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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

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 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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; (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 7 days from the date of its publication.

* *For identification purpose only*

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

The board of directors (the "Board") of the Company announces herewith the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2014 together with comparative audited figures for the year ended 31 March 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

		2014	2013
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**68,084**	62,042
Cost of sales and services		**(43,567)**	(36,286)
Gross profit		**24,517**	25,756
Other revenue and other gain	*6*	**1,341**	4,919
Distribution costs		**(532)**	(490)
Administrative and other operating expenses		**(18,671)**	(16,703)
Impairment loss on trade and other receivables		**(22,010)**	–
(Loss)/profit from operations		**(15,355)**	13,482
Finance costs	*7*	**(25,456)**	(24,352)
Loss before income tax	*8*	**(40,811)**	(10,870)
Income tax	*9*	**–**	–
Loss for the year and total comprehensive loss for the year attributable to owners of the Company		**(40,811)**	(10,870)
Loss per share	*10*		
Basic and diluted		**(2.07 cents)**	(0.55 cent)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Property, plant and equipment		**4,544**	5,305
Current assets			
Trade and other receivables	*11*	**26,645**	38,218
Cash and cash equivalents		**3,082**	5,794
		29,727	44,012
Current liabilities			
Trade payables, other payables and accruals	*12*	**19,036**	20,580
Borrowings	*13(a)*	**440,350**	415,950
		(459,386)	(436,530)
Net current liabilities		**(429,659)**	(392,518)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(425,115)**	(387,213)
Non-current liabilities			
Borrowings	*13(a)*	**(94,656)**	(91,747)
NET LIABILITIES		**(519,771)**	(478,960)
CAPITAL AND RESERVES			
Share capital	*14*	**98,584**	98,584
Reserves		**(618,355)**	(577,544)
DEFICIENCY IN CAPITAL		**(519,771)**	(478,960)

NOTES:

1. GENERAL INFORMATION

Sing Pao Media Enterprises Limited (the "Company") is a public limited liability company incorporated in the Cayman Islands and its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is 8th Floor, United Overseas Plaza, 11 Lap Yip Street, Kwun Tong, Kowloon, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are publication of newspapers, provision of advertising services and promotion services.

2. Basis of preparation

The measurement basis used in the preparation of the consolidated financial statements of the Group is the historical basis.

Going concern assumption

The Group sustained consolidated loss for the year of approximately HK$40,811,000 (2013: approximately HK$10,870,000) for the year ended 31 March 2014. At 31 March 2014, the Group had consolidated net current liabilities and net liabilities of approximately HK$429,659,000 (2013: approximately HK$392,518,000) and HK$519,771,000 (2013: approximately HK$478,960,000), respectively. These conditions indicate 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 as stated in Note 13(a) will 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 further detailed in Note 13(b).

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. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs")

(a) Adoption of new and revised HKFRSs – effective 1 April 2013

In the current year, the Group has applied for the first time, the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, which are effective for Group's financial year beginning 1 April 2013.

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income of the Group.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) Int-12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

As a result of the application of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its investments in its subsidiaries.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. It defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. The application of HKFRS 13 has not had any material impact on the amounts recognised in the Group's financial statements.

Except for the above, the application of these new and revised HKFRSs had no material impact on the Group's consolidated financial statements.

(b) New and revised HKFRSs that have been issued but not yet effective

The Group has not early adopted the following new and revised HKFRSs that have been issued but are not effective for the financial year beginning 1 April 2013:

HKFRS 9	Financial Instruments[4]
HKFRS 9	Financial Instruments (Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39)[4]
HKFRS 14	Regulatory Deferral Accounts[5]
HKFRS 15	Revenue from Contracts with Customers[6]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting by Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) Interpretation 21	Levies[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]

[1] *Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted*

[2] *Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted*

[3] *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions*

[4] *No mandatory effective date has been determined but is available for adoption*

[5] *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted*

[6] *Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted*

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. Key requirements of HKFRS 9 are summarized below:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated at fair value though profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated at fair value through profit or loss was presented in profit or loss.

The Directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The Group is in the process of making an assessment of the potential impact of the other new and revised HKFRSs and the Directors so far concluded that the application of these new and revised HKFRSs will have no material impact on the results and financial position of the Group.

4. 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 the provision 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 (the "PRC") amounted to approximately HK$35,159,000 (2013: approximately HK$27,920,000) and HK$32,925,000 (2013: HK$34,122,000), respectively.

All operating assets of the Group during the years ended 31 March 2014 and 2013 were substantially located in Hong Kong.

Revenue from customers contributing over 10% of the Group's revenue are as follows:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**31,446**	30,260
Customer B	**22,392**	12,685

5. Revenue

Revenue represents the gross proceeds received and receivable derived from the publication of newspapers as well as the provision of advertising and promotion services, net of estimated customer returns, trade discounts and other similar allowances, and are summarised as follows:

	2014	2013
	HK$'000	*HK$'000*
Sale of newspapers	**22,636**	13,963
Advertising income	**44,118**	45,861
Service income	**1,330**	2,218
	68,084	62,042

Included in advertising income is an amount of approximately HK$439,000 (2013: approximately HK$2,201,000) in respect of barter transactions entered into during the year.

6. Other revenue and other gain

	2014	2013
	HK$'000	*HK$'000*
Other revenue:		
Sundry income	**1,341**	1,244
Other gain:		
Gain on disposal of an associate	**–**	3,675
	1,341	4,919

7. Finance costs

	2014	2013
	HK$'000	*HK$'000*
Interest on other borrowings wholly repayable:		
– within five years	**22,525**	21,874
– after five years	**2,909**	2,913
Reversal of accrued interest expenses	**–**	(1,600)
Effective interest expenses on other borrowings *(Note 13(a)(i))*	**22**	1,165
	25,456	24,352

8. Loss before income tax

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

	2014	2013
	HK$'000	*HK$'000*
Auditor's remuneration	**590**	780
Depreciation	**1,113**	1,105
Impairment loss on trade and other receivables	**22,010**	–
Reversal of impairment loss on trade receivables	**–**	(247)
Employee benefit expenses (including Directors' emoluments)		
– salaries, allowances and other benefits	**23,618**	23,072
– contributions to defined contribution retirement scheme	**832**	891
Minimum lease payments under operating leases on		
– machinery	**289**	324
– leasehold land and buildings	**1,784**	2,201
– motor vehicles	**60**	90

9. Income tax

No provision for Hong Kong profits tax has been made for the year as the Group has no estimated assessable profit arising in Hong Kong during the year. In prior year, no provision for Hong Kong profits tax was provided as the Group had sufficient unrecognised tax losses brought forward to offset against estimated assessable profits arising in Hong Kong during the year ended 31 March 2013.

10. 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$40,811,000 (2013: approximately HK$10,870,000) and the weighted average number of 1,971,685,971 (2013: 1,971,685,971) ordinary shares in issue during the year.

(b) Diluted loss per share

Diluted loss per share amounts for the current year and the prior year are the same as the basic loss per share amounts since the Company had no potentially dilutive ordinary shares in issue during both years.

11. Trade and other receivables

(a) Ageing analysis

Included in trade and other receivables are trade receivables of approximately HK$20,597,000 (2013: approximately HK$30,458,000), net of allowance for doubtful debts of approximately HK$19,033,000 (2013: approximately HK$877,000), with the following ageing analysis based on invoice date as of the end of the reporting period:

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	**1,759**	4,921
31 to 60 days	**647**	3,301
61 to 120 days	**6,769**	5,185
Over 120 days	**11,422**	17,051
	20,597	30,458

The average credit period on sale of newspapers and provision for advertising and promotion services is normally settled within 60 to 180 days (2013: 60 days) from the invoice date.

(b) Impairment loss on trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movements in the allowance for doubtful debts during the year are as follows:

	2014	2013
	HK$'000	*HK$'000*
At beginning of year	**877**	3,948
Written off as uncollectible	**–**	(2,824)
Provision for/(reversal of) impairment losses during the year	**18,156**	(247)
At end of year	**19,033**	877

Included in allowance for doubtful debts on trade receivables are individually impaired trade receivables with an aggregate balance of approximately HK$19,033,000 (2013: approximately HK$877,000). These individually impaired receivables relate to customers that were in financial difficulties or were in default of payments and management assessed that these receivables could not be recovered. The Group does not hold any collateral over these balances.

(c) Trade receivables that are not impaired

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**2,985**	4,130
Less than 1 month past due	**1,090**	4,466
1 to 3 months past due	**5,474**	5,426
More than 3 months past due	**11,048**	16,436
	17,612	26,328
	20,597	30,458

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of approximately HK$17,612,000 (2013: approximately HK$26,328,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the Directors assessed that the balances will be recovered based on their settlement records and based on management's judgement. The Group does not hold any collateral over these balances.

12. Trade payables, other payables and accruals

The following is the ageing analysis of trade payables based on invoice date at the end of the reporting period:

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	**1,323**	1,464
31 to 90 days	**95**	92
Over 90 days	**5,455**	5,444
	6,873	7,000
Other payables and accruals	**12,163**	13,580
	19,036	20,580

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

13. Borrowings

(a) Borrowings

	2014	2013
	HK$'000	*HK$'000*
Loans from a substantial shareholder, unsecured *(Note (i))*	**344,168**	336,674
Loans from related companies, unsecured *(Note (ii))*	**24,882**	23,802
Loans from third parties, unsecured *(Note (iii))*	**165,956**	147,221
	535,006	507,697
Analysed as:		
Current	**440,350**	415,950
Non-current	**94,656**	91,747
	535,006	507,697

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 (2013: approximately HK$139,545,000), granted by Billion Wealth to the Group. They comprise: (1) a facility of HK$60,000,000 (2013: HK$60,000,000) fully utilised by the Group in prior years. The loan is unsecured, interest-free and repayable on demand; (2) another facility of HK$50,000,000 (2013: HK$50,000,000) was fully utilised by the Group 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 (2013: HK$50,000,000) of which the Group has utilised approximately HK$29,545,000 (2013: approximately HK$29,545,000) as at the end of the reporting period. The loan is unsecured, interest-free and repayable on demand.

An imputed interest expense of approximately HK$22,000 (2013: approximately HK$1,165,000) was charged to profit or loss of the Group during the year. Imputed interest expenses on the facilities are calculated using the effective interest method by applying the effective interest rate of 5% per annum.

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$139,433,000 (2013: approximately HK$133,961,000) granted to the Group. As at 31 March 2014 and 2013, 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$65,190,000 (2013: approximately HK$63,190,000) to the Group. 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$6,488,000 (2013: approximately HK$5,408,000) was granted to the Group 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 (2013: 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 (2013: approximately HK$36,816,000) to the Group. These loans are unsecured, interest-free and repayable on demand.

The amount also includes loans granted by third parties of approximately HK$29,466,000 (2013: approximately HK$28,557,000) to the Group. 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$97,821,000 (2013: approximately HK$81,848,000) due by the Group are unsecured and bearing interest at the rates ranging from 17% to 36% per annum (2013: ranging from 17% to 36% per annum). These balances are repayable on demand.

As at the end of the reporting period, certain of the above balances were in dispute with the respective parties, details of which are set out in Note 13(b) below.

(b) Borrowings under dispute

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.

The Group had accrued interest expenses arising from the borrowings under dispute of approximately HK$277,000 (2013: approximately HK$277,000) which were included in the finance costs of the Group for the year ended 31 March 2014. Despite the borrowings from above being under dispute as at the reporting date, interest expenses were charged based on the amounts due and the applicable interest rates.

An analysis of the borrowings under dispute is as follows:

	2014	2013
	HK$'000	*HK$'000*
Loans from third parties, unsecured	**24,198**	23,921
Analysed as:		
Current	**15,349**	15,349
Non-current	**8,849**	8,572
	24,198	23,921

14. Share capital

	2014		2013	
	Number of shares	**Amount**	Number of shares	Amount
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.05 each				
At beginning and end of the 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 year	**50,000,000**	**2,500,000**	50,000,000	2,500,000
Issued and fully paid:				
Ordinary shares of HK$0.05 each				
At beginning and end of the year	**1,971,686**	**98,584**	1,971,686	98,584

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15. Contingent liabilities

During the years ended 31 March 2014 and 2013, the Group has the following pending litigations:

There were several cases brought forward from prior years 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 Company. 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 crystallise and no provision had therefore been made in respect of these claims as at 31 March 2014 and 2013.

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 defence 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 crystallise 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.

AN EXTRACT OF AUDITOR'S REPORT

Basis for Disclaimer of Opinion

(1) Scope limitation – Recoverability of trade and other receivables from a major customer

Included in trade and other receivables in the consolidated statement of financial position as at 31 March 2014 is an aggregate amount of approximately HK$21,294,000 (the "Amount"), net of provision for impairment loss of approximately HK$21,295,000, due from a major customer of the Group (the "Customer") among which approximately HK$15,704,000 of the trade receivables is overdue as at the end of the reporting period. No settlements have been received from the Customer by the Group subsequent to the end of the reporting period and up to the date of approval of the consolidated financial statements. In addition, we were unable to obtain direct confirmation from the Customer or other supporting evidence to satisfy ourselves as to the recoverability of the Amount. Any adjustments found to be necessary had we been able to satisfy ourselves as to the recoverability of such amount would have a consequential impact on the net current liabilities and the net liabilities of the Group as at 31 March 2014 and the results of the Group for the year then ended.

(2) Scope limitation – Borrowings under dispute

Included in the borrowings of the Group and of the Company as at 31 March 2014 are borrowings of approximately HK$24,198,000 and HK$14,568,000; and as at 31 March 2013 were borrowings of approximately HK$23,921,000 and HK$14,349,000, respectively due to several parties. Included in the finance costs in the consolidated statements of profit or loss and other comprehensive income of the Group for the year ended 31 March 2014 are accrued interest expenses of approximately HK$277,000; and for the year ended 31 March 2013 were accrued interest expenses of approximately HK$277,000 based on the amounts due and the applicable interest rates. As discussed in Note 23(b) to the consolidated financial statements, the Group and the Company are in dispute with these parties over these balances. We were unable to obtain representation from the directors on the accuracy of these borrowings which were carried forward since prior years. The directors represent that there was either no formal agreement entered into or there was no evidence of such arrangement in the past. In addition, we were unable either to obtain direct confirmations from these parties or other supporting evidence to satisfy ourselves as to whether the borrowings and interest expenses are free from material misstatement because these lenders were either no longer in contact with the Group or did not reply to our confirmation requests. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to whether the borrowings and interest expenses were fairly stated, which would have a consequential effect on the net current liabilities and the net liabilities of the Group and the Company as at 31 March 2014 and of the Group's loss for the year then ended. The predecessor auditor of the Company qualified their opinion in respect of a similar limitation of scope in their report dated 19 June 2013 for the year ended 31 March 2013. Therefore, the comparative amounts may not be comparable and any adjustment to these amounts may also have a consequential effect on the opening balance of the accumulated losses of the Group and the Company at 1 April 2013 and the results of the Group for the year ended 31 March 2014.

(3) Scope limitation – Appropriateness of using the going concern basis in preparing the consolidated financial statements

The Group sustained consolidated loss of approximately HK$40,811,000 for the year ended 31 March 2014. At 31 March 2014, the Group had consolidated net current liabilities and net liabilities of approximately HK$429,659,000 and HK$519,771,000, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

As explained in Note 2 to the consolidated financial statements, the directors intend to adopt certain measures (the "Measures") including, among others, negotiating with an independent third party (the "Independent Third Party") for the granting of a new loan facility of HK$110,000,000 (the "New Loan Facility") to the Group, entering into negotiations with potential investors, including the Independent Third Party, in respect of possible capital injection arrangements into the Group and taking steps to propose restructuring plans for the Group in order to improve the Group's financial and cash flow positions and to maintain the Group as a going concern. The directors are of the opinion that should the Measures be successfully implemented, the current severe financial position of the Group could be turnaround.

The directors have prepared a cash flow forecast for the next twelve months (the "Forecast") based on certain underlying assumptions including successful drawdown of the New Loan Facility and that the borrowings classified as current portion of approximately HK$440,350,000 from a substantial shareholder, certain related parties and third parties (the "Loan Providers") will not be called for settlement within the next twelve months (the "Standstill Undertakings").

These financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of the Measures to be undertaken and the achievement of the underlying assumptions of the Forecast in order to satisfy the Group's working capital needs, improve its cash flow position and address its capital deficiency. As of the date of approval of the consolidated financial statements, the New Loan Facility is still under negotiation, evidence on the Standstill Undertakings is not available for our review and; the directors of the Company are taking steps to prepare restructuring plans for the Group and negotiate with potential investors in respect of possible capital injection arrangements into the Group. Notwithstanding negotiations were being actively conducted, these measures had yet to give rise to any conclusion. Accordingly, we are unable to determine whether the underlying assumptions of the Forecast are valid and whether the capital injection and restructuring plan can be successfully completed and, therefore, whether it is appropriate to use the going concern basis in preparing the consolidated financial statements. There were no other satisfactory audit procedures that we could adopt in this regard.

Should the use of the going concern basis in preparing the consolidated financial statements be determined to be inappropriate, adjustments might have to be made to reduce the value of 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.

(4) Departure from accounting standard – non-provision of default interests on certain borrowings in default

During the year, certain borrowings of the Group and the Company from a substantial shareholder have been in default (the "Borrowings in Default"). Pursuant to the relevant loan agreements entered into with the substantial shareholder, the Group and the Company would be required to pay respective default interests which aggregate to an amount of approximately HK$25,005,000 on the Borrowings in Default for the year ended 31 March 2014. No provision for such default interests had been made in the consolidated financial statements, which constitutes a departure from Hong Kong Accounting Standard 1 "Presentation of Financial Statements". Had such default interests been provided for in the consolidated financial statements for the year, the Group's finance costs and loss for the year would increase by approximately HK$25,005,000; and each of the net current liabilities and the net liabilities of the Group and the Company would be increased by approximately HK$25,005,000.

Disclaimer of Opinion

Because of the significance of the matters described in the "Basis for disclaimer of opinion" paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Review of Results

For the year ended 31 March 2014, the Group recorded a turnover of approximately HK$68,084,000, representing an increase of approximately HK$6,042,000 or 9.7 % as compared with approximately HK$62,042,000 for the previous year. In the same time the Group recorded a drop in gross profit margin of approximately 36.0% during the year, as compared with approximately 41.5% as recorded for 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 with effect from 1 April 2013, 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 year increased by approximately HK$8,877,000.

Administrative and other operating expenses increased by approximately HK$1,968,000 or 11.8% as compared with approximately HK$16,703,000 recorded last year. The increase in administrative and other operating expenses was mainly attributable to (i) increase in legal and professional fees by approximately HK$1,950,000 which were mainly incurred in relation to the resumption and scheme arrangement of the Company; and (ii) increase in employee benefit expense by approximately HK$487,000.

The impairment loss on trade and other receivables amounted to approximately HK$22,010,000 for the year which was mainly due to the default of payment of a major customer of the Group during the year. Management assessed that about 50% of the total trade and other receivables due from this major customer could not be recovered.

Loss attributable to the Company's shareholders for the year ended 31 March 2014 was approximately HK$40,811,000, representing an increase in loss of approximately HK$29,941,000 (including the impairment loss of approximately HK$22,010,000) or 275.4% as compared with loss of approximately HK$10,870,000 for the previous year.

Financial Resources and Liquidity

As at 31 March 2014, the Group did not maintain sufficient liquid funds and had net current liabilities of approximately HK$429,659,000 (2013: approximately HK$392,518,000). Cash and bank balances were approximately HK$3,082,000 (2013: approximately HK$5,794,000).

As at 31 March 2014, the Group's total borrowings amounted to approximately HK$535,006,000 (2013: approximately HK$507,697,000). Among the total amounts of such borrowings, approximately HK$440,350,000 (2013: approximately HK$415,950,000) was payable on demand or within one year and approximately HK$94,656,000 (2013: approximately HK$91,747,000) was payable after one year.

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 of the Company and a former executive director of the Company, of which an amount of HK$18,394,000 was utilized as at 31 March 2014 and 31 March 2013.

As at 31 March 2014, the Group recorded a total deficiency in capital of approximately HK$519,771,000 (2013: approximately HK$478,960,000).

Board's Consideration on Default Interests on Certain Borrowings in Default

Referring to point (4) under the section headed "Basis for Disclaimer of Opinion", the Board would like to supplement that the Company has considered the followings: (i) due to the longer-than-expected turnaround time in contacting directly with the substantial shareholder, no formal written confirmation has been obtained as at the date of the auditor's report; (ii) no written instructions from the substantial shareholder have been received by the Group up to the date of the auditor's report (iii) the substantial shareholder is not directly contactable (iv) base on our past experience, there had been no penalty charges imposed by the substantial shareholder. The Board, in view of (i) to (iv) considered not to make provision on the default interests in the consolidated financial statements of the Company for the year ended 31 March 2014.

Share Capital Structure

There was no change in the Company's share capital structure during the year. As at 31 March 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 shares with a par value of HK$0.05 each.

Pledge of Assets

As at 31 March 2014, no assets of the Group were pledged for loan facilities granted to the Group (2013: Nil).

Exposure to Fluctuation in Exchange Rates and Any Related Hedges

The Group's transactional currency is Hong Kong dollars. As substantial amount of the turnover is in Hong Kong dollar, the Group's transactional foreign exchange exposure is insignificant. There is no hedging policy with respect to the foreign exchange exposure.

Operating Lease Commitments

As at 31 March 2014 and 2013, the total future minimum lease payments under operating leases are payable as follows:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**1,904**	2,213
In the second to fifth year inclusive	**1,056**	2,267
	2,960	4,480

Operating lease payments represent rentals payable by the Group for certain of its office premises, machinery and motor vehicles. Leases are negotiated for an average term of three years and rentals are fixed throughout the respective lease periods.

DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 March 2014 (2013: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2014, the Group employed 111 (2013: 119) staffs who are normally situated in Hong Kong. Employee remuneration, including directors' remuneration, for the year ended 31 March 2014 was approximately HK$24,450,000 (2013: approximately HK$23,963,000). Year-end bonus based on individual performance will be paid to employees as recognition of and regard for their contributions. The remuneration packages of the Group's employees are rewarded on individual performance-related basis and by reference to the 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 Daily. The existing browsing Apps of Sing Pao Daily for iPad which launched in January 2013, both local and overseas readers can assess the full version of Sing Pao Daily 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.

In year 2014, the existing two journalist stations in Guangzhou and Beijing cities continue their functions to provide comprehensive, first-hand and exclusive news in PRC. Their support enhance the content of the Sing Pao Daily and its website as well as their influence. With the change in management team after the year end, early application for new journalist stations has been suspended. However, new management team will carry on establishing new journalist stations in other major cities in PRC in the coming year.

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 least, readers' and customers' 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 customers.

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 advisor 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; and (ii) discussing with the Company and other professional parties to update the status of the plan set out in the Draft Resumption Proposal.

AUDIT COMMITTEE

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

The Audit Committee currently comprises five independent non-executive directors, namely Messrs. Cheng Wai Hei (as the chairman of the Audit Committee), Kong Tze Wing, Wong Wai Kwok, Cheung Ning and Leung King Pak. Mr. Liu Shang Ping, Mr. Feng Jian, Mr. Cai Hai Ning and Mr. Xu Wei resigned as independent non-executive director on 24 September 2013, 2 January 2014, 31 March 2014 and 31 March 2014 respectively. Mr. Cheng Wai Hei, Mr. Du Jian Jun, Ms. Meng Xiao Ying, Mr. Wong Wai Kwok and Mr. Cheung Ning were appointed as independent non-executive directors and members of Audit Committee on 7 April 2014. Mr. Leung King Pak was appointed as independent non-executive director and member of Audit Committee on 13 June 2014. Mr. Du Jian Jun and Ms. Meng Xiao Ying resigned as independent non-executive directors and members of Audit Committee and appointed as executive directors on 24 June 2014.

The Group’s audited annual results for the year ended 31 March 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, the GEM Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF GRAHAM H.Y. CHAN & CO.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2014 as set out in this preliminary announcement have been agreed by the Group's auditor, Graham H.Y. Chan & Co., to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Graham H.Y. Chan & Co. in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Graham H.Y. Chan & Co. on this preliminary announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 to 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 year ended 31 March 2014, save and except for the following:

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, the Company does not have a separate chairman and chief executive officer and Mr. Chong Cha Hwa ("Mr. Chong") holds both positions. The Board believes that Mr. Chong can guide discussions and brief the Board in a timely manner on pertinent issues given his solid experience and strong connection in the industry, and that vesting the roles of both chairman and chief executive officer in him provides the Group with strong and consistent leadership and allows for more effective and efficient planning and execution of long-term business strategies. Full details in respect of the compliance with Appendix 15 to the GEM Listing Rule in the form of a "Corporate Governance Report" will be included in the annual report for the year ended 31 March 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

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

By order of the Board of
Sing Pao Media Enterprises Limited
CHONG Cha Hwa
Chairman

Hong Kong, 10 October 2014

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

* *For identification purpose only*