

**SMI PUBLISHING GROUP LTD:
MAKING A LEGAL CLAIM IS RELATIVELY EASY;
COLLECTING MONEY FROM A DEFENDANT, HOWEVER, CAN BE TRICKY**

While it is relatively easy to issue a Writ of Summons in the Court System of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it may not always easy to collect money even when the Plaintiff in an Action has a prima facie, meritorious case.

Take, as an example, the case of District Court Action, Number 5257 of 2008, whereby the Plaintiff, The Commissioner of Inland Revenue of Hongkong, has issued Proceedings against Sing Pao Newspaper Assets Ltd (), seeking \$HK7,863,360 in respect of alleged unpaid back taxes.

Sing Pao Newspaper Assets Ltd is a wholly owned subsidiary of publicly listed [SMI Publishing Group Ltd](#) (Code: 8010, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd).

SMI Publishing Group Ltd is known to be on the balls of its arse, having little or no cash, available for anything – even to paying that which is owed to its staff members and the Mandatory Provident Fund Scheme.

The 2007 Annual Report of this company for the Financial Year, ended March 31, 2007, showed that, on a 2007 Turnover of about \$HK67.75 million, the Bottom Line came in at a Loss Attributable to Shareholders of about \$HK104.85 million.

This was not unlike the 2006 Financial Year's results when, on a Turnover of about \$HK84.05 million, the company reported a Loss Attributable to Shareholders of about \$HK100.97 million.

The Consolidated Balance Sheets of this company showed that, as at March 31, 2007, the Capital Deficiency stood at about \$HK252.67 million, compared with the Balance Sheet for the 2006 Financial Year when the Capital Deficiency stood at about \$HK145.65 million.

What this means is that the company is technically, potentially insolvent.

This company has been losing money, consistently, going all the way back to at least the 2003 Financial Year, according to the database of **TOLFIN** () (The Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider).

The following table is lifted from the database of **TOLFIN**, by permission:

	Financial Year, Ended March 31				
	All Figures Are Denominated In \$HK'000				
	2003	2004	2005	2006	2007

Turnover	170,846	116,882	108,696	84,051	67,754
Gross Loss	(30,222)	(32,587)	(38,741)	(45,280)	(33,602)
Net Loss Attributable To Shareholders	(343,735)	(103,865)	(100,692)	(100,972)	(104,845)
Shareholders' Funds	86,151	15,943	(61,032)	(145,652)	(252,668)

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