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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 announcements 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, 25 September 2020 and 27 October 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 has commenced negotiation with 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 Company and its subsidiaries (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 Group; (b) details and documents on current outstanding liabilities of the Group; (c) details and breakdown of film rights and inventories of the Group; and (d) details and documents on all outstanding litigation and commitment of the Group. Following the winding up order on SMI Holdings and appointment of joint and several liquidators as announced by SMI Holdings on 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 the publication(s) of the Company;
- (iii) as announced by the Company on 19 October 2020 and 23 November 2020, letter in relation to resumption guidance (as supplemented by a letter dated 16 November 2020) 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;
- (iv) as announced by the Company on 10 November 2020 and 23 November 2020, inter alia, the Company was ordered to be wound up by the High Court of Hong Kong Special Administrative Region in HCCW 34/2020 and, pursuant to a Regulating Order of the Court of First Instance of the High Court of Hong Kong dated 10 November 2020, Mrs. LAU WU Kwai King Lauren and Ms. LEE Lai Ha, both of KLC Corporate Advisory and Recovery Limited, were appointed as Joint and Several Liquidators of the Company. The Offeror will monitor the development of such winding up order and continue to assess its impact on the Possible Acquisition and the Possible Voluntary Offer; and
- (v) 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.

The Offeror will continue to monitor the development of winding up of SMI Holdings, the resumption of trading in the shares of the Company, the winding up of the Company, and will provide necessary update to market on the Possible Acquisition and the Possible Voluntary Offer where applicable. Due to, among others, the recurrence of the coronavirus outbreak (COVID-19), the slow response time from management of the Group and extra time needed to assess the position of the Charged Shares, especially after the issue of resumption guidance from the Stock Exchange, the court order to wind up the Company and the appointment of Joint and Several Liquidators to the Company, 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.

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 the 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.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange of Hong Kong Limited has been suspended from 9:13 a.m. on 1 September 2020. The trading in the shares of the Company will remain suspended until further notice.

The Company will keep the public informed by making further announcements as and when appropriate.

Should shareholders of the Company have any query about the implications of the winding up of the Company, the appointment of Liquidators and the continued suspension of trading in the shares of the Company, they should obtain appropriate professional advice.

For and on behalf of
SMI Culture & Travel Group Holdings Limited
(In Liquidation)
LAU WU Kwai King Lauren and LEE Lai Ha
Joint and Several Liquidators
Acting as agents without personal liability

Hong Kong, 30 November 2020

As at the date of this announcement, the Executive Directors of the Company are Mr. Wu Chien-Chiang, Mr. Li Kai, Mr. Chen Wenbo and Mr. Lu Chun; the Non-executive Director is Mr. Chow Wai Shing Daniel; and the Independent Non-executive Directors are Mr. Rao Yong, Mr. Liu Xianbo and Mr. Zhao Xuebo.

The Liquidators 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.