



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

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code : 8010)

**Interim  
Report** | **2013**

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## UNAUDITED HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

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 2013, together with the comparative unaudited figures for the corresponding period ended 30 September 2012. 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 2013

	Notes	Three months ended 30 September		Six months ended 30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Turnover	4	14,834	19,642	31,805	35,708
Cost of sales and services		(8,085)	(10,435)	(16,571)	(19,477)
Gross profit		6,749	9,207	15,234	16,231
Other revenue and other gain		159	1,730	517	2,083
Distribution costs		(2)	-	(2)	(334)
Administrative and other operating expenses		(4,506)	(3,921)	(8,778)	(9,028)
Finance costs	5	(6,410)	(6,106)	(12,774)	(12,916)
Profit/(Loss) before income tax	6	(4,010)	910	(5,803)	(3,964)
Income tax	7	-	-	-	-
Profit/(Loss) for the period		(4,010)	910	(5,803)	(3,964)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		(4,010)	910	(5,803)	(3,964)
Profit/(Loss) for the period and total comprehensive income for the period attributable to owners of the Company		(4,010)	910	(5,803)	(3,964)
Dividend	8	-	-	-	-
Earnings/(Loss) per share Basic and diluted (HK cents)	9	(0.20)	0.05	(0.29)	(0.20)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

	Notes	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<u>4,825</u>	<u>5,305</u>
		<u>4,825</u>	<u>5,305</u>
<b>Current assets</b>			
Trade and other receivables	11	<u>38,722</u>	38,218
Cash and cash equivalents		<u>10,730</u>	<u>5,794</u>
		<u>49,452</u>	<u>44,012</u>
<b>Current liabilities</b>			
Borrowings	12	<u>427,265</u>	415,950
Trade payables, accruals and other payables	13	<u>18,569</u>	<u>20,580</u>
		<u>445,834</u>	<u>436,530</u>
<b>Net current liabilities</b>		<u>(396,382)</u>	<u>(392,518)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(391,557)</u>	<u>(387,213)</u>

	Notes	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Borrowings	12	<u>(93,206)</u>	<u>(91,747)</u>
<b>NET LIABILITIES</b>		<u><b>(484,763)</b></u>	<u>(478,960)</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	14	<b>98,584</b>	98,584
Reserves		<u>(583,347)</u>	<u>(577,544)</u>
<b>DEFICIENCY IN CAPITAL</b>		<u><b>(484,763)</b></u>	<u>(478,960)</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Shareholders' contributions HK\$'000	Exchange reserve HK\$'000	Distribution reserve HK\$'000	Accumulated losses HK\$'000	
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)	<u>98,584</u>	<u>140,943</u>	<u>81,004</u>	<u>43</u>	<u>231,340</u>	<u>(1,023,968)</u>	<u>(472,054)</u>
At 1 April 2013 (Audited)	98,584	140,943	81,004	43	231,340	(1,030,874)	(478,960)
Total comprehensive income for the period (Unaudited)	-	-	-	-	-	(5,803)	(5,803)
At 30 September 2013 (Unaudited)	<u>98,584</u>	<u>140,943</u>	<u>81,004</u>	<u>43</u>	<u>231,340</u>	<u>(1,036,677)</u>	<u>(484,763)</u>

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT***For the six months ended 30 September 2013*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Net cash generated from in operations	<b>5,025</b>	5,038
Net cash used in investing activities	<b>(89)</b>	(3,681)
Net increase in cash and cash equivalents	<b>4,936</b>	1,357
Cash and cash equivalents at 1 April	<b>5,794</b>	3,624
Cash and cash equivalents at 30 September	<b>10,730</b>	4,981
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<b>10,730</b>	4,981

## 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 2013 audited consolidated financial statements of the Company. The accounting policies and basis of preparation used in the preparation of these condensed consolidated financial statements are consistent with those applied in the Company’s audited financial statements for the year ended 31 March 2013. 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\$5,803,000 for the six months ended 30 September 2013 (six months ended 30 September 2012: loss of approximately HK\$3,964,000).

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 new loan facility of HK\$100,000,000 was granted by a company jointly owned by an executive director of the Company and a former executive director of the Company (the "Lender"). In the prior year, a loan facility of HK\$100,000,000 was granted by a company owned by a director (the "Old Loan Facility"). HK\$15,594,000 out of the new loan of HK\$18,394,000 from the new loan facility was applied to repay the outstanding balance of the Old Loan Facility. The Old Loan Facility was terminated during the year ended 31 March 2013. The new 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; and
- (iv) 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 Hong Kong Institute of Certified Public accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. 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 period and prior periods.

### 4. 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\$12,482,000 (2012: HK\$16,558,000) and HK\$19,323,000 (2012: HK\$19,150,000), respectively.

All operating assets and operations of the Group during the periods ended 30 September 2013 and 2012 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.

Revenue of operation of approximately HK\$18,626,000 (2012: HK\$16,017,000) was derived from advertising sales to a single customer. Approximately 58.6% (2012: 44.9%) of total revenue was derived from advertising sales to a single customer.

## 5. Finance costs

	Three months ended 30 September		Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Interest expenses on other borrowings wholly repayable:				
within five years	5,677	5,001	11,293	10,643
after five years	734	733	1,459	1,462
Effective interest expenses on interest-free borrowings wholly repayable within five years	(1)	372	22	811
	<b>6,410</b>	<b>6,106</b>	<b>12,774</b>	<b>12,916</b>

## 6. Profit/(Loss) before income tax

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

	Three months ended 30 September		Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Minimum lease payments under operating leases	770	649	1,501	1,366
Employee benefit expenses (including directors' emoluments)				
– salaries, wages and other benefit	5,689	6,189	11,359	12,034
– contributions to defined contribution retirement scheme	208	231	425	448
Depreciation	287	271	569	528

## 7. 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.

## 8. Dividend

The Directors resolved that no interim dividend be declared for the six months ended 30 September 2013 (2012: Nil).

## 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	
	2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
Profit/(Loss) attributable to owners of the Company (HK\$'000)	<u>(4,010)</u>	<u>910</u>	<u>(5,803)</u>	<u>(3,964)</u>
Weighted average number of ordinary shares in issue	<u>1,971,685,971</u>	<u>1,971,685,971</u>	<u>1,971,685,971</u>	<u>1,971,685,971</u>
Basic earnings/(loss) per share (HK cents)	<u>(0.20)</u>	<u>0.05</u>	<u>(0.29)</u>	<u>(0.20)</u>

### *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. Property, plant and equipment

During the six months ended 30 September 2013, the Group spent approximately HK\$89,000 (2012: HK\$3,681,000) on acquisition of property, plant and equipment.

## 11. Trade and other receivables

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts of approximately HK\$809,000 (31 March 2013: approximately HK\$877,000), with the following aging analysis based on invoice dates as at the end of the reporting periods:

	<b>As at 30 September 2013 (Unaudited) HK\$'000</b>	As at 31 March 2013 (Audited) HK\$'000
0 to 30 days	<b>4,912</b>	4,921
31 to 60 days	<b>3,574</b>	3,301
61 to 120 days	<b>6,495</b>	5,185
Over 120 days	<b>15,074</b>	17,051
Trade receivables	<b>30,055</b>	30,458
Deposits, prepayments and other receivables	<b>8,667</b>	7,760
	<b>38,722</b>	38,218

The average credit period on sale of goods and provision for services is normally settled within 60 days from the invoice date.

## 12. Borrowings

	<b>As at 30 September 2013 (Unaudited) HK\$'000</b>	As at 31 March 2013 (Audited) HK\$'000
Loans from a substantial shareholder, unsecured (Note (i))	<b>340,442</b>	336,674
Loans from related companies, unsecured (Note (ii))	<b>24,343</b>	23,802
Loans from third parties, unsecured (Note (iii))	<b>155,686</b>	147,221
	<b>520,471</b>	507,697
Analysed as:		
Current	<b>427,265</b>	415,950
Non-current	<b>93,206</b>	91,747
	<b>520,471</b>	507,697

### Notes:

- (i) As at 30 September 2013, 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 2013, loan balances amounting to approximately HK\$276,249,000 (31 March 2013: approximately HK\$273,484,000) 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\$136,704,000 (31 March 2013: approximately HK\$133,961,000), interest bearing at Hong Kong prime rate plus 1% per annum. The remaining loan balances of approximately HK\$139,545,000 (31 March 2013: approximately HK\$139,523,000) 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 30 September 2013, loans amounting to approximately HK\$64,193,000 (31 March 2013: approximately HK\$63,190,000) 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 2013, an amount of approximately HK\$5,949,000 (31 March 2013: approximately HK\$5,408,000) 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 2013: 36%) per annum and are repayable on demand.

As detailed in Note 2(i), a new loan facility of HK\$100,000,000 (31 March 2013: the Old Loan Facility of HK\$100,000,000 was granted by another lender) was granted by the Lender to the Group of which an amount of HK\$18,394,000 (31 March 2013: HK\$18,394,000) 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 2013, the balance comprised loans granted by third parties of approximately HK\$36,816,000 (31 March 2013: 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\$29,013,000 (31 March 2013: approximately HK\$28,557,000) 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\$89,857,000 (31 March 2013: approximately HK\$81,848,000) due by the Group are unsecured and bearing interest at the rates ranging from 5% to 36% (31 March 2013: 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:

	<b>As at 30 September 2013 (Unaudited) HK\$'000</b>	As at 31 March 2013 (Audited) HK\$'000
Loans from third parties, unsecured	<b>24,060</b>	23,921
Analysed as:		
Current	<b>15,349</b>	15,349
Non-current	<b>8,711</b>	8,572
	<b>24,060</b>	23,921

### 13. Trade payables, accruals and other payables

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

	<b>As at 30 September 2013 (Unaudited) HK\$'000</b>	As at 31 March 2013 (Audited) HK\$'000
0 to 30 days	<b>1,181</b>	1,464
31 to 90 days	<b>86</b>	92
Over 90 days	<b>5,444</b>	5,444
Trade payables	<b>6,711</b>	7,000
Accruals	<b>8,180</b>	9,318
Other payables	<b>3,678</b>	4,262
	<b>18,569</b>	20,580

The trade payables are normally settled within 30 days from the invoice date.



## 14. Share capital

	At 30 September 2013 (Unaudited)		At 31 March 2013 (Audited)	
	Number of Shares '000	Amount HK\$'000	Number of Shares '000	Amount HK\$'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.05 each At beginning and end of the period/year	<b>100,000,000</b>	<b>5,000,000</b>	100,000,000	5,000,000
Convertible preference shares of HK\$0.05 each At beginning and end of the period/year	<b>50,000,000</b>	<b>2,500,000</b>	50,000,000	2,500,000
<b>Ordinary shares, issued and fully paid:</b>				
At beginning and end of the period/year	<b>1,971,686</b>	<b>98,584</b>	1,971,686	98,584

## 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  Mr. Ma Shui Cheong, an executive director of 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:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Advertising income from Birmingham*	<b>50</b>	740
Interest expenses on other borrowings from Billion Wealth*	<b>3,746</b>	4,574
Effective interest expenses on interest-free borrowings from Billion Wealth*	<b>22</b>	811
Interest expenses on borrowings from Birmingham*	<b>541</b>	542

\* connected transaction

## 16. Contingent liabilities

At 30 September 2013, 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.

On 30 May 2013, the Group received a writ of summons made against SPNCL, an employee and an ex-employee of the Group for damages in respect of alleged defamation. The Directors consider that no provision to be made in the financial statements as at the end of the financial period. A legal advisor has been appointed to follow up the claim who is still in the process of defending for the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

For the six months ended 30 September 2013, the Group recorded a turnover of approximately HK\$31,805,000, representing a decrease of approximately 10.9% as compared with the turnover of approximately HK\$35,708,000 for the same period last year. The decrease in turnover mainly contributed to the decrease in promotion income generated from launch of business promotion events during the period under review.

The Group recorded a gross profit margin of approximately 47.9% during the reporting period, showing a moderate improvement in its operations as compared with the gross profit margin of approximately 45.5% recorded for the corresponding period last year.

Loss attributable to the owners of the Company for the current period was approximately HK\$5,803,000, representing an increase in net loss of approximately 46.4% as compared with the net loss of approximately HK\$3,964,000 for the same period last year. The increase in net loss during the reporting period was mainly due to (i) the decrease in gross profit from operations, which in turn was arising from the decrease in revenue of the Group; and (ii) the decrease of other income.

### Financial Resources and Liquidity

On 10 November 2011, a loan facility with principal amount of not exceeding HK\$100,000,000 ("Old Loan Facility") was granted by a lender ("First Investor") to the Group, mainly for the Group's working capital needs. As an additional investor, an executive Director (the "Second Investor"), has participated in providing working capital loan to the Company, a new loan agreement was entered into on 21 March 2013 between the Group and a newly incorporated company, as the new investor, which is a limited company held equally by the First Investor and the Second Investor, as a replacement to the Old Loan Facility. The amount of the loan facility remains unchanged. As at 30 September 2013, total unutilised loan facilities amounted to HK\$81,606,000 (31 March 2013: HK\$81,606,000).

## **Share Capital Structure**

There was no change in the Company's share capital structure during the period. As at 30 September 2013, 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**

At 30 September 2013, no assets of the Group were pledged for loan facilities granted to the Group (31 March 2013: Nil).

## **Number of Employees and Remuneration Policies**

As at 30 September 2013, the Group employed 113 (30 September 2012: 131 employees). Employees' remuneration packages are determined by reference to market rate and individual performance.

## **Significant Investment**

The Group did not hold any significant investment during the period ended 30 September 2013.

## **Future Plan for material Investments and Capital Assets**

The Group does not have any concrete plan for material investments and capital assets for the coming quarters.

## **Capital Commitments**

As at 30 September 2013, 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**

In view of the changing reading habit of the readers, the Group has been modifying and redeveloping its website and various chapters of Sing Pao Daily. With the launching of the browsing Apps of Sing Pao Daily for iPad from January 2013, both local and overseas readers can assess the full version of Sing Pao Daily through iPad for free, this move has not only attracted a large population of new readers in the People's Republic of China ("PRC"), but also allowed our customers' advertisements to be reached by more potential customers. Advertising income from the website has been generated since early 2013 and the management is confident to explore the digital advertising market in the coming periods.

Other than the existing two journalist stations in Guangzhou and Beijing cities, in January 2013, the Group has lodged applications to relevant governmental departments for the establishment of several journalist stations in other major cities in PRC, it is expected that more journalist stations will be set up in the second half of calendar year 2013. As a result, the Group will gather more comprehensive, first-hand and exclusive news in PRC and it also enhances the content of the Sing Pao Daily and its website as well as their influence.

The management has also been taking an active role in various communicating functions with different governmental departments, commercial associations, universities, other institutions in PRC, so as to strengthen the business relations with these parties.

In all the time, the Group will ensure the efficiency of the use of its resources. At last but not the least, readers and advertisers' satisfactory are always within the top of the hierarchy, the Group will never falter in its missions to deliver truth and fair information with the highest standards of quality and professionalism to its readers and customers.

## **Resumption progress**

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.

On 23 August, 2013, the Company filed the affirmation at the High Court of Hong Kong Special Administrative Region (“Hong Kong SAR”) in support of the Company’s Summons for Directions granting it liberty to convene a meeting of creditors to consider, if thought fit, approving a scheme of arrangement (the “Scheme”) proposed to be made between the Company and its scheme creditors. The ex parte hearing was held in the High Court of the Hong Kong SAR and the Grand Court of the Cayman Islands (collectively “the Courts”) on 17 September 2013. The High Court of the Hong Kong SAR raised queries concerning the Scheme and indicated that more information should be provided in the Explanatory Statement and Affirmation in support of the application. The Grand Court of the Cayman Islands also raised queries concerning the Scheme and the notice of the scheme meeting. As such, the Courts have adjourned the Company’s application to a date to be fixed. The Company is currently working with lawyers and financial advisor to update the Explanatory Statement and Affirmation.

On 7 October 2013, the Company submitted the finalized draft resumption proposal, the revised forecasts and the revised pro forma financial statements of the Group (collectively, the “Final Draft Resumption Proposal”) to the Stock Exchange and the GEM Listing Committee (the “Committee”) for approving the resumption in trading of the Company’s shares (the “Resumption”). On 11 October 2013, the Company received a fax from the Stock Exchange regarding the results of the approval on the Resumption. The Committee considered that it was not appropriate to approve the Final Draft Resumption Proposal yet, and required the financial advisers of the Company (the “Joint Financial Advisers”) to perform due diligence on the Group’s advertising revenue attribution (the “Due Diligence”) to demonstrate that the level of advertising revenue attributable to PRC customers of the Group as disclosed in the Final Draft Resumption Proposal is reasonable. The Company is currently working with the Joint Financial Advisers in relation to the Due Diligence.

## **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 2013, 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 2013, 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:

<b>Name of shareholders</b>	<b>Capacity</b>	<b>No. of shares of the Company held</b>	<b>Long (L)/ Short (S) position</b>	<b>Approximate percentage of shareholding</b>
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 2013, 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 2013.

At 30 September 2013, 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 2013.



## **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 2013.

## **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 four independent non-executive directors, namely Messrs. Cai Hai Ning (as the chairman of the Audit Committee), Kong Tze Wing, Xu Wei and Feng Jian.

The Group's financial results and information therein for the six months ended 30 September 2013 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 2013. 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**

*Chairman*

Hong Kong, 7 November 2013

*As at the date of this report, the Board comprises ten directors of which five are executive directors, namely Messrs. Tian Bing Xin, Ma Shui Cheong, Gu Li Jun, Wang Jun and Xu Feng; and five are independent non-executive directors, namely Messrs. Kong Tze Wing, Xu Wei, Cai Hai Ning, Feng Jian and She Yong.*