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SMI Culture & Travel Group Holdings Limited
星美文化旅遊集團控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock code: 2366)

MONTHLY PROGRESS UPDATE
ON POSSIBLE CONDITIONAL VOLUNTARY GENERAL OFFER
PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE

This announcement is made by SMI Culture & Travel Group Holdings Limited (the “**Company**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”). Reference is made to the joint announcement of the Company and SMI Holdings Group Limited (“**SMI Holdings**”) dated 13 January 2020 and the announcement of the Company dated 26 February 2020, 25 March 2020, 24 April 2020 and 25 May 2020 (the “**Announcements**”). Unless the context requires otherwise, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board has been informed by the Offeror that pursuant to the Letter dated 24 February 2020, the Offeror intended to acquire the interests in the Company and commenced negotiation between the Offeror and the Receivers for the acquisition of all or certain of the Charged Shares (“**Possible Acquisition**”). The Board is also been informed that, as at the date of this announcement:

- (i) the Offeror is still in the course of conducting due diligence review on the Charged Shares and the Group. Following the winding up order on SMI Holdings and appointment of joint and several liquidators as announced by SMI Holdings in 8 May 2020 and 15 May 2020, the Offeror will continue to monitor the development of the relevant legal proceedings;

- (ii) the Offeror is still in the process to ascertain the position with major creditors of the Group and the possibility of restructuring the debts or debt securities owed by the Group to them. Discussions with the major creditors are ongoing;
- (iii) the Offeror was given by the receivers to understand that an order was granted by the High Court of Hong Kong on 3 June 2020 to the receivers to enter into negotiations for the purpose of entering into agreements to sell all or any part of the Charged Shares; and
- (iv) given that there is difficulty in obtaining necessary financial information and due diligence documents of the Group and this imposed limitations to the discussion, the Offeror/ receivers were considering various actions to facilitate the process and hence negotiation and discussion between the Offeror and the Receivers for the acquisition of all or certain of the Charged Shares is still ongoing.

Due to, among others, the recent outbreak of the coronavirus disease (COVID-19), the slow responses from management of the Group and extra time needed by the Offeror to assess the position of the Charged Shares, longer period of time for due diligence on the Charged Shares and the Group is required. Accordingly, the Offeror currently expects that approximately two more months are necessary to finalise the due diligence exercise.

The Company understood that no formal agreements had been entered into in respect of the Possible Acquisition and the Possible Voluntary Offer as at the date of this announcement and negotiations and due diligence review are still in progress, thus there is no certainty (i) as to the terms of the Possible Acquisition; or (ii) that the Possible Acquisition will proceed or that it would lead to a mandatory general offer under Rule 26.1 of the Takeovers Code. There is also no certainty as to the terms of Possible Voluntary Offer.

MONTHLY ANNOUNCEMENTS

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Possible Voluntary Offer will be made by the Company until an announcement is made of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code (as the case may be).

WARNINGS: Shareholders of the Company and/or potential investors should be aware that the Possible Voluntary Offer may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares, as there is no certainty that the Possible Voluntary Offer will proceed, and, even if the Possible Voluntary Offer proceeds, there is no certainty that the Possible Voluntary Offer will result in a change of control and lead to a general offer under Rule 26.1 of Takeovers Code. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.

On behalf of the Board
SMI Culture & Travel Group Holdings Limited
Chen Wenbo
Executive Director

Hong Kong, 26 June 2020

As at the date of this announcement, the executive Directors are Mr. Wu Chien-Chiang (Chairman), Mr. Li Kai; Mr. Chen Wenbo and Mr. Lu Chun; non-executive Director is Mr. Chow Wai Shing Daniel; and the independent non-executive Directors are Mr. Rao Yong, Mr. Liu Xianbo, Mr. Zhao Xuebo and Mr. Wong Shui Yeung.

The directors of the Company jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.