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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 AND
CONTINUOUS SUSPENSION OF TRADING

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, 25 May 2020, 26 June 2020, 24 July 2020, 25 August 2020 and 25 September 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 has been informed that, as at the date of this announcement:

- (i) the due diligence review on the Charged Shares and the Group conducted by the Offeror is still ongoing and pending provision of further information by the Group, including but not limited to (a) latest management accounts of major subsidiaries of the Target Group; (b) details and documents on current outstanding liabilities of the Target Group;

- (c) details and breakdown of film rights and inventories of the Target Group; and (d) details and documents on all outstanding litigation and commitment of the Target 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, 15 May 2020, 12 June 2020 and 10 September 2020, the Offeror will continue to monitor the development of the relevant legal proceedings;
- (ii) as announced by the Company on 28 September 2020, board meeting of the Company to approve the publication of final results of the Group for the year ended 31 December 2019 has been postponed until further notice. The Offeror will keep track on the status of publication of the 2019 Results and review the publication(s) of the Company when it is published. The Offeror will provide necessary update to market on the Possible Acquisition and the Possible Voluntary Offer where applicable;
- (iii) as announced by the Company on 19 October 2020, letter in relation to resumption guidance has been issued by the Stock Exchange to the Company. The Offeror considers this could affect the value of the issued shares of the Company if the Company loses its listing status. The Offeror will monitor the development of resumption, and provide necessary update to market on the Possible Acquisition and the Possible Voluntary Offer where applicable; and
- (iv) due to (i) the aforementioned major outstanding information pending to be provided by the Group; and (ii) the postponement of the publication of final results of the Group for the year ended 31 December 2019 as well as the interim results for the six months ended 30 June 2020, no formal meetings with major creditors were held since the last monthly update.

Due to, among others, the recurrence of the coronavirus disease (COVID-19), the slow response time from management of the Group and extra time needed to assess the underlying value of the Charged Shares, especially in light of the issue of resumption guidance from the Stock Exchange, longer period of time for commercial assessment on Possible Acquisition of Charged Shares and the Possible Voluntary Offer, where applicable; and due diligence on the Charged Shares and the Group is required. The Offeror currently expects that more than one month is necessary to finalise the abovementioned assessment and 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.

CONTINUOUS SUSPENSION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange of Hong Kong Limited was suspended with effect from 9:13 a.m. on 1 September 2020 pending publication of the 2019 audited Annual Results, 2019 Annual Report and the 2020 Interim Results. Trading in the Shares will remain suspended until further notice.

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

Hong Kong, 27 October 2020

As at the date of this announcement, the Directors of the Company are:

Executive Directors

Mr. Wu Chien-Chiang

Mr. Li Kai

Mr. Chen Wenbo

Mr. Lu Chun

Non-executive Director

Mr. Chow Wai Shing Daniel

Independent non-executive Directors

Mr. Rao Yong

Mr. Liu Xianbo

Mr. Zhao Xuebo

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.