



2014

Interim Report



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)

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

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

UNAUDITED HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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 2014, together with the comparative unaudited figures for the corresponding period ended 30 September 2013. These interim consolidated accounts have not been audited but have been reviewed by the Company's Audit Committee.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2014

| | Notes | Three months ended 30 September | | Six months ended 30 September | |
|--|-------|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | | 2014 (Unaudited) HK\$'000 | 2013 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 | 2013 (Unaudited) HK\$'000 |
| Revenue | 4 | 7,952 | 14,834 | 16,760 | 31,805 |
| Cost of sales and services | | (13,206) | (8,085) | (24,648) | (16,571) |
| Gross (loss)/profit | | (5,254) | 6,749 | (7,888) | 15,234 |
| Other revenue and other gain | | 149 | 159 | 325 | 517 |
| Distribution costs | | (362) | (2) | (362) | (2) |
| Administrative and other operating expenses | | (6,000) | (4,506) | (10,814) | (8,778) |
| Impairment loss on trade and other receivables | | (305) | - | (22,054) | - |
| Finance costs | 5 | (6,411) | (6,410) | (12,752) | (12,774) |
| Loss before income tax | 6 | (18,183) | (4,010) | (53,545) | (5,803) |
| Income tax | 7 | - | - | - | - |
| Loss for the period | | (18,183) | (4,010) | (53,545) | (5,803) |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the period | | (18,183) | (4,010) | (53,545) | (5,803) |
| Loss for the period and total comprehensive income for the period attributable to owners of the Company | | (18,183) | (4,010) | (53,545) | (5,803) |
| Dividend | 8 | - | - | - | - |
| Loss per share Basic and diluted (HK cents) | 9 | (0.93) | (0.20) | (2.72) | (0.29) |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

| | Notes | As at 30 September 2014 (Unaudited) HK\$'000 | As at 31 March 2014 (Audited) HK\$'000 |
|--|-------|--|--|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | <u>5,174</u> | <u>4,544</u> |
| Current assets | | | |
| Trade and other receivables | 11 | <u>6,453</u> | 26,645 |
| Cash and cash equivalents | | <u>1,729</u> | <u>3,082</u> |
| | | <u>8,182</u> | <u>29,727</u> |
| Current liabilities | | | |
| Borrowings | 12 | <u>451,642</u> | 440,350 |
| Trade payables, accruals and other payables | 13 | <u>38,914</u> | <u>19,036</u> |
| | | <u>490,556</u> | <u>459,386</u> |
| Net current liabilities | | <u>(482,374)</u> | <u>(429,659)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(477,200)</u> | <u>(425,115)</u> |

| | Notes | As at 30 September 2014 (Unaudited) HK\$'000 | As at 31 March 2014 (Audited) HK\$'000 |
|--------------------------------|-------|--|--|
| Non-current liabilities | | | |
| Borrowings | 12 | (96,116) | (94,656) |
| NET LIABILITIES | | (573,316) | (519,771) |
| CAPITAL AND RESERVES | | | |
| Share capital | 14 | 98,584 | 98,584 |
| Reserves | | (671,900) | (618,355) |
| DEFICIENCY IN CAPITAL | | (573,316) | (519,771) |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

| | 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 | Distributable reserve HK\$'000 | Accumulated losses HK\$'000 | |
| 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> |
| At 1 April 2014 (Audited) | 98,584 | 140,943 | 81,004 | 43 | 231,340 | (1,071,685) | (519,771) |
| Total comprehensive income for the period (Unaudited) | - | - | - | - | - | (53,545) | (53,545) |
| At 30 September 2014 (Unaudited) | <u>98,584</u> | <u>140,943</u> | <u>81,004</u> | <u>43</u> | <u>231,340</u> | <u>(1,125,230)</u> | <u>(573,316)</u> |

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 September 2014*

| | Six months ended | |
|--|-------------------------|-------------|
| | 30 September | |
| | 2014 | 2013 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Net cash (used in)/generated from operating activities | (127) | 5,025 |
| Net cash used in investing activities | (1,226) | (89) |
| Net (decrease)/increase in cash and cash equivalents | (1,353) | 4,936 |
| Cash and cash equivalents at 1 April | 3,082 | 5,794 |
| Cash and cash equivalents at 30 September | 1,729 | 10,730 |
| Analysis of balances of cash and cash equivalents: | | |
| Cash and bank balances | 1,729 | 10,730 |

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 annual report for the year ended 31 March 2014. 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 2014. 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\$53,545,000 for the six months ended 30 September 2014 (2013: approximately HK\$5,803,000). This condition indicates the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern.

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) the Directors are negotiating with an independent third party (the “Independent Third Party”) for the granting of a new loan facility of HK\$110,000,000 by the Independent Third Party to the Group. Such loan facility to be granted is mainly for the Group’s working capital. The Directors plan to seek further financial support, when necessary, from the Independent Third Party to provide adequate funds for the Group to meet its liabilities as and when they fall due in the future;
- (ii) the Directors have identified and have been negotiating with potential investors including the Independent Third Party for proposed capital injection arrangements; and
- (iii) the Directors have engaged professional consultants to propose restructuring plans for the Group.

The Directors believe the current portion of borrowings shall not be called for repayment by the respective loan providers within the next twelve months because they are either a substantial shareholder of the Group, related parties or other third parties of which an amount of approximately HK\$15,349,000 are amounts under dispute as at 30 September 2014.

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 write-down 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 non-current liabilities as current assets and current 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 2014. 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.

The Group has not applied those new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRSs but is not yet in a position to state whether those new and revised HKFRSs would have a material impact on its results of operations and financial position.

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, 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 the People's Republic of China ("PRC") amounting to approximately HK\$16,157,000 (2013: approximately HK\$12,482,000) and HK\$603,000 (2013: approximately HK\$19,323,000), respectively.

All operating assets and operations of the Group during the periods ended 30 September 2014 and 2013 were substantially located and carried out in Hong Kong.

Turnover represents gross proceeds received and receivable derived from the sale of newspapers, as well as provision of advertising and promotion services net of estimated customer returns, rebate and other similar allowances.

During the period, no revenue of operation was derived from any customer with revenue more than 10% of the total revenue (2013: approximately HK\$18,626,000).

5. Finance costs

| | Three months ended 30 September | | Six months ended 30 September | |
|--|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | 2014 (Unaudited) HK\$'000 | 2013 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 | 2013 (Unaudited) HK\$'000 |
| Interest expenses on other borrowings wholly repayable: | | | | |
| – within five years | 5,677 | 5,677 | 11,293 | 11,293 |
| – after five years | 734 | 734 | 1,459 | 1,459 |
| Effective interest expenses on interest-free borrowings wholly repayable within five years | – | (1) | – | 22 |
| | 6,411 | 6,410 | 12,752 | 12,774 |

6. Loss before income tax

Loss before income tax is arrived at after charging:

| | Three months ended 30 September | | Six months ended 30 September | |
|---|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | 2014 (Unaudited) HK\$'000 | 2013 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 | 2013 (Unaudited) HK\$'000 |
| Minimum lease payments under operating leases | 708 | 770 | 1,301 | 1,501 |
| Employee benefit expenses (including Directors' emoluments) | | | | |
| – salaries, allowances and other benefit | 7,701 | 5,689 | 14,619 | 11,359 |
| – contributions to defined contribution retirement scheme | 387 | 208 | 632 | 425 |
| Depreciation | 309 | 287 | 596 | 569 |

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 arising in Hong Kong 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 2014 (2013: Nil).

9. Loss per share

Basic

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

| | Three months ended 30 September 2014 | | Six months ended 30 September 2014 | |
|---|--|---------------------|--|---------------------|
| | (Unaudited) | 2013 (Unaudited) | (Unaudited) | 2013 (Unaudited) |
| Loss attributable to owners of the Company (HK\$'000) | (18,183) | (4,010) | (53,545) | (5,803) |
| 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 loss per share (HK cents) | (0.93) | (0.20) | (2.72) | (0.29) |

Diluted

Diluted loss per share amounts for the current and prior periods are the same as the basic loss per share amounts. Since the Company had no potentially dilutive ordinary shares in issue during each of the either periods.

10. Property, plant and equipment

During the six months ended 30 September 2014, the Group spent approximately HK\$1,226,000 (2013: HK\$89,000) 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\$37,944,000 (31 March 2014: approximately HK\$19,033,000), with the following aging analysis based on invoice dates as at the end of the reporting periods:

| | As at 30 September 2014 (Unaudited) HK\$'000 | As at 31 March 2014 (Audited) HK\$'000 |
|---|--|--|
| 0 to 30 days | 1,045 | 1,759 |
| 31 to 60 days | 374 | 647 |
| 61 to 120 days | 696 | 6,769 |
| Over 120 days | 169 | 11,422 |
| Trade receivables | 2,284 | 20,597 |
| Deposits, prepayments and other receivables | 4,169 | 6,048 |
| | 6,453 | 26,645 |

The average credit period on sale of goods and provision for services is normally settled within 60 to 180 days from the invoice date.

12. Borrowings

| | As at 30 September 2014 (Unaudited) HK\$'000 | As at 31 March 2014 (Audited) HK\$'000 |
|---|---|--|
| Loans from a substantial shareholder, unsecured (Note (i)) | 347,914 | 344,168 |
| Loans from related companies, unsecured (Note (ii)) | 25,423 | 24,882 |
| Loans from third parties, unsecured (Note (iii)) | 174,421 | 165,956 |
| | 547,758 | 535,006 |
| Analysed as: | | |
| Current | 451,642 | 440,350 |
| Non-current | 96,116 | 94,656 |
| | 547,758 | 535,006 |

Notes:

- (i) The amount includes loans granted by Billion Wealth Group Limited ("Billion Wealth"). As at the end of the reporting period, the amount comprises three loan facilities, with their principal amounts in aggregate of approximately HK\$139,545,000 (31 March 2014: approximately HK\$139,545,000), granted by Billion Wealth to the Company. They comprise: (1) a facility of HK\$60,000,000 (31 March 2014: HK\$60,000,000) fully utilised by the Company in prior years. The loan is unsecured, interest-free and repayable on demand; (2) another facility of HK\$50,000,000 (31 March 2014: HK\$50,000,000) was fully utilised by the Company in prior years. The loan is unsecured, interest-free and repayable on the date falling upon the resumption of trading in the shares of the Company on the Stock Exchange. In the opinion of the Directors, the loan was classified as current liability; and (3) a facility of HK\$50,000,000 (31 March 2014: HK\$50,000,000) of which the Company has utilised approximately HK\$29,545,000 (31 March 2014: approximately HK\$29,545,000) as at the end of the reporting period. The loan is unsecured, interest-free and repayable on demand.

Included in the loans from a substantial shareholder were also a loan balance assigned from a former shareholder of the Company in aggregate amount of approximately HK\$142,176,000 (31 March 2014: approximately HK\$139,433,000) granted to the Company. As at 30 September and 31 March 2014, the assigned loan is unsecured, interest bearing at Hong Kong prime rate plus 1% per annum and is repayable on demand.

Loans from a substantial shareholder also include loans assigned from another former shareholder of approximately HK\$66,193,000 (31 March 2014: approximately HK\$65,190,000) to the Company. The loans are unsecured, bearing 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 no later than the twentieth anniversary of 24 January 2003.

- (ii) As at the end of the reporting period, an amount of approximately HK\$7,029,000 (31 March 2014: approximately HK\$6,488,000) was granted to the Company by a company under common control of the beneficial shareholder of Billion Wealth. The amount is unsecured, bearing interest at 36% (2013: 36%) per annum and is repayable on demand.

In the prior year, a 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 to the Group, of which an amount of HK\$18,394,000 (31 March 2014: HK\$18,394,000) was utilised as at the end of the reporting period. The amount is unsecured, interest-free and repayable on demand.

- (iii) As at the end of the reporting period, the balance includes loans granted by third parties of approximately HK\$38,669,000 (31 March 2014: approximately HK\$38,669,000) to the Company. These loans are unsecured, interest-free and repayable on demand.

The amount also includes loans granted by third parties of approximately HK\$29,922,000 (31 March 2014: approximately HK\$29,466,000) to the Company. The loans are unsecured, bearing 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 no later than the twentieth anniversary of 24 January 2003.

The remaining amount of approximately HK\$105,830,000 (31 March 2014: approximately HK\$97,821,000) due by the Company are unsecured and bearing interest at the rates ranging from 17% to 36% per annum (31 March 2014: ranging from 17% to 36% per annum). These balances are repayable 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 2014 (Unaudited) HK\$'000 | As at 31 March 2014 (Audited) HK\$'000 |
|-------------------------------------|---|--|
| Loans from third parties, unsecured | 24,336 | 24,198 |
| Analysed as: | | |
| Current | 15,349 | 15,349 |
| Non-current | 8,987 | 8,849 |
| | 24,336 | 24,198 |

13. 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 2014 (Unaudited) HK\$'000 | As at 31 March 2014 (Audited) HK\$'000 |
|-----------------------------|---|--|
| 0 to 30 days | 2,513 | 1,323 |
| 31 to 90 days | 223 | 95 |
| Over 90 days | 6,944 | 5,455 |
| Trade payables | 9,680 | 6,873 |
| Other payables and accruals | 29,234 | 12,163 |
| | 38,914 | 19,036 |

The trade payables are non-interest bearing and are normally settled within 30 days from the invoice date.

14. Share capital

| | At 30 September 2014 (Unaudited) | | At 31 March 2014 (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 |

15. Related party transactions

| Name of related parties | Relationship |
|--|--|
| Billion Wealth | A substantial shareholder of the Company |
| Birmingham International Holdings Limited ("Birmingham") | Mr. Yeung Ka Sing, Carson ("Mr. Yeung"), who has deemed substantial interest in the Company, had also been a director of Birmingham till 4 February 2014 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:

| | Six months ended | |
|--|-------------------------|-------------|
| | 30 September | |
| | 2014 | 2013 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Advertising income from Birmingham* | – | 50 |
| Interest expenses on other borrowings from Billion Wealth* | 3,746 | 3,746 |
| Effective interest expenses on interest-free borrowings from Billion Wealth* | – | 22 |
| Interest expenses on borrowings from Birmingham* | 541 | 541 |

* *connected transaction*

16. Contingent liabilities

At 30 September 2014, 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 approximately HK\$517,000 (2013: approximately HK\$517,000). In the opinion of the Directors, the liabilities are unlikely to crystallize and no provision had therefore been made in respect of these claims as at 30 September 2014 and 2013.

In July 2007, a licensee of SPNCL who acted 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 opinion of the Directors, the liabilities are unlikely to crystallize and no provision had therefore been made in the financial statements in respect of the claim.

On 30 May 2013, the Group received a writ of summons made against SPNCL and two ex-employees of the Group for damages in respect of alleged defamation. A defence was filed by the Group and the two ex-employees in October 2013. In the opinion of the Directors, the liabilities are unlikely to crystallise and no provision had therefore been made in the financial statements in respect of such claim.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 September 2014, the Group recorded a revenue of approximately HK\$16,760,000, representing a decrease of approximately 47.3% as compared with the revenue of approximately HK\$31,805,000 for the same period last year. The decrease in revenue was due to (i) the discontinued cooperation with a major customer from PRC (the "Major Customer"); and (ii) change in contract terms with newspaper distributor (as detailed below).

For the period ended 30 September 2014, the Group recorded an increased cost of sales of approximately HK\$24,648,000, representing an increase of approximately 48.7% as compared with approximately HK\$16,571,000 for the same period last year. This was mainly attributable to change in contract terms entered into with the Group's newspaper distributor with regard to the distribution of newspapers at the distributor's request. Pursuant to the revised contract terms, the Group's newspapers would be sold to the distributor at retail price (before deducting the rebate granted to the distributor), whereas in the previous year, the Group's newspapers were sold to the distributor at an agreed contracted price after deducting the rebate granted to the distributor. As a result of such change in contract terms, both turnover and cost of sales of the Group for the period were increased by approximately HK\$4,353,000. Further on, during the period under review, average number of pages published has been increased. As the results of that, printing cost and employee benefit expense were increased.

The increase of approximately 23.2% in the administrative and other operating expenses was mainly due to the increased staff cost.

The impairment loss on trade and other receivables amounted to approximately HK\$22,054,000 for the period was mainly due to the default of payment of the Major Customer of the Group during the period under review.

Loss attributable to the Company's shareholders for the six months ended 30 September 2014 was approximately HK\$53,545,000, representing an increase in loss of approximately 8.2 times as compared with loss of approximately HK\$5,803,000 for the same period last year. The increase in loss was mainly due to the decrease in revenue, the increase in the cost of sales and the impairment loss on trade and other receivables.

Financial Resources and Liquidity

On 21 March 2013, a loan facility of HK\$100,000,000 was granted to the Group by a company jointly owned by an executive director and a former executive director of the Company, of which an amount of HK\$18,394,000 was utilised as at 30 September 2014 (2013: HK\$18,394,000).

The Directors are negotiating with the Independent Third Party for the granting of a new loan facility of HK\$110,000,000 by the Independent Third Party to the Group. Such loan facility to be granted will be mainly for the Group's working capital needs. The Directors plan to seek further financial support, when necessary, from the Independent Third Party to provide adequate funds for the Group to meet its liabilities as and when they fall due in the future.

Share Capital Structure

There was no change in the Company's share capital structure during the period. As at 30 September 2014, 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 2014, no assets of the Group were pledged for loan facilities granted to the Group (31 March 2014: Nil).

Number of Employees and Remuneration Policies

As at 30 September 2014, the Group employed 135 (30 September 2013: 113) employees who are normally situated in Hong Kong. The remuneration packages of the Group's employees are rewarded on individual performance related basis and by reference to market conditions.

Significant Investment

The Group did not hold any significant investment during the period ended 30 September 2014.

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 2014, the capital commitments of the Group is approximately HK\$317,000 (2013: Nil).

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. The existing browsing Apps of Sing Pao for iPad was launched in January 2013, both local and overseas readers can access the full version of Sing Pao through iPad for free. This move has attracted a large population of new readers in PRC, and allowed our customers' advertisements to be reached by more potential customers.

With the change in management team during the period, early application for new journalist stations in PRC has been suspended. However, new management team will carry on establishing new journalist stations in major cities in PRC in the coming periods.

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.

The Group has appointed a PRC agent to set up a wholly foreign-owned enterprise in PRC and the management is going to expand its business in PRC through this new company.

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 an affirmation (the "Affirmation") with 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 adviser to update the Explanatory Statement and Affirmation.

On 7 October 2013, the Company submitted the draft resumption proposal, the revised cashflow forecasts and the revised pro forma financial statements of the Group (collectively, the "Draft Resumption Proposal") to the Stock Exchange and the Committee in relation to its application for resumption of 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 their consideration on the Resumption. The Committee considered that it was inappropriate to approve the Draft Resumption Proposal yet, and that the then financial advisers of the Company (the "Joint Financial Advisers") should perform due diligence on the Group's advertising revenue (the "Due Diligence") to demonstrate that the level of advertising revenue attributable to PRC customers of the Group as disclosed in the Draft Resumption Proposal is reasonable.

On 28 July 2014, the Board resolved to engage Chanceton Capital Partners Limited (“Chanceton”) as the new financial adviser to replace the Joint Financial Advisers in respect of the Resumption. Chanceton is currently in the course of (i) reviewing all the relevant documents relating to the recent resumption application records and business development of the Company; (ii) discussing with the Company and other professional parties to update the status of the plan set out in the Draft Resumption Proposal; and (iii) conducting due diligence work on the reasonableness of the Group’s PRC revenue. The Due Diligence report is expected to be submitted to the Stock Exchange on or before 28 November 2014.

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 2014, 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 pursuant to the required standard of dealings by directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

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 2014, 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 2014, 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 2014.

At 30 September 2014, 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 2014.

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 throughout the period under review except that:

The vacancy of the chairman of the Audit Committee will give arise to the company’s non-compliance with requirement under Rule 5.28 of the GEM Listing Rules. The Board would make its best endeavours to identify an appropriate person to be appointed as new chairman to the Audit Committee within three months from the date of the resignation of the former chairman of Audit Committee pursuant to Rules 5.33 of the GEM Listing Rules. Further announcement will be made by the Company in relation to such appointment as and when appropriate.

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 Mr. Cheung Ning, Mr. Kong Tze Wing, Mr. Wong Wai Kwok and Mr. Leung King Pak.

The Group's financial results and information therein for the six months ended 30 September 2014 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 2014. 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

Trading in the shares of the Company has been suspended since 28 April 2005 and will remain suspended until further notice.

By Order of the Board
Sing Pao Media Enterprises Limited
Gu Zhuoheng
Chairman

Hong Kong, 14 November 2014

As at the date of this report, the Board comprises twelve directors of which eight are executive directors, namely, Mr. Gu Zhuoheng, Mr. Ma Shui Cheong, Mr. Jin Zu Lu, Mr. Murphy Kevin Michael, Mr. Hwa Guo Wai, Godwin, Mr. Du Jian Jun, Ms. Meng Xiao Ying, and Ms. Kwan Sharon; and four are independent non-executive directors, namely, Mr. Kong Tze Wing, Mr. Cheung Ning, Mr. Wong Wai Kwok and Mr. Leung King Pak.