星 美 國 際

SMI CORPORATION LIMITED

(Provisional Liquidator Appointed)

星美國際集團有限公司*

（已委任臨時清盤人）

(Incorporated in Bermuda with limited liability)

(Stock Code: 198)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

The board of directors (the "Directors") of SMI Corporation Limited (Provisional Liquidator Appointed) (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2009 together with comparative figures for the year ended 31 March 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	**2009** **HK$'000**	2008 *HK$'000*
Turnover	*4*	**35,551**	29,675
Cost of sales		**(10,570)**	(6,540)
Direct expenses		**(36,474)**	(34,323)
Gross loss		**(11,493)**	(11,188)
Other income	*5*	**7,985**	4,513
Selling expenses		**(541)**	(1,448)
Administrative expenses		**(13,780)**	(8,623)
Other expenses	*6*	**(7,071)**	(73,714)
Loss from operations		**(24,900)**	(90,460)
Finance cost	*7*	**(3,741)**	(3,653)
Share of results of associates		**410**	3,671
Loss before tax		**(28,231)**	(90,442)
Income tax expense	*8*	**–**	(13)
Loss for the year attributable to equity holders of the Company	*9*	**(28,231)**	(90,455)
Loss per share	*10*		
Basic (HK cents per share)		**(9.0)**	(28.8)
Diluted (HK cents per share)		**N/A**	N/A

* *for identification purpose only*

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**–**	–
Intangible assets		**–**	–
Interests in associates		**28,532**	28,122
Interests in jointly controlled entities		**23,727**	26,685
		52,259	54,807
Current assets			
Inventories		**1,000**	3,225
Trade receivables	*11*	**–**	1,193
Prepayments, deposits and other receivables		**16**	712
Bank and cash balances	*12*	**8,842**	11,443
		9,858	16,573
Current liabilities			
Bank and other borrowings		**34,734**	31,284
Trade payables	*13*	**2,980**	5,351
Amounts due to related parties		**17,477**	11,214
Accruals and other payables		**89,108**	76,757
Tax payable		**1,988**	1,988
		146,287	126,594
Net current liabilities		**(136,429)**	(110,021)
NET LIABILITIES		**(84,170)**	(55,214)
Capital and reserves			
Share capital		**31,407**	31,407
Reserves		**(115,577)**	(86,621)
TOTAL EQUITY		**(84,170)**	(55,214)

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and principal place of business is at Room 12, 37th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and have been suspended for trading since 28 April 2005.

The Company is an investment holding company. The principal activities of its principal subsidiaries are the entertainment related business in relation to the production, distribution and licensing of entertainment related content for movies, television drama series, documentary and information or entertainment programs and theme restaurant business.

2. Basis of preparation

Winding-up petition and appointment of the provisional liquidators

On 28 September 2007, the Company was placed into the third stage of the delisting procedures. If no viable resumption proposal is submitted at least 10 business days before 27 March 2008, the listing status of the Company will be cancelled.

On 18 February 2008 and 19 February 2008, a winding-up petition (the "Petition") and the application for the appointment of the provisional liquidators were presented and filed respectively by Bank of China (Hong Kong) Limited ("BOCHK"), a creditor of the Company. On 20 February 2008, Messrs. Liu Yiu Keung Stephen and Chan Wai Hing, both of Ernst & Young Transactions Limited, were appointed by the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "HK High Court") as the Joint and Several Provisional Liquidators (the "Provisional Liquidators"). The HK High Court, subsequently on 9 December 2008, ordered that Ms. Chan Wai Hing, one of the joint and several provisional liquidators of the Company, be at liberty to resign from the office of provisional liquidator from the date thereof and Mr. Liu Yiu Keung Stephen remains as the sole provisional liquidator (the "Provisional Liquidator") of the Company. By the HK High Court order, the Provisional Liquidators will, inter alia, take into their custody and protect all the assets of the Group and manage the Group until such time as further order is made. The Provisional Liquidators are independent third parties not connected with the Company or any of the directors, chief executive and substantial shareholders of the Company or its subsidiaries or their respective associates as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

On 15 July 2009, the HK High Court granted a conditional order to the Provisional Liquidator for the withdrawal of the Petition and the discharge of the Provisional Liquidator. Pursuant to the court order, once the proposed restructuring of the Company (the "Restructuring") has been completed, the Provisional Liquidator is required to submit an affirmation to the HK High court confirming the same.

Resumption proposal

On 7 March 2008, the Provisional Liquidators, the Company, Cenith Capital Limited ("Cenith"), P.C. Woo & Co. (the "Escrow Agent") and Strategic Media International Limited (the "Controlling Shareholder") (collectively as the "Parties") entered into an escrow agreement. The Parties agreed that Cenith to deposit to the Escrow Agent a maximum of HK$15 million for the expenses to be incurred by the Provisional Liquidators during the implementation of the resumption proposal (the "Deposit for Resumption Proposal"). It was also agreed that a sum of HK$5 million would be deposited in the Escrow Agent's account as escrow money to the creditors (the "Escrow Money to Creditors"), in the event that the proposed restructuring could not proceed further due to the action done or not done by the Controlling Shareholder.

A supplemental agreement dated 13 March 2008 was executed by the Parties to extend the date to deposit HK$3 million of the Escrow Money to Creditors to the Escrow Agent.

As at 31 March 2009, the Escrow Agent had received the Deposit for Resumption Proposal and the Escrow Money to Creditors of HK$9 million and HK$5 million respectively according to the above agreements.

On 11 March 2008, a Memorandum of Understanding ("MOU") was signed between the Provisional Liquidators, the Company and the Controlling Shareholder. The purpose of the MOU is to record the agreement and arrangements of the parties regarding the proposed restructuring of the Company for the purpose of resuming the trading of the Company's shares on the Stock Exchange.

On 28 March 2008, the Company, the Provisional Liquidators, the Controlling Shareholder and Mr. Qin Hui entered into a formal agreement ("the Formal Agreement") in relation to the proposed restructuring of the Company to supersede the MOU.

Three supplemental agreements to the Formal Agreement were entered into subsequently on 30 September 2008, 31 March 2009 and 11 May 2009.

On 11 March 2008, a resumption proposal and subsequently on 9 May 2008, 7 August 2008 and 2 February 2009 respectively, one set of supplementary information for the resumption proposal and two sets of supplements to the resumption proposal (collectively the "Resumption Proposal") were submitted to the Stock Exchange requesting the resumption of trading of the Company's shares.

On 6 February 2009, the Stock Exchange issued a letter to the Company informing its decision to allow the Company to proceed with the Resumption Proposal, subject to prior compliance with various conditions to the satisfaction of the Listing Division of the Stock Exchange within six months from the date of the letter.

On 15 May 2009, the Company made an announcement of the Restructuring involving, inter alia, (i) an increase in authorised share capital from HK$100,000,000 to HK$500,000,000 by the creation of an additional 4,000,000,000 unissued ordinary shares of HK$0.10 each; (ii) a group reorganisation in which the Company would wind up some subsidiaries (the "CVL Subsidiaries") by way of creditors' voluntary liquidations; (iii) an acquisition (the "Acquisition") of Colour Asia Pacific Limited ("Colour Asia") as a very substantial acquisition and connected transaction; and (iv) a proposed open offer (the "Open Offer") of 942,206,271 offer shares at HK$0.10 each to the qualifying shareholders on the basis of three shares for every one share held on the record date.

Following the announcement regarding the Restructuring of the Company on 15 May 2009, the Company, the Controlling Shareholder and Emperor Securities Limited (the "Underwriter") entered into an underwriting agreement on 22 May 2009 in which the Underwriter agreed to undertake the issue of 452,486,328 offer shares under the Open Offer (which formed part of the Restructuring of the Company). Pursuant to the Formal Agreement, the Controlling Shareholder undertook that it would take up or procure the taking up of all its entitlements under the Open Offer being not less than 489,719,943 offer shares. On 3 June 2009, the Company despatched the circular in relation to the Restructuring to the shareholders.

On 16 June 2009, Cenith and the Controlling Shareholder entered into a deed of assignment (the "Deed") in which Cenith agreed to assign absolutely to the Controlling Shareholder all its interest, title, benefit and advantage in the escrow agreement dated 7 March 2008, the supplemental agreement to the escrow agreement dated 13 March 2008 and the funding deed dated 9 December 2008.

On 3 July 2009, the Company held a special general meeting (the "SGM") and all the resolutions in relation to the Restructuring proposed at the SGM were duly passed by the shareholders attending and eligible to vote by way of poll at the SGM. On 6 July 2009, the Company despatched the prospectus in relation to the Open Offer to the shareholders.

Going concern

The Group incurred a loss attributable to equity holders of the Company of approximately HK$28,231,000 for the year ended 31 March 2009 (2008: approximately HK$90,455,000) and as at 31 March 2009 the Group had net current liabilities of approximately HK$136,429,000 (2008: approximately HK$110,021,000) and net liabilities of approximately HK$84,170,000 (2008: approximately HK$55,214,000) respectively.

The financial statements have been prepared on a going concern basis because (i) the Open Offer has been completed on 23 July 2009, in which the Group received a net proceed of approximately HK$92,163,000 after deducting the underwriting fee and relevant expenses of approximately HK$2,057,000; and (ii) the resolutions in relation to the Restructuring were duly passed by way of poll at the SGM held on 3 July 2009, in which the Group would implement the group reorganisation to cause some of the subsidiaries to be wound up voluntarily. The Group expects that immediately after the completion of the Open Offer and the group reorganisation, the financial position of the Group would be turned around from a net liability of approximately HK$84,170,000 as at 31 March 2009 to a net asset of approximately HK$79,877,000.

3. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2008. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention.

The accounting policies adopted in these financed statements are consistent with those set out in the annual financial statements for the year ended 31 March 2008.

4. Segment information

Primary reporting format – business segments

An analysis of the Group's financial performance and position by business segments is as follows:

	Entertainment related business *HK$'000*	Theme restaurant business *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Year ended 31 March 2009				
Turnover	–	35,551	–	35,551
Segment results	(38)	(14,802)	(10,974)	(25,814)
Other income	156	753	7,076	7,985
Other expenses	–	(4,113)	(2,958)	(7,071)
Loss from operations				(24,900)
Finance cost				(3,741)
Share of results of associates	–	–	410	410
Loss before tax				(28,231)
At 31 March 2009				
Segment assets	1,153	1,142	7,563	9,858
Interests in associates	18,175	–	10,357	28,532
Interests in jointly controlled entities	–	–	23,727	23,727
Total assets				62,117
Segment liabilities	6,052	62,871	77,364	146,287
Other segment information:				
Impairment of amounts due from jointly controlled entities	–	–	2,958	2,958
Impairment of inventories	–	2,486	–	2,486
Impairment of trade receivables	–	1,627	–	1,627

	Entertainment related business HK$'000	Theme restaurant business HK$'000	Others HK$'000	Consolidated HK$'000
Year ended 31 March 2008				
Turnover	–	29,675	–	29,675
Segment results	(58,111)	(14,828)	(6,803)	(79,742)
Other income	–	–	275	275
Other expenses	–	–	(10,993)	(10,993)
Loss from operations				(90,460)
Finance cost				(3,653)
Share of results of associates	1,691	–	1,980	3,671
Loss before tax				(90,442)
At 31 March 2008				
Segment assets	1,035	5,632	9,906	16,573
Interests in associates	18,175	–	9,947	28,122
Interests in jointly controlled entities	–	–	26,685	26,685
Total assets				71,380
Segment liabilities	6,052	48,473	72,069	126,594
Other segment information:				
Capital expenditure	–	100	–	100
Depreciation	11	4,379	560	4,950
Amortisation	–	–	15	15
Impairment of interest in an associate	30,517	–	–	30,517
Impairment of deposits paid on acquisition of interest in an associate	15,555	–	–	15,555
Impairment of trade receivables	12,966	–	–	12,966
Impairment of prepayments and other receivables	2,995	442	3,825	7,262

Secondary reporting format – geographical segments

	Revenue		**Total assets**		**Capital expenditure**	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The PRC and Hong Kong	**–**	–	**60,975**	65,748	**–**	–
Japan	**35,551**	29,675	**1,142**	5,632	**–**	100
Total	**35,551**	29,675	**62,117**	71,380	**–**	100

5. Other income

	2009	2008
	HK$'000	*HK$'000*
Royalty income on movie rights	**107**	–
Write-back of trade payable and accruals and other payables	**6,811**	–
Recovery of loans previously written off	**260**	220
Gain on disposal of movie rights	**–**	4,073
Sundry income	**807**	220
	7,985	4,513

6. Other expenses

	2009	2008
	HK$'000	*HK$'000*
Impairment of interest in an associate	**–**	30,517
Impairment of amounts due from jointly controlled entities	**2,958**	6,146
Impairment of deposits paid on acquisition of interest in an associate *(note (a))*	**–**	15,555
Impairment of trade receivables *(note (b))*	**1,627**	12,966
Impairment of inventories *(note (c))*	**2,486**	–
Others	**–**	8,530
	7,071	73,714

Notes:

(a) This amount represents the full impairment made in respect of the deposit of approximately HK$15,555,000 paid to 星美傳媒集團有限公司 for the acquisition of 35% additional equity interest in an associate, 星美影院發展有限公司.

(b) The amount of approximately HK$1,627,000 represents the full impairment made for the year ended 31 March 2009 in respect of the trade receivables of Planet Hollywood (Japan) K.K. as a result of its cessation of business since 13 April 2009. The amount of approximately HK$12,966,000 represents the full impairment made for the year ended 31 March 2008 in respect of the trade receivable due from 星美傳媒集團有限公司 in relation to film distribution income.

(c) This amount represents the full impairment made in respect of the inventories of approximately HK$2,486,000 as a result of the cessation of business of Planet Hollywood (Japan) K.K. since 13 April 2009.

7. Finance cost

	2009	2008
	HK$'000	*HK$'000*
Interest on an unsecured bank loan	**1,919**	2,251
Other loans wholly repayable within five years	**1,822**	1,402
	3,741	3,653

8. Income tax expense

	2009	2008
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Under-provision in prior years	**–**	13
Current tax – Overseas		
Provision for the year	**–**	–
	–	13

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2009 (2008: Nil) as the Group did not generate any assessable profits arising in Hong Kong during the year.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of loss before tax multipled by the Hong Kong Profits Tax rate is as follows:

	2009	2008
	HK$'000	*HK$'000*
Loss before tax	**(28,231)**	(90,442)
Tax at the domestic income tax rate of 16.5% (2008: 17.5%)	**(4,658)**	(15,827)
Tax effect of expenses not deductible and incomes not taxable	**1,661**	12,923
Under-provision in prior years	**–**	13
Tax effect of current year tax loss not recognised	**2,997**	2,904
	–	13

9. Loss for the year

The Group's loss for the year is stated after charging the following:

	2009	2008
	HK$'000	*HK$'000*
Amortisation of intangible assets		
(included in administrative expenses)	**–**	15
Depreciation	**–**	4,950
Directors' emoluments		
– As directors	**–**	–
– For management	**–**	447
	–	447
Operating lease charges of land and buildings	**13,312**	8,913
Auditor's remuneration	**500**	500
Impairment of interest in an associate	**–**	30,517
Impairment of amounts due from jointly controlled entities	**2,958**	6,146
Impairment of deposits paid on acquisition of		
interest in an associate	**–**	15,555
Impairment of trade receivables	**1,627**	12,966
Impairment of prepayments and other receivables	**–**	7,262
Impairment of inventories	**2,486**	–
Cost of inventories sold	**10,570**	6,540
Staff costs including directors' emoluments		
Salaries, bonus and allowances	**15,468**	14,833
Retirement benefits scheme contributions	**519**	204
	15,987	15,037

10. Loss per share

Basic loss per share

The calculation of basic loss per share attributable to equity holders of the Company is based on the loss for the year attributable to equity holders of the Company of approximately HK$28,231,000 (2008: HK$90,455,000) and the weighted average number of ordinary shares of 314,068,757 (2008: 314,068,757) in issue during the year.

Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 March 2009.

11. Trade receivables

The Group allows an average credit period of 30 days to its trade customers. The ageing analysis of the Group's trade receivables at balance sheet date is as follows:

	2009	2008
	HK$'000	*HK$'000*
Up to 30 days	**–**	1,193
31 to 60 days	**–**	–
Over 60 days	**–**	–
	–	1,193

12. Bank and cash balances

As at 31 March 2009, the bank and cash balances of the Group denominated in Japanese Yen amounted to approximately HK$1,142,000 (2008: approximately HK$1,503,000).

As at 31 March 2009, the bank and cash balances included the Deposit for Resumption Proposal and the Escrow Money to Creditors of approximately HK$2,326,000 and HK$5,000,000 respectively (2008: HK$4,747,000 and HK$5,000,000 respectively).

13. Trade payables

The ageing analysis of the Group's trade payables at the balance sheet date is as follows:

	2009	2008
	HK$'000	*HK$'000*
Up to 30 days	**1,316**	917
31 to 60 days	**–**	–
Over 60 days	**1,664**	4,434
	2,980	5,351

QUALIFIED INDEPENDENT AUDITOR'S REPORT

The Directors would like to draw your attention to the fact that the independent auditor's report on the financial statements for the year ended 31 March 2009 has been qualified. An extract of the independent auditor's report that dealt with the qualifications is as follows:

Basis for qualified opinion

1. Opening Balances and Corresponding Figures

Our audit opinion on the financial statements of the Group for the year ended 31 March 2008 (the "2008 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty in relation to going concern, details of which are set out in our audit report dated 18 May 2009. Accordingly, we were then unable to form an opinion as to whether the 2008 Financial Statements gave a true and fair view of the state of affairs of the Group as at 31 March 2008 and of the Group's results and cash flows for the year then ended.

2. Interests in associates

No sufficient evidence has been received by us up to the date of this report in respect of the Group's share of net assets of an associate, Applause Holdings Limited ("Applause") of approximately HK$4,173,000 (including goodwill of approximately HK$2,010,000) and the amount due from Applause of approximately HK$14,002,000 as at 31 March 2009 as included in the interests in associates of approximately HK$28,532,000 in the consolidated balance sheet.

In respect of the Group's share of net assets of an associate, 星美影院發展有限公司 ("星美影院發展"), no sufficient evidence has been received by us up to the date of this report to verify whether the carrying value of zero as at 31 March 2009 in respect of this investment was fairly stated in the consolidated balance sheet.

3. Trade payables

No sufficient direct confirmation and other sufficient evidence have been received by us up to the date of this report in respect of the trade payables totaling approximately HK$837,000 as at 31 March 2009 as included in the trade payables of approximately HK$2,980,000 in the consolidated balance sheet.

4. Accruals and other payables

No sufficient direct confirmation and other sufficient evidence have been received by us up to the date of this report in respect of the accruals and other payables totaling approximately HK$18,108,000 as at 31 March 2009 as included in the accruals and other payables of approximately HK$89,108,000 in the consolidated balance sheet.

5. Tax payable

No sufficient evidence has been received by us up to the date of this report in respect of the tax payable of approximately HK$1,988,000 as at 31 March 2009.

6. Other income

Included in other income of approximately HK$7,985,000 in the consolidated income statement was a write-back of the trade payables and the accruals and other payables of the Company of approximately HK$6,811,000. No sufficient evidence has been received by us up to the date of this report in respect of whether this other income should be recognised in the financial statements for the year ended 31 March 2009 or prior years.

7. Share of results of associates

No sufficient evidence has been received by us up to the date of this report in respect of the Group's share of results of associates from Applause and 星美影院發展 of zero for the year ended 31 March 2009 as included in the share of results of associates of approximately HK$410,000 in the consolidated income statement.

8. Other expenses

Included in other expenses of approximately HK$7,071,000 in the consolidated income statement was an impairment of inventories of one of the subsidiaries of the Company, Planet Hollywood (Japan) K.K., of approximately HK$2,486,000. No sufficient evidence has been received by us up to the date of this report in respect of whether this impairment loss should be recognised in the financial statements for the year ended 31 March 2009 or prior years.

Any adjustments to the figures as described from points 1 to 8 above might have a consequential effect on the Group's results for the two years ended 31 March 2008 and 2009 and the financial positions of the Group as at 31 March 2008 and 31 March 2009, and the related disclosures thereof in the financial statements.

Qualified opinion arising from limitation of audit scope

In our opinion, except for any adjustments to the figures as described from points 1 to 8 above might have been determined to be necessary had we been able to obtain sufficient evidence, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2009 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BUSINESS AND FINANCIAL REVIEW

Operating performance

The Group is mainly engaged in the entertainment related business in relation to the production, distribution and licensing of entertainment related content for movies, television drama series, documentary and information or entertainment programs and theme restaurant business. During the year ended 31 March 2009, all (2008: 100%) of the Group's turnover was derived from a theme restaurant in the name of Planet Hollywood operated by the Group in Japan. In recent years, the theme restaurant operation was not successful and has been in continuous operating losses.

Subsequent to the balance sheet date, the theme restaurant was closed down on 13 April 2009 as a result of an eviction order against a subsidiary of the Group granted by a court in Japan to The Disney Store Japan, a division of Walt Disney International Japan, Inc.

The Group's turnover for the year ended 31 March 2009 was approximately HK$35,551,000, an increase of approximately HK$5,876,000 or 20% compared with the turnover for the previous year which was approximately HK$29,675,000.

An analysis of the Group's financial performance and position by business segments is as follows:

	Entertainment related business *HK$'000*	Theme restaurant business *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Year ended 31 March 2009				
Turnover	**–**	**35,551**	**–**	**35,551**
Segment results	**(38)**	**(14,802)**	**(10,974)**	**(25,814)**
Year ended 31 March 2008				
Turnover	–	29,675	–	29,675
Segment results	(58,111)	(14,828)	(6,803)	(79,742)

The Group has recorded continuous losses in its theme restaurant operation in Japan and it's movies, television, dramas and documentary production, distributing and licensing operation had completely stopped during the year ended 31 March 2009 due to the Group's liquidity problem.

Loss attributable to the Company's shareholders for the year ended 31 March 2009 was approximately HK$28,231,000, a substantial decrease of approximately HK$62,224,000 or 69% compared to the loss of the previous year which amounted to approximately HK$90,455,000. The loss for the previous year included other expenses in respect of impairments of interest in an associate, amounts due from jointly controlled entities, deposit paid on acquisition of interest in an associate, trade receivables and others in the total sum of approximately HK$73,714,000. During the year ended 31 March 2009, the Group's other expenses were amounted to approximately HK$7,071,000.

For the year ended 31 March 2009, the loss per share was approximately 9.0 Hong Kong cents (2008: 28.8 Hong Kong cents).

Material acquisition and disposal

The Group had no material acquisition and disposal during the year ended 31 March 2009.

Subsequent to the balance sheet date, the Company will purchase the entire issued capital of Colour Asia Pacific Limited ("Colour Asia"), a private company wholly owned by Mr. Qin (the "Colour Asia Share") together with the assignment by Mr. Qin Hui, being the beneficial owner of Strategic Media International Limited (the controlling shareholder of the Company (the "Controlling Shareholder")) ("Mr. Qin") of all the benefit of the amount of the shareholder's loan due by Colour Asia to Mr. Qin as at the completion of the said purchase and assignment (the "Colour Asia Loan"). The said purchase and assignment are expected to be completed before the end of July 2009.

Colour Asia is indirectly interested in 72.86% of the effective equity interest in Beijing Mingxiang International Cinema Management Company Limited ("Beijing Mingxiang") and 60% of equity interest in Beijing Wangjing Stellar International Cinema Management Company Limited ("Beijing Wangjing"). Beijing Mingxiang is incorporated in Beijing, PRC and its principal business activity is operating a wholly owned cinema with 1,351 seats in Beijing. Beijing Wangjing is also incorporated in Beijing and its principal business activities are operating a wholly owned cinema with 1,066 seats in Beijing and managing a cinema with 1,158 seats owned by a third party in Shanghai, PRC.

The consideration for the Colour Asia Share and the Colour Asia Loan is to be settled by the allotment and issuance by the Company of a total of 843,500,000 of its new shares (the "Consideration Shares") at an issue price of HK$0.10 per share.

The following is a summary of the adjusted unaudited proforma consolidated total assets value of the Group after the completion of the above purchase and assignment which has a material impact on the total assets value of the Group:

	HK$'000
Audited consolidated total assets value of the Group as at 31 March 2009	62,117
Issue of the Consideration Shares	84,350
Adjusted unaudited proforma consolidated total assets value of the Group	146,467

Financial resources, liquidity, capital structure, gearing ratio and foreign currency exposure

As at 31 March 2009, the Group did not maintain sufficient liquid funds and had net current liabilities of approximately HK$136,429,000 (2008: approximately HK$110,021,000). The net current liabilities as at 31 March 2009 include bank and cash balances of approximately HK$8,842,000 (2008: approximately HK$11,443,000). The bank and cash balances as at 31 March 2009 are mainly unused finance provided by the Controlling Shareholder for the purposes of settling the Group's restructuring expenses to be incurred subsequent to the balance sheet date.

The capital structure of the Group consists of borrowings, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves. The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's borrowings when appropriate.

As at 31 March 2009, the Group's total bank and other borrowings were amounted to approximately HK$34,734,000 (2008: approximately HK$31,284,000), of which, approximately HK$17,203,000 (2008: approximately HK$17,203,000) was an unsecured bank loan, approximately HK$14,450,000 and HK$3,081,000 (2008: approximately HK$11,000,000 and HK$3,081,000) were an unsecured interest free loan from Mr. Qin and an unsecured other loan respectively. Except for the unsecured interest free loan from Mr. Qin, the Group's borrowings are principally on a floating rate basis. There was no fixed rate or equity linked bonds and notes issued by the Group.

The Group's gearing ratios as at 31 March 2008 and 31 March 2009, which were calculated on the basis of the Group's total interest bearing debts net of cash and bank balances and pledged deposit over the total equity interest, could not be determined as the Group had net liabilities of approximately HK$55,214,000 and HK$84,170,000 as at the respective dates.

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities or United States dollars for Hong Kong dollar functional currency Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

When appropriate and at times of interest rate or exchange rate uncertainty or volatility, hedging instruments including swaps and forwards are used by the Group in the management of exposure to interest rate and foreign exchange rate fluctuations.

There has not been any change in the Group's funding and treasury policies and the Group will continue to follow the practice of prudent cash management.

PROSPECTS

Learning from the past, the Company is steadily reconfiguring the Group's business activities in order to streamline the Group's business and concentrate its activities in areas where growth opportunities exist for the Group especially in mainland China where domestic consumer market has revealed promising prospects.

Looking forward, the Group will concentrate on the businesses of (i) entertainment related business; and (ii) theme restaurant business.

(a) Entertainment related business

The entertainment industry is highly volatile because it is very much dependent on the economic condition and consumers' willingness to spend. The Group's performance will fluctuate vigorously in accordance with changes in market condition. However, it is the Group's long term strategy to diversify its business operations within the entertainment industry in order to minimise the impacts due to such unstable market environment.

The Management will proactively identify suitable investment opportunities to further develop the Group's entertainment related business through acquisitions or opening of cinemas.

Since the reform and open up, the life styles and living standards of mainland Chinese have greatly improved. Watching film has become a very popular recreational activity during leisure time. Despite the recent financial tsunami, box offices in respect of cinemas in mainland China have continued to record remarkable growths. This proves that the entertainment market in mainland China is developing rapidly.

In order to attract more film audiences, a modern cinema should be capable of showing different high class films at any time. Therefore, it must be built in fine, exquisite and presidential luxury, seats with first class comfort, multi-houses installed with the most advanced visual and sound equipment.

The acquisition of Colour Asia will be a milestone for the Group's cinema operations in mainland China as the Group has planned to acquire or open more cinema complexes in different provinces of PRC to broaden its market share of the cinema operations in PRC. "Quality, comfort and professionalism" are our key philosophy for the cinema business.

(b) Theme restaurant business

Although film audiences have the habits of consuming snacks while enjoying their films, it is also found that they are willing to spend for drinks and refreshments before or after the film shows. The culture of café bars is relatively young and immature in mainland China when compared with those in Europe and Americas. There are also not many in-cinema café bars in PRC. As such, the Group sees it as good opportunities to bring in this culture as leisure and enjoyment.

Unlike in-cinema kiosks, Stellar Café Bars will be set up within cinema complexes to attract both film audiences and non-film audiences to enable customers to enjoy our services as well as relaxing and gathering with friends.

Since the Group has identified synergistic opportunities arising from opening café bars inside cinema halls, the Group has opened 7 café bars inside cinema halls to provide light refreshment services and used "Stellar Café Bar" as the brand name for its café bars. These Stellar Café Bars are located in mainland China in Beijing, Shanghai, Tianjin, Shenyang and Xuzhou. It is expected that more Stellar Café Bars will gradually be opened in the near future.

PLEDGE OF ASSETS

As at 31 March 2009, the Group had not pledged any of its assets.

CONTINGENT LIABILITIES

The Group had no material contingent liability as at 31 March 2009.

CAPITAL COMMITMENT

The Group had no significant capital commitment as at 31 March 2009.

LEASE COMMITMENTS

At 31 March 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2009	2008
	HK$'000	*HK$'000*
Within one year	**13,119**	13,156
In the second to fifth years inclusive	**52,261**	51,834
After five years	**91,457**	103,560
	156,837	168,550

Except for the lease in respect of a restaurant premises in Japan, which has a lease term of 20 years, leases are negotiated for an average term of 2 years. All of the leases do not include contingent rentals.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2009, the Group had about 21 full-time employees (2008: about 21). Employee remuneration for the year ended 31 March 2009 was approximately HK$15,987,000 (2008: approximately HK$15,037,000). The pay scale of the Group's employees is maintained at a competitive level and the employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

DIVIDEND

No dividend was paid during the year. The Directors do not recommend the payment of a final dividend in respect of the year ended 31 March 2009.

SUBSEQUENT EVENTS

Reinstatement of the Company's registration status in Bermuda

On 7 September 2007, the Registrar of Companies in Bermuda struck off the Company from the Register of Companies as a result of the Company's non-payment of its government fee and late penalties. The Provisional Liquidator had made an application to the Supreme Court of Bermuda for an order declaring the reinstatement of the Company's status in Bermuda.

Pursuant to a court order by the Supreme Court of Bermuda dated 9 April 2009, it was ordered that the Company be restored to the Register of Companies in Bermuda. Pursuant to Section 261 of The Companies Act 1981 of Bermuda (as amended), the Company is deemed to have continued in existence as if its name had not been stuck off.

Winding up Petition

The winding up petition filed by the BOCHK (the "Petition") originally scheduled to be heard on 16 April 2008 was further adjourned to 23 September 2009 by the order of Master Hui of the High Court in Chamber.

Litigations

On 23 August 2007, The Disney Store Japan ("TDSJ"), a division of Walt Disney International Japan, Inc. filed a legal claim to the Court in Japan against Planet Hollywood (Japan) K.K. ("PHJ"), a subsidiary of the Company, in relation to the outstanding rental expenses of approximately HK$29,383,000 as at 10 August 2007. Such rental expenses are arising from the sublease agreement dated on 19 September 2000 entered into by TDSJ and PHJ. As at 31 March 2009, PHJ had the outstanding rental expense payable to TDSJ of approximately HK$57,249,000 (2008: approximately HK$43,130,000).

On 7 April 2009, the Tokyo District Court made a judgement that PHJ was obliged to pay TDSJ the outstanding rental expenses being claimed. Subsequently, on 12 April 2009, TDSJ requested PHJ to repay the outstanding rents and vacate from the premises on or before 13 April 2009. PHJ closed its operation on 13 April 2009.

Settlement on claims by Planet Hollywood

On 15 April 2008, a notice of claim was filed by a creditor, Planet Hollywood International Inc, ("Planet Hollywood") for a sum of US$6,173,497.61 (the "Claim") in respect of a Final Default Judgement against the Company (the "Declaratory Judgement"). Planet Hollywood obtained the Declaratory Judgement in the Circuit Court of the Ninth Judicial Circuit In and For Orange County, Florida (the "US Court") on 9 April 2008 for damages based on the breach of a settlement agreement, namely, the Term Sheet dated 7 February 2005 entered into between Planet Hollywood and the Company ("the Term Sheet"). By the Declaratory Judgement, the US Court ruled that the Company has breached the Term Sheet by failing to perform the agreed-upon provisions therein and that Planet Hollywood shall recover its damages for the Company's breach of the Term Sheet, including but not limited to actual damages, lost profits, lost business opportunities, interest, attorneys' fees and costs.

According to the legal opinion, given the nature of the Claim upon which the Notice of Claim is filed and given the legal requirements for Planet Hollywood in applying for leave to issue proceedings against a company being wound up, the likelihood of Planet Hollywood eventually making a successful recovery of an amount of damages based on the breach of the Term Sheet against the Company is slim.

Nevertheless, on 27 February 2009, the Company and its wholly-owned subsidiary, Star East (BVI) Limited, entered into a settlement agreement with Planet Hollywood, inter alia, to forfeit its rights in accordance with the licence agreement entered into between the Group and Planet Hollywood and revert the same to Planet Hollywood in exchange for its dismissal of claim against the Company. On 7 May 2009, the HK High Court sanctioned the proposed mutual settlement between Planet Hollywood, the Company and Star East (BVI) Limited.

Modification and redevelopment of property owned by the jointly controlled entity

Earn Elite Development Limited ("Earn Elite"), the Group's jointly controlled entity, applied to the Government of HKSAR for the modification of the land use of its property from cinema to non-industrial purposes (the "Modification") pursuant to the board resolution dated 23 March 2007. On 31 March 2009, the Government of HKSAR agreed the premium payable for the Modification be revised to HK$25,080,000. In addition to the costs for the alteration and addition works on the property estimated to be HK$38,101,800, the total cost for the Modification and redevelopment of the property would therefore be HK$63,181,800.

On 14 April 2009, an attorney representing the other shareholder of Earn Elite, issued a letter to the Group asking for the consideration of contributing 50% of the total sum, that is, HK$31,590,900, in the form of shareholders' loans for the Modification and redevelopment of the property.

On 23 April 2009, an application was made on behalf of Earn Elite to the District Lands Office for a 2 months' extension until 30 June 2009 for acceptance of the terms of the said revised offer of HK$25,080,000 for the Modification. By a letter from the District Lands Office dated 30 April 2009, the Government rejected to extend the period for acceptance of the terms of the offer for the Modification.

Meanwhile, on 30 April 2009, an appeal against the said revised premium offer of HK$25,080,000 and for re-assessment of the premium payable for the Modification has been submitted to the District Lands Office on behalf of Earn Elite ("the said Appeal"). As at the date of this report, the said Appeal has not yet been considered by the Government of HKSAR and it is expected that the result of the said Appeal will be available in November 2009.

Resumption of trading in the shares of the Company

On 11 March 2008, a resumption proposal and subsequently on 9 May 2008, 7 August 2008 and 2 February 2009 respectively, one set of supplementary information for the resumption proposal, two sets of supplements to the resumption proposal (collectively the "Resumption Proposal") were submitted to the Stock Exchange requesting the resumption of trading of the Company's Shares.

On 6 February 2009, the Stock Exchange issued a letter to the Company informing its decision to allow the Company to proceed with the Resumption Proposal, subject to prior compliance with various conditions to the satisfaction of the Listing Division of the Stock Exchange within six months from the date of the letter.

On 30 September 2008, a supplemental agreement to the Formal Agreement in relation to the proposed restructuring of the Company (the "Supplemental Agreement") was executed by the Provisional Liquidators, the Company and the Controlling Shareholder.

Subsequently on 31 March 2009 and 11 May 2009 respectively, a second and a third supplementary agreement to the Formal Agreement were entered into by the relevant parties for the purposes of amending the relevant terms of the Formal Agreement.

On 15 May 2009, the Company made an announcement of the Restructuring involving, inter alia, i) an increase in authorised share capital from HK$100,000,000 to HK$500,000,000 by the creation of an additional 4,000,000,000 unissued ordinary shares of HK$0.10 each; ii) a group reorganisation in which the Company would wind up the CVL Subsidiaries by way of creditors' voluntary liquidations; iii) the Acquisition of Colour Asia as a very substantial acquisition and connected transaction; and iv) the Open Offer of 942,206,271 offer shares at HK$0.10 each to the qualifying shareholders on the basis of three shares for every one share held on the record date.

Following the announcement regarding the Restructuring of the Company on 15 May 2009, the Company, the Controlling Shareholder and Emperor Securities Limited (the "Underwriter") entered into an underwriting agreement on 22 May 2009 in which the Underwriter agreed to undertake the issue of 452,486,328 offer shares under the Open Offer (which formed part of the Restructuring of the Company). Pursuant to the Formal Agreement, the Controlling Shareholder undertook that it would take up or procure the taking up of all its entitlements under the Open Offer being not less than 489,719,943 offer shares. On 3 June 2009, the Company despatched the circular in relation to the Restructuring to the shareholders.

On 16 June 2009, Cenith and the Controlling Shareholder entered into a deed of assignment (the "Deed") in which Cenith agreed to assign absolutely to the Controlling Shareholder all its interest, title, benefit and advantage in the escrow agreement dated 7 March 2008, the supplemental agreement to the escrow agreement dated 13 March 2008 and the funding deed dated 9 December 2008.

On 3 July 2009, the Company held the SGM and all the resolutions in relation to the Restructuring proposed at the SGM were duly passed by the shareholders attending and eligible to vote by way of poll at the SGM. On 6 July 2009, the Company despatched the prospectus in relation to the Open Offer to the shareholders.

Increase of authorised share capital

Following the passing of the ordinary resolution at the SGM held on 3 July 2009, the authorised share capital of the Company was increased from HK$100,000,000 to HK$500,000,000 by the creation of an additional 4,000,000,000 unissued ordinary shares of HK$0.10 each. Such new shares are ranking pari passu in all respects with the existing shares of the Company.

Completion of the Open Offer

Up to 4:00 p.m. of 20 July 2009, being the latest acceptance time of the Open Offer, an aggregate of 68 valid acceptances had been received for an aggregate of 739,795,567 offer shares and 49 valid applications for excess offer shares had been received for an aggregate of 1,073,461,106 excess offer shares, resulting in an aggregate of 117 valid applications for 1,813,256,673 offer shares available under the Open Offer. Accordingly, the Open Offer was over-subscribed by 871,050,402 offer shares, or approximately 92.4% based on the total number of 942,206,271 offer shares available under the Open Offer. As a result of the over-subscription of the Open Offer, the Underwriter was not called upon to subscribe for any offer shares pursuant to the underwriting agreement.

All of the conditions of the underwriting agreement had been fulfilled and the underwriting agreement had not been terminated under its terms by the Underwriter. The Open Offer became unconditional at 4:00 p.m. on Thursday, 23 July 2009.

Creditors' voluntary liquidations of the Company's subsidiaries

On 7 May 2009, the HK High Court sanctioned the Company to dispose of certain of its subsidiaries (both direct and indirect) per the request of the Company or to cause the subsidiaries to be wound up voluntarily, and to enter any ancillary or other agreements or instruments incidental thereto.

On 10 July 2009, special resolutions were passed at the extraordinary general meetings of the HK Subsidiaries (as defined below) to wind up by way of voluntary liquidation and to appoint Mr. Liu Yiu Keung, Stephen and Mr. Yen Ching Wai, David, both of Ernst & Young Transactions Limited, as the joint and several liquidators of the Company's wholly owned subsidiaries incorporated in Hong Kong, namely, Cornhill Development Limited, East Glory Development Limited, Lucky Group Investments Limited, SMI Entertainment Limited, Universe Link Industries Limited, and Wide Treasure Limited (collectively, the "HK Subsidiaries"). On 29 June 2009, qualifying resolutions were passed at the meetings of members of the BVI Subsidiaries (as defined below) to wind up and to appoint Mr. Yen Ching Wai, David of Ernst & Young Transactions Limited and Mr. William Tacon of Zolfo Cooper as the joint liquidators of Precious Days Limited and Star East (Japan) Limited (collectively, the "BVI Subsidiaries"), both are wholly owned subsidiaries of the Company incorporated in the British Virgin Islands. Immediately after the completion of the Open Offer and the liquidation, the net assets value of the Group would be approximately HK$79,877,000.

Acquisition of Colour Asia

In relation to the Acquisition of Colour Asia as a very substantial acquisition and connected transaction, details of which had been disclosed in the circular despatched to the shareholders on 3 June 2009, the Company is carrying out a due diligence and it is expected that the Acquisition will be completed by the end of July 2009.

Conditional order for the withdrawal of petition and the discharge of the Provisional Liquidator

On 15 July 2009, the HK High Court granted a conditional order to the Provisional Liquidator for the withdrawal of the Petition and the discharge of the Provisional Liquidator. Pursuant to the court order, once the Restructuring has been completed, the Provisional Liquidator is required to submit an affirmation to the HK High court confirming the same.

Establishment of Stellar Café Bars

In order to activate the Group's business activities and realise part of the Group's resumption Proposal, on 9 December 2008, the Group and Cenith entered into a funding deed in which Cenith agreed to provide a fund of up to HK$3,000,000 for setting up the special purpose vehicles (the "SPV") to commence and run the Stellar Café Bars. As at the date of this report, the Group has established 7 Stellar Café Bars in the PRC.

Pursuant to a deed of assignment entered into between Cenith and the Controlling Shareholder on 16 June 2009, Cenith agreed to assign absolutely to the Controlling Shareholder all its interest, title, benefit and advantage in the funding deed dated 9 December 2008.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company and its subsidiaries have not redeemed any of the Company's listed securities during the year ended 31 March 2009. In addition, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year ended 31 March 2009.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2009 have been agreed by the Group's auditor, ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2009. The work performed by ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ANDA CPA Limited on the preliminary announcement.

AUDIT COMMITTEE

The audit committee of the Company met on 23 July 2009 and reviewed the systems of control and compliance and the annual report for the year ended 31 March 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 March 2009, the Company was in compliance with the principles of good governance (the "Principles") and code provisions (the "Code Provisions") as set out in Appendix 14: "Code on Corporate Governance Practices" (the "Code") of the Listing Rules, except for the following:

1. Non-executive directors of the Company were not appointed for a specific term but were subject to retirement by rotation at the Company's annual general meeting in accordance with the bye-laws of the Company (Code Provision A.4.1).

   The Company had recently agreed with each of the non-executive directors to provide for a specific term in his appointment.

2. No remuneration committee was established to review directors' remuneration policy and other remuneration related matters (Code Provision B.1.1).

   On 14 July 2009, the directors of the Company established a remuneration committee with specific written terms of reference which would deal clearly with its authorities and duties.

3. The directors of the Company did not maintain sound and effective internal controls to safeguard the Company's shareholders' investment and the Company's assets (Code Provision C.2.1).

   As such, the Company engaged an independent consultant to conduct a review of the Company's system of internal controls in order to assist the Company to design appropriate internal control policies and procedures with a view to ensure compliance with the Listing Rules as well as the Principles and Code Provision. The independent consultant has completed its review and satisfied with the Company's system of internal control policies and procedures.

Save as those mentioned above, in the opinion of the directors of the Company, the Company had met with the Code Provisions during the year ended 31 March 2009.

COMPLIANCE WITH THE MODEL CODE

During the year ended 31 March 2009, the Directors had not adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. However, the Directors' are not aware of any non-compliance with the requirements of directors' securities transactions for the year ended 31 March 2009.

Recently, the Directors adopted the Model Code and requested all directors of the Company to comply with it.

ANNUAL REPORT

The annual report containing all the financial and other related information of the Group required by the Listing Rules will be published on the Stock Exchange's website and the Company's website www.equitynet.com.hk/smi and despatched to shareholders of the Company before the end of July 2009.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company was suspended from 11:04 a.m. on 28 April 2005 and will remain suspended until further notice.

By Order of the Board
SMI Corporation Limited
(Provisional Liquidator Appointed)
Lau Chi Yuen
Secretary

Hong Kong, 24 July 2009

As at the date of this announcement, the Board comprises 5 Directors, of which 2 are executive Directors, namely Messrs. Hu Yidong and Cheuk Kwong Hau, Thomas; and 3 are independent non-executive Directors, namely Messrs. Pang Hong, Chan Sek Nin, Jackey and Hung Hing Man.