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SMI Announces 2014 Interim Results
Benefited From The Flourishing Chinese Film Industry
All Business Segment Record Rapid Growth

Financial Highlight

HK\$'000	6 months ended 30 June		
	2014	2013	Change
Turnover	874,641	649,097	+34.7%
Revenue	874,641	632,671	+38.2%
Gross Profit	564,349	343,289	+64.4%
Gross Profit Margin	64.5%	54.3%	+10.2p.p.
Profit for the period attributable to owner of the Company	101,004	69,961	+44.4%
Earnings per share (basic)(HK cents)	1.13	0.86	31.4%

(29 August 2014 – Hong Kong) **SMI Corporate Limited** (HKSE stock code: 198, the “Company” or “SMI”) and its subsidiaries (collectively the “Group”) announced its results and financial position for the 6 months ended 30 June 2014. During the reporting period, the turnover of the Group increased 34.7% to approximately HK\$874.6 million (6 months ended 30 June 2013: HK\$649.1 million). Profit for the period attributable to owner of the Company increased 44.4% to approximately HK\$101.0 million (6 months ended 30 June 2013: HK\$70.0 million).

The Board does not recommend interim dividend for the 6 months ended 30 June 2014.

During the reporting period, the Group’s operating revenue increased 38% to approximately HK\$875 million (6 months ended 30 Jun 2013: HK\$633 million). The revenue contributed from Xingmeihui surged by 4.4 times to approximately HK\$114. Gross profit margin significantly increased 10.2 percentage point to 64.5% as compared with the corresponding period in 2013.

Business Review

Movie Theater Business

Benefited from the flourishing Chinese film industry, the movie theater business of SMI developed healthily. For the first half of 2014, the movie theater business has generated revenue of approximately HK\$761 million, representing an increase of 46% as compared to the corresponding period of last year, while the profit increased by 217% to approximately HK\$168 million (6 months ended 30 June 2013: HK\$53 million).

During the reporting period, the Group has a total of 83 movie theaters with 582 screens in major cities in China, representing an increase of 22% and 19% respectively. (6 months ended 30 June 2013: 68 movie theaters; 490 screens) While securing its leading position in first tier cities, SMI expanded its movie theatres footprints to second and third tier cities and has opened 15 new movie theaters in the first half of 2014 in Xi'an, Wuxi and other cities. The Group expects to have 100 SMI movie theaters nationwide by the end of 2014.

Advertising and Promotion Business

During the reporting period, the Group achieved a great leap forward in its advertising and promotion business, and recorded a revenue of approximately HK\$188 million, representing an increase of 141% compared to the corresponding period of last year. With the objective to satisfy the different advertising needs of customers, the Group has rationalized the arrangement of the idle time and space of movie theaters, screening halls and projection screens, and utilizing advanced facilities like LED panels to develop its advertising and promotion business on an on-going basis.

New Membership Intergrated Marketing Scheme ("New Membership Scheme")

The New Membership Scheme has helped SMI to get a systematic understanding of customers' needs, secure existing customers and develop new customers, as well as build up a complete customer database. During the Reporting Period, the Group continued to push the New Membership Scheme forward and bring it into full play, and has further expanded the Group's membership database and secured the future development of the Group's core business and complementary business.

Movie and TV series production Business

As a strategic move, the Group has gradually transferring its movie and TV series production business to SMI Culture Group Holdings Limited (stock code: 2366), another listing vehicle of the Group, since the beginning of 2014. In the future, SMI Culture will focus on developing contents production business. At present, the Company held 29.97% of the issued share capital of SMI Culture.

New Complementary Businesses -- Xingmeihui

SMI established Xingmeihui in 2012, which is the first-ever movie theater O2O eShop in China. After two years of planning and development, Xingmeihui has experienced a super-strong growth during the Reporting Period. The segment achieved a revenue of approximately HK\$114 million, increased significantly by 443% as compared with the corresponding period in 2013, and recorded a profit of approximately HK\$10 million, representing a huge increase by 1,100% as compared with the corresponding period in 2013.

Xingmeihui has grown strong to become the new engine for the Group's development, and is expected to bring stable and strong contribution to us in the future. As at 30 June 2014, the Group has a total of 83 Xingmeihui in-theater counters, and will set relevant stores beyond the Group's movie theaters, which will mostly be located at large social community and crowded shopping malls.

Prospects

The Group will continue expanding its cinema terminal as planned, with an aim to capture the opportunities in area with lower penetration by following our strategy to shift our development focus from first tier cities to second and third tier cities. SMI expects to have 100 movie theaters by the end of 2014, and further increase to 200 theaters in three years' time.

SMI will increase investment in setting up Xingmeihui's channels, and plans to have a total of 200 Xingmeihui stores in 2014, and further increase to 1,000 stores in three years' time. The Group will also cooperate with famous brand on an on-going basis and remain innovative.

Mr. Cheng Chi Chung, Chief Executive Officer of SMI, said: "The film industry in China has entered into a golden period of growth. In the future, the Group will keep on consolidating its existing businesses and business model innovation, so as to face the opportunities and challenges in the industry. Looking forward, the Group will continue to lead the Chinese culture industry, and to ensure the sustained growth of performance by taking advantage of its powerful platform nationwide, so as to create greater value for shareholders."

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About SMI Corporation Limited (00198.HK) :

SMI Corporation Limited (00198.HK) is a listed company on the main board of The Stock Exchange of Hong Kong Limited (“HKSE”). Cinema operator, film investment and new complementary businesses (Xingmeihui and Advertising and Promotion business) are the principal businesses of the Company. Under the strong management team and powerful business network, the number of SMI cinemas has increased drastically from 3 cinemas in 2009 to 68 cinemas by the end of December of 2013. Mr. Cheng Chi Chung is the Chief Executive Officer of the Company, who oversees the general direction of the Company and actively involves in cinema and Xingmeihui business. Mr. Cheng is being supported by a competent management team of 8-10 senior executives, who have well experience in relevant fields.