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)

FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 30 JUNE 2014

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

GEM has been established as a market designed to accommodate companies to which a higher 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.

This announcement, 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 announcement 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 announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement is available for reference on the Company's website at http://www.singpao.com and will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least seven days from the date of its publication.

FIRST QUARTERLY RESULT FOR THE THREE MONTHS ENDED 30 JUNE 2014

The board of Directors (the "Board") herewith announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the three months ended 30 June 2014, together with the comparative unaudited figures for the corresponding period ended 30 June 2013 as follows:

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

For the three months ended 30 June 2014

		Three months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**8,808**	16,971
Cost of sales and services		**(11,442)**	(8,486)
Gross (loss)/profit		**(2,634)**	8,485
Other revenue and other gain		**176**	358
Administrative and other operating expenses		**(4,814)**	(4,272)
Impairment loss on trade and other receivables		**(21,749)**	–
Finance costs	*5*	**(6,341)**	(6,364)
Loss before income tax	*6*	**(35,362)**	(1,793)
Income tax	*7*	**–**	–
Loss for the period		**(35,362)**	(1,793)
Other comprehensive income		**–**	–
Total comprehensive income for the period attributable to owners of the Company		**(35,362)**	(1,793)
Dividend	*10*	**–**	–
Loss per share	*8*		
Basic and diluted		**(1.79 cents)**	(0.09 cents)

ACCOUNTING POLICIES AND EXPLANATORY NOTES

1. Basis of preparation and principal accounting policies

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and with 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 – basis of measurement and going concern assumption

The Group sustained an unaudited consolidated loss attributable to owners of the Company of approximately HK$35,362,000 for the three months ended 30 June 2014 (2013: approximately HK$1,793,000). 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 June 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 realising 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 years.

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. Revenue 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") amounted to approximately HK$8,308,000 (2013: approximately HK$7,014,000) and HK$500,000 (2013: approximately HK$9,957,000), respectively.

All operating assets and operations of the Group during the periods ended 30 June 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, rebates and other similar allowances.

5. Finance costs

	Three months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on other borrowings wholly repayable:		
– within five years	**5,616**	5,616
– after five years	**725**	725
Effective interest expenses on other borrowings	**–**	23
	6,341	6,364

6. Loss before income tax

Loss before income tax is arrived after charging:

	Three months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Minimum lease payments under operating leases	**593**	731
Employee benefit expenses (including Directors' emoluments)		
– salaries, allowances and other benefit	**6,918**	5,670
– contributions to defined contribution retirement scheme	**245**	217
Depreciation	**287**	282

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. **Loss per share**

(a) ***Basic loss per share***

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$35,362,000 (2013: approximately HK$1,793,000) and the weighted average number of 1,971,685,971 (2013: 1,971,685,971) ordinary shares in issue during the period.

(b) ***Diluted loss per share***

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 either period.

9. **Reserves**

	Share premium *HK$'000*	**Shareholders' contributions** *HK$'000*	**Exchange reserve** *HK$'000*	**Distributable reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At 1 April 2013 (Audited)	140,943	81,004	43	231,340	(1,030,874)	(577,544)
Total comprehensive income for the period (Unaudited)	–	–	–	–	(1,793)	(1,793)
At 30 June 2013 (Unaudited)	140,943	81,004	43	231,340	(1,032,667)	(579,337)
At 1 April 2014 (Audited)	140,943	81,004	43	231,340	(1,071,685)	(618,355)
Total comprehensive income for the period (Unaudited)	–	–	–	–	(35,362)	(35,362)
At 30 June 2014 (Unaudited)	140,943	81,004	43	231,340	(1,107,047)	(653,717)

10. **Dividend**

The Directors resolved that no interim dividend be declared for the three months ended 30 June 2014 (2013: Nil).

11. Contingent liabilities

At 30 June 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 June 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 announcement. 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 three months ended 30 June 2014, the Group recorded a turnover of approximately HK$8,808,000, representing a decrease of approximately 48.1% as compared with the turnover of approximately HK$16,971,000 for the same period last year. The decrease in turnover was due to (i) the discontinued cooperation with a major customer from the PRC (the "Major Customer"); and (ii) change in contract terms with newspaper distributor (detailed below).

For the period ended 30 June 2014, the Group has an increased cost of sales of approximately HK$2,956,000 or 34.8% as compared with approximately HK$8,486,000 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$2,267,000. Further on, during the period under review, number of pages published has been increased. As the results of that, printing cost and employee benefit expense were increased.

The increase of approximately 12.7% in the administrative and other operating costs was mainly due to the increased staff cost.

The impairment loss on trade and other receivables amounted to approximately HK$21,749,000 for the period was mainly due to the default of payment of the Major Customer of the Group during the period.

Loss attributable to the Company's shareholders for the three months ended 30 June 2014 was approximately HK$35,362,000, representing an increase in loss of approximately 18.7 times as compared with loss of approximately HK$1,793,000 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 June 2014 (2013: HK$18,394,000).

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 will be 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.

Pledge of Assets

As at 30 June 2014, no assets of the Group was pledged for loan facilities granted to the Group (2013: Nil).

Capital Structure

As at 30 June 2014 and 2013, the Company had a total of 1,971,685,971 ordinary shares in issue with par value of HK$0.05 each.

Number of Employees and Remuneration Policies

As at 30 June 2014, the Group employed 136 (2013: 120) 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.

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 the People's Republic of China ("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 has been suspended. However, the new management team will carry on establishing new journalist stations in other 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.

In all the time, the Group will ensure the efficiency of the use of its resources. Last but not the least, readers' and advertisers' satisfaction 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 advertisers.

Resumption Progress

On 27 May 2011, the Company was informed by the Stock Exchange that the GEM Listing Committee (the "Committee") had decided to proceed to cancel the Company's listing status pursuant to Rule 9.15 of the GEM Listing Rules. The Company was 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 the Hong Kong Special Administrative Region (the "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 certain queries concerning the Scheme and indicated that more information should be provided in the Explanatory Statement and Affirmation in supporting the application. The Grand Court of the Cayman Islands also raised certain 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 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' 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 June 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 of its 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 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.

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 three months ended 30 June 2014.

At 30 June 2014, the Company had no outstanding exercisable share options.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Names of shareholder	Capacity	No. of shares of the Company held	Long (L)/ Short (S) position	Approximate percentage of shareholding
Mr. Yeung Ka Sing, Carson ("Mr. Yeung")	Controlled entity	261,473,945 *(Note)*	(L)	13.26%
Billion Wealth Group Limited ("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 June 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.

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 three months ended 30 June 2014.

COMPETING INTERESTS

During the period, none of the Directors or the controlling shareholders of the Company (as defined in the GEM Listing Rules) or any of their respective associates had any interest in a business which causes or may cause significant competition with the business of the Group or had or might have any conflicts of interest with 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: "Corporate Governance Code and Corporate Governance Report" (the "CG Code") of the GEM Listing Rules.

In the opinion of Directors, the Company has complied with the code provision as set out in the CG Code during the three months ended 30 June 2014.

REVIEW OF THE FIRST QUARTERLY REPORT

The Company has established an audit committee ("Audit Committee") with written terms of reference.

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 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 the 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.

The Group's financial results and information therein for the three months ended 30 June 2014 have not been reviewed by the external auditors. Instead, the unaudited consolidated financial results for the three months ended 30 June 2014 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that the 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, 6 November 2014

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

* *For identification purpose only*