected a small number of temporarily closed theaters will be reopen 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.

2. Winding up petitions

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 High Court of the Hong Kong Special Administrative Region (the “**High Court**”). As disclosed in the announcements, at the hearing before 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.

Reference is made to the announcement of the Company dated 29 October 2019 in relation to a petition (the “**Subsidiary Petition**”) filed by 北京華觀鼎成文化發展有限責任公司 (Beijing Huaguan Dingcheng Culture Development Company Limited*) (the “**Subsidiary Petitioner**”) against SMI International Cinemas Limited, an indirectly wholly-owned subsidiary of the Company (the “**Subsidiary**”), for an order that the Subsidiary be wound up by the High Court. The Subsidiary Petition will be heard before the High Court on 18 December 2019. The Company will make further announcements to provide updates on any significant development on this matter as and when appropriate.

3. Possible disposal

As disclosed in the Company’s announcement dated 11 September 2019, the Company (as vendor) entered into a memorandum of understanding (the “**MOU**”) with SMI Culture & Travel Group Holdings Limited (as purchaser) in respect of the mutual intention on the possible disposal of (i) all of the equity interests beneficially held by the Company in its subsidiary, 成都潤運文化傳播有限公司 (Chengdu Runyun Culture Broadcasting Limited*), which is indirectly beneficially owned by the Company and (ii) all other cinemas interests in the PRC beneficially owned by the Group (the “**Possible Disposal**”).

The MOU does not impose legally binding obligations in the parties in relation to the material terms of the Possible Disposal. As at the date of this announcement, no formal agreement has been entered into between the parties in relation to the Possible Disposal. Further announcement(s) in relation to the Possible Disposal will be made by the Company as and when appropriate and comply with all applicable requirements under the Listing Rules as and when necessary.

4. 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.

5. 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 December 2019

* *For identification purpose only*

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.