Annual Report 2009

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)

* For identification purposes only

Contents

Corporate Information

PROVISIONAL LIQUIDATOR

Mr. Liu Yiu Keung, Stephen

BOARD OF DIRECTORS

Executive Directors

Mr. Hu Yidong *(Chairman)*
Mr. Cheuk Kwong Hau, Thomas

Independent Non-executive Directors

Mr. Pang Hong
Mr. Chan Sek Nin, Jackey
Mr. Hung Hing Man

COMMITTEES

Audit Committee

Mr. Hung Hing Man *(Chairman)*
Mr. Pang Hong
Mr. Chan Sek Nin, Jackey

Remuneration Committee

Mr. Hung Hing Man *(Chairman)*
Mr. Pang Hong
Mr. Chan Sek Nin, Jackey

Nomination Committee

Mr. Hung Hing Man *(Chairman)*
Mr. Pang Hong
Mr. Chan Sek Nin, Jackey

COMPANY SECRETARY

Mr. Lau Chi Yuen

AUTHORISED REPRESENTATIVES

Mr. Cheuk Kwong Hau, Thomas
Mr. Lau Chi Yuen

AUDITOR

ANDA CPA Limited

REGISTERED OFFICE

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 12, 37th Floor,
West Tower,
Shun Tak Centre,
200 Connaught Road Central,
Hong Kong

SHARE REGISTRARS

Principal Share Registrar in Bermuda

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre,
11 Bermudiana Road,
Pembroke,
Bermuda

Branch Share Registrar in Hong Kong

Tricor Progressive Limited
26th Floor,
Tesbury Centre,
28 Queen's Road East,
Wanchai,
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

198

WEBSITE

www.equitynet.com.hk/smi

Chairman's Statement

I am honoured to have been appointed as an executive director of SMI Corporation Limited (Provisional Liquidator Appointed) (the "Company") on 7 May 2009 and the chairman of the Company on 14 July 2009. I am reporting to the shareholders of the Company the business activities and annual results of the Company and its subsidiaries (collectively as the "Group") for the year ended 31 March 2009.

RESULTS

Loss attributable to the Company's shareholders for the year ended 31 March 2009 was approximately HK$28,231,000, a 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 decrease in loss for the year was due to a substantial decrease of approximately HK$66,643,000 in other expenses for the year.

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

DIVIDEND

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

GROUP RESTRUCTURING AND REORGANISATION

During the past few years, the Group had experienced an ever hard time in its history as a result of the continuous shrinkage of its business activities with enormous amounts of money being lost in its operations and investments. The trading of the Company's shares on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 28 April 2005. The Company has been put into provisional liquidation since 20 February 2008 following the appointment of Mr. Liu Yiu Keung, Stephen and Ms. Chan Wai Hing, both of Ernst & Young Transactions Limited as the joint and several provisional liquidators (the "Provisional Liquidators") of the Company by the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "High Court"). (Note: Ms. Chan Wai Hing subsequently resigned from the office of provisional liquidator on 9 December 2008 and Mr. Liu Yiu Keung, Stephen remains as the sole provisional liquidator of the Company (the "Provisional Liquidator") since that date.)

In order to revive the Group's business operations and to enable the Company to resume the trading of its shares on the Stock Exchange, the Company submitted the Resumption Proposal (see note 2 to the financial statements) to the Stock Exchange.

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 that date.

Chairman's Statement

At the special general meeting of the members of the Company (the "Members") held on 3 July 2009 (the "SGM"), all of the proposed resolutions in respect of the events contemplated in the Resumption Proposal were duly passed by the Members. The passing of the resolutions has denoted a remarkable success of the Company for its endeavours to promote the Group's restructuring and reorganisation during the past 16 months.

The Group's restructuring and reorganisation is in progress with the Company's gradual fulfillment of its promises and plan as scheduled.

Apart from the continuous efforts to monitor the market, restructure and streamline the business operations as and when necessary so as to improve the current financial status of the Group and enhance the business performance, the management of the Company (the "Management") is actively looking for business opportunities to expand the Group's businesses as well as widening the Group's income streams.

Although the recent financial tsunami gave all of us a hardship and the economy is still uncertain and in conflicting predictions though, we do strongly believe that the economic fundamentals will improve considerably sooner and the confidence of consumers and investors as a whole will also reach a higher level. We are confident that after the Group's restructuring and reorganisation, its operations and results will improve substantially in the coming years.

APPRECIATION

I would like to take this opportunity to express my gratitude and appreciation to the Shareholders' support, and to thank all my fellow directors and those persons who have contributed their time, efforts and supports to revive the Group's business operations and to enable the Company to resume the trading of its shares on the Stock Exchange.

Hu Yidong
Chairman

Hong Kong, 24 July 2009

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	Theme restaurant business	Others	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'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.

Management Discussion and Analysis

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 HK$'000	2008 HK$'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.

Biographical Information of Directors

EXECUTIVE DIRECTORS

Mr. Hu Yidong, aged 45, was appointed as an executive director of the Company on 7 May 2009 and the chairman of the Company on 14 July 2009. Mr. Hu obtained his Master degree in Executive Master of Business Administration from Tsinghua University. He is experienced in corporate management and information management system and has over 7 years of experience in the management of cinema business in PRC. Mr. Hu is currently the chief executive officer of Stellar Megamedia Group Limited, a company incorporated in PRC. He was a vice president of Stellar Megaunion Corporation, a company listed on the Shenzhen Stock Exchange, and an executive director of See Corporation Limited (stock code: 491), a company listed on the main board of the Stock Exchange.

Mr. Cheuk Kwong Hau, Thomas, aged 37, was appointed as an executive director of the Company on 19 May 2009. Mr. Cheuk holds a diploma in Business Accounting from New South Wales Business College and has 10 years of experience in financial management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Pang Hong, aged 55, was appointed as an independent non-executive director of the Company on 28 September 2004. Mr. Pang had worked for various enterprises and government departments in PRC for about 23 years. He is familiar with the investment environment in PRC and has extensive experience in the management of PRC companies. After studying in the United States of America for 3 years, he came to Hong Kong to further his career development. Mr. Pang was a former executive director of Pacmos Technologies Holdings Limited (Stock Code: 1010), a company listed on the main board of the Stock Exchange. He is currently engaged in providing private management consultancy services and has been appointed as an independent non-executive director of Ruyan Group (Holdings) Limited (Stock Code: 329), a company listed on the main board of the Stock Exchange.

Mr. Hung Hing Man, aged 38, was appointed as an independent non-executive director of the Company on 14 July 2009. Mr. Hung holds a Master degree in Business Administration from the University of Western Sydney. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Taxation Institute of Hong Kong and a member of the Society of Chinese Accountants and Auditors. Mr. Hung has over 12 years of working experience in the sectors of corporate finance, accounting, auditing and taxation and is currently a proprietor of a certified public accountants firm. He has been appointed as an independent non-executive director of Premium Land Limited (stock code: 164), a company listed on the main board of the Stock Exchange.

Mr. Chan Sek Nin, Jackey, aged 52, was appointed as an independent non-executive director of the Company on 14 July 2009. Mr. Chan has over 15 years of solid experience in sales and marketing in connection with the media industry by holding senior positions in Television Broadcasts Limited as well as an extensive experience in property development, project management and strategic alliance management. He was appointed as an independent non-executive director of Wonson International Holdings Limited (stock code: 651) during the period from 12 April 2007 to 29 May 2008 and China Strategic Holdings Limited (stock code: 235) during the period from 6 June 2007 to 2 October 2007, both companies are listed on the main board of the Stock Exchange. Mr. Chan is currently a non-executive director of PSC Corporation Limited, a company listed on the Singapore Exchange Securities Trading Limited, and the chief operating officer of Hanny Holdings Limited (stock code: 275), a company listed on the main board of the Stock Exchange.

The directors of the Company present their annual report and the audited financial statements for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, associates and jointly controlled entities are respectively set out in notes 34, 19 and 20 to the financial statements.

RESULTS

The loss of the Group for the year ended 31 March 2009 and the state of the Group's affairs as at that date are set out in the financial statements on pages 28 to 73.

DIVIDEND

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

RESERVES

Details of the movements in other reserves and share premium of the Group during the year are set out in the consolidated statement of changes in equity on page 30.

As at 31 March 2009, the Group had no distributable reserve.

SUSPENSION OF TRADING

At the request of the Company, trading of the shares of the Company on the main board of the Stock Exchange has been suspended from 11:04 a.m. on 28 April 2005 and will remain suspended until further notice.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales and purchases attributable to the Group's five largest customers and suppliers respectively during the year were less than 30% of the Group's turnover and cost of sales respectively.

FIXED ASSETS

Details of the movements in fixed assets of the Group during the year are set out in note 17 to the financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 March 2009 are set out in note 24 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 28 to the financial statements.

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year.

Subsequent to the balance sheet date, the following events occurred:

(i) by an ordinary resolution of the Members passed at the SGM, 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;

(ii) pursuant to an ordinary resolution of the Members passed at the SGM and with the approval of the Stock Exchange on 17 July 2009, the Company will allot and issue, by way of an open offer (the "Open Offer"), 942,206,271 shares (the "Offer Shares") to its shareholders, in the proportion of three Offer Shares of every one share held, at the subscription price of HK$0.10 per Offer Share payable in full on application. The Open Offer was underwritten by Emperor Securities Limited. The listing of and permission to deal in the Offer Shares were granted by the Stock Exchange on 17 July 2009; and

(iii) pursuant to an ordinary resolution of the Members passed at the SGM, the Company will allot and issue 843,500,000 new shares of HK$0.10 each of the Company at an issue price of HK$0.10 each as the Consideration Shares upon the completion of the acquisition of the Colour Asia Share and assignment of the Colour Asia Loan. The listing of and permission to deal in the Consideration Shares were granted by the Stock Exchange on 17 July 2009.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Hu Yidong (chairman)	*(appointed as executive director on 7 May 2009 and chairman on 14 July 2009)*
Mr. Liu Xianbo	*(resigned as executive director on 2 July 2009)*
Ms. Horfuangfung Wei Ho	*(resigned as executive director on 7 May 2009)*
Mr. Li Kai (deputy chairman)	*(resigned as executive director and deputy chairman on 29 May 2009)*
Mr. Hao Bin	*(resigned as executive director on 19 May 2009)*
Mr. Cheuk Kwong Hau, Thomas	*(appointed as executive director on 19 May 2009)*

Independent non-executive directors:

Mr. Lam Tak Shing, Harry	*(resigned as independent non-executive director on 29 May 2009)*
Mr. Pang Hong	
Mr. Qiao Zhen Pu	*(resigned as independent non-executive director on 29 May 2009)*
Mr. Chan Sek Nin, Jackey	*(appointed as independent non-executive director on 14 July 2009)*
Mr. Hung Hing Man	*(appointed as independent non-executive director on 14 July 2009)*

In accordance with bye-laws 86(2), 87(1) and 87(2) of the Company's bye-laws, Messrs. Pang Hong, Chan Sek Nin, Jackey and Hung Hing Man will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The following directors have service contracts with the Company:

Name	**Position**	**Annual remuneration**
		HK$'000
Mr. Li Kai	Deputy chairman and executive director	720
Mr. Hu Yidong	Chairman and executive director	100
Mr. Cheuk Kwong Hau, Thomas	Executive director and chief executive officer	100
Mr. Pang Hong	Independent non-executive director	120
Mr. Chan Sek Nin, Jackey	Independent non-executive director	120
Mr. Hung Hing Man	Independent non-executive director	120

The service contracts with the above executive directors have no fixed terms, continue on a month-to-month basis and can be terminated by either party by giving three months' notice to the other party.

Each of the above non-independent executive directors has entered into a service contract with the Company for a term of three years. The service contract can be terminated by either party by giving three months' notice to the other party.

All annual remuneration packages were determined on arm's length negotiations between the parties based on their respective contributions to and responsibilities in the Company.

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

No director of the Company who held office at 31 March 2009 or any of his or her spouse or children under eighteen years of age had interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding company, subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to Appendix 10: "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

SHARE OPTION SCHEME

Particulars of the Company's share option scheme currently in operation are set out in note 30 to the financial statements.

As at 31 March 2009, no director of the Company had any interest in option to subscribe for shares of the Company granted under the above scheme.

No new share option was granted to any director of the Company under the above scheme during the year ended 31 March 2009.

No charge is recognised in the consolidated income statement in respect of the value of options granted under the above scheme.

As at 31 March 2009, there was no outstanding share option which was granted under the above scheme.

At no time during the year was the Company, or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Company had been notified of the following interests in the Company's issued shares at 31 March 2009 amounting to 5% or more of the ordinary shares in issue:

			Total number of ordinary shares held		
Substantial shareholders	**Registered shareholders**	**Corporate interests**	**long position**	**short position**	**% of total issued shares**
Mr. Qin Hui	–	163,239,981	163,239,981 (Note)	–	51.98%
Strategic Media International Limited ("SMIL")	163,239,981	–	163,239,981	–	51.98%

Note: Mr. Qin Hui owned the entire interest in SMIL and was accordingly deemed to be having the same interests in the shares as SMIL.

Apart from the foregoing, no other interest required to be recorded in the register kept under section 336 of the SFO has been notified to the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Interests of the directors of the Company in competing businesses required to be disclosed pursuant to rule 8.10 of the Listing Rules are as follows:

Name of director	**Name of company**	**Nature of competing business**	**Nature of interest**
Mr. HU Yidong	Stellar Megamedia Group Limited and its subsidiaries	Movies, television dramas and documentary production, distribution and licensing in PRC	As chief executive officer
		Talent management in PRC	

Having considered (i) the nature, scope and size of the above businesses as compared to those of the Group; and (ii) the nature and extent of the above-named director's interest in these businesses, the directors of the Company believe that there is unlikely to be any significant competition with the businesses of the Group.

Apart from the foregoing, none of the directors of the Company is interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

CONNECTED TRANSACTIONS

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 entered into a formal agreement (the "Formal Agreement") in relation to the proposed restructuring of the Company to supersede the MOU. Pursuant to the Formal Agreement, the Company has conditionally agreed to purchase the Colour Asia Share together with the assignment by Mr. Qin of the Colour Asia Loan as at the completion of the said purchase and assignment. The said purchase and assignment are expected to be completed before the end of July 2009.

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 at an issue price of HK$0.10 per share.

Apart from the above transaction, the Group has no other material connected transaction with its related parties.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the service contracts as disclosed above, no other contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the financial year or at any time during the financial year.

DISCLOSURE UNDER RULE 13.22 OF THE LISTING RULES

The total value of the amounts due from the Group's affiliated companies in respect of advances made by the Group was approximately HK$44,467,000 as at 31 March 2009, representing more than 8% of the percentage ratio defined under the Listing Rules. Details of these amounts are set out in notes 19 and 20 to the financial statements.

The proforma combined balance sheet of these affiliated companies, to which advances are given, as at 31 March 2009 is as follows:

	HK$'000
Non-current assets	46,150
Current assets	54,031
Current liabilities	(1,017)
Non-current liabilities	(153,630)
	(54,666)
Group's proforma attributable interests	44,467

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive right under the Company's bye-laws, or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FIVE YEAR SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 74 of the annual report.

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefit schemes are set out in note 30 to the financial statements.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 33 to the financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors of the Company an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules and considers all the independent non-executive directors of the Company to be independent.

AUDITOR

Messrs. Ting Ho Kwan & Chan and Messrs. Cheung & Siu, the joint auditors who audited the financial statements for the years ended 31 March 2006 and 31 March 2007, resigned as auditors of the Company on 6 August 2008 and 8 August 2008 respectively. On 9 September 2008, ANDA CPA Limited was appointed as auditor of the Company to fill the vacancy.

ANDA CPA Limited retires and, being eligible, offers itself for reappointment. A resolution for the reappointment of ANDA CPA Limited as auditor of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board

HU Yidong
Chairman

Hong Kong, 24 July 2009

Corporate Governance Report

The Company is committed to maintaining good corporate governance standards and procedures to ensure the integrity, transparency and quality of disclosure in enhancing the shareholders' value.

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 of the Company 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' of the Company are not aware of any non-compliance with the requirements of directors' securities transactions for the year ended 31 March 2009.

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

BOARD OF DIRECTORS

The board of directors of the Company (the "Board") is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Management was delegated with the authorities and responsibilities by the Board for the day-to-day operations of the Group while reserving certain key matters for the approval of the Board. In addition, the Board has also delegated various responsibilities to committees of the Board. Further details of these committees are set out in this corporate governance report.

The Board currently consists of five directors including two executive directors and three independent non-executive directors:

Executive Directors

Mr. Hu Yidong *(Chairman)*	(appointed as executive director on 7 May 2009 and chairman on 14 July 2009)
Mr. Cheuk Kwong Hau, Thomas	(appointed as executive director on 19 May 2009)

Independent non-executive Directors

Mr. Pang Hong	
Mr. Chan Sek Nin, Jackey	(appointed as executive director on 14 July 2009)
Mr. Hung Hing Man	(appointed as executive director on 14 July 2009)

The Board members have no financial, business, family or other material or relevant relationships with each other. A balanced composition of directors is formed to ensure the existence of a strong independency across the Board and to meet with the recommended practice under the Code for the Board to have at least one-third of its members comprises independent non-executive directors. The biographical information of the directors of the Company is set out on page 10 of this annual report.

Chairman and chief executive officer

The chairman and chief executive officer of the Company are held separately by two individuals to ensure their respective independencies, accountabilities and responsibilities. While the chairman is in-charge with the leadership of the Board and strategies planning of the Group, the chief executive officer is responsible for the day-to-day management of the Group's business.

The chairman and chief executive officer of the Company are Messrs. Hu Yidong and Cheuk Kwong Hau, Thomas respectively.

BOARD MEETINGS

There was a total of 4 Board meetings held during the year ended 31 March 2009. The attendance of individual directors at the Board meetings held during the year is as follows:

Name of Director	Number of attendance
Mr. Liu Xianbo (Note (a))	4/4
Ms. Horfuangfung Wei Ho (Note (b))	4/4
Mr. Li Kai (Note (c))	0/4
Mr. Hao Bin (Note (d))	0/4
Mr. Lam Tak Shing, Harry (Note (e))	0/4
Mr. Pang Hong	0/4
Mr. Qiao Zhen Pu (Note (e))	0/4

Note: (a) Resigned as executive director on 2 July 2009.

(b) Resigned as executive director on 7 May 2009.

(c) Resigned as executive director on 29 May 2009.

(d) Resigned as executive director on 19 May 2009.

(e) Resigned as independent non-executive director on 29 May 2009.

The Board has planned in advance four scheduled Board meetings in each financial year at approximately quarterly intervals in order to make sure that all directors of the Company could prepare in advance for their availabilities to attend the scheduled Board meetings. Additional Board meetings will be held as and when required.

Board minutes are kept by the secretary of the Company (the "Secretary") and are open for inspection by the directors of the Company. Every directors of the Company is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Secretary, and has the liberty to seek external professional advice if so required.

INTERNAL CONTROL

The directors of the Company are entrusted with an overall responsibility of devising the Company's system of internal controls and conducting an annual review of its effectiveness. This ensures that the directors of the Company oversee and monitor the Group's overall financial position so that the interests of the shareholders are well protected and covered. The system of internal controls covers the areas of financial, operational, compliance and risk management of the Group's business.

By a letter dated 13 May 2009, the directors of the Company has undertaken to the Listing Committee of the Stock Exchange as follows:

1. the Company will appoint an independent professional firm (the "Independent Reviewer") to conduct a full scope review to ensure that the Group as enlarged including the operation of Colour Asia after the completion of the Resumption Proposal would have adequate and effective internal control system, in particular, to address the weakness associated with the issues raised by the independent auditor of the Company in its report;

2. the Company will procure that the internal control review report to be issued by the Independent Reviewer together with any proposed remedial measures and timetable for implementation be issued within six months from the date of the completion of the Resumption Proposal; and

3. the Company will report the progress of such implementation of the remedial measures in the Company's subsequent financial reports.

With respect to procedures and internal controls for the handling of and dissemination of price-sensitive information, the Company:

1. is fully aware of its obligations under the Listing Rules;

2. conducts its affairs with close regards to the "Guide on disclosure of Price-sensitive information" issued by the Stock Exchange; and

3. has, through channels such as financial reporting and public announcements, implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusionary distribution of information to the public.

NOMINATION OF DIRECTORS

No nomination committee was established during the year ended 31 March 2009 to review the structure, size and composition of the Board on a regular basis. Since 14 July 2009, the Company has established a nomination committee (the "Nomination Committee") with written terms of reference. The Nomination Committee currently comprises three independent non-executive directors, namely, Messrs. Hung Hing Man (as chairman), Pang Hong and Chan Sek Nin, Jackey.

The main functions of the Nomination Committee are as follows:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

2. identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nomination for directorships;

3. assess the independence of independent non-executive directors; and make recommendations to the Board on relevant matters relating to the appointment; and

4. re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer.

In considering the nomination of new directors of the Company, the Nomination Committee will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the entertainment and leisure industry and/or other professional area.

REMUNERATION OF DIRECTORS

Since 14 July 2009, the Company has established a remuneration committee (the "Remuneration Committee") with written terms of reference. The Remuneration Committee currently comprises three independent non-executive directors, namely, Messrs. Hung Hing Man (as chairman), Pang Hong and Chan Sek Nin, Jackey.

The main functions of the Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

2. to have the delegated responsibility to determine the specific remuneration packages of all executive directors and Management of the Company, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors of the Company;

3. to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

4. to review and approve the compensation payable to executive directors and the Management of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the issuer;

5. to review and approve compensation arrangements relating to dismissal or removal of directors of the Company for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and

6. to ensure that no director of the Company or any of his associates is involved in deciding his own remuneration.

The Company adopted a share option scheme on 28 August 2002. The purpose of the share option scheme is to enable the Board, at its discretion, to grant options to eligible participants, including the directors of the Company, as incentives or rewards for their contributions to the Group.

Details of the share option scheme are set out in the directors' report on pages 11 to 17 of this annual report and note 30 to the financial statements.

AUDIT COMMITTEE

Since 14 July 2009, the Company has established an audit committee (the "Audit Committee") with written terms of reference aligned with the Code Provisions set out in the Code. The Audit Committee currently comprises three independent non-executive directors, namely, Messrs. Hung Hing Man (as chairman), Pang Hong and Chan Sek Nin, Jackey.

The main functions of the Audit Committee are as follows:

1. to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

2. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;

3. to develop and implement policy on the engagement of an external auditor to supply non-audit services;

4. to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and to review significant financial reporting judgements contained in them;

5. to review the Company's financial controls, internal control and risk management systems;

6. to discuss with the Management the Company's system of internal control and ensure that the Management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the issuer's accounting and financial reporting function, and their training programmes and budget;

7. to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and the Management's response;

8. to review the group's financial and accounting policies and practices;

9. to review the external auditor's management letter, any material queries raised by the auditor to the Management in respect of the accounting records, financial accounts or systems of control and the Management's response;

10. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

11. to report to the Board on the matters set out in the Code Provision; and

12. to consider other topics, as defined by the Board.

The Company's audited financial results for the year ended 31 March 2009 have been reviewed by the Audit Committee.

AUDITOR'S REMUNERATION

During the year ended 31 March 2009, the remuneration in respect of audit and non-audit services provided by the Company's auditor, is set out below:

Services rendered	**Fee paid/payable**
	HK$'000
Audit service	500
Non-audit services	345
	845

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors of the Company acknowledges its responsibility to prepare the Company's financial statements for each financial year which give a true and fair view of the state of affairs of the Company and in representing the interim and annual financial statements, and announcements to shareholders, the directors of the Company aim at presenting a balanced, cleared and comprehensive assessment of the Company's performance, position and prospects.

The respective responsibilities of the directors and auditors of the Company in preparing the financial statements are set out in the independent auditor's report on pages 25 to 27 of this annual report.

ANDA
CPA Limited
安達會計師事務所有限公司

TO THE SHAREHOLDERS OF
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)

We have audited the consolidated financial statements of SMI Corporation Limited (Provisional Liquidator Appointed) (the "Company") set out on pages 28 to 73, which comprise the consolidated balance sheet as at 31 March 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the limitation in the scope of our work as described in the basis for qualified opinion paragraphs, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614
Hong Kong, 24 July 2009

Consolidated Income Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Turnover	7	**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	8	**7,985**	4,513
Selling expenses		**(541)**	(1,448)
Administrative expenses		**(13,780)**	(8,623)
Other expenses	9	**(7,071)**	(73,714)
Loss from operations		**(24,900)**	(90,460)
Finance cost	11	**(3,741)**	(3,653)
Share of results of associates		**410**	3,671
Loss before tax		**(28,231)**	(90,442)
Income tax expense	12	**–**	(13)
Loss for the year attributable to equity holders of the Company	13	**(28,231)**	(90,455)
Loss per share	16		
Basic (HK cents per share)		**(9.0)**	(28.8)
Diluted (HK cents per share)		**N/A**	N/A

Consolidated Balance Sheet

At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	17	**–**	–
Intangible assets	18	**–**	–
Interests in associates	19	**28,532**	28,122
Interests in jointly controlled entities	20	**23,727**	26,685
		52,259	54,807
Current assets			
Inventories	21	**1,000**	3,225
Trade receivables	22	**–**	1,193
Prepayments, deposits and other receivables		**16**	712
Bank and cash balances	23	**8,842**	11,443
		9,858	16,573
Current liabilities			
Bank and other borrowings	24	**34,734**	31,284
Trade payables	25	**2,980**	5,351
Amounts due to related parties	26	**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	28	**31,407**	31,407
Reserves		**(115,577)**	(86,621)
TOTAL EQUITY		**(84,170)**	(55,214)

Approved by:

Hu Yidong	**Cheuk Kwong Hau, Thomas**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Share capital	Share premium account	Contributed surplus	Foreign currency translation reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2007	31,407	44,150	31,172	1,137	(71,798)	36,068
Translation difference	–	–	–	(827)	–	(827)
Net expense recognised directly in equity	–	–	–	(827)	–	(827)
Loss for the year	–	–	–	–	(90,455)	(90,455)
Total recognised income and expense for the year	–	–	–	(827)	(90,455)	(91,282)
At 31 March 2008	31,407	44,150	31,172	310	(162,253)	(55,214)
At 1 April 2008	31,407	44,150	31,172	310	(162,253)	(55,214)
Translation difference	–	–	–	(725)	–	(725)
Net expense recognised directly in equity	–	–	–	(725)	–	(725)
Loss for the year	–	–	–	–	(28,231)	(28,231)
Total recognised income and expense for the year	–	–	–	(725)	(28,231)	(28,956)
At 31 March 2009	31,407	44,150	31,172	(415)	(190,484)	(84,170)

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
Cash flows from operating activities		
Loss before tax	**(28,231)**	(90,442)
Adjustments for:		
Depreciation of property, plant and equipment	**–**	4,950
Amortisation of intangible assets	**–**	15
Write-back of trade payables and accruals and other payables	**(6,811)**	–
Share of results of associates	**(410)**	(3,671)
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 inventories	**2,486**	–
Impairment of prepayments and other receivables	**–**	7,262
Finance cost	**3,741**	3,653
Operating cash flows before working capital changes	**(24,640)**	(13,049)
Change in inventories	**(261)**	(763)
Change in prepayments, deposits and other receivables	**696**	(1,408)
Change in trade receivables	**(434)**	681
Change in amount due from a related company	**–**	236
Change in trade payables	**598**	(2,146)
Change in accruals and other payables	**15,239**	19,762
Change in amounts due to related parties	**–**	(305)
Cash (used in)/generated from operations	**(8,802)**	3,008
Interest paid	**(2,787)**	(300)
Tax paid	**–**	(17)
Net cash (used in)/generated from operating activities	**(11,589)**	2,691

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	–	(100)
Decrease in amounts receivable from associates	–	485
Net cash generated from investing activities	–	385
Cash flows from financing activities		
Repayment of a borrowing	(11,000)	–
Advance from a related party	6,263	11,000
Inception of a new borrowing	14,450	–
Net cash generated from financing activities	9,713	11,000
Net (decrease)/increase in cash and cash equivalents	(1,876)	14,076
Effect of foreign exchange rate changes	(725)	(3,468)
Cash and cash equivalents at beginning of year	11,443	835
Cash and cash equivalents at end of year	8,842	11,443
Analysis of cash and cash equivalents		
Bank and cash balances	8,842	11,443

Notes to the Financial Statements

For the year ended 31 March 2009

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 set out in note 34 to the financial statements.

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.

2. BASIS OF PREPARATION *(Continued)*

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.

2. BASIS OF PREPARATION *(Continued)*

Resumption proposal *(Continued)*

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.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

The preparation of financial statements in conformity with HKFRSs requires the use of key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Consolidation *(Continued)*

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the interests of the Group until the minority's share of losses previously absorbed by the Group has been recovered.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investment in an associate is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

The Group's share of an associate's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Associates *(Continued)*

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Jointly controlled entities

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over the economic activity when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the "venturers").

A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in a jointly controlled entity is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the jointly controlled entity in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the jointly controlled entity's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

The Group's share of a jointly controlled entity's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

Unrealised profits on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the profit or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	20% or the term of the lease, whichever is shorter
Furniture and equipment	20% to $33^1/_3$%
Motor vehicles	20%
Operating equipment	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the income statement.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Borrowing

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the operations of the entertainment complex, including theme restaurants, is recognised when the services are rendered to customers.

Income from movies, television dramas and documentary distribution is recognised when the movies, television dramas and documentary production is completed, released and the amount can be measured reliably.

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is related to the Group if:

a) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

b) the party is an associate;

c) the party is a joint venture;

d) the party is a member of the key management personnel of the Company or its parent;

e) the party is a close member of the family of any individual referred to in (a) or (d);

f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment revenue, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, other intangible assets, inventories and trade receivables. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and corporate borrowings.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on terms mutually agreed between the segments.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets other than inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Group’s position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

5. KEY ESTIMATES

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a) *Allowance for interests in associates*

The Group carries out assessment on the recoverability of its interests in associates, by reference to the financial situation and the operation of the associates. This requires the use of judgement and estimates. When the actual result is different from the original estimate, such difference will impact the carrying value of the interests in associates and impairment expense or reversal of impairment for the year.

b) *Allowance for bad and doubtful debts*

The Group performs ongoing credit evaluations of its debtors and adjusts credit limits based on payment history and the debtor's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its debtors and maintains a provision for estimated credit losses based upon its historical experience and any specific debtors collection issues that it has been identified. The Group will continue to monitor the collections from debtors and maintain an appropriate level of estimate credit losses.

c) *Allowance for inventories*

The management of the Group reviews an aging analysis at each balance sheet date, and makes allowances for obsolete and slow-moving inventory items identified that are no longer suitable for use in operation. The management estimates the net realizable value for such finished goods based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at each balance sheet date and makes allowances for obsolete items.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) *Foreign currency risk*

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.

b) *Credit risk*

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 March 2009 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. The Group's credit risk is primarily attributable to its amounts due from associates, amounts due from jointly controlled entities and bank and cash balances. In order to minimise credit risk, management reviews the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. In this regard, management considers that the Group's credit risk is significantly reduced.

The Group has certain concentration of credit risk for the amounts due from associates and jointly controlled entities.

c) *Liquidity risk*

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

d) *Interest rate risk*

At 31 March 2009, if interest rates at that date had been 1% lower/higher with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$203,000 (2008: approximately HK$313,000) lower/higher, arising mainly as a result of lower/higher interest expense on bank and other borrowings.

e) *Fair values*

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated balance sheet approximate their respective fair values.

7. TURNOVER

The Group's turnover is as follows:

	2009	2008
	HK$'000	HK$'000
Theme restaurant income	**35,551**	29,675

8. 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

9. 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.

10. 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

10. SEGMENT INFORMATION *(Continued)*

Primary reporting format – business segments *(Continued)*

	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

10. SEGMENT INFORMATION *(Continued)*

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

11. 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

12. 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.

12. INCOME TAX EXPENSE *(Continued)*

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 HK$'000	2008 HK$'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

13. LOSS FOR THE YEAR

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

	2009 HK$'000	2008 HK$'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

14. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

The emoluments of each director were as follows:

	Fee	Salaries and allowances	Discretionary bonus	Share-based payments	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name of directors						
Mr. Li Kai (Note (e))	–	–	–	–	–	–
Mr. Hao Bin (Note (d))	–	–	–	–	–	–
Mr. Liu Xianbo (Note (a))	–	–	–	–	–	–
Ms. Horfuangfung Wei Ho (Note (b))	–	–	–	–	–	–
Mr. Lam Tak Shing (Note (e))	–	–	–	–	–	–
Mr. Pang Hong	–	–	–	–	–	–
Mr. Qiao Zhen Pu (Note (e))	–	–	–	–	–	–
Total for 2009	–	–	–	–	–	–
Mr. Li Kai (Note (e))	–	330	–	–	12	342
Mr. Hao Bin (Note (d))	–	–	–	–	–	–
Mr. Liu Xianbo (Note (a))	–	100	–	–	5	105
Ms. Horfuangfung Wei Ho (Note (b))	–	–	–	–	–	–
Mr. Qin Hong (Note (c))	–	–	–	–	–	–
Mr. Lam Tak Shing (Note (e))	–	–	–	–	–	–
Mr. Pang Hong	–	–	–	–	–	–
Mr. Qiao Zhen Pu (Note (e))	–	–	–	–	–	–
Total for 2008	–	430	–	–	17	447

Note: (a) Appointed on 5 July 2007 and resigned on 2 July 2009

(b) Appointed on 5 July 2007 and resigned on 7 May 2009

(c) Resigned on 18 June 2007

(d) Resigned on 19 May 2009

(e) Resigned on 29 May 2009

14. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

The five highest paid individuals in the Group during the year included nil (2008: 1) director whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 5 (2008: 4) individuals are set out below:

	2009	2008
	HK$'000	HK$'000
Basic salaries and allowances	3,269	1,887
Retirement benefit scheme contributions	172	81
	3,441	1,968

The emoluments fell within the following band:

	Number of individuals	
	2009	2008
Nil – HK$1,000,000	5	4

During the year, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

15. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK$1,000 per employee and vest fully with employees when contributed into the MPF Scheme.

The amount of contribution payable to pension scheme required by respective jurisdictions other than Hong Kong is also charged to the income statement.

16. 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.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Operating equipment HK$'000	Total HK$'000
Cost					
At 1 April 2007	36,892	10,675	426	3,379	51,372
Additions	–	4	5	91	100
Exchange differences	6,237	240	12	453	6,942
At 31 March 2008, 1 April 2008 and 31 March 2009	43,129	10,919	443	3,923	58,414
Accumulated depreciation and impairment					
At 1 April 2007	33,342	9,989	360	2,847	46,538
Charge for the year	3,564	691	71	624	4,950
Exchange differences	6,223	239	12	452	6,926
At 31 March 2008, 1 April 2008 and 31 March 2009	43,129	10,919	443	3,923	58,414
Carrying amounts					
At 31 March 2009	**–**	**–**	**–**	**–**	**–**
At 31 March 2008	–	–	–	–	–

18. INTANGIBLE ASSETS

	Franchise right	Trademark	Total
	HK$'000	HK$'000	HK$'000
Cost			
At 1 April 2007, 31 March 2008 and 31 March 2009	15,606	156	15,762
Accumulated amortisation and impairment losses			
At 1 April 2007	15,606	141	15,747
Amortisation for the year	–	15	15
At 31 March 2008 and 1 April 2008	15,606	156	15,762
Amortisation for the year	–	–	–
At 31 March 2009	15,606	156	15,762
Carrying amounts			
At 31 March 2009	–	–	–
At 31 March 2008	–	–	–

Trademark of the Group represents initial fees paid for the registration of the trademark in the respective country/place of registration.

Franchise right of the Group represents the cost incurred for obtaining the right to operate the theme restaurant in Japan. Full impairment had been made in 2002.

19. INTERESTS IN ASSOCIATES

	2009 **HK$'000**	2008 HK$'000
Share of net assets other than goodwill	**5,782**	5,372
Goodwill	**2,010**	2,010
	7,792	7,382
Amounts due from associates, less impairment loss	**20,740**	20,740
	28,532	28,122

The amounts due from associates are unsecured, interest-free and have no fixed repayment terms. In the opinion of the directors, the amounts will not be repayable within twelve months of the balance sheet date and are accordingly classified as non-current.

Upon the appointment of the Provisional Liquidators, the Group had issued demand letters requesting the repayment in relation to the amount due from Polyco Development Limited of approximately HK$6,723,000 as at 31 March 2009 (2008: approximately HK$6,723,000).

Details of the Group's associates which are held indirectly by the Company are as follows:

Name	**Place of incorporation/ registration and operation**	**Form of business structure**	**Percentage of ownership interest/ voting power/ profit sharing**	**Principal activities**
星美影院發展有限公司 ("星美影院發展") (note (2))	People's Republic of China	Equity joint venture	25%	Movie distribution and exhibition
Polyco Development Limited	Hong Kong	Incorporated	20%	Property investment
Applause Holdings Limited ("Applause") (note (1))	British Virgin Islands	Incorporated	40%	Movie production and distribution

The above associates are limited liability companies incorporated in their respective jurisdictions.

19. INTERESTS IN ASSOCIATES *(Continued)*

Notes:

1. The Group's share of net assets in Applause as at 31 March 2009 is approximately HK$4,173,000 (2008: approximately HK$4,173,000). No updated financial information of Applause is available.

2. The Group's share of net assets in 星美影院發展有限公司 as at 31 March 2009 is zero (2008: nil). No updated financial information of 星美影院發展有限公司 is available.

Summarised financial information in respect of the Group's associates, Polyco Development Limited (2008: Polyco Development Limited and 星美影院發展有限公司), is set out below:

	2009	2008
	HK$'000	HK$'000
Total assets	**52,551**	191,503
Total liabilities	**(34,459)**	(49,980)
Net assets	**18,092**	141,523
Revenue	**3,068**	79,431
Profit for the year	**2,048**	15,119

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2009	2008
	HK$'000	HK$'000
Share of net assets	**–**	–
Amounts due from jointly controlled entities, less impairment loss	**23,727**	26,685
	23,727	26,685

The balances are unsecured, interest-free and have no fixed repayment terms. In the opinion of the directors, the amounts will not be repayable within twelve months of the balance sheet date and are accordingly classified as non-current.

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

Details of the Group's principal jointly controlled entities which are held indirectly by the Company are as follows:

Name	Place of incorporation/ registration and operation	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
Canaria Holding Limited	British Virgin Islands	50%	Investment holding
Earn Elite Development Limited	Hong Kong	50%	Property investment

The above jointly controlled entities are limited liability companies incorporated in their respective jurisdictions.

The above table lists the jointly controlled entities of the Company which, in the opinion of the Company's directors, would principally affect the results, assets or liabilities of the Group.

Summarised financial information on jointly controlled entities related to the Group's interests is set out as below:

	2009 **HK$'000**	2008 HK$'000
Non-current assets	**22,244**	25,500
Current assets	**1,571**	1,346
Non-current liabilities	**(60,006)**	(58,409)
Current liabilities	**(88)**	(161)
Net liabilities	**(36,279)**	(31,724)
Income	**438**	930
Expenses	**(4,993)**	(1,503)
Loss for the year	**(4,555)**	(573)

21. INVENTORIES

	2009 HK$'000	2008 HK$'000
Goods held for resale	–	1,121
Food and beverage	–	1,104
Film stocks	1,000	1,000
	1,000	3,225

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

23. 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).

24. BANK AND OTHER BORROWINGS

	2009 HK$'000	2008 HK$'000
Bank loan – unsecured	**17,203**	17,203
Other borrowings – unsecured (Note (a))	**17,531**	3,081
Other borrowings – secured	**–**	11,000
Total borrowings	**34,734**	31,284

The borrowings are repayable as follows:

	2009 HK$'000	2008 HK$'000
On demand or within one year	**34,734**	31,284
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(34,734)**	(31,284)
Amount due for settlement after 12 months	**–**	–

(a) The amount of other borrowing of approximately HK$17,531,000 as at 31 March 2009 includes a loan of approximately HK$14,450,000 from Mr. Qin Hui. It was used to repay the principal and accrued interest and to redeem the assets used to secure the other borrowing from Sunday Inn Limited, details of which had been disclosed in note 27 to the financial statements. Pursuant to the loan agreement entered into between Mr. Qin Hui, Silver Epoch Limited ("SEL") and Fung Ming Venture Limited on 22 December 2008, the loan from Mr. Qin Hui is unsecured, interest-free and repayable upon the occurrence of a number of events and it has been agreed upon that SEL is to repay the loan from Mr. Qin Hui only from the proceeds realised from the assets held by Fung Ming Venture Limited previously charged to Sunday Inn Limited.

The average interest rates at 31 March 2009 were as follows:

	2009	2008
Bank loan – unsecured	**11.1%**	10.3%
Other borrowings – unsecured	**1.8%**	11.0%
Other borrowings – secured	**–**	7.3%

Except for the loan from Mr. Qin Hui as mentioned above, the bank and other borrowing are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The Group had defaulted in respect of the repayment of a bank loan from BOCHK totaling approximately HK$17,203,000 as at 31 March 2009 and such amounts have become repayable on demand. On 18 February 2008, BOCHK presented a petition for the winding-up of the Company.

25. 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

26. AMOUNTS DUE TO RELATED PARTIES

	2009	2008
	HK$'000	HK$'000
SMIL (Note (a))	**17,477**	11,214

(a) This amount includes HK$9,000,000 of the Deposit for Resumption Proposal and HK$5,000,000 of the Escrow Money to Creditors paid by Cenith on behalf of SMIL.

The amounts are unsecured and interest free.

27. PLEDGE OF ASSETS

The Group entered into a share mortgage agreement (the "Share Mortgage Agreement") and a loan assignment agreement (the "Loan Assignment Agreement") with Sunday Inn Limited (the "Lender") on 27 December 2006. Pursuant to the Share Mortgage Agreement, the Group agreed to pledge its 50% interest in Canaria Holding Limited, which in turn owns 100% interest in Earn Elite Development Limited, held by the Company's subsidiary in favour of the Lender. Pursuant to the Loan Assignment Agreement, the Group agreed to assign to the Lender absolutely all its right, title, interest and benefit in and to the assigned monies of loans with the carrying amount of approximately HK$14,227,000 and HK$9,500,000 due from Canaria Holding Limited and its subsidiary, Earn Elite Development Limited, respectively (the "Secured Assets") as at 31 March 2009. Both aforesaid agreements were entered into as the security to secure a loan of HK$11,000,000 granted by the Lender to the Group.

27. PLEDGE OF ASSETS *(Continued)*

On 26 September 2008 and 2 October 2008, the Group paid sums of approximately HK$13,465,445 and HK$321,258 respectively to the Lender representing the outstanding loan and accrued interest to redeem the Secured Assets together with legal fees. The said sums (the "Sums") used for financing the redemption was provided by Mr. Qin Hui to Silver Epoch Limited ("SEL"), being the major creditor and sole shareholder of Fung Ming Venture Limited ("Fung Ming"). In return, on 22 December 2008, SEL and Fung Ming entered into an agreement with Mr. Qin Hui to repay the Sums upon the occurrence of a number of events and it has been agreed upon that SEL is to repay the Sums only from the proceeds realised from the Secured Assets. On 7 January 2009, the Lender confirmed that the loan was fully repaid and that the pledge of the Secured Assets was released and discharged.

28. SHARE CAPITAL

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

	2009	2008
	HK$'000	HK$'000
Authorized:		
1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000
Issued and fully paid:		
314,068,757 ordinary shares of HK$0.10 each	**31,407**	31,407

29. RESERVES

a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

29. RESERVES *(Continued)*

b) Company

	Share premium account HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2007	44,150	36,003	(93,095)	(12,942)
Loss for the year	–	–	(8,106)	(8,106)
At 31 March 2008	44,150	36,003	(101,201)	(21,048)
At 1 April 2008	44,150	36,003	(101,201)	(21,048)
Loss for the year	–	–	(9,893)	(9,893)
At 31 March 2009	44,150	36,003	(111,094)	(30,941)

c) Nature and purpose of reserves

(i) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(ii) Contributed surplus

The contributed surplus of the Group represented the balance of credit arising from the reduction of share capital and the cancellation of share premium in relation to the capital reorganisation in 1996 less the amount transferred to accumulated losses in relation to another capital reorganisation in the years ended 31 March 2003 and 2005 and the amount released from disposal of certain associates and distribution of dividends in prior years.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if: (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4 to the financial statements.

30. SHARE-BASED PAYMENTS

Equity-settled share option scheme

On 28 August 2002, the Company adopted a share option scheme (the "2002 Scheme") under which the board of directors may at its discretion offer to any director (including non-executive director), employee and contracted celebrity, consultant, adviser or agent of any member of the Group or any entity in which the Group holds an equity interests (the "Eligible Person(s)") of the Company and/or its subsidiaries options to subscribe for shares in the Company in accordance with the terms of the 2002 Scheme. The principal purpose of the 2002 Scheme is to recognise the significant contributions of the eligible persons to the growth of the Group.

The total number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme and any other share option schemes of the Company cannot exceed 10% of the issued share capital as at 28 August 2002, i.e. 245,137,515 shares unless a fresh approval from the shareholders of the Company has been obtained. However, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Scheme and any other share option schemes of the Company cannot in aggregate exceed 30% of the issued share capital of the Company from time to time.

The total number of shares issued and may be issued upon exercise of the options granted to each Eligible Person under the 2002 Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the issued share capital of the Company.

Options granted under the 2002 Scheme must be accepted within 28 days from the date of grant. Upon acceptance, the grantee is required to pay HK$1 to the Company as consideration for the grant.

The subscription price for the shares under the 2002 Scheme must be a price determined by the board of directors of the Company at its absolute discretion but cannot be less than the highest of: (i) the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a share of the Company.

The 2002 Scheme will remain in force for a period of 10 years commencing on 28 August 2002, after which no further options shall be granted but the options which are granted during the life of 2002 Scheme may continue to be exercisable in accordance with their terms of issue and, in all other respects, the provisions of the 2002 Scheme shall remain in full force and effect.

30. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

The share options which have been granted under the 2002 Scheme to certain Eligible Persons of the Group to subscribe for shares in the Company during the two years ended 31 March 2009 are as follows:

Years ended 31 March 2008 and 2009

Name of category	Date of grant of share options	Exercise period of share options	Exercise price of share options HK$	Balance as at 1/4/2007	Lapsed during the year	Balance as at 31/3/2008 and 31/3/2009
Directors	13.2.2004	13.8.2004 to 12.8.2007	1.3400	1,400,000	(1,400,000)	–
Employees	13.2.2004	13.8.2004 to 12.8.2007	1.3400	3,150,000	(3,150,000)	–
				4,550,000	(4,550,000)	–

31. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2009, the accruals and other payables was increased by approximately HK$954,000 (2008: approximately 3,353,000) in respect of overdue interest on bank and other borrowings.

32. LEASE COMMITMENTS

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

	2009 **HK$'000**	2008 HK$'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 the lease in respect of a restaurant premise in Japan, which has a lease term of 20 years, leases are negotiated for an average term of 2 years. All the leases do not include contingent rentals.

33. EVENTS AFTER THE BALANCE SHEET DATE

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.

33. EVENTS AFTER THE BALANCE SHEET DATE *(Continued)*

Settlement on claims by Planet Hollywood *(Continued)*

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.

33. EVENTS AFTER THE BALANCE SHEET DATE *(Continued)*

Resumption of trading in the shares of the Company *(Continued)*

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.

33. EVENTS AFTER THE BALANCE SHEET DATE *(Continued)*

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.

33. EVENTS AFTER THE BALANCE SHEET DATE *(Continued)*

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.

34. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name	Place of incorporation/ registration and operation	Issued and paid-up capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
Anytime Pictures Company Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Movies production and distribution
Asiacreation Management Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Investment holding
Best Thought Entertainment Limited	Hong Kong	200 ordinary shares of HK$1 each	–	100%	Provision of agency and talent artistes management services
Cornhill Development Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Provision of finance

34. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name	Place of incorporation/ registration and operation	Issued and paid-up capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
Discover China Production Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Film and documentary production and distribution
Global Step Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Property investment
Jumbo Field Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Property investment
Lucky Cosmos Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Securities investment
Planet Hollywood (Japan) K.K.	Japan	JPY25,000,000	–	80%	Operation of theme restaurant
Star East Management Limited	Hong Kong	100 ordinary shares of HK$1 each	–	100%	Provision corporate of management services
SMI Entertainment Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Provisions of artistes agency and talent management services
Well Bright (Asia) Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Property investment

The above table lists the subsidiaries of the Company which, in the opinion of the Company's directors, would principally affect the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

35. BALANCE SHEET OF THE COMPANY

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Interests in subsidiaries	(i)	**52,259**	54,807
Current assets			
Prepayments, deposits and other receivables		**16**	58
Bank and cash balances		**7,401**	9,802
		7,417	9,860
Current liabilities			
Bank and other borrowings		**17,203**	28,203
Trade payables		**917**	3,687
Amounts due to related parties	(i)	**17,278**	11,015
Amount due to a subsidiary	(i)	**13,788**	–
Accruals and other payables		**10,024**	11,403
		59,210	54,308
Net current liabilities		**(51,793)**	(44,448)
NET (LIABILITIES)/ASSETS		**466**	10,359
Capital and reserves			
Share capital	28	**31,407**	31,407
Share premium	29	**44,150**	44,150
Reserves	29	**(75,091)**	(65,198)
TOTAL EQUITY		**466**	10,359

(i) The amounts due from subsidiaries as included in the interests in subsidiaries and the amounts due to related parties/ a subsidiary are unsecured, interest-free and have no fixed repayment terms.

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 24 July 2009.

Financial Summary

	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Results					
Turnover	117,005	59,617	38,797	29,675	**35,551**
Loss before taxation	(90,274)	(49,021)	(24,965)	(90,442)	**(28,231)**
Taxation	2,359	(24)	(15)	(13)	**–**
Loss before minority interests	(87,915)	(49,045)	(24,980)	(90,455)	**(28,231)**
Minority interests	44	–	–	–	**–**
Net loss for the year	(87,871)	(49,045)	(24,980)	(90,455)	**(28,231)**
Assets and liabilities					
Total assets	238,878	166,652	131,002	71,380	**62,117**
Total liabilities	(133,436)	(106,625)	(94,934)	(126,594)	**(146,287)**
Total equity	105,442	60,027	36,068	(55,214)	**(84,170)**