SING PAO MEDIA ENTERPRISES LIMITED
成報傳媒集團有限公司*

(formerly known as SMI Publishing Group Limited)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code：8010)

Interim Report 2012

* For identification purposes only

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This Report, for which the directors (the "Directors") of Sing Pao Media Enterprises Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this Report is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement in this Report misleading; and (iii) all opinions expressed in this Report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The board of directors of the Company (the "Board") herewith announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the three months and six months ended 30 September 2012, together with the comparative unaudited figures for the corresponding period ended 30 September 2011. These interim consolidated accounts have not been audited but have been reviewed by the Company's Audit Committee.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2012

	Notes	**Three months ended 30 September 2012 (Unaudited) HK$'000**	Three months ended 30 September 2011 (Unaudited) HK$'000	**Six months ended 30 September 2012 (Unaudited) HK$'000**	Six months ended 30 September 2011 (Unaudited) HK$'000
Turnover	5	**19,642**	8,111	**35,708**	18,597
Cost of sales and services		**(10,435)**	(8,788)	**(19,477)**	(22,783)
Gross profit/(loss)		**9,207**	(677)	**16,231**	(4,186)
Other revenue and other gain		**1,730**	323	**2,083**	984
Distribution costs		**–**	(7)	**(334)**	(221)
Administrative and other operating expenses		**(3,921)**	(10,856)	**(9,028)**	(16,404)
Finance costs	6	**(6,106)**	(3,364)	**(12,916)**	(7,849)
Profit/(Loss) before income tax	7	**910**	(14,581)	**(3,964)**	(27,676)
Income tax	8	**–**	–	**–**	–
Profit/(Loss) for the period		**910**	(14,581)	**(3,964)**	(27,676)
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income for the period		**910**	(14,581)	**(3,964)**	(27,676)
Profit/(Loss) for the period and total comprehensive income for the period attributable to owners of the Company		**910**	(14,581)	**(3,964)**	(27,676)
Dividend	14	**–**	–	**–**	–
Earnings/(Loss) per share	9				
Basic and diluted (HK cents)		**0.05**	(0.74)	**(0.20)**	(1.40)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	Notes	**As at 30 September 2012 (Unaudited) HK$'000**	As at 31 March 2012 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**5,547**	2,394
Deposits and prepayments		**–**	2,124
		5,547	4,518
Current assets			
Trade and other receivables	10	**24,185**	20,059
Cash and cash equivalents		**4,981**	3,624
		29,166	23,683
Current liabilities			
Borrowings	12	**394,107**	381,951
Trade payables, accruals and other payables	11	**22,363**	22,986
Taxation		**–**	38
		(416,470)	(404,975)
Net current liabilities		**(387,304)**	(381,292)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(381,757)**	(376,774)

	Notes	As at 30 September 2012 (Unaudited) HK$'000	As at 31 March 2012 (Audited) HK$'000
Non-current liabilities			
Borrowings	12	**(90,297)**	(91,316)
NET LIABILITIES		**(472,054)**	(468,090)
CAPITAL AND RESERVES			
Share capital	13	**98,584**	98,584
Reserves		**(570,638)**	(566,674)
DEFICIENCY IN CAPITAL		**(472,054)**	(468,090)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

	Attributable to owners of the Company						
	Share capital HK$'000	**Share premium** HK$'000	**Shareholders' contributions** HK$'000	**Exchange reserve** HK$'000	**Distribution reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2011 (Audited)	98,584	140,943	80,744	43	231,340	(979,538)	(427,884)
Capital portion of advance from a substantial shareholder (Unaudited)	–	–	260	–	–	–	260
Total comprehensive income for the period (Unaudited)	–	–	–	–	–	(27,676)	(27,676)
At 30 September 2011 (Unaudited)	98,584	140,943	81,004	43	231,340	(1,007,214)	(455,300)
At 1 April 2012 (Audited)	98,584	140,943	81,004	43	231,340	(1,020,004)	(468,090)
Total comprehensive income for the period (Unaudited)	–	–	–	–	–	(3,964)	(3,964)
At 30 September 2012 (Unaudited)	98,584	140,943	81,004	43	231,340	(1,023,968)	(472,054)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2012

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash generated from/(used in) in operations	**5,038**	(9,883)
Net cash used in investing activities	**(3,681)**	(119)
Net cash generated from financing activities	**–**	15,043
Net increase in cash and cash equivalents	**1,357**	5,041
Cash and cash equivalents at 1 April	**3,624**	1,490
Cash and cash equivalents at 30 September	**4,981**	6,531
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	**4,981**	6,531

ACCOUNTING POLICIES AND EXPLANATORY NOTES

1. Basis of presentation and principal accounting policies

The unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended 31 March 2012 ("2012 Annual Report"). The accounting policies and basis of preparation used in the preparation of these condensed consolidated financial statements are consistent with those applied in the 2012 Annual Report. These unaudited condensed consolidated financial statements have been prepared on the historical cost convention.

2. Basis of preparation – material uncertainties relating to the going concern basis

The Group sustained an unaudited consolidated loss attributable to owners of the Company of approximately HK$3,964,000 for the six months ended 30 September 2012 (six months ended 30 September 2011: loss of approximately HK$27,676,000).

In the prior period, the Group was financially supported by Billion Wealth Group Limited ("Billion Wealth"). In July 2011, the shareholder of Billion Wealth reported that he may be unable to deal with the loans granted to the Group by Billion Wealth and any other companies beneficially owned by him and also unable to offer any new financial support to the Group. In order to address this situation, management has successfully obtained new financial support from the Lender (as defined below).

In view of the liquidity problems faced by the Group, the Directors have adopted or plan to adopt the following measures in order to improve the Group's financial and cash flow positions and to maintain the Group as a going concern:

(i) a loan facility of HK$100,000,000 was granted by a company owned by an executive Director (the "Lender"). HK$8,100,000 of this loan facility was utilized up to 30 September 2012. The loan facility granted is mainly for the Group's working capital at present. The Directors plan to seek further financial support, when necessary, from the Lender to provide adequate funds for the Group to meet its liabilities as when they fall due in the future;

(ii) the Directors have identified and have been negotiating with potential investors for proposed capital injection arrangements;

(iii) the Directors have adopted various cost control measures to reduce general administrative expenses and operating costs;

(iv) during the year ended 31 March 2012, the Group started a new promotion services business relating to the organization of promotion events in Hong Kong for overseas customers. The business is not capital intensive and can generate reasonable income to the Group. Up to the date of this financial statements, several promotion events are committed and other potential events are under final stage negotiation.

In addition, the Group had entered into a 12-month based distribution agreement with an independent distributor in the Peoples' Republic of China ("PRC") in connection to the distribution of the Group's daily newspaper into PRC. The Directors believe that the distribution agreement can be renew without significant cost upon expiry. The Group recorded more advertising income contributed from PRC based customers and advertising agents during the period; and

(v) the Directors have engaged professional consultants to propose restructuring plans for the Group.

The Directors believe borrowings under current portion shall not be call for repayment by respective loan providers because they are either a substantial shareholder of the Company, related parties and amounts being under dispute.

In the opinion of the Directors, upon successful implementation of these measures, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. The Directors are of the opinion that the above measures will be successfully implemented. Accordingly, the Directors are of the view that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to successfully implement the above measures and continue as a going concern, it may be unable to continue realizing its assets and discharging its liabilities in the normal course of business. Adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the financial statements.

3. Significant accounting policies

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2012. HKFRSs comprise Hong Kong Financial Reporting Standards, HKAS 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 period and prior periods.

4. Application of new and revised Hong Kong Financial Reporting Standards

(a) Adoption of new and revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and revised standards and amendments ("new and revised HKFRSs") issued by HKICPA, which are or have become effective for the financial year beginning on 1 April 2012:

HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

The adoption of these new and revised standards and amendments has no significant impact on the Group's financial statements.

(b) Adoption of HKFRSs that have been issued but not yet effective

The following new and revised HKFRSs, potentially relevant to the Group's financial statements, have been issued but are not yet effective and have not been early adopted by the Group:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle[2]
HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance[2]
HKFRS 13	Fair Value Measurement[2]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The directors of the Company anticipate that the application of the new and revised standards or interpretations will have no material impact on the consolidated financial statements.

5. Turnover and segment information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group operates one business segment, which is the publication of newspapers and books as well as provisions of advertising and promotion services and therefore, no further business segment analysis is presented.

The Group's revenue from external customers located in Hong Kong and PRC amounting to approximately HK$16,558,000 (2011: HK$17,756,000) and HK$19,150,000 (2011: HK$841,000), respectively.

All operating assets and operations of the Group during the periods ended 30 September 2012 and 2011 were substantially located and carried out in Hong Kong.

Turnover represents gross proceeds received and receivable derived from the sale of newspapers and books, as well as provision of advertising and promotion services.

Approximately 44.9% (2011: not applicable) of total revenue was derived from advertising sales to a single customer.

6. Finance costs

	Three months ended 30 September		**Six months ended 30 September**	
	2012	2011	**2012**	2011
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest expenses on other borrowings wholly repayable:				
within five years	**5,001**	2,850	**10,643**	5,521
after five years	**733**	734	**1,462**	1,459
Effective interest expenses on interest-free borrowings wholly repayable within five years	**372**	(220)	**811**	869
	6,106	3,364	**12,916**	7,849

7. Profit/(Loss) before income tax

Profit/(Loss) income tax is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2012	2011	**2012**	2011
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Minimum lease payments under operating leases	**649**	1,901	**1,366**	3,277
Impairment on other receivables	**–**	4,185	**–**	4,185
Employee benefit expenses (including directors' emoluments)				
– salaries, wages and other benefit	**6,189**	5,641	**12,034**	12,620
– contributions to defined contribution retirement scheme	**231**	234	**448**	529
Depreciation	**271**	(356)	**528**	199

8. Income tax

No provision for Hong Kong profits tax has been made in the condensed consolidated financial statements as the Group had no estimated assessable profits for both periods. The Group had no estimated assessable profits in other jurisdictions for both periods.

Deferred taxation in respect of unused tax losses for both periods has not been recognized due to the unpredictability of future profit streams.

9. Earnings/(loss) per share

Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by weighted average number of ordinary shares in issue during the periods:

	Three months ended 30 September		Six months ended 30 September	
	2012	2011	**2012**	2011
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit/(Loss) attributable to owners of the Company (HK$'000)	**910**	(14,581)	**(3,964)**	(27,676)
Weighted average number of ordinary shares in issue	**1,971,685,971**	1,971,685,971	**1,971,685,971**	1,971,685,971
Basic earnings/(loss) per share (HK cents)	**0.05**	(0.74)	**(0.20)**	(1.40)

Diluted

Diluted earnings/(loss) per share amounts for the current and prior periods are the same as the basic earnings/(loss) per share amounts. The Group had no potentially dilutive ordinary shares in issue during the current period.

10. Trade and other receivables

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts of approximately HK$3,884,000 (31 March 2012: approximately HK$3,948,000), with the following aging analysis based on invoice dates as at the end of the reporting periods:

	As at 30 September 2012 (Unaudited) HK$'000	As at 31 March 2012 (Audited) HK$'000
0 to 30 days	**8,048**	5,338
31 to 60 days	**753**	7,671
61 to 120 days	**6,014**	3,786
Over 120 days	**5,307**	345
Trade receivables	**20,122**	17,140
Deposits, prepayments and other receivables	**4,063**	5,043
	24,185	22,183
Less: non-current portion	**–**	(2,124)
	24,185	20,059

11. Trade payables, accruals and other payables

The following is the aging analysis of trade payables at the end of the reporting period:

	As at 30 September 2012 (Unaudited) HK$'000	As at 31 March 2012 (Audited) HK$'000
0 to 30 days	**1,466**	1,478
31 to 90 days	**117**	316
Over 90 days	**5,571**	5,512
Trade payables	**7,154**	7,306
Accruals	**10,302**	8,781
Other payables	**4,907**	6,899
	22,363	22,986

12. Borrowings

	As at 30 September 2012 (Unaudited) HK$'000	As at 31 March 2012 (Audited) HK$'000
Loans from a substantial shareholder, unsecured (Note (i))	**332,594**	328,019
Loans from related companies, unsecured (Note (ii))	**12,969**	12,427
Loans from third parties, unsecured (Note (iii))	**138,841**	132,821
	484,404	473,267
Analysed as:		
Current	**394,107**	381,951
Non-current	**90,297**	91,316
	484,404	473,267

Notes:

(i) As at 30 September 2012, the unsecured loans represent loans from Billion Wealth, a substantial shareholder of the Company, shares of which is wholly and beneficially owned by Mr. Yeung Ka Sing, Carson ("Mr. Yeung").

As at 30 September 2012, loan balances amounting to approximately HK$270,401,000 (31 March 2012: approximately HK$264,350,000) are repayable within one year. Included in the borrowings were loans assigned from a former shareholder of the Company in aggregate amount of approximately HK$131,233,000 (31 March 2012: approximately HK$128,475,000), interest bearing at Hong Kong prime rate plus 1% per annum. The remaining loan balances of approximately HK$139,168,000 (31 March 2012: approximately HK$135,875,000) were granted to the Company under the HK$160,000,000 loan facilities granted from Billion Wealth, which are interest-free and repayable within one year according to the terms of the facilities. As at 31 March 2012, loan balances of approximately HK$2,483,000 granted from Billion Wealth under the above-mentioned loan facilities were repayable after one year.

As at 30 September 2012, loans amounting to approximately HK$62,193,000 (31 March 2012: approximately HK$61,186,000) are repayable after one year, such loan balances bear interest at Hong Kong prime rate per annum and are repayable on the expiry of 30 calendar months after the year end of the first profitable financial year of the Company since 24 January 2003 but not later than the twentieth anniversary of 24 January 2003.

(ii) As at 30 September 2012, an amount of approximately HK$4,869,000 (31 March 2012: approximately HK$4,327,000) was granted to the Group by a company under common control of the beneficial holder of Billion Wealth. The amount is unsecured, bearing interest at 36% (31 March 2012: 36%) per annum and are repayable on demand.

As detailed in Note 2(i), a loan facility of HK$100,000,000 was granted by the Lender to the Group of which an amount of HK$8,100,000 (31 March 2012: HK$8,100,000) was utilized up to the end of the reporting period. The amount is unsecured, interest-free and repayable on demand.

(iii) As at 30 September 2012, the balance comprised loans granted by third parties of approximately HK$36,816,000 (31 March 2012: approximately HK$36,816,000) to the Group. These loans are unsecured, interest-free and repayable on demand.

The amount also comprised loans granted by third parties of approximately HK$28,104,000 (31 March 2012: approximately HK$27,647,000) to the Group. The loans are unsecured, bearing interest rate at Hong Kong prime rate per annum and are repayable on the expiry of 30 calendar months after the year end of the first profitable financial year of the Company since 24 January 2003 but no later than the twentieth anniversary of 24 January 2003.

The remaining amount of approximately HK$73,921,000 (31 March 2012: approximately HK$68,358,000) due by the Group are unsecured and bearing interest at the rates ranging from 5% to 36% (31 March 2012: ranging from 5% to 36%) per annum. These balances are either repayable within one year from the end of reporting period or on demand.

As at the end of reporting period, certain of the above balances were in dispute with the respective parties, details of which are set out in *Note* (iv) below.

(iv) Included in the borrowings as at the end of the reporting period were certain loan balances under dispute by the Group with various parties. The Directors are of the opinion that several transactions with the counterparties did not have formal agreements nor were there evidence of such arrangements. Further, in the opinion of the Directors, even when there were formal agreements, the services to be provided by those counterparties under those arrangements were never provided. The Company has instructed a legal advisor to handle the legal aspect of the dispute.

An analysis of the borrowings under dispute is as follows:

	As at 30 September 2012 (Unaudited) HK$'000	As at 31 March 2012 (Audited) HK$'000
Loans from third parties, unsecured	**23,783**	23,644
Analysed as:		
Current	**15,349**	15,349
Non-current	**8,434**	8,295
	23,783	23,644

13. Share capital

	At 30 September 2012 (Unaudited)		At 31 March 2012 (Audited)	
	Number of Shares '000	Amount HK$'000	Number of Shares '000	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.05 each				
At beginning and end of the period/year	**100,000,000**	**5,000,000**	100,000,000	5,000,000
Convertible preference shares of HK$0.05 each				
At beginning and end of the period/year	**50,000,000**	**2,500,000**	50,000,000	2,500,000
Ordinary shares, issued and fully paid:				
At beginning and end of the period/year	**1,971,686**	**98,584**	1,971,686	98,584

14. Dividend

The Directors resolved that no interim dividend be declared for the six months ended 30 September 2012 (2011: Nil).

15. Related party transactions

Name of related parties	Relationship
Billion Wealth	A substantial shareholder of the Company
Birmingham International Holdings Limited ("Birmingham")	Mr. Yeung, who has deemed substantial interest in the Company, is also a director of Birmingham

In addition to the transactions disclosed elsewhere in the financial statements, the Group also entered into the following related party transactions during the period under review:

	Six months ended 30 September 2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Advertising income from Birmingham*	**740**	828
Interest expenses on other borrowings from Billion Wealth*	**4,574**	3,746
Effective interest expenses on interest-free borrowings from Billion Wealth*	**811**	869
Interest expenses on borrowings from Birmingham*	**542**	180

* connected transaction

16. Contingent liabilities

At 30 September 2012, there were several cases brought forward from prior periods related to defamation and infringement of copyright that remained unresolved. All of them were brought against Sing Pao Newspaper Company Limited ("SPNCL"), a wholly-owned subsidiary of the Group. Court judgments have not been stated and the amounts claimed were in aggregate totaling to approximately HK$517,000. In the Directors' opinion, the liabilities are unlikely to crystallize and no provision had therefore been made in respect of these claims.

In July 2007, a licensee of SPNCL acts as the defendant in a legal claim in relation to an action for copyright infringement, issued a third party notice to SPNCL. The defendant claimed against SPNCL for indemnity against the plaintiff's claims and the cost of the action or contribution in respect of the plaintiff's claims. A defense was filed by the Group in March 2008 denying all allegations against the Group. Judgments have not been stated up to the date of this report. In the Directors' opinion, the liabilities are unlikely to crystallize and no provision had therefore been made in respect of the claim.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 September 2012, the Group recorded a turnover of approximately HK$35,708,000, representing an increase of approximately 92.0% as compared with the turnover of approximately HK$18,597,000 for the same period last year. The increase in turnover mainly contributed by the broaden of the commercial advertising income of the Group and the promotion income generated from launch of business promotion events for customers mainly from PRC.

The Group recorded a gross profit margin of approximately 45.5% during the reporting period, showing a significant improvement in its operations as compared with the gross loss margin of approximately 22.5% as recorded for the corresponding period last year. The significant improvement in the Group's operations is the results of the management's contributions on various cost control measures on the Group's printing and labor costs during the past year. However, the Group continues to fact the fierce competition in the newspaper publication market, especially from the free-of-charge newspaper.

Loss attributable to the owners of the Company for the current period was approximately HK$3,964,000, representing a decrease of approximately 85.7% as compared with the net loss of approximately HK$27,676,000 for the same period last year. Save for the reasons as mentioned above, the significant drop in the net loss was due to the decrease in the administration expenses when comparing with the same period last year. In the prior period, the management made up a decision to discontinue the operation of the Group's printing factory so as to reduce the Group's long-term cost commitment, as a result, provisions of approximately HK$4,185,000 made on the prepayments paid for the decoration of the printing factory and HK$1,500,000 on the printing factory's reinstatement cost were incurred. During the current period, no such costs were incurred by the Group. However, due to the default in repayment of the Group's loans, overdue interest were accrued to the finance costs according to the respective terms of the loan agreements, the finance costs of the Group recorded an increase of approximately HK$5,067,000 as compared to that for the same period last year.

Financial Resources and Liquidity

As at 30 September 2012, the Group did not maintain sufficient liquid funds and had net current liabilities of approximately HK$387,304,000 (31 March 2012: approximately HK$381,292,000). As at 30 September 2012, the Group's cash on hand amounted to approximately HK$4,981,000 (31 March 2012: approximately HK$3,624,000).

As at 30 September 2012, the Group's total borrowings amounted to approximately HK$484,404,000 (31 March 2012: approximately HK$473,267,000), among of which approximately HK$394,107,000 (31 March 2012: approximately HK$381,951,000) was payable within one year and approximately HK$90,297,000 (31 March 2012: approximately HK$91,316,000) payable after one year.

On 10 November 2011, a loan facility with principal amount of not exceeding HK$100,000,000 was granted to the Group from a company wholly owned by an executive director of the Company, mainly for the Group's working capital needs. As at 30 September 2012, total unutilized loan facilities amounted to HK$91,900,000 (31 March 2012: HK$91,900,000).

As at 30 September 2012, the Group recorded a total deficiency in capital of approximately HK$472,054,000 (31 March 2012: approximately HK$468,090,000).

Share Capital Structure

There was no change in the Company's share capital structure during the period. As at 30 September 2012, the Company's total issued share capital was approximately HK$98,584,000. This amount was made up of approximately 1,971,686,000 issued shares with a par value of HK$0.05 each.

Pledge of Assets

As at 30 September 2012, no assets of the Group were pledged for loan facilities granted to the Group.(31 March 2012: Nil).

Number of Employees and Remuneration Policies

As at 30 September 2012, the Group employed 131 (30 September 2011: 114 employees). Employees' remuneration packages are determined by reference to market rate and individual performance.

Capital Commitments

As at 30 September 2012, the Group did not have any significant capital commitments.

Material Acquisition and Disposal

During the period under review, no material acquisition or disposal of subsidiaries and affiliated companies was entered into by the Group.

Business Review and Prospects

The Group's newspaper publication business has been continuously facing the fierce competition from other competitors in the newspaper publication market in Hong Kong, the market situation will be even worse in the light of the increasing number of free-of-charge newspapers emerging in the market recently.

Although the various cost control measures have taken effect on the improvements in the Group's operating functions, the Group needs to broaden its income bases by exploring new market such as Great China region. Upon the appointments of the new management team in August 2011, the new management has formulated a detailed business plan for the Group's development in the coming years. The new management's experiences in PRC's property development market and media industry will offer a great opportunity for the Group to penetrate into the PRC market. As the first step, in December 2011, the Group was granted by PRC's related governmental departments for the right to set up the Group's journalist stations in Beijing and Guangzhou in PRC, and the Group is also in the process of setting-up an advertising company in PRC in the near future. The management believes that the journalist stations and the advertising company of the Group will not only act as an important platform for the expansion of the Group's media and advertising business in the Great China, but also strengthen the Group's core business in Hong Kong.

The new management team will strive for inviting potential strategic partners and potential investors joining the Group and raising new funds to support the Group's future financial needs for the expansion.

On 27 May 2011, the Company was informed by the Stock Exchange that the GEM Listing Committee has decided to proceed to cancellation of the Company's listing status pursuant to Rule 9.15 of the GEM Listing Rules. The Company is required to submit a viable resumption proposal within six months from 27 May 2011 to the Stock Exchange to demonstrate that the Company has a sufficient level of operations and management expertise on the business pursuits of the Company to warrant the continued listing of the Company's securities on the Stock Exchange.

The resumption proposal, which was submitted to the Stock Exchange in November 2011, has covered aspects including inter alias, (i) the business plan of the Company in the near future to demonstrate that the Group's operation level will meet the requirements of the Stock Exchange; (ii) the proposed debts restructuring exercise to reduce the substantial liabilities of the Group; and (iii) the raising of new funds from the potential investor and existing shareholders by way of equity financing and if possible, other new loan facilities available for the Group for its working capital needs and to improve its financial positions. The Group is currently in the process of replying to the queries in relation to the resumption proposal as raised by the Stock Exchange.

In all the time, the Group will continue to monitor and control its costs carefully to ensure the efficiency of the use of existing resources. Even so, the Group will never falter in its missions, to deliver truth and fair information with the highest standards of quality and professionalism to their readers.

DIRECTORS', SUBSTANTIAL SHAREHOLDERS' AND CHIEF EXECUTIVE'S INTERESTS AND POSITIONS IN SHARES AND UNDERLYING SHARES

Directors' and Chief Executive's Interests and Positions in Shares and Underlying Shares

The Company has adopted the required standards of dealings regarding securities transactions by directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the Directors have confirmed that they have complied with the required standards as set out in the GEM Listing Rules.

As at 30 September 2012, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register of the Company required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

Save as disclosed above, at no time during the period under review was the Company or its subsidiaries a party to any arrangement to enable the Directors, their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests and Positions in Shares and Underlying Shares

As at 30 September 2012, the persons or corporations (not being a director or chief executive of the Company) who had interests or short positions (directly or indirectly) in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who are substantial shareholders as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

Name of shareholders	Capacity	No. of shares of the Company held	Long (L)/ Short (S) position	Approximate percentage of shareholding
Mr. Yeung	Held by controlled corporation	261,473,945 (Note)	(L)	13.26%
Billion Wealth	Beneficial owner	261,473,945 (Note)	(L)	13.26%

Note: The shares were taken over by Billion Wealth from Strategic Media International Limited ("SMIL") by the execution of a share charge on 12 May 2010, pursuant to a share charge agreement dated 23 April 2008 entered between Billion Wealth and SMIL in relation with a loan facility of HK$60,000,000 granted by Billion Wealth to the Company. The entire issued share capital of Billion Wealth is wholly owned by Mr. Yeung.

Save as disclosed above, as at 30 September 2012, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

EQUITY-SETTLED SHARE-BASED TRANSACTIONS

On 30 June 2010, the shareholders approved the adoption of a new share option scheme (the "Option Scheme") and termination of the then existing share option scheme, which was adopted on 15 January 2002. Under the Option Scheme, the board of directors of the Company may at its discretion offer to any director, employee, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or the Company in which the Group holds an interest or a subsidiary of such company (the "Eligible Persons") of the options to subscribe for shares in the Company in accordance with the terms of the Option Scheme and Chapter 23 of the GEM Listing Rules. The principal purposes of the Option Scheme are to motivate, attract and retain or otherwise maintain ongoing relationship with the Eligible Persons to the long term growth of the Group. The total number of shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other outstanding share option schemes of the Company must not in aggregate exceed 10% of the issued share capital of the Company at the date of the approval of the Option Scheme by the shareholders and such limit might be refreshed by the shareholders of the Company in general meetings. The Option Scheme commenced on 30 June 2010 and will end on the day immediately prior to the tenth anniversary of 30 June 2010. The share options vested immediately at the time when granted.

The Company had not granted any options under the Option Scheme during the six months ended 30 September 2012.

At 30 September 2012, the Company had no outstanding exercisable share option.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2012.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause significant competition with the business of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and enhance the performance of the Group.

The Company has applied the code provisions as set out in Appendix 15: "The Code on Corporate Governance Practices" (the "CG Code") of the GEM Listing Rules.

In the opinion of the Directors, the Company has complied with the code provisions as set out in the CG Code during the six months ended 30 September 2012.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the code of conduct and required standard of dealings concerning securities transactions by directors throughout the period under review.

AUDIT COMMITTEE

The audit committee ("Audit Committee") of the Company was established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3.3 of the CG Code. The primary duties of the Audit Committee are mainly to review the material investment, capital operation and material financial system of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; and to assess the internal control of the Company. The Audit Committee currently comprises three independent non-executive directors, namely Messrs. Liu Shang Ping (as the chairman of the Audit Committee), Kong Tze Wing and Xu Wei.

The Group's financial results and information therein for the six months ended 30 September 2012 have not been reviewed by the external auditors. Instead, the Audit Committee has reviewed the unaudited results of the Group for the six months ended 30 September 2012. Members of the Audit Committee were of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

SUSPENSION OF TRADING

Suspension in the trading of the shares of the Company since 28 April 2005 will continue until the Company submits a viable resumption proposal cleared with the Stock Exchange.

By Order of the Board
Sing Pao Media Enterprises Limited
Tian Bing Xin
Executive Director

Hong Kong, 9 November 2012

As at the date of this report, the Board comprises eight directors, of which five are executive directors, namely, Messrs. Xie Hai Yu, Tian Bing Xin, Xu Dao Bin, Deng Yu Hui and Ma Shui Cheong; and three are independent non-executive directors, namely Messrs. Liu Shang Ping, Kong Tze Wing and Xu Wei.