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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)



星美文化

SMI Culture Group Holdings Limited

星美文化集團控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 2366)

JOINT ANNOUNCEMENT

**DISCLOSEABLE
TRANSACTION:
ENTERING INTO OF LOAN
AGREEMENT WITH
SMI CULTURE**

**ENTERING INTO OF LOAN
AGREEMENT WITH
SMI HOLDINGS**

Both the SMI Holdings Board and the SMI Culture Board are pleased to announce that on 26 March 2015, the Loan Agreement is entered into between SMI Holdings and SMI Culture in relation to the provision of the Facilities of up to HK\$250,000,000 by SMI Holdings in favour of SMI Culture.

As certain of the relevant percentages on the part of SMI Holdings exceed 5% but are below 25%, the entering into of the Loan Agreement and the transactions contemplated thereunder constitute a discloseable transaction on the part of SMI Holdings under Chapter 14 of the Listing Rules.

As SMI Holdings is a connected person to SMI Culture, the entering into of the Loan Agreement and the transactions contemplated thereunder constitute a continuing connected transaction on the part of SMI Culture. As the Facilities are for the benefit of the SMI Culture Group on normal commercial terms and no security over the assets of the SMI Culture Group will be granted in respect of the Facilities, the entering into of the Loan Agreement and the transactions contemplated thereunder shall fall under the exemption pursuant to Rule 14A.90 of the Listing Rules and will be exempt from announcement, reporting and independent shareholders' approval requirements.

Both the SMI Holdings Board and the SMI Culture Board are pleased to announce that on 26 March 2015, the Loan Agreement is entered into between SMI Holdings and SMI Culture in relation to the provision of the Facilities by SMI Holdings in favour of SMI Culture. Summary of the principal terms of the Loan Agreement is set out below.

THE LOAN AGREEMENT

Date: 26 March 2015 (after trading hours)

Parties: SMI Holdings as lender

SMI Culture as borrower

Each of SMI Holdings and SMI Culture are listed companies in Hong Kong and the issued shares of them are both listed on the main board of the Stock Exchange. As at the date of this announcement, SMI Holdings, through its wholly owned subsidiary, SMI Investment (HK) Limited, is interested in 168,597,281 issued shares of SMI Culture, representing approximately 24.97% of the issued share capital of SMI Culture. As such, SMI Holdings is a substantial shareholder of SMI Culture and is a connected person to SMI Culture under Chapter 14A of the Listing Rules. SMI Culture is accounted as an associate to SMI Holdings.

The Facilities and Availability Period

Pursuant to the Loan Agreement, SMI Holdings agree to make available to SMI Culture the revolving loan Facilities of up to HK\$250,000,000 subject to and upon the terms and conditions of the Loan Agreement.

The Facilities may be drawn during the Availability Period by SMI Culture giving not less than one (1) Business Day's prior written notice of drawing of the proposed drawing to SMI Holdings. All drawings shall be deposited by SMI Holdings (or any of its subsidiaries) in a designated account of SMI Culture (or any of its subsidiaries) as SMI Culture may direct.

Subject to the terms and conditions of the Loan Agreement, the Facilities will be available during the Availability Period.

The Facilities are unsecured and no security over the assets of the SMI Culture Group will be granted in respect of the Facilities.

Interest and repayment

Interest on the outstanding amount of the loans drawn under the Facilities shall accrue at the rate of 10% per annum. Interest shall be payable monthly in arrears unless otherwise agreed between SMI Holdings and SMI Culture.

The amounts drawn under the Facilities together with all interest accrued thereon (if any) shall be repaid by SMI Culture in full in one lump sum on the repayment date i.e. the third anniversary of the date of the Loan Agreement.

SMI Holdings shall have the right to demand for early repayment of any amounts drawn under the Facilities by written notice.

SMI Culture shall be entitled to prepay all or part of the amounts drawn under the Facilities by written notices. Any amounts prepaid may be redrawn under the Facilities during the Availability Period provided that the outstanding principal amount of the amounts drawn under the Facilities from time to time shall not exceed HK\$250,000,000.

The principal amount of the Facilities and the interest rate are arrived at after arm's length negotiations between SMI Holdings and SMI Culture with reference to, among others, the interest rates quoted by relevant financial institutions and independent financiers on similar terms. Both the SMI Holdings Board and the SMI Culture Board considers that the terms and conditions of the Loan Agreement, including the principal amount of the Facilities and the interest rate, are fair and reasonable and on normal commercial terms and are in the interests of both SMI Holdings and SMI Culture and the respective shareholders of SMI Holdings and SMI Culture.

Events of default

The availability of the Facilities shall be subject to ordinary events of default such as non-payment, winding-up, breach of warranties and material adverse change. Upon the occurrence of an event of default and at any time thereafter, SMI Holdings may by notice in writing to SMI Culture:

- (a) declare the Facilities to be terminated whereupon the Facilities shall be forthwith cancelled; and/or
- (b) declare the principal amounts drawn outstanding under the Facilities, all interest accrued thereon and all other monies payable under the Loan Agreement to be forthwith due and payable.

REASONS FOR THE ENTERING INTO OF THE LOAN AGREEMENT AND USE OF PROCEEDS

SMI Holdings Group is principally engaged in movie theater operation, expansion of new complementary business on online shopping and in-theater counter sales and advertising and promotion business in the PRC.

SMI Culture Group is principally engaged in media services including investment in the production of films and television programmes, marketing and co-ordination of the films and television programmes distribution, films and television programmes related services and films and television advertising services in the PRC.

SMI Holdings considers that the provision of the Facilities in favour of SMI Culture under the Loan Agreement is in the interests of SMI Holdings and its shareholders as a whole. The entering into of the Loan Agreement will allow SMI Holdings to better utilize its surplus cash. Given that SMI Culture is a listed company in Hong Kong, SMI Holdings considers that the credit risk is relatively low and the corresponding interest income will be in the benefits of the SMI Holdings Group. As SMI Culture is the associate of SMI Holdings, the SMI Holdings Board is convinced that the provision of Facilities to SMI Culture will have synergy effect to SMI Holdings in the future.

In light of the sky rocketing growth of the SMI Culture Group, SMI Culture considers that it is prudent for SMI Culture Group to have sufficient financing and the entering into of the Loan Agreement will allow SMI Culture to have sufficient finance resources to further develop its business. Given that no security over the assets of the SMI Culture Group will be granted in respect of the Facilities and the Facilities will be drawn at the discretion of SMI Culture, SMI Culture considers that the entering into of the Loan Agreement will be in the interests of SMI Culture and its shareholders as a whole. SMI Culture intends to use the proceeds for the general working capital of SMI Culture Group and/or any appropriate potential investments.

Both the SMI Holdings Directors and the SMI Culture Directors (including their respective independent non-executive directors) consider that the terms of the Loan Agreement are entered into upon normal commercial terms following arm's length negotiations among the parties and the terms of the Loan Agreement are fair and reasonable and are in the interests of SMI Holdings, SMI Culture and their respective shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain of the relevant percentages on the part of SMI Holdings exceed 5% but are below 25%, the entering into of the Loan Agreement and the transactions contemplated thereunder constitute a discloseable transaction on the part of SMI Holdings under Chapter 14 of the Listing Rules.

As SMI Holdings is a connected person to SMI Culture, the entering into of the Loan Agreement and the transactions contemplated thereunder constitute a continuing connected transaction on the part of SMI Culture. As the Facilities are for the benefit of the SMI Culture Group on normal commercial terms and no security over the assets of the SMI Culture Group will be granted in respect of the Facilities, the entering into of the Loan Agreement and the transactions contemplated thereunder shall fall under the exemption pursuant to Rule 14A.90 of the Listing Rules and will be exempt from announcement, reporting and independent shareholders' approval requirements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Availability Period”	the period commencing from the date of the Loan Agreement and ending on the third anniversary thereof
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Facilities”	the revolving loan facilities with maximum principal amount of HK\$250,000,000 granted by SMI Holdings in favour of SMI Culture under the Loan Agreement
“Loan Agreement”	the loan agreement dated 26 March 2015 and entered into between SMI Holdings as lender and SMI Culture as borrower in relation to the provision of the Facilities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“SMI Holdings”	SMI Holdings Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 198)
“SMI Holdings Board”	the board of SMI Holdings Directors
“SMI Holdings Directors”	directors (including the independent non-executive directors) of SMI Holdings from time to time
“SMI Holdings Group”	SMI Holdings and its subsidiaries

“SMI Culture”	SMI Culture Group Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2366)
“SMI Culture Board”	the board of SMI Culture Directors
“SMI Culture Directors”	directors (including the independent non-executive directors) of SMI Culture from time to time
“SMI Culture Group”	SMI Culture and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
SMI Holdings Group Limited
NG Kam Tsun
Executive Director

By order of the Board
SMI Culture Group Holdings Limited
Hao Bin
Chairman and Executive Director

Hong Kong, 26 March 2015

As at the date of this joint announcement, the executive directors of SMI Holdings are Mr. CHENG Chi Chung, Mr. YANG Rongbing, Mr. NG Kam Tsun, Mr. XI Qing and Mr. LI Yige. The independent non-executive directors of SMI Holdings are Mr. PANG Hong, Mr. LI Fusheng and Mr. KAM Chi Sing.

As at the date of this joint announcement, the executive directors of SMI Culture are Mr. Hao Bin (Chairman), Mr. Yuan Xin, Mr. Chan Chi To, Antony and Mr. Kong Dalu; and the independent non-executive directors of SMI Culture are Mr. Du Jiang, Mr. Liu Xianbo, Mr. Wu Chien-Chiang and Mr. Jiang Jinsheng.