

EMPEROR CAPITAL GROUP LTD:
THE EMPEROR GROUP OF COMPANIES IS ONE OF
THE SOURCES OF FUNDING OF THE SMI GROUP OF COMPANIES

Further to this medium's exclusive report of last Tuesday (Please refer to **TARGET** Intelligence Report, Volume XXI, Number 11), it has been discovered that the SMI Investment (Hongkong) Ltd ([]), a wholly owned subsidiary of SMI Holdings Group Ltd () (Code: 198, Main Board, The Stock Exchange of Hongkong Ltd), had been a borrower of substantial sums of money from Emperor Capital Group Ltd () (Code: 717, Main Board, The Stock Exchange of Hongkong Ltd).

In addition, according to the litigation database of **TOLFIN** (), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, a Mr Zhen Xiao Ming () sued SMI Holdings Group Ltd on December 7, 2018, for \$HK5,212,328.77 in respect of an alleged debt.

Then, on or about August 3, 2018, The Hongkong and Shanghai Banking Corporation Ltd (), a wholly owned subsidiary of HSBC Holdings PLC () (Code: 5, Main Board, The Stock Exchange of Hongkong Ltd), sued SMI Holdings Group Ltd for \$HK12,601,013.04.

When **TARGET** () first started its investigations into the financial affairs of SMI Holdings Group Ltd, it was somewhat of a conundrum to this medium as to the source of the funding of the SMI Group of Companies since the parent company was seeking to recover the aggregate sum of \$HK343 million from two publicly listed companies.

The two publicly listed companies were/are:

1. Master Glory Group Management Ltd (), a wholly owned subsidiary of Master Glory Group Ltd () (Code: 275, Main Board, The Stock Exchange of Hongkong Ltd); and,

2. Larry Jewelry International Company Ltd () (Code: 8351, The **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd).

From Master Glory Group Management Ltd, SMI Holdings Group Ltd sought (or is still seeking) about \$HK250,367,123.29 in respect of an alleged loan and, from Larry Jewelry International Company Ltd, SMI Holdings Group Ltd was/is seeking the sum of about \$HK91,590,410.96 in respect of a Convertible Bond, the Principal Amount of which was \$HK90 million.

The business of SMI Holdings Group Ltd is, principally, engaged in the operations of theatres in the HKSAR and, in addition, it is said to be engaged in investments in the production and distributions of films.

Aside from the above-mentioned operations, the company was said to be engaged in trading in marketable securities in the HKSAR.

Thus, originally, this medium had trouble in understanding as to the source of the funding of the SMI Group of Companies to the extent that it had to sue two publicly listed companies to recover more the \$HK343 million from them.

Emperor Securities Ltd versus:

SMI Investment (Hongkong) Ltd

First Defendant;

and

SMI Holdings Group Ltd

Second Defendant.

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