



# SHARP

PUSH!!

飲食男女

爽



港版

爽購 SHARPOON



爽

nxTomo

# NEXTmedia

INTERIM REPORT 2012•2013

Next Media Limited | Stock Code : 00282



**INTERIM REPORT 2012•2013**

Next Media Limited | Stock Code : 00282



**TO STAY ABREAST  
OF CHANGES  
AND RUN AHEAD OF  
THE MEDIA**



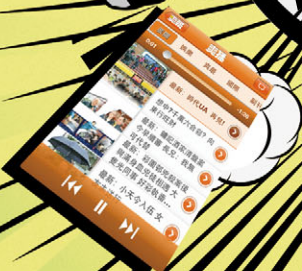


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# FINANCIAL HIGHLIGHTS



## FINANCIAL HIGHLIGHTS

Results	(Unaudited)	
	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
Revenue	1,784,406	1,842,459
Loss before interest, tax, depreciation, impairment and amortization but after non-controlling interests from continuing operations	(119,120)	(93,114)
Loss for the period from continuing operations	(928,385)	(275,210)
Basic loss per share from continuing operations	HK(38.7) cents	HK(11.4) cents
Diluted loss per share from continuing operations	HK(38.7) cents	HK(11.4) cents

Statement of Financial Position	(Unaudited)	
	As at	(Audited) As at
	30 September 2012	31 March 2012
	HK\$'000	HK\$'000
Non-current assets	3,273,586	3,856,279
Current assets	1,187,468	1,659,044
Total assets	4,461,054	5,515,323
Current liabilities	1,327,780	1,076,642
Non-current liabilities	685,451	1,041,430
Total liabilities	2,013,231	2,118,072
Net assets	2,447,823	3,397,251

### Ratio Analysis

Current ratio	89.4%	154.1%
Quick ratio	71.7%	136.4%
Gearing ratio	18.6%	18.4%

# MANAGEMENT DISCUSSION AND ANALYSIS



next mobile 



## MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Next Media announces the unaudited interim results of the Group for the six months ended 30 September 2012, as well as comparative figures for the same period of last year.

### BUSINESSES

The Group's main business activities during this period were the printing and publication of newspapers, magazines and books in Hong Kong and Taiwan. It also sold advertising space in these and on its Web portals, and subscriptions to the Web portals. Furthermore, it provided printing and reprographic services, delivered Internet content, and operated TV channels in Taiwan.

### POSSIBLE SALE OF THE GROUP'S PRINT AND TELEVISION BUSINESS IN TAIWAN

On 15 October 2012, Next Media entered into a memorandum of understanding ("MOU") with Mr. Jeffrey Koo Jr. ("Mr. Koo"), an independent third party as the purchaser, concerning the possible sale to him of the entire share capital of Amazing Sino International Limited (the holding company of the Group's *Taiwan Apple Daily* and *Taiwan Sharp Daily* businesses) and Ideal Vegas Limited (the holding company of the Group's *Taiwan Next Magazine Bundle* business). On the same date, it entered into another MOU with Mr. Koo regarding the possible sale to him of the entire issued share capital of Next TV, the operator of the Group's TV operations in Taiwan. (These two MOUs are hereinafter referred to as the "Possible Transactions".) On 18 November 2012, the parties to each of the MOUs entered into two supplemental memoranda of understanding, under which they agreed, among other things, that the parties concerned will continue negotiations concerning both the Possible Transactions, with a view to entering into definitive agreements and other legal documents by 27 November 2012, and with completion to take place in accordance with a share sale and purchase agreement on another date, instead of the original intended date of 17 December 2012.

On 27 November 2012, the Group has entered into the sale and purchase agreements in respect of the Possible Transactions with the purchasers.

### FINANCIAL RESULTS

The Group's revenue from continuing operations totalled HK\$1,784.4 million during the six months ended 30 September 2012. This was HK\$58.1 million or 3.2% lower than the HK\$1,842.5 million it recorded in the same period of 2011. The decline was mainly attributable to the fall in newspaper advertising revenue because of weak market sentiment in both Hong Kong and Taiwan during the period under review.

The Group recorded a loss of HK\$119.1 million for its continuing operations during the period under review, before interest, tax, depreciation, impairment and amortization, but after non-controlling interests. This represented an increase of 27.9% on the loss of HK\$93.1 million that it incurred on its continuing operations during the corresponding period of 2011. The basic loss per share from continuing operations was HK38.7 cents, compared with a basic loss per share of HK11.4 cents in the same period last year.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group's print businesses performed in a stable manner during the six months ended 30 September 2012. It continued to invest in its online operations in Hong Kong and Taiwan, and *Sharp Daily*, its free daily newspaper in Hong Kong. As a result of these investments, the write off of certain assets and equipment due to the cessation of the Group's Multi-media Division's operations, and further impairment made to its assets and equipment as well as programmes and film rights of its TV Division in Taiwan, Next Media recorded an unaudited consolidated loss of HK\$928.4 million from continuing operations, compared with a loss of HK\$275.2 million in the same months of 2011.

### OVERVIEW OF MAJOR MARKETS

The Hong Kong economy slowed considerably during the first half of 2012, due to adverse global economic conditions, recording 0.9% growth year-on-year ("YOY"). It is expected to expand by only 1-2% during 2012, compared with 5% last year. The value of Hong Kong's exports increased by a mere 0.3% YOY in the same period, in contrast to growth of 10.1% in 2011. Meanwhile, consumer price inflation eased to 4.7% YOY in the first half of 2012, compared with 5.3% in 2011.

On the other hand, the unemployment rate remained low at 3.2% in the first six months of 2012, compared with 3.4% for 2011, and the value of retail sales grew by 13.1% YOY in the first six months, compared with 24.9% in 2011. Consumer spending continued to be underpinned by the increase in visitor arrivals, especially the 22.7% YOY increase in the number coming from Mainland China.

The Hong Kong advertising market also continued to flourish, with businesses spending HK\$8.78 billion on advertising during the first quarter of 2012, a YOY increase of 14.0%. However, it should be noted that this growth rate was lower than in the previous three quarters. The banking and investment services industry once again led the field, although its spending were 5.0% lower YOY. The travel and tourism services sector likewise reduced its advertising spend in the same period.

Taiwan's economy made some progress, creeping out of recession in the first quarter of 2012. However, the prolonged Euro zone debt crisis, and weak growth in the US and Chinese economies, had a negative impact on the island. The Taiwan government has downgraded its forecast for real GDP growth in 2012 from 3.81% to 1.94%, and it expects that exports will rise by only 1.87% YOY. Sharp increases in oil and electricity prices and the imposition of a tax on security capital gains have dampened domestic consumer spending.

### OPERATIONAL REVIEW

The Group's continuing operations in Hong Kong and elsewhere accounted for about 57.5% of its revenue during the six months ended 30 September 2012, compared with 55.8% in the same months of 2011. Its Taiwan operations contributed 42.5% against 44.2% in the last corresponding period. The overall financial results of its print operations in both markets were satisfactory, although the sales figures of its publications were lower.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### NEWSPAPERS PUBLICATION AND PRINTING DIVISION

The Newspapers Publication and Printing Division's results during the six months ended 30 September 2012 were broadly in line with expectations, given the weakened economic conditions in Hong Kong and Taiwan. *Apple Daily*, *Sharp Daily*, *Taiwan Apple Daily* and *Taiwan Sharp Daily* were the largest contributors to the Division's revenue, which totalled HK\$1,170.7 million and accounted for 65.6% of the Group's total revenue. This represented a decrease of 8.8% on the figure of HK\$1,283.0 million for the corresponding period last year. Meanwhile, the Division's segment profit declined by 52.0% to HK\$106.4 million, compared with HK\$221.8 million in the same period of 2011. This was mainly attributable to a decrease in advertising revenue and the investment costs incurred for *Sharp Daily* during the period.

*Apple Daily* remained Hong Kong's most widely read paid-for daily during the past half-year and, one of its best-selling ones. Its sales averaged 251,895 copies per day between January and June 2012, compared with 288,055 in the same period last year<sup>1</sup>. It was read by an average of 1,503,000<sup>2</sup> people aged 12+ daily during the 12 months ended 30 June 2012. That gave it a clear lead of almost 150,000 people over its closest competitor, although it was a slight decrease on the figure of 1,571,000 for the same months a year earlier.

The newspaper's advertising revenue was affected by the slowdown in the economy. It totalled HK\$293.5 million during the period under review, a decrease of 18.7% on the figure of HK\$360.8 million recorded in the same period of 2011. The banking, telecommunications and automobile sectors accounted for the largest shares of its advertising revenue, followed by personal care items and pharmaceuticals.

*Sharp Daily*, the Group's free tabloid in Hong Kong, continued to gain popularity. An average of 835,925<sup>1</sup> copies were distributed at prime commercial areas, housing estates and MTR stations throughout the city every morning during the period from 1 April and 30 June 2012, compared with an average of 924,056<sup>1</sup> copies in the preceding three months. This put it in the No. 2 slot among Hong Kong's free dailies in terms of distributed copies per day.

*Sharp Daily* has quickly established itself as a mass-market newspaper that appeals to a wide cross-section of the public, especially the working population and housewives. Its broad mix of general news, plus coverage of entertainment, business and finance and other topics, is delivered without political bias and in an enjoyable and easy-to-read format for busy people wishing to catch up quickly on the latest happenings. The newspaper's unique multimedia features also allow readers to access audio and video versions of the stories and also to order products on their smartphones and iPhones via QR (Quick Response) code links. Pharmaceuticals, recruitment, health food, telecom hardware and loan providers were *Sharp Daily*'s largest sources of advertising revenue during the period under review.

The Hong Kong free daily newspaper market is quite crowded, with five Chinese titles vying for the attention of readers, and *Sharp Daily* is still in an investment phase. Even so, the Group is confident that its ability to leverage on the economies of scale created by Next Media's vast editorial and production capabilities, as well as its strong and trusted brand image among advertisers and the public, will help to ensure that *Sharp Daily* becomes financially successful in the long term.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

*Taiwan Apple Daily* remained the island's best-selling and most widely read daily, even though its readership decreased slightly to 3,055,000<sup>4</sup> during the six months ended 30 June 2012, compared with 3,089,000 a year earlier. The newspaper's advertising revenue remained on target in the first quarter of the financial year, but fell disappointingly below budget during the second quarter. Overall, its revenue decreased by 13.8% to HK\$577.1 million in the six months under review, compared with HK\$669.7 million in the corresponding months of 2011. Property, department and chain stores, cosmetics, household electrical appliances and automobiles contributed the lion's share of its advertising revenue.

*Taiwan Sharp Daily*, the Group's free newspaper in Taipei, maintained its popularity among readers and advertisers, with a readership of 428,000<sup>4</sup> during the six months to 30 June 2012. Copies of the newspaper are distributed to commuters outside the city's Metro stations every morning from Mondays to Fridays, and it continued to attract smaller local advertisers, who find traditional print media too expensive. Banking; food; computer, communications and consumer electronics sector; casual wear and telecommunications were the mainstays of its advertising revenue.

### Apple Daily Printing Limited

This newspaper printing operation continued to contribute a stable income to the Group. During the period under review, its revenue amounted to HK\$215.1 million, an increase of 8.4% over the figure of HK\$198.4 million achieved in the corresponding period of last year.

The revenue derived from external customers of Apple Daily Printing Limited (total revenue minus transactions related to printing Next Media's own publications) amounted to HK\$60.1 million during the period under review, which was 11.0% lower than the HK\$67.5 million it achieved in the same months of 2011. This came mainly from contracts to print local editions of overseas newspapers and an existing contract to print another Hong Kong free daily.

### BOOKS AND MAGAZINES PUBLICATION AND PRINTING DIVISION

The Books and Magazines Publication and Printing Division performed satisfactorily during the period under review, despite of weaker economy. Its revenue totalled HK\$514.0 million, a slight decrease of 3.9% on the HK\$535.1 million it achieved in the same period of 2011.

Although the circulation figures of its magazines suffered some decline, the Group retained its unassailable position in the Hong Kong Chinese-language media industry, where it publishes the two best-selling and most widely read weekly magazines.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The revenue of *Next Magazine Bundle*, consisting of its flagship title, *Next Magazine* and a supplement named *NEXT+ONE* amounted to HK\$134.7 million in the six months ended 30 September 2012, a decline of 5.3% compared with the figure of HK\$142.3 million for the corresponding period last year. Skincare and cosmetics, watches, fashion, health equipment, hotels, tourism and travel were the biggest contributors to its advertising revenue. Meanwhile, *Next Magazine*'s readership aged 12+ declined to 718,000<sup>2</sup> during the 12 months ended 30 June 2012, compared with 759,000 in the same period of 2011, whereas its sales averaged 91,718 copies a week in the first six months of 2012, compared with 118,577 copies in the same period last year<sup>1</sup>.

*Sudden Weekly Bundle* – which consists of *Sudden Weekly*, *Eat & Travel Weekly* and *ME!* – remained the best-selling and most widely read weekly publication in Hong Kong. This title also experienced a decline in sales, which averaged 132,822 copies a week in the first six months of 2012, compared with 153,608<sup>1</sup> in the corresponding period last year; whereas its average weekly readership decreased to 735,000<sup>2</sup> in the year up to 30 June 2012, compared with 796,000 during the same period of last year. *Sudden Weekly Bundle*'s total revenue decreased to HK\$156.5 million in the six months up to 30 September 2012, compared with HK\$160.6 million in the same period of 2011.

Beauty salons, dietary products, food and beverages, toiletries and pharmaceuticals accounted for the largest segments of *Sudden Weekly*'s advertising revenue. Food and beverages; Chinese, Japanese and Western restaurants; and finance, banking and insurance were the biggest advertising spenders in *Eat & Travel Weekly*. Perfume, cosmetics and skincare; fashion and accessories, handbags and luggage; retail cosmetics shops and eye-care and optical products were the top advertisers in *ME!*

*FACE Bundle* – which incorporates *FACE*, *Ketchup*, *Auto Express* and *Trading Express* – retained its appeal as an upmarket infotainment weekly targeting Hong Kong's younger readers. In the face of strong competition for advertising dollars in this segment, it achieved total revenue of HK\$50.5 million in the six months up to 30 September 2012, compared with HK\$53.2 million during the same period last year, a decrease of 5.1%. Its weekly sales averaged 36,986 copies between January and June 2012, against 49,833<sup>1</sup> in the same months of 2011; while it enjoyed an average weekly readership of 252,000<sup>2</sup> during the 12 months ended 30 June 2012, compared with 309,000 in the preceding 12 months. Beauty, hair salons, toiletries, education, entertainment and karaoke and fashion, shoes, leather goods and sports dominated its advertising pages in the first half of 2012.

Despite a drop in circulation, *Taiwan Next Magazine Bundle* which consists of *Taiwan Next Magazine* and *Taiwan ME!* retained its long-held lead in the island's weekly magazine market, both in terms of sales and readership. It sold an average of 94,368 copies a week between January and June 2012, compared with 104,233 copies in the same months of last year<sup>3</sup>, although its average weekly readership rose to 1,880,000<sup>4</sup> during the same months, compared with 1,831,000 in the corresponding period of 2011.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The magazine's advertising revenue amounted to HK\$82.6 million during the first half of the financial year, compared with HK\$93.3 million in the same period last year, a dip of 11.5%. Beauty and perfume; food and beverages; watches and eye glasses; computer, communications, consumer electronics, computer peripherals, software, hardware and technology products; and daily consumer and mother-and-baby products contributed the largest shares of its advertising revenue.

### Paramount Printing Company Limited

Besides printing the Group's own magazines, the Division continued to produce high-quality printing work for external customers. Against a backdrop of intense competition, this generated revenue of HK\$58.8 million in the six months ended 30 September 2012, which was 14.4% more than the HK\$51.4 million it earned in the same period last year.

### TELEVISION & MULTI-MEDIA DIVISION

During the period, the Group's TV and Multi-media Division recorded a segment loss of HK\$972.3 million, compared with a loss of HK\$495.8 million in the same period of last year. This was mainly attributable to the write off of certain assets and equipment due to cessation of the Group's Multi-media Division's operations and a further impairment made to the assets and equipment as well as programmes and film rights of Next TV in Taiwan during the period under review.

### INTERNET BUSINESS DIVISION

The Group's online portals, together with their iPhone, iPad and Android apps, maintained their important role of providing local and overseas users with convenient and economical ways to access their favourite Next Media publications. They also served to popularise these, particularly among the younger generation.

During the period under review, the online version of *Apple Daily* maintained its status as Hong Kong's most-visited interactive news portal, and the popularity of the *Taiwan Apple Daily* portal further increased. The number of daily downloads of *Apple Action News* on mobile devices in Hong Kong continued to rise as well.

The Division also stepped up its development of mobile apps and games, including manga for mobiles, which are becoming increasingly popular with younger users.

The Division's external revenue consisted of subscription fees, advertising revenue and content licensing payments. This amounted to HK\$71.9 million during the period under review, compared with HK\$5.7 million recorded in the same months last year. This was mainly due to the transfer of external online advertising revenues from the Newspapers Publication and Printing Division and the Books and Magazines Publication and Printing Division to the Internet Businesses Division. It made a segment loss of HK\$60.9 million, compared to a loss of HK\$17.8 million in the corresponding period of 2011.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### FUTURE PROSPECTS AND OUTLOOK

The economies of Hong Kong and Taiwan are currently overshadowed by adverse conditions in the global economy, especially the drawn-out debt crisis in the Euro zone and the lacklustre performance of the US economy. These factors are also slowing down the Mainland Chinese economy, on which both are dependent to a high degree. The Group therefore intends to focus on its well-established presence in the Hong Kong market.

The Group intends to divest itself of its Taiwan print and TV operations during the coming months. At the same time, it will ensure its future growth by continuing to leverage its digital content operations and expand its presence in the mobile space of key markets in Asia. The Group also intends to develop *Sharp Daily* in Hong Kong as a multimedia platform that offers a distinctive shopping experience.

#### SOURCES:

1. *Hong Kong Audit Bureau of Circulations Ltd.*
2. *2012 Nielsen Media Index: Hong Kong Report (July 2011 - June 2012)*
3. *The Audit Bureau of Circulations, R.O.C.*
4. *Media Index (January - June 2012), Nielsen Media Research, Taiwan*

### LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations principally with cash flow generated by its continuing operating activities and, to a lesser extent, bank facilities by its principal bankers.

As at 30 September 2012, the Group had available banking facilities in a total of HK\$1,262.8 million, of which HK\$834.8 million had been utilized. All its bank borrowings bear interest at floating rates, and there is no seasonality for its borrowing requirements. The Group's bank borrowings are denominated in HK\$ and NT\$.

In August 2010, the Group accepted a term loan facility for an aggregate amount of HK\$650.0 million offered by a syndicate of eight banks for general working capital purposes. Pursuant to the terms of this facility, the borrower, ADL, the Company and certain of its subsidiaries, which are acting as guarantors, must ensure that Mr. Lai will remain as the Chairman of the Company, and that he will continue to hold, directly or indirectly, at least 51.0% of the total issued share capital of the Company. Non-compliance with this term may constitute a breach of their general undertakings, and the syndicate may declare that any commitments under the facility are cancelled, and/or declare that all outstanding amounts (together with interest thereon) are immediately due and payable. As at 30 September 2012, this facility was fully drawn down. On 29 November 2012, ADL repaid all the outstanding amounts, together with interest, to the syndicate.

As at 30 September 2012, the Group's aggregate bank balances and cash reserves amounted to HK\$252.8 million. The Group's current ratio on the same date was 89.4%, compared to 154.1% as at 31 March 2012. On the same date, its gearing ratio amounted to 18.6%, compared to 18.4% as at 31 March 2012. These figures were calculated by dividing its long-term liabilities, including current portions, by total asset value.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### ASSETS PLEDGED

As at 30 September 2012, the Group had pledged its properties and printing equipment situated in Hong Kong and Taiwan with an aggregate carrying value of HK\$1,340.4 million to various banks as security for banking facilities granted to it.

### EXCHANGE EXPOSURE AND CAPITAL EXPENDITURE

The Group's assets and liabilities are mainly denominated in HK\$ or NT\$. Its exchange exposure to NT\$ is due to its existing magazine and newspaper publishing, Internet businesses and TV and Multi-media operations in Taiwan.

As at 30 September 2012, the Group's net currency exposure stood at NT\$6,166.9 million (equivalent to HK\$1,631.9 million), a decrease of 14.8% on the figure of NT\$7,237.7 million (equivalent to HK\$1,903.6 million) as at 31 March 2012.

### SHARE CAPITAL

As of 30 September 2012, the Company's total issued share capital was HK\$2,412,496,881 divided into 2,412,496,881 ordinary shares with a par value of HK\$1.0 each.

### CONTINGENT LIABILITIES

As at 30 September 2012, the Group had contingent liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

In addition, the Group had a dispute with UDL Contracting Limited ("UDL") as contractor for the construction of a printing facility of Apple Daily Printing Limited, over amounts payable in respect of the construction of the facility. As the aforesaid dispute is now under arbitration, the final outcome remains uncertain.

The Group has accrued for HK\$81.3 million (as at 31 March 2012: HK\$71.4 million) in legal and professional expenses in trade and other payables. This provision was recognised in respect of the outstanding legal proceedings based on advice obtained from legal counsel.

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the "Acquired Group") on 26 October 2001, Mr. Lai, Chairman and a controlling shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or in connection with (1) any third party claims made against the Acquired Group on and before 26 October 2001; (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazine published by the Acquired Group on and at any time before 26 October 2001; and (3) the contractor dispute with UDL (the "Indemnity"). In relation to the Indemnity, Mr. Lai procured a bank guarantee of HK\$60.0 million for a term of three years upto 25 October 2013 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

## **MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

### **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2012, the Group employed a total of 5,230 employees, of whom 2,283 were in Hong Kong, 2,943 were in Taiwan and 4 were in Canada. There were no material changes to the policies regarding employee remuneration, bonuses, share incentive schemes and staff development disclosed in the 2011/12 annual report of the Company.

During the period under review, the total staff costs for the continuing operations of the Group amounted to HK\$781.6 million, compared to HK\$812.5 million incurred for the same period last year. The decrease in the total staff cost was mainly resulting from the reduction in headcounts of the Group's TV and Multi-media Division for the six month period ended 30 September 2012.

### **INTERIM DIVIDEND**

The Directors have resolved not to declare an interim dividend for the six months ended 30 September 2012 (2011: Nil).

### **FORWARD-LOOKING STATEMENTS**

This interim report contains several statements that are “forward-looking”, or which use various “forward-looking” terminologies. Such statements are based on the current beliefs, assumptions, expectations and projections of the Directors regarding the industry and markets in which the Group is active. These statements are subject to risks, uncertainties and other factors beyond the control of the Group.





# CORPORATE GOVERNANCE



# CORPORATE GOVERNANCE

## BOARD OF DIRECTORS

As of 30 September 2012, the Board consisted of seven Directors, four of whom were EDs and three were INEDs. The EDs were Mr. Lai Chee Ying, Jimmy, the Chairman of the Board; Mr. Cheung Ka Sing, Cassian, the CEO; Mr. Ting Ka Yu, Stephen, the COO and CFO; and Mr. Ip Yut Kin. The INEDs were Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank; and Dr. Lee Ka Yam, Danny.

Detailed profiles of the Directors are posted on the Company's website at [www.nextmedia.com](http://www.nextmedia.com).

The three INEDs participated in the Company's Board meetings in order to bring their independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. They also served on the Audit Committee, Remuneration Committee and Nomination Committee.

## CORPORATE GOVERNANCE POLICY

The Board's mandate is to oversee the management of the Group's business and affairs and to ensure that good governance practices and procedures are in place. On 30 March 2012, the Board established a corporate governance policy that sets out the Company's basic approach to these. Details of this can be found on the Company's website at [www.nextmedia.com](http://www.nextmedia.com).

## CORPORATE GOVERNANCE (CONTINUED)

### BOARD ACTIVITIES

Below is an overview of the dates of the various board meetings and a record of the attendance of its members during the six months ended 30 September 2012:

	Numbers of Meetings Attended/Held				
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Annual General Meeting	Extraordinary General Meeting
			(Note 1)		
<b>EDs</b>					
Lai Chee Ying, Jimmy (Chairman)	1/2 (50%)	N/A	N/A	0/1 (0%)	0/1 (0%)
Cheung Ka Sing, Cassian (CEO)	2/2 (100%)	N/A	N/A	1/1 (100%)	1/1 (100%)
Ting Ka Yu, Stephen (COO and CFO)	2/2 (100%)	N/A	N/A	1/1 (100%)	1/1 (100%)
Ip Yut Kin	1/2 (50%)	N/A	N/A	0/1 (0%)	0/1 (0%)
<b>INEDs</b>					
Fok Kwong Hang, Terry	2/2 (100%)	2/2 (100%)	N/A	0/1 (0%)	0/1 (0%)
Wong Chi Hong, Frank	2/2 (100%)	2/2 (100%)	N/A	0/1 (0%)	0/1 (0%)
Lee Ka Yam, Danny	2/2 (100%)	2/2 (100%)	N/A	1/1 (100%)	0/1 (0%)
<b>Dates of Meetings</b>	08.06.2012 17.09.2012	08.06.2012 17.09.2012	N/A	30.07.2012	23.04.2012

Notes:

- The Remuneration Committee did not hold any physical meetings during the six months ended 30 September 2012. Instead, it considered and approved relevant issues by way of written resolutions of all members. Details of these are set out in the section below headed "Remuneration Committee".
- In accordance with the Articles of Association, Directors may attend Board and/or committee meetings in person or by means of telephonic communication or similar communications equipment. Any Director taking part in the meeting via such means of electronic communication shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in the quorum accordingly.

## CORPORATE GOVERNANCE (CONTINUED)

### AUDIT COMMITTEE

The Audit Committee consisted solely of the Company's three INEDs. It was chaired by Dr. Lee Ka Yam, Danny. Full details of the Audit Committee, including its role and terms of reference, can be found on the Company's website. All the members of the Audit Committee attended the meetings held on 8 June 2012 (with the external auditor) and 17 September 2012 (without the external auditor) and in the absence of the EDs. On 8 June 2012, the Audit Committee reviewed the following matters before submitting them to the Board for its consideration:

- The Group's audited consolidated financial statements for the year ended 31 March 2012;
- The Group's continuing connected transactions for the year ended 31 March 2012;
- The internal control review report for the year ended 31 March 2012;
- The valuation report of the Group's mastheads and publishing rights for the year ended 31 March 2012; and
- The valuation reports of share option schemes of the Company, Next TV Broadcasting Limited (a wholly-owned subsidiary of the Company) and Next Media Animation Limited (an associated company of the Company) in respect of the year ended 31 March 2012.

On 17 September 2012, the Audit Committee reviewed RSM's proposal for the provision of internal audit services to the Group in respect of the three-year period ending 31 March 2016.

The deputy CFO and the financial controller of the Group were invited to attend these meetings in order to give a full account of the financial statements and explain the RSM's proposal, as well as to answer the Audit Committee's questions.

Working closely with Deloitte and RSM, the Audit Committee also reviewed the adequacy and effectiveness of the Group's internal control measures. The Chairman of the Audit Committee reported to the Board on the work done by the Audit Committee and highlighted significant related issues.

The Audit Committee also reviewed, with the management, the Group's accounting principles and practices, internal controls and risk management systems, as well as financial reporting matters, including a review of the Interim Financial Statements.

Deloitte has reviewed the Interim Financial Statements in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and HKAS 34 "Interim Financial Reporting", both issued by the HKICPA.

## **CORPORATE GOVERNANCE (CONTINUED)**

### **REMUNERATION COMMITTEE**

The Remuneration Committee consisted of a majority of INEDs. Its members were Mr. Fok Kwong Hang, Terry; Dr. Lee Ka Yam, Danny; and Mr. Ting Ka Yu, Stephen. Mr. Fok, an INED, was its chairman. Full details of the Remuneration Committee, including its functions and terms of reference, can be found at [www.nextmedia.com](http://www.nextmedia.com).

The Remuneration Committee did not hold any physical meetings during the six months ended 30 September 2012. Instead, it approved the employment contract of Mr. Lai with the Taiwan Branch of Apple Daily Publication Development Limited by written resolution on 8 May 2012.

### **NOMINATION COMMITTEE**

The Nomination Committee consisted of three members with a majority of INEDs, namely Mr. Wong Chi Hong, Frank; Mr. Fok Kwong Hang, Terry; and Mr. Cheung Ka Sing, Cassian. Mr. Wong, an INED, was its Chairman.

The Nomination Committee did not hold any meetings during the six months ended 30 September 2012.

### **DIRECTORS' TRAINING AND CONTINUOUS DEVELOPMENT**

Pursuant to CG Code provision A.6.5, Directors should participate in continuous professional development that places an appropriate emphasis on the roles, functions and duties of a listed company Director. In view of this requirement, the Company arranged and funded a seminar for the Directors on 11 June 2012. Conducted by Reed Smith Richards Butler, it focused on to the implications of the "Directors' obligations in relation to dealing in shares of the Company" and "Continuing obligations of the Company and Director's liability".

Further details of training record for the Directors will be disclosed in the Company's 2012/13 Annual Report.

## **CORPORATE GOVERNANCE (CONTINUED)**

### **INTERNAL CONTROLS**

The Board acknowledges its responsibility to maintain sound and effective internal controls to safeguard the Group's assets and shareholders' interests. Monthly management meetings are held to review the Company's financial performance and strategic planning objectives. Stringent internal control policies and procedures are also in place to ensure that transactions are carried out with proper approval by the senior management. The Board conducts half-yearly reviews of its internal control systems, particularly in the areas of financial reporting, operational controls, compliance and risk management, with the involvement of the Audit Committee and the assistance of Deloitte and RSM. Since 1 April 2010, the Board has engaged RSM to conduct assessments to evaluate the Group's entity-level controls with reference to the COSO (The Committee of Sponsoring Organisations) framework covering control environment, risk assessment, control activities, information and communication and monitoring.

The audit for each control unit was completed in accordance with the internal audit plan during the six months ended 30 September 2012. RSM will issue a preliminary internal audit report to the Audit Committee and the Board for their consideration and comments in due course. This will include details of the findings that it identified and their possible impact, as well as recommendations to the management. The management's feedback, including action plans, will also be incorporated into the report's final version. Follow-up reviews of each control unit audit will also be conducted, and a report on these will review and summarise the status of the implementation of their action plans.

Based on its assessment and findings during the period under review, RSM considers that a high level of awareness about these controls exists within the Group. Its findings and recommendations concerning improvements to the controls have been reported to the Audit Committee and the Board.

## **CORPORATE GOVERNANCE (CONTINUED)**

### **INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS**

The Company has established various channels for communicating with its shareholders and investors. It disseminates information in a timely manner through the publication of press releases, formal announcements and corporate documents. The Company's general meetings also provide a forum for Board members and Shareholders to exchange opinions and ideas. The Company's 2012 AGM was held on 30 July 2012. All the resolutions tabled at the meeting were voted on by poll, and the result of each poll was published on the websites of the Stock Exchange and the Company on the same day.

Investors and shareholders of the Company can obtain updated information about the Group via the Company's website. They can also communicate directly with the Company by sending correspondence marked "For the attention of the Company Secretary" to the Company's registered office address, or via its designated investor relations e-mail account: [ir@nextmedia.com](mailto:ir@nextmedia.com).

This Interim Report is printed in English and Chinese and is available in the Investor Relations section of the Company's website. Shareholders may elect to receive either a printed or electronic version. They can change their choice of language or means of receiving the Company's corporate communications free of charge at any time by giving not less than 7 days' notice in writing to the Company by e-mail at [ir@nextmedia.com](mailto:ir@nextmedia.com) or to the Company's Registrar, Computershare Hong Kong Investor Services Limited, by post at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. For environmental-protection purposes, Shareholders are encouraged to access the Company's corporate communications electronically via the Company's website.

Please note that the Chinese and English versions of all future corporate communications will be available on request in printed form from the Company or the Share Registrar, as well as on the websites of the Company at [www.nextmedia.com](http://www.nextmedia.com) or the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

### **SHAREHOLDER COMMUNICATION POLICY**

In compliance with the CG Code, which came into effect on 1 April 2012, the Board has established a shareholder communication policy to maintain an ongoing dialogue with shareholders and to review the policy regularly in order to ensure its effectiveness. Details of the policy can be found on the Company's website.

## **CORPORATE GOVERNANCE (CONTINUED)**

### **SHAREHOLDER RIGHTS**

The Shareholders' Guide was posted on the Company's website at [www.nextmedia.com](http://www.nextmedia.com) on 30 March 2012. It contains the following information:

- (i) The procedures for proposing a resolution at an AGM;
- (ii) The procedures for the election of Directors; and
- (iii) The procedures for convening an EGM on requisition.

### **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 September 2012, the Company complied fully with the applicable provisions of the CG Code, except for CG Code provisions A.6.7 and E.1.2. Due to other business engagements, Mr. Lai, the Chairman of the Board; Mr. Ip Yut Kin, an ED; Mr. Fok Kwong Hang, Terry; and Mr. Wong Chi Hong, Frank (INEDs) did not attend the 2012 AGM. Instead, Mr. Cheung Ka Sing, Cassian, an ED and the CEO, chaired the meeting in accordance with the provisions of the Articles of Association.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code. Following specific enquiries by the Company, all the current Directors have confirmed that they fully complied with the required standard of the Model Code throughout the period under review.

### **AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

A special resolution to amend the Articles of Association was proposed and passed at the 2012 AGM. Its purpose was to ensure the Company's compliance with changes made to the Listing Rules that became effective on 1 January 2012 and 1 April 2012. Updated versions of the Memorandum and Articles of Association may be found on the Company's website.





# CORPORATE INFORMATION



# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Lai Chee Ying, Jimmy (Chairman)  
Cheung Ka Sing, Cassian (CEO)  
Ting Ka Yu, Stephen (COO and CFO)  
Ip Yut Kin

### Independent Non-executive Directors

Fok Kwong Hang, Terry  
Wong Chi Hong, Frank  
Lee Ka Yam, Danny

## AUTHORISED REPRESENTATIVES

Cheung Ka Sing, Cassian  
Ting Ka Yu, Stephen

## COMPANY SECRETARY

Wong Shuk Ha, Cat

## AUDITOR

Deloitte Touche Tohmatsu

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
The Shanghai Commercial & Savings Bank, Ltd.  
DBS Bank (Hong Kong) Limited  
Standard Chartered Bank (Hong Kong) Limited

## LEGAL ADVISORS

Reed Smith Richards Butler  
Deacons

## REGISTERED OFFICE

1/F., 8 Chun Ying Street  
Tseung Kwan O Industrial Estate  
Tseung Kwan O  
New Territories  
Hong Kong

## SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17/F., Hopewell Centre  
183 Queen's Road East  
Hong Kong

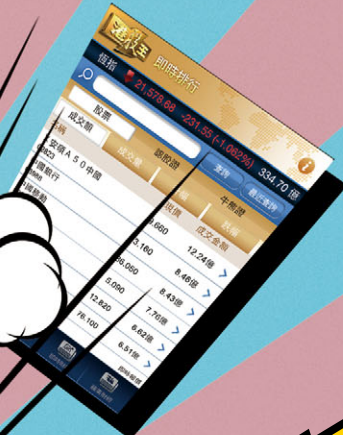
## SHAREHOLDERS' ENQUIRIES

For additional information, please contact the Company Secretary by:  
Mail: Company's registered office address  
Fax: (852) 2623 9386  
E-mail: [ir@nextmedia.com](mailto:ir@nextmedia.com)

## WEBSITE

[www.nextmedia.com](http://www.nextmedia.com)

港股王



股票	即時行情	334.70 價
深證A 50 指數	21,879.88	-211.52%
國新行情	1.24	1.24
行情	1.24	1.24
行情	1.24	1.24
行情	1.24	1.24
行情	1.24	1.24
行情	1.24	1.24
行情	1.24	1.24
行情	1.24	1.24
行情	1.24	1.24

# SHARE INFORMATION



## SHARE INFORMATION

As at 30 September 2012

### Shareholders of Ordinary Shares

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Mr. Lai Chee Ying, Jimmy	74.05%
Directors other than Mr. Lai Chee Ying, Jimmy	0.62%
Others	25.33%

### Authorised Share Capital

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**HK\$4,600,000,000**

4,600,000,000 Ordinary Shares at HK\$1.00 each

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### Issued Share Capital

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**HK\$2,412,496,881**

### Share Options for Ordinary Shares granted under the 2007 Share Option Scheme of the Company and remaining unexpired

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at an exercise price of HK\$1.000 each	14,680,000 Option Shares
at an exercise price of HK\$1.064 each	9,000,000 Option Shares
at an exercise price of HK\$1.370 each	650,000 Option Shares
at an exercise price of HK\$1.050 each	14,934,000 Option Shares
at an exercise price of HK\$1.150 each	9,000,000 Option Shares
at an exercise price of HK\$2.120 each	420,000 Option Shares
Total	48,684,000 Option Shares

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### Market Capitalisation

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at HK\$0.76 per Ordinary Share (closing price on 28 September 2012) **HK\$1.83 billion**

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### Stock Code

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The Stock Exchange of Hong Kong Limited  
Main Board **00282**

**Board Lot** **2,000 Ordinary Shares**

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# OTHER INFORMATION



## OTHER INFORMATION

### THE DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 September 2012, the Directors and Chief Executive of the Company and their associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporation (with the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Listing Rules:–

#### (a) Interests in the Company

The table below sets out the long positions of each Director and the Chief Executive in the Shares and underlying Shares:

Name of Director/ Chief Executive	Number of Shares				Interests in underlying Shares/equity derivatives	Total shares	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
Lai Chee Ying, Jimmy	1,720,594,935	–	1,000,000	64,938,230	–	1,786,533,165	74.05
Cheung Ka Sing, Cassian	172,000	–	–	–	27,000,000 (Note 1)	27,172,000	1.13
Ting Ka Yu, Stephen	90,314	–	–	–	1,194,000 (Note 2) 1,618,000 (Note 1)	2,902,314	0.12
Ip Yut Kin	10,200,377	2,630,000	–	–	1,060,000 (Note 2)	13,890,377	0.58
Fok Kwong Hang, Terry	1,800,000	–	–	–	510,000 (Note 1)	2,310,000	0.10
Wong Chi Hong, Frank	–	–	–	–	510,000 (Note 1)	510,000	0.02
Lee Ka Yam, Danny	–	–	–	–	510,000 (Note 1)	510,000	0.02

## OTHER INFORMATION (CONTINUED)

### (b) Interests in Associated Corporation

The table below sets out the long positions in the underlying shares of the Company's associated corporation (within the meaning of Part XV of the SFO) of each Director and the Chief Executive of the Company:

#### Colored World

Name of Director/ Chief Executive	Number of shares				Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
	Personal Interests	Family interests	Corporate interests	Other interests			
Lai Chee Ying, Jimmy	-	-	70 (Note 4)	-	-	70	70.00

#### ADPDL

Name of Director/ Chief Executive	Number of shares				Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
	Personal Interests	Family interests	Corporate interests	Other interests			
Ting Ka Yu, Stephen	108,344 (Note 3)	-	-	-	-	108,344	1.00
Ip Yut Kin	216,688 (Note 3)	-	-	-	-	216,688	2.00

## OTHER INFORMATION (CONTINUED)

Notes:

- (1) These interests represented options granted under the 2007 Share Option Scheme of the Company to the Directors as beneficial owners, details of which are set out in the section headed “Share Incentive Schemes”.
- (2) These interests represented the Shares to be subscribed for under invitations issued by the Company pursuant to the Subscription Plan to Directors as beneficial owners, details of which are set out in the section headed “Share Incentive Schemes”. Such invitations expired on 7 November 2012, upon expiration, the Directors ceased to have any interest in the Shares under the invitations.
- (3) These interests represented shares of ADPDL issued upon the exercise of options granted under the 2007 ADPDL Share Option Scheme.
- (4) These interests represented shares of Colored World transferred upon completion of the sale of 70 shares of US\$1.00 each in Colored World from AtNext Limited, an indirect wholly owned subsidiary of the Company, to STV, a private company 100% beneficially owned by Mr. Lai on 31 October 2011.

Apart from the details disclosed above and in the section headed “Discloseable Interests and Short Positions of Shareholders under the SFO” below, none of the Directors or the Chief Executive of the Company or their associates had any interests or 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 SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2012.



## OTHER INFORMATION (CONTINUED)

### DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As of 30 September 2012, the following person (other than a person who is a Director or Chief Executive of the Company) had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and so far as is known to any of the Directors or Chief Executives of the Company:

<b>Name of Shareholder</b>	<b>Number of Shares/ underlying Shares held</b>	<b>Percentage of issued share capital</b>
Li Wan Kam, Teresa	1,786,533,165 (Note)	74.05

Note:

These represent the same total number of Shares held by Mr. Lai, as disclosed in the Section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures". Ms. Li Wan Kam, Teresa, is the spouse of Mr. Lai, and is deemed to be interested in these Shares.

Save as disclosed above, the Company had not been notified of any other person (other than the Directors or Chief Executives of the Company) who had an interest or a short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO and so far as is known to any of the Directors or Chief Executives of the Company as at 30 September 2012.

## OTHER INFORMATION (CONTINUED)

### SHARE INCENTIVE SCHEMES

#### (a) Share Option Scheme of the Company

##### 2007 Share Option Scheme

On 30 July 2007, the Company adopted the 2007 Share Option Scheme. Its terms complied with the requirements of Chapter 17 of the Listing Rules.

Details of outstanding options granted under the 2007 Share Option Scheme as at 30 September 2012 are as follows:-

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2012	Granted during the period	Lapsed during the period	Balance as at 30.09.2012
<b>Directors</b>								
Cheung Ka Sing, Cassian	01.02.2011	HK\$1.150	01.02.2012 (100%)	02.02.2011 – 31.01.2014	3,000,000	-	-	3,000,000
	03.10.2011	HK\$1.064	03.10.2011 (100%)	04.10.2011 – 29.07.2017	9,000,000	-	-	9,000,000
	03.10.2011	HK\$1.150	01.02.2012 (100%)	04.10.2011 – 29.07.2017	6,000,000	-	-	6,000,000
	01.02.2012	HK\$1.000	01.02.2013 (100%)	02.02.2012 – 29.07.2017	9,000,000	-	-	9,000,000
Ting Ka Yu, Stephen	10.12.2010	HK\$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010 – 29.07.2017	1,618,000	-	-	1,618,000
Fok Kwong Hang, Terry	10.12.2010	HK\$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010 – 29.07.2017	510,000	-	-	510,000
Wong Chi Hong, Frank	10.12.2010	HK\$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010 – 29.07.2017	510,000	-	-	510,000
Lee Ka Yam, Danny	10.12.2010	HK\$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010 – 29.07.2017	510,000	-	-	510,000

## OTHER INFORMATION (CONTINUED)

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2012	Granted during the period	Lapsed during the period	Balance as at 30.09.2012
<b>Employees</b>								
In aggregate	15.04.2010	HK\$1.370	15.04.2011 (30%) 15.04.2012 (60%) 15.04.2013 (100%)	16.04.2010 – 29.07.2017	650,000	–	–	650,000
	10.12.2010	HK\$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010 – 29.07.2017	12,966,000	–	(2,180,000)	10,786,000
	08.07.2011	HK\$1.000	08.07.2012 (30%) 08.07.2013 (60%) 08.07.2014 (100%)	09.07.2011 – 29.07.2017	680,000	–	–	680,000
	01.02.2012	HK\$1.050	01.02.2013 (60%) 01.02.2014 (100%)	02.02.2012 – 29.07.2017	1,000,000	–	–	1,000,000
	01.02.2012	HK\$2.120	01.02.2012 (100%)	02.02.2012 – 07.11.2012	420,000	–	–	420,000
	26.09.2012	HK\$1.000	26.09.2013 (30%) 26.09.2014 (60%) 26.09.2015 (100%)	27.09.2012 – 29.07.2017	–	5,000,000	–	5,000,000
Total outstanding					45,864,000	5,000,000	(2,180,000)	48,684,000

## OTHER INFORMATION (CONTINUED)

Apart from the abovementioned movements, no options were exercised or cancelled under the 2007 Share Option Scheme during the six months ended 30 September 2012.

The Company has used the Binomial Model for assessing the fair values of the options granted during the six months ended 30 September 2012. This is an appropriate method for assessing the fair value of an option that can be exercised before the expiry of the option period. The values of the respective options granted during the six months ended 30 September 2012 were calculated as follows:

<b>Date of grant</b>	<b>No. of options granted</b>	<b>Closing price per Share immediately prior to the date of grant (HK\$)</b>	<b>Risk-free Rate</b>	<b>Expected life (years)</b>	<b>Expected volatility</b>	<b>Expected dividend yield</b>	<b>Fair value per option (HK\$)</b>	<b>Remarks</b>
26.09.2012	5,000,000	0.72	0.35%	4.84	52.97%	0%	0.2420	Note

Note: 30% of the 5,000,000 options granted to an employee of the Group on 26 September 2012 will vest on 26 September 2013; and a further 30% will vest on 26 September 2014, while the remaining 40% will vest on 26 September 2015. The fair value per option stated above is an averaged fair value of such options.

An amount of HK\$10,000 was recognized in the condensed consolidated statement of comprehensive income for the six months ended 30 September 2012 in respect of the values of options granted during the period.

When calculating the fair value of the options, no allowance was made for forfeiture prior to vesting. It should be noted that the value of an option varies according to the different variables of certain subjective assumptions, and changes in the variables adopted may materially affect the fair value estimate.

## OTHER INFORMATION (CONTINUED)

### (b) Subsidiary Share Option Schemes

#### (i) Hong Kong Subsidiary Share Option Schemes

During the period, the following Hong Kong subsidiaries of the Company had their own respective share option schemes (collectively referred to as the “Hong Kong Subsidiary Share Option Schemes”). Their terms of reference complied with the requirements of Chapter 17 of the Listing Rules.

Name of subsidiary	Adoption date	Share option scheme title
Apple Daily Publication Development Limited (ADPDL)	30 July 2007	2007 ADPDL Share Option Scheme
Next Media Publishing Limited (NMPL)	30 July 2007	2007 NMPL Share Option Scheme
Apple Community Infonet Limited (ACIL)	20 February 2008	2008 ACIL Share Option Scheme
Next Media Webcast Limited (NMWL)	20 February 2008	2008 NMWL Share Option Scheme
Aim High Investments Limited (AHIL)	12 June 2009	2009 AHIL Share Option Scheme
Anyplex Company Limited (Anyplex)	20 March 2012	2012 Anyplex Share Option Scheme
Next E-Shopping Limited (Next E-Shopping) (formerly known as Dynamic Interactive Limited)	20 March 2012	2012 Next E-Shopping Share Option Scheme
Next Mobile Limited (Next Mobile)	20 March 2012	2012 Next Mobile Share Option Scheme
Sharp Daily Limited (Sharp Daily)	20 March 2012	2012 Sharp Daily Share Option Scheme

## OTHER INFORMATION (CONTINUED)

The tables below set out movements in options under the Hong Kong Subsidiary Share Option Schemes during the six months ended 30 September 2012:

### 2012 Sharp Daily Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2012	Granted during the period	Lapsed during the period	Balance as at 30.09.2012
Employee	11.06.2012	HK\$0.01	11.06.2013 (30%) 11.06.2014 (30%) 11.06.2015 (40%)	Not yet determined	-	100,000	-	100,000
Total outstanding					-	100,000	-	100,000

Apart from the above movements in the 2012 Sharp Daily Share Option Scheme, no options were granted, exercised, lapsed or cancelled under the other Hong Kong Subsidiary Share Option Schemes during the six months ended 30 September 2012.

## OTHER INFORMATION (CONTINUED)

### (ii) *Taiwan Subsidiary Share Option Schemes*

During the period, the following Taiwan subsidiaries of the Company, adopted their respective share option schemes (collectively referred to as the Taiwan Subsidiary Share Option Schemes) with terms in compliance with the requirements of Chapter 17 of the Listing Rules.

<b>Name of subsidiary</b>	<b>Adoption date</b>	<b>Share option scheme title</b>
Next TV Broadcasting Limited (Next TV)	16 September 2010	2010 Next TV Share Option Scheme (Note 1)
Next Multi-media Entertainment Services Limited (NMES)	16 September 2010	2010 NMES Share Option Scheme (Note 2)
Next Media Lifestyle Entertainment Services Limited (NMLES)	16 September 2010	2010 NMLES Share Option Scheme (Note 3)

Notes:

1. 2010 Next TV Share Option Scheme was terminated by the board of directors of Next TV with effect from 8 November 2012. Upon termination, all outstanding options granted prior to such termination had lapsed immediately.
2. 2010 NMES Share Option Scheme was terminated by the board of directors of NMES with effect from 19 November 2012. There were no outstanding options granted under such scheme on 19 November 2012.
3. 2010 NMLES Share Option Scheme was terminated by the board of directors of NMLES with effect from 30 September 2012. There were no outstanding options granted under such scheme on 30 September 2012.

## OTHER INFORMATION (CONTINUED)

The tables below set out movements in options under the Taiwan Subsidiary Share Option Schemes during the six months ended 30 September 2012:

### 2010 Next TV Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2012	Granted during the period	Lapsed during the period	Balance as at 30.09.2012
<b>Employees</b>								
In aggregate	15.12.2010	NT\$10.00	15.12.2011 (30%) 15.12.2012 (60%) 15.12.2013 (100%)	Not yet determined	209,100	-	(11,100)	198,000
	19.03.2012	NT\$10.00	19.03.2013 (30%) 19.03.2014 (60%) 19.03.2015 (100%)	Not yet determined	50,000	-	-	50,000
Total outstanding					259,100	-	(11,100)	248,000

Apart from the abovementioned movements, no options were granted or exercised or cancelled under the 2010 Next TV Share Option Scheme during the six months ended 30 September 2012.

Note: 2010 Next TV Share Option Scheme was terminated by the board of directors of Next TV with effect from 8 November 2012. Upon termination, all outstanding options granted prior to such termination had lapsed immediately.



## OTHER INFORMATION (CONTINUED)

### 2010 NMES Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2012	Granted during the period	Lapsed during the period	Balance as at 30.09.2012
<b>Employees</b>								
In aggregate	15.12.2010	NT\$10.00	15.12.2011 (30%) 15.12.2012 (60%) 15.12.2013 (100%)	Not yet determined	6,000	-	-	6,000
	08.07.2011	NT\$10.00	08.07.2012 (30%) 08.07.2013 (60%) 08.07.2014 (100%)	Not yet determined	3,500	-	-	3,500
Total outstanding					9,500	-	-	9,500

Apart from the abovementioned movements, no options were exercised or cancelled under the 2010 NMES Share Option Scheme during the six months ended 30 September 2012.

Note: 2010 NMES Share Option Scheme was terminated by the board of directors of NMES with effect from 19 November 2012. There were no outstanding options granted under such scheme on 19 November 2012.

## OTHER INFORMATION (CONTINUED)

### 2010 NMLES Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2012	Granted during the period	Lapsed during the period	Balance as at 30.09.2012
<b>Employees</b>								
In aggregate	08.07.2011	NT\$10.00	08.07.2012 (30%) 08.07.2013 (60%) 08.07.2014 (100%)	Not yet determined	2,000	-	(2,000)	-
Total outstanding					2,000	-	(2,000)	-

Apart from the above movements, there were no options were granted or exercised or cancelled under the 2010 NMLES Share Option Scheme during the six months ended 30 September 2012.

Note: 2010 NMLES Share Option Scheme was terminated by the board of directors of NMLES with effect from 30 September 2012. There were no outstanding options granted under such scheme on 30 September 2012.

The Company has used the Binomial Model to assess the fair values of an option granted under the 2012 Sharp Daily Share Option Scheme during the six months ended 30 September 2012. This is an appropriate method for assessing the fair value of an option that can be exercised before the expiry of the option period.

## OTHER INFORMATION (CONTINUED)

The value of the option granted during the six months ended 30 September 2012 was calculated as follows:

<b>Date of Grant</b>	<b>No. of options granted</b>	<b>Risk-free Rate</b>	<b>Expected life (years)</b>	<b>Expected Volatility</b>	<b>Expected dividend yield</b>	<b>Fair value per option (HK\$)</b>	<b>Remarks</b>
<b>2012 Sharp Daily Share Option Scheme</b>							
11.06.2012	100,000	1.11%	9.78	25.92%	0%	0.0033	Note

Note: 30% of the 100,000 options granted to an employee of Group on 11 June 2012 will vest on 11 June 2013; and a further 30% will vest on 11 June 2014, while the remaining 40% will vest on 11 June 2015. The fair value per option stated above is an averaged fair value of such options.

The Group did not recognize an expense in the condensed consolidated statement of comprehensive income for the six months ended 30 September 2012 in respect of the value of the option granted during the period under the Hong Kong Subsidiary Share Option Schemes.

When calculating the fair value of the option granted under the 2012 Sharp Daily Share Option Scheme during the period, no allowance was made for forfeiture prior to vesting. It should be noted that the value of an option under each grant varies according to different variables of certain subjective assumptions; and changes in the variables adopted may materially affect the fair value estimate.

## OTHER INFORMATION (CONTINUED)

### SHARE SUBSCRIPTION AND FINANCING PLAN

The Subscription Plan allows the Board to invite eligible persons to subscribe for new Shares in the Company.

The table below sets out movements of the invitations for subscriptions issued under the Subscription Plan during the period:

Name or category of participant	Invitation date	Subscription		Subscription Period	Balance	Lapsed	Balance
		price per Share	Vesting date (%)		as at 01.04.2012	during the period	as at 30.09.2012
<b>Directors</b>							
Ting Ka Yu, Stephen	08.11.2007	HK\$2.120	08.11.2008 (33⅓%) 08.11.2009 (66⅔%) 08.11.2010 (100%)	09.11.2008 – 07.11.2012	1,194,000	–	1,194,000
Ip Yut Kin	08.11.2007	HK\$2.120	08.11.2008 (33⅓%) 08.11.2009 (66⅔%) 08.11.2010 (100%)	09.11.2008 – 07.11.2012	1,060,000	–	1,060,000
<b>Employees</b>							
In aggregate	08.11.2007	HK\$2.120	08.11.2008 (33⅓%) 08.11.2009 (66⅔%) 08.11.2010 (100%)	09.11.2008 – 07.11.2012	31,940,000	(1,690,000)	30,250,000
	25.02.2008	HK\$2.490	25.02.2009 (33⅓%) 25.02.2010 (66⅔%) 25.02.2011 (100%)	26.02.2009 – 24.02.2013	1,000,000	–	1,000,000
Total outstanding					35,194,000	(1,690,000)	33,504,000

No invitations for subscriptions under the Subscription Plan were issued, subscribed for or cancelled during the period ended 30 September 2012.

## OTHER INFORMATION (CONTINUED)

### RELATED-PARTY TRANSACTIONS

During the period, the Group entered into certain transactions with parties regarded as “Related Parties” under applicable accounting principles, details of which are set out in note 25 to the Interim Financial Statements. These mainly concerned contracts entered into by the Group in the ordinary course of business. These contracts were negotiated on normal commercial terms and on an arm’s length basis with reference to prevailing market conditions.

Save as disclosed above and note 25 to the Interim Financial Statements, no other contract of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries were entered into or existed during the period.

### SUBSEQUENT EVENT

On 1 October 2012, the Group entered into a memorandum of understanding (“MOU A”) with Mr. Lien Tai-sheng (“Mr. Lien”), as the purchaser, in relation to the possible sale of the entire issued share capital of Next TV to Mr. Lien. Mr. Lien has paid NT\$140.0 million, equivalent to approximately HK\$37.0 million, representing 10% of the consideration, to the Group as deposit for the possible sale and was entitled to an exclusive right to negotiate with the Group up to 21 October 2012.

However, on 15 October 2012, the Group has entered into two memoranda of understanding (“MOUs B”) with Mr. Jeffrey Koo Jr. (“Mr. Koo”), as purchaser, in relation to the possible sale of the entire issued share capital in each of Amazing Sino International Limited (“Amazing Sino”) and Ideal Vegas Limited (“Ideal Vegas”) for a total cash consideration of NT\$16,000.0 million, equivalent to approximately HK\$4,243.0 million and in Next TV for a cash consideration of NT\$1,500.0 million, equivalent to approximately HK\$398.0 million (the “Possible Transactions”).

Upon signing of the MOUs B with Mr. Koo, the MOU A signed with Mr. Lien has been terminated with effect from 15 October 2012.

On 18 November 2012, the Company and Mr. Koo to each of the MOUs entered into two supplemental memorandum of understanding under which it is agreed, among other matters, that both parties concerned will continue negotiation of each of the Possible Transactions with a view to entering into definitive agreements and other legal documents by 27 November 2012 with completion to take place on another date in accordance with a share sale and purchase agreement instead of the original intended date of 17 December 2012.

On 27 November 2012, the Group has entered into the sale and purchase agreements in respect of the Possible Transactions with the purchasers.

## **OTHER INFORMATION (CONTINUED)**

### **PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, the percentage of the Shares in the public's hands exceed 25.0% as at 30 September 2012, the latest practicable date to ascertain such information prior to the issue of this interim report.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES**

There was no purchase, sale or redemption of the Company's listed Shares by the Company or any of its subsidiaries during the six months ended 30 September 2012.

On behalf of the Board

**Lai Chee Ying, Jimmy**

*Chairman*

Hong Kong, 30 November 2012

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

## TO THE BOARD OF DIRECTORS OF NEXT MEDIA LIMITED

壹傳媒有限公司

(incorporated in Hong Kong with limited liability)

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Next Media Limited (the “Company”) and its subsidiaries set out on pages 46 to 85, which comprise the condensed consolidated statement of financial position as of 30 September 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong  
30 November 2012



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	NOTES	Six months ended 30 September	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
<b>Continuing operations</b>			
Revenue	3	1,784,406	1,842,459
Production costs			
Cost of raw materials consumed		(635,817)	(639,480)
Film production costs		(144,584)	(93,707)
Other overheads		(143,357)	(191,073)
Staff costs		(491,335)	(478,235)
		(1,415,093)	(1,402,495)
Personnel costs excluding direct production staff costs		(290,253)	(334,226)
Other income	3	46,706	37,622
Allowance for bad and doubtful debts		(14,838)	(10,206)
Depreciation of property, plant and equipment		(188,811)	(127,869)
Release of prepaid lease payments		(899)	(899)
Other expenses		(225,188)	(224,772)
Impairment loss recognised in respect of property, plant and equipment	11	(387,055)	–
Impairment loss recognised in respect of deposit for acquisition of property, plant and equipment	13	(4,794)	–
Impairment loss recognised in respect of programmes and film rights	14	(133,435)	–
Impairment loss recognised in respect of prepayments	16	(33,473)	–
Finance costs	5	(10,459)	(10,499)
Share of results of a jointly controlled entity		–	(1,172)
Impairment loss recognised in respect of unlisted convertible note		–	(7,800)
Loss before tax		(873,186)	(239,857)
Income tax expense	6	(55,199)	(35,353)
Loss for the period from continuing operations	7	(928,385)	(275,210)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	8	–	(48,807)
Loss for the period		(928,385)	(324,017)
<b>Other comprehensive expenses</b>			
Exchange differences arising on translation		(15,360)	(89,103)
Total comprehensive expenses for the period		(943,745)	(413,120)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 September 2012

	NOTES	Six months ended 30 September 2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company			
– Loss for the period from continuing operations		<b>(933,245)</b>	(275,534)
– Loss for the period from discontinued operation		–	(48,807)
		<b>(933,245)</b>	(324,341)
Non-controlling interests			
– Profit for the period from continuing operations		<b>4,860</b>	324
		<b>(928,385)</b>	(324,017)
Total comprehensive expenses attributable to:			
Owners of the Company		<b>(947,467)</b>	(413,335)
Non-controlling interests		<b>3,722</b>	215
		<b>(943,745)</b>	(413,120)
Loss per share			
From continuing and discontinued operations	10		
Basic		<b>HK(38.7) cents</b>	HK(13.4) cents
Diluted		<b>HK(38.7) cents</b>	HK(13.4) cents
From continuing operations			
Basic		<b>HK(38.7) cents</b>	HK(11.4) cents
Diluted		<b>HK(38.7) cents</b>	HK(11.4) cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	NOTES	30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Intangible assets		1,300,881	1,300,881
Property, plant and equipment	11	1,729,720	2,256,962
Prepaid lease payments	12	60,656	61,555
Deposit for acquisition of property, plant and equipment	13	7,351	21,592
Programmes and film rights	14	130,251	181,288
Interests in associates	15	–	–
Loans to associates	15	44,727	34,001
		<b>3,273,586</b>	3,856,279
<b>CURRENT ASSETS</b>			
Inventories		235,178	190,511
Trade and other receivables	16	697,637	735,247
Prepaid lease payments	12	1,797	1,797
Tax recoverable		85	294
Restricted bank balances	17	5,411	5,411
Bank balances and cash		247,360	725,784
		<b>1,187,468</b>	1,659,044
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	795,488	728,349
Amounts due to associates	15	1,544	2,981
Borrowings	19	463,108	289,305
Tax liabilities		67,640	56,007
		<b>1,327,780</b>	1,076,642
<b>NET CURRENT (LIABILITIES) ASSETS</b>		<b>(140,312)</b>	582,402
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,133,274</b>	4,438,681

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2012

	NOTES	30 September 2012 HK\$'000 (unaudited)	31 March 2012 HK\$'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	19	368,175	724,684
Retirement benefits plans		31,811	29,204
Deferred tax liabilities		285,465	287,542
		<b>685,451</b>	1,041,430
<b>NET ASSETS</b>			
		<b>2,447,823</b>	3,397,251
<b>CAPITAL AND RESERVES</b>			
Share capital	20	2,412,497	2,412,497
Reserves		18,697	971,847
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
		<b>2,431,194</b>	3,384,344
<b>NON-CONTROLLING INTERESTS</b>			
		<b>16,629</b>	12,907
<b>TOTAL EQUITY</b>			
		<b>2,447,823</b>	3,397,251

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

	Attributable to owners of the Company					Attributable to non-controlling interests				
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Share-based payment reserve HK\$'000	Accumulated profits (losses) HK\$'000	Sub total HK\$'000	Share-based payment reserve of subsidiaries HK\$'000	Share of net assets of subsidiaries HK\$'000	Sub total HK\$'000	Total HK\$'000
At 1 April 2011 (audited)	2,412,497	918,712	95,619	46,051	136,268	3,609,147	725	3,688	4,413	3,613,560
Exchange differences arising on translation	-	-	(88,994)	-	-	(88,994)	-	(109)	(109)	(89,103)
Loss for the period	-	-	-	-	(324,341)	(324,341)	-	324	324	(324,017)
Total comprehensive expenses for the period	-	-	(88,994)	-	(324,341)	(413,335)	-	215	215	(413,120)
Recognition of equity-settled share-based payments	-	-	-	5,457	-	5,457	181	-	181	5,638
Lapse of share options	-	-	-	(2,239)	2,239	-	-	-	-	-
At 30 September 2011 (unaudited)	2,412,497	918,712	6,625	49,269	(185,834)	3,201,269	906	3,903	4,809	3,206,078
Exchange differences arising on translation	-	-	46,315	-	-	46,315	6	431	437	46,752
Profit for the period	-	-	-	-	135,710	135,710	-	7,490	7,490	143,200
Total comprehensive income for the period	-	-	46,315	-	135,710	182,025	6	7,921	7,927	189,952
Recognition of equity-settled share-based payments	-	-	-	5,324	-	5,324	171	-	171	5,495
Lapse of share options	-	-	-	(14,310)	14,310	-	-	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	(4,274)	(4,274)	-	-	-	(4,274)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 September 2012

	Attributable to owners of the Company					Attributable to non-controlling interests				
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Share-based payment reserve HK\$'000	Accumulated profits (losses) HK\$'000	Sub total HK\$'000	Share-based payment reserve of subsidiaries HK\$'000	Share of net assets of subsidiaries HK\$'000	Sub total HK\$'000	Total HK\$'000
At 31 March 2012 (audited)	2,412,497	918,712	52,940	40,283	(40,088)	3,384,344	1,083	11,824	12,907	3,397,251
Exchange differences arising on translation	-	-	(14,222)	-	-	(14,222)	(44)	(1,094)	(1,138)	(15,360)
Loss for the period	-	-	-	-	(933,245)	(933,245)	-	4,860	4,860	(928,385)
Total comprehensive expenses for the period	-	-	(14,222)	-	(933,245)	(947,467)	(44)	3,766	3,722	(943,745)
Recognition of equity-settled share-based payments	-	-	-	1,873	-	1,873	-	-	-	1,873
Lapse of share options	-	-	-	(1,908)	1,908	-	-	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	(7,556)	(7,556)	-	-	-	(7,556)
At 30 September 2012 (unaudited)	2,412,497	918,712	38,718	40,248	(978,981)	2,431,194	1,039	15,590	16,629	2,447,823

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2012

	<b>Six months ended 30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>OPERATING ACTIVITIES</b>		
Loss before tax	<b>(873,186)</b>	(288,664)
Adjustments for:		
Finance costs	<b>10,459</b>	10,499
Interest income on bank deposits	<b>(613)</b>	(958)
Interest income on loans to associates	<b>(621)</b>	–
Impairment loss recognised in respect of unlisted convertible note	–	7,800
Impairment loss recognised in respect of property, plant and equipment	<b>387,055</b>	–
Impairment loss recognised in respect of deposit for acquisition of property, plant and equipment	<b>4,794</b>	–
Impairment loss recognised in respect of programmes and film rights	<b>133,435</b>	–
Impairment loss recognised in respect of prepayments	<b>33,473</b>	–
Allowance for bad and doubtful debts	<b>14,838</b>	10,206
Share-based payment expense	<b>1,873</b>	5,638
Share of results of a jointly controlled entity	–	1,172
Depreciation of property, plant and equipment	<b>188,811</b>	139,530
Release of prepaid lease payments	<b>899</b>	899
Loss on disposal of property, plant and equipment	<b>620</b>	300
Operating cash flows before movements in working capital	<b>(98,163)</b>	(113,578)
Increase in programmes and film rights	<b>(81,505)</b>	(100,832)
Increase in inventories	<b>(44,120)</b>	(40,443)
Increase in trade and other receivables	<b>(8,957)</b>	(71,401)
Decrease in amounts due to associates	<b>(816)</b>	–
Increase in trade and other payables	<b>66,563</b>	90,744
Increase in retirement benefits plans	<b>2,429</b>	682
Net cash used in operations	<b>(164,569)</b>	(234,828)
Income tax paid	<b>(45,910)</b>	(20,692)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(210,479)</b>	(255,520)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 September 2012

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>INVESTING ACTIVITIES</b>		
Deposit for acquisition of property, plant and equipment	<b>(11,942)</b>	(164,419)
Purchases of property, plant and equipment	<b>(23,399)</b>	(141,593)
Cash and cash equivalents from acquisition of a subsidiary	–	7,636
Advance to associates	<b>(10,726)</b>	–
Interest received	<b>613</b>	958
Proceeds from disposal of property, plant and equipment	<b>4,202</b>	303
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(41,252)</b>	(297,115)
<b>FINANCING ACTIVITIES</b>		
New borrowings raised	–	153,335
Repayments of borrowings	<b>(185,416)</b>	(22,131)
Interest paid	<b>(10,459)</b>	(10,499)
Acquisition of additional interest in a subsidiary	<b>(7,556)</b>	–
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(203,431)</b>	120,705
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(455,162)</b>	(431,930)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>725,784</b>	878,557
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(23,262)</b>	(10,261)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD,</b> represented by bank balances and cash	<b>247,360</b>	436,366



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS 34”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group incurred a loss of approximately HK\$928,385,000 for the six months ended 30 September 2012 and as at 30 September 2012, the Group’s current liabilities exceed its current assets by approximately HK\$140,312,000. The condensed consolidated financial statements have been prepared on a going concern basis as the directors of the Company believe that the measures as detailed below will improve the financial position of the Group.

- (1) As disclosed in note 27, the Group entered into two memoranda of understanding on 15 October 2012 with a purchaser in relation to the sale of the Group’s print and television broadcasting operations in Taiwan at a consideration of NT\$17,500 million (approximately HK\$4,641 million). Deposit of approximately NT\$1,750 million (approximately HK\$464 million) has been received on the same day. As the operation of the multi-media division in Taiwan was suspended since 31 October 2012, operating cash outflows from the television operations can be minimised. In the event that the disposal transaction is not completed, the Group can still be sustained by the Group’s remaining profitable businesses and the available banking facilities as mentioned below.
- (2) As at 30 September 2012, the Group has unutilised banking facilities of approximately HK\$428,024,000.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 3. REVENUE AND OTHER INCOME

The Group is engaged in the publication of newspapers, books and magazines, the sales of advertising space in newspapers, books and magazines, the provision of printing and reprographic services, the sales of advertising space in televisions and internet, subscription revenue from televisions for production and broadcasting of television programmes and from internet and provision of internet content. Revenue recognised during the period from continuing operations is as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Revenue		
Sales of newspapers	<b>340,756</b>	388,368
Sales of books and magazines	<b>105,423</b>	125,739
Newspapers advertising revenue	<b>767,898</b>	825,106
Books and magazines advertising revenue	<b>349,733</b>	357,947
Printing and reprographic services revenue	<b>120,801</b>	120,899
Television advertising and subscription revenue through the production and broadcasting of television programmes	<b>27,868</b>	18,704
Internet advertising revenue, internet subscription and provision of internet content ("Internet businesses")	<b>71,927</b>	5,696
	<b>1,784,406</b>	1,842,459
Other income		
Sales of waste materials	<b>12,200</b>	14,468
Interest income on bank deposits	<b>613</b>	948
Rental income	<b>3,944</b>	1,473
Interest income on loans to associates	<b>621</b>	–
Net exchange gain	<b>22,946</b>	13,053
Others	<b>6,382</b>	7,680
	<b>46,706</b>	37,622
Total	<b>1,831,112</b>	1,880,081

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 4. SEGMENT INFORMATION

Information reported to the Company's chief operating officer (who is the Group's chief operating decision maker ("CODM")) for the purposes of resource allocation and assessment of performance focuses on types of goods delivered and services rendered. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions.

Specifically, the Group's operating and reportable segments from continuing operation under HKFRS 8 *Operating Segments* are as follows:

<b>Operating segments</b>	<b>Principal activities</b>
Newspapers publication and printing	Sales of newspapers and provision of relevant printing and advertising services in Hong Kong and Taiwan
Books and magazines publication and printing	Sales of books and magazines and provision of books and magazines printing and advertising services in Hong Kong, Taiwan, North America, Europe and Australasia
Television and multi-media	Television broadcasting, programme production, advertising services and subscription income in Taiwan
Internet businesses	Advertising services, internet subscription and provision of internet content in Hong Kong and Taiwan

All transactions between different operating segments are charged at prevailing market rates.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 4. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue and results from continuing operations by operating segments for the period under review:

#### Six months ended 30 September 2012

##### Continuing operations

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Television and multi-media HK\$'000	Internet businesses HK\$'000	Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>							
External sales	1,170,657	513,954	27,868	71,927	1,784,406	-	1,784,406
Inter-segment sales	58,789	7,989	-	8,851	75,629	(75,629)	-
Total	1,229,446	521,943	27,868	80,778	1,860,035	(75,629)	1,784,406
<b>RESULTS</b>							
Segment results	106,443	62,386	(972,340)	(60,891)	(864,402)	-	(864,402)
Unallocated expenses							(9,885)
Unallocated income							11,560
Finance costs							(10,459)
Loss before tax from continuing operations							(873,186)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 4. SEGMENT INFORMATION (CONTINUED)

#### Six months ended 30 September 2011

##### Continuing operations

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Television and multi-media HK\$'000	Internet businesses HK\$'000	Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>							
External sales	1,283,003	535,056	18,704	5,696	1,842,459	-	1,842,459
Inter-segment sales	8,502	9,297	-	6,180	23,979	(23,979)	-
<b>Total</b>	<b>1,291,505</b>	<b>544,353</b>	<b>18,704</b>	<b>11,876</b>	<b>1,866,438</b>	<b>(23,979)</b>	<b>1,842,459</b>
<b>RESULTS</b>							
Segment results	221,829	77,734	(495,817)	(17,828)	(214,082)	-	(214,082)
Unallocated expenses							(16,422)
Unallocated income							10,118
Finance costs							(10,499)
Share of results of a jointly controlled entity							(1,172)
Impairment loss recognised in respect of unlisted convertible note							(7,800)
<b>Loss before tax from continuing operations</b>							<b>(239,857)</b>

Segment profit (loss) represents the profit (loss) incurred by each segment without the allocation of income or expenses resulted from interest income, finance costs, impairment loss recognised in respect of unlisted convertible note, share of results of a jointly controlled entity and certain corporate and administrative expenses. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 4. SEGMENT INFORMATION (CONTINUED)

#### Segment assets

As at 30 September 2012

#### Continuing operations

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Television and multi-media HK\$'000	Internet businesses HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment assets	2,481,362	845,462	768,854	64,528	–	4,160,206
Unallocated assets						300,848
						4,461,054

As at 31 March 2012

#### Continuing operations

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Television and multi-media HK\$'000	Internet businesses HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment assets	2,472,196	828,285	1,408,705	37,266	–	4,746,452
Unallocated assets						768,871
						5,515,323

For the purposes of monitoring segment performances and allocating resources between segments:

- all asset are allocated to operating segments other than interest in associates, investment in an unlisted convertible note, embedded derivatives, loans to associates, certain bank balances and cash and corporate assets that are not attributable to segments.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 4. SEGMENT INFORMATION (CONTINUED)

#### Other segment information

#### For the six months ended 30 September 2012

##### Continuing operations

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Television and multi-media HK\$'000	Internet businesses HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
Addition to non-current assets	10,031	5,926	57,518	15,440	10,726	99,641
Depreciation of property, plant and equipment	53,436	9,974	118,534	5,037	1,830	188,811
Impairment losses	-	-	537,072	21,685	-	558,757

#### For the six months ended 30 September 2011

##### Continuing operations

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Television and multi-media HK\$'000	Internet businesses HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
Addition to non-current assets	14,064	6,005	361,944	5,578	9,888	397,479
Depreciation of property, plant and equipment	51,153	10,767	61,598	2,377	1,974	127,869
Impairment losses	-	-	-	-	7,800	7,800

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 5. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Interest expenses on bank borrowings:		
– wholly repayable within five years	7,393	9,718
– not wholly repayable within five years	3,066	781
	<b>10,459</b>	10,499

### 6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
The charge comprises:		
Current tax:		
– Hong Kong	32,010	32,679
– Other jurisdiction	25,195	4,758
– Underprovision in prior years	76	–
	<b>57,281</b>	37,437
Deferred tax:		
– Credit for the period	(2,082)	(2,084)
	<b>55,199</b>	35,353



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 6. INCOME TAX EXPENSE (CONTINUED)

Hong Kong Profits Tax is recognised based on management's best estimate of the average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% (2011: 16.5%) for the six months ended 30 September 2012.

Taxation arising in other jurisdiction is recognised based on management's best estimate of the average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 17% (2011: 17%) which is the rate prevailing in the relevant jurisdiction.

The negative effective tax rate for the six months ended 30 September 2012 of 6% (2011: negative rate of 15%) resulted from the huge loss in the television and multi-media segment, of which deferred tax asset has not yet been recognised in respect of the tax loss for the period due to the unpredictability of future profit streams.

### 7. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
Loss for the period from continuing operations has been arrived at after charging:		
Allowance for bad and doubtful debts	14,838	10,206
Operating lease expenses on:		
Properties	12,256	8,932
Plant and equipment	15,156	28,866
Release of prepaid lease payments	899	899
Depreciation of property, plant and equipment	188,811	127,869
Loss on disposal of property, plant and equipment	620	300
Provision for legal and professional fees (included in other expenses)	30,205	30,112

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 8. DISCONTINUED OPERATION

On 10 June 2011, the Group entered into an agreement with Sum Tat Ventures Limited (a company 100% beneficially owned by Mr. Lai Chee Ying, Jimmy, Chairman and a controlling shareholder of the Company ("Mr. Lai")) to dispose of 70% equity interest in Colored World Holdings Limited and its subsidiaries ("Colored World Group"). The disposal was completed on 31 October 2011, on which date control of Colored World Group was passed to the Sum Tat Ventures Limited.

The business of animation production which was solely carried out by Colored World Group was presented as a discontinued operation.

The loss for the prior period from the discontinued operation relating to animation production business (in the Internet businesses segment) is analysed as follows:

	Six months ended 30 September 2011 HK\$'000
Revenue	33,868
Production costs	(60,946)
Other income	6,922
Personnel costs excluding direct production staff costs	(10,040)
Depreciation of property, plant and equipment	(11,661)
Other expenses	(6,950)
Loss for the period from the discontinued operation	(48,807)

The disposal has resulted in a gain of approximately HK\$848,251,000 on 31 October 2011.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 8. DISCONTINUED OPERATION (CONTINUED)

The net cash flows for the prior period from the discontinued operation are presented below:

	Six months ended 30 September 2011 HK\$'000
Operating activities	(28,632)
Investing activities	(7,829)
Financing activities	58,963
	22,502

	Six months ended 30 September 2011 HK\$'000
Loss for the prior period from the discontinued operation has been arrived at after crediting:	

Interest income	10
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### 9. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period (2011: Nil). The Directors do not recommend the payment of an interim dividend (2011: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 10. LOSS PER SHARE

#### From continuing operations and discontinued operation

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
<b>Loss:</b>		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	(933,245)	(324,341)
	<b>No. of shares</b>	No. of shares
<b>Number of shares:</b>		
Number of ordinary shares in issue during the period for the purpose of basic loss per share	2,412,496,881	2,412,496,881
<b>Effect of dilutive potential ordinary shares:</b>		
Share options and share subscription and financing plan (Note)	—	—
Number of ordinary shares for the purpose of diluted loss per share	2,412,496,881	2,412,496,881

Note: The computation of diluted loss per share for the six months ended 30 September 2012 and 2011 does not assume the exercise of the Company's outstanding share options and share subscription and financing plan as their assumed exercise would result in a decrease in loss per share.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 10. LOSS PER SHARE (CONTINUED)

#### From continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
<b>Loss:</b>		
Loss for the period attributable to the owners of the Company	(933,245)	(324,341)
Less: Loss for the period from discontinued operation	–	48,807
Loss for the purpose of basic and diluted loss per share from continuing operations	(933,245)	(275,534)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

#### From discontinued operation

Basic loss per share from discontinued operation is HK2.0 cents per share and diluted loss per share from the discontinued operation is HK2.0 cents per share, based on the loss for the period from discontinued operation of HK\$48,807,000 and the denominators detailed above for both basic and diluted loss per share for the six months ended 30 September 2011.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

## 11. PROPERTY, PLANT AND EQUIPMENT

	2012 HK\$'000
<b>COST</b>	
At 1 April	3,861,088
Exchange difference	14,991
Additions	44,991
Disposals	(20,440)
At 30 September	3,900,630
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>	
At 1 April	1,604,126
Exchange difference	6,536
Charge for the period	188,811
Eliminated on disposals	(15,618)
Impairment loss recognised in profit or loss (Note)	387,055
At 30 September	2,170,910
<b>CARRYING VALUES</b>	
At 30 September	1,729,720
At 31 March	2,256,962

Note:

An impairment loss on plant and machinery of approximately HK\$365,370,000 and HK\$21,685,000 that was recognised in the current period relates to the television and multi-media segment and internet business segment, respectively.

As at 30 September 2012, the carrying amount of property, plant and equipment before impairment loss was approximately HK\$2,116,775,000 (31 March 2012: approximately HK\$2,369,176,000).

The management conducted an impairment assessment of the Group's television and multi-media segment as at 30 September 2012 and determined that the recoverable amount of the cash generating unit is less than the carrying amount of the cash generating unit as at 30 September 2012. An impairment loss of approximately HK\$365,370,000 is recognised in profit and loss for the period (2011: nil) in respect of the plant and machinery under the television and multi-media segment. Details of the impairment assessment are set out in note 26.

With the cessation of the operation of the multi-media division, the management is of the opinion that the recoverable amount of certain plant and machinery under internet business segment which have been used to provide support to the multi-media division is less than its carrying amount. An impairment loss of approximately HK\$21,685,000 is recognized in profit and loss for the period. (2011: nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 12. PREPAID LEASE PAYMENTS

Leasehold land situated in Hong Kong is amortised on a straight line basis over the lease terms of 50 years.

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
Analysed for reporting purposes as:		
Current assets	1,797	1,797
Non-current assets	60,656	61,555
	<b>62,453</b>	<b>63,352</b>

### 13. DEPOSIT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The balance represents the deposits paid for acquisition of property, plant and equipment mainly for the Group's television operation.

The management conducted an impairment assessment on the recoverable amount of a cash generating unit that engages in the television and multi-media business. An impairment loss of approximately HK\$4,794,000 is recognised in profit and loss for the period (2011: nil) in respect of the deposit for acquisition of property, plant and equipment under the television and multi-media segment. Details of the impairment assessment are set out in note 26.

### 14. PROGRAMMES AND FILM RIGHTS

The Group's programmes and film rights comprise acquired and self-produced video programmes and film rights licences granted by third parties for broadcasting on the Group's television channels. The Group's programmes and film rights are expected to be used for two to three years and hence they are classified as non-current assets as at 30 September 2012 and 31 March 2012.

The management conducted an impairment assessment on the recoverable amount of a cash generating unit that engages in the television and multi-media business. An impairment loss of approximately HK\$133,435,000 is recognised in profit and loss for the period (2011: nil) in respect of the programmes and film rights under the television and multi-media segment. Details of the impairment assessment are set out in note 26.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 15. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES/AMOUNTS DUE TO ASSOCIATES

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
Cost of interests in associates	-	114,707
Share of post acquisition loss	-	(9,202)
Impairment loss recognised in profit or loss	-	(105,505)
	-	-

The loans to associates with principal amount of HK\$44,727,000 (31 March 2012: HK\$34,001,000) are unsecured, carry interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.584% per annum, repayable on demand and in any event no later than 31 October 2013. The accrued interest in relation to the loans to associates will be repayable upon the settlement of the principal amount of the loans. In the opinion of the Directors of the Company, it is not expected that the amount will be recovered within 1 year from the end of the reporting period and hence the amount is classified as a non-current asset as at 30 September 2012 and 31 March 2012. Sum Tat Ventures Limited, a company 100% beneficially owned by Mr. Lai, has stated that it will provide financial support to the associate to enable the associate to meet its financial obligations to repay the loan.

Amounts due to associates are unsecured, non-interest bearing and trade in nature with repayment terms of 30 days.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 16. TRADE AND OTHER RECEIVABLES

	<b>30 September 2012 HK\$'000</b>	31 March 2012 HK\$'000
Trade receivables	<b>706,626</b>	654,119
Less: allowance for doubtful debts	<b>(125,656)</b>	(116,162)
	<b>580,970</b>	537,957
Prepayments	<b>68,742</b>	135,269
Rental and other deposits	<b>28,261</b>	35,120
Others	<b>19,664</b>	26,901
Total trade and other receivables	<b>697,637</b>	735,247

The Group allows credit terms of 7 to 120 days to its trade customers.

The following is an aged analysis of the trade receivables after deducting the allowance for doubtful debt presented based on invoice date at the end of the reporting period:

	<b>30 September 2012 HK\$'000</b>	31 March 2012 HK\$'000
0–1 month	<b>265,187</b>	282,953
1–3 months	<b>274,739</b>	227,673
Over 3 months	<b>41,044</b>	27,331
	<b>580,970</b>	537,957

The management conducted an impairment assessment on the recoverable amount of a cash generating unit that engages in the television and multi-media business. An impairment loss of approximately HK\$4,145,000 (included in the allowance for bad and doubtful debts) and HK\$33,473,000 (2011: nil) is recognised in profit and loss for the trade receivables and prepayments, respectively, under the television and multi-media segment. Details of the impairment assessment are set out in note 26.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 17. RESTRICTED BANK BALANCES

The amount is restricted for the use of settling certain potential debts and claims as stipulated as part of a share capital reduction exercise carried out during the year ended 31 March 2003. The restricted bank balances carry fixed interest rate at 1.6% per annum for the period (31 March 2012: 1.6% per annum for the year).

### 18. TRADE AND OTHER PAYABLES

	<b>30 September 2012 HK\$'000</b>	31 March 2012 HK\$'000
Trade payables	<b>142,892</b>	142,606
Accrual charges and other payables	<b>652,596</b>	585,743
	<b>795,488</b>	728,349

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

	<b>30 September 2012 HK\$'000</b>	31 March 2012 HK\$'000
0–1 month	<b>88,507</b>	88,997
1–3 months	<b>45,371</b>	45,798
Over 3 months	<b>9,014</b>	7,811
	<b>142,892</b>	142,606

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 19. BORROWINGS

	<b>30 September 2012 HK\$'000</b>	31 March 2012 HK\$'000
Secured bank loans (Notes)	<b>831,283</b>	1,013,989
An analysis of the secured bank loans of the Group is as follows:		
Carrying amount repayable		
– within one year or on demand	<b>463,108</b>	289,305
– more than one year, but not exceeding two years	<b>78,910</b>	397,953
– more than two years, but not exceeding five years	<b>167,981</b>	189,742
– more than five years	<b>121,284</b>	136,989
	<b>831,283</b>	1,013,989
Less: Amount due within one year shown under current liabilities	<b>(381,858)</b>	(289,305)
Less: Amount presented as current liability due to breach of financial covenants (ii)	<b>(81,250)</b>	–
Non-current portion	<b>368,175</b>	724,684

Notes:

- (i) During the period, the Group repaid bank loans amounting to HK\$185,416,000.
- (ii) In respect of syndicated bank loans of HK\$406,250,000 as at 30 September 2012, the Group was unable to fulfill one of the required financial covenants. The Directors of the Company will obtain confirmations from lenders on their willingness to grant the relative waiver on one-off basis. Until the lenders give a waiver on the said covenant, the loans are classified as current liability as at 30 September 2012.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

## 19. BORROWINGS (CONTINUED)

Notes: (continued)

- (iii) The Directors of the Company believe that alternative sources of finance are available and sufficient for the continuing operations of the Group in case the lenders demand immediately repayment of the loans.

At 30 September 2012, bank loans balances of HK\$425,033,000 carry interests at Primary Commercial Paper composite rate in Taiwan 51328 plus 0.495% to 0.75% per annum for the period and balance of HK\$406,250,000 at HIBOR plus 2% per annum for the period. At 31 March 2012, bank loans balances of HK\$445,239,000 carried interests at Primary Commercial Paper composite rate in Taiwan 51328 plus 0.495% to 0.75% per annum for the year then ended and balance of HK\$568,750,000 at HIBOR plus 2% per annum for the year then ended.

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.31% per annum for the period (31 March 2012: 2.32% per annum for the year).

All the Group's borrowings are denominated in New Taiwan Dollar ("NT\$") and HK\$, the functional currencies of the relevant group entities.

- (iv) At 30 September 2012, the Group's utilised and unutilised banking facilities were secured by the following:
- Certain of the Group's land and buildings with an aggregate carrying value of approximately HK\$1,124,689,000 (31 March 2012: HK\$1,040,460,000); and
  - Certain of the Group's plant and machinery with an aggregate carrying value of approximately HK\$215,758,000 (31 March 2012: HK\$246,089,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 20. SHARE CAPITAL

	Authorised	
	No. of shares	HK\$'000
Ordinary shares of HK\$1.00 each		
At 1 April 2011, 30 September 2011, 1 April 2012 and 30 September 2012	4,600,000,000	4,600,000
	Issued and fully paid	
	No. of shares	HK\$'000
At 1 April 2011, 30 September 2011, 1 April 2012 and 30 September 2012	2,412,496,881	2,412,497

### 21. SHARE INCENTIVE SCHEMES

#### (a) Share Option Scheme adopted by the Company

On 30 July 2007, a share option scheme was adopted by the Company (the "2007 Share Option Scheme") for the purpose of providing incentives to the participants (i.e. directors and full-time employees of the Group, as well as any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint-venture business partners, promoters and service providers of any members of the Group). Under the 2007 Share Option Scheme, the Board may grant options to the participants to subscribe for shares in the Company.

The Group recognised a total expense of HK\$1,873,000 for the six months ended 30 September 2012 (30 September 2011: HK\$5,457,000) in relation to options granted under the 2007 Share Option Scheme in current and prior periods.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 21. SHARE INCENTIVE SCHEMES (CONTINUED)

#### (a) Share Option Scheme adopted by the Company (continued)

Movements in the number of options granted pursuant to the 2007 Share Option Scheme are as follows:

	<b>Number of options</b>
At 1 April 2012	45,864,000
Granted during the period	5,000,000
Lapsed during the period	(2,180,000)
At 30 September 2012	48,684,000

The closing price of the Company's shares immediately before 26 September 2012, the date of grant, was HK72 cents.

The Company has used the Binomial Model for assessing the fair values of the options granted during the period. The variables and assumptions used in computing the fair value of the options are based on Directors' best estimates. Changes in variables and assumptions may result in changes in the fair value of the options. The fair value of the options granted in the current period is HK\$1,214,000.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 21. SHARE INCENTIVE SCHEMES (CONTINUED)

#### (b) Share Subscription and Financing Plan adopted by the Company

The board of directors of Company adopted a Share Subscription and Financing Plan (the "Share Subscription Plan") on 29 October 2007. Under the Share Subscription Plan, the Company may issue share invitations to any of their employees and Directors or employees and Directors of any of its subsidiaries and eligible persons as defined therein. The number of shares which may be issued upon exercise of all outstanding share invitations issued under the Share Subscription Plan is limited to 70,000,000 shares, representing 2.9% of the total issued shares of the Company as at 29 October 2007.

Movements in the number of shares under invitations issued pursuant to the Share Subscription Plan during the period are as follows:

	<b>Number of shares under invitations</b>
At 1 April 2012	35,194,000
Lapsed during the period	(1,690,000)
At 30 September 2012	33,504,000

No expense was recognised for the six months ended 30 September 2012 and 2011 in relation to the share subscription plan of the Company.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

## 21. SHARE INCENTIVE SCHEMES (CONTINUED)

### (c) Share Option Schemes adopted by certain subsidiaries

On 20 February 2008, each of Apple Community Infonet Limited (“ACIL”) and Next Media Webcast Limited (“NMWL”) adopted share option scheme (the “2008 Subsidiary Share Option Schemes”). On 12 June 2009, Aim High Investments Limited (“AHIL”) adopted a share option scheme (the “2009 AHIL Share Option Scheme”). On 20 March 2012, each of Anyplex Company Limited (“Anyplex”), Next Mobile Limited (“Next Mobile”), Next E-Shopping Limited (“Next E-Shopping”) (formerly known as Dynamic Interactive Limited) and Sharp Daily Limited (“Sharp Daily”) (together with ACIL, NMWL and AHIL, collectively, the “Hong Kong Subsidiaries”) adopted a share option scheme (the “2012 Subsidiary Share Option Schemes”). Under the 2008 Subsidiary Share Option Schemes, the 2009 AHIL Share Option Scheme and 2012 Subsidiary Share Option Schemes, the Hong Kong Subsidiaries may grant options to any of their full-time employees and directors or employees and directors of any of their subsidiaries and any eligible persons as defined therein to subscribe for the respective ordinary shares of ACIL, NMWL, AHIL, Anyplex, Next Mobile, Next E-Shopping and Sharp Daily.

On 16 September 2010, each of Next TV Broadcasting Limited (“Next TV”), Next Multi-media Entertainment Services Limited (“NMES”) and Next Media Lifestyle Entertainment Services Limited (“NMLE”) (collectively, the “Taiwan Subsidiaries”) adopted share option schemes (the “2010 Subsidiary Share Option Schemes”). Under the 2010 Subsidiary Share Option Schemes, the Taiwan Subsidiaries may grant to any of their employees options to subscribe for the respective ordinary shares of Next TV, NMES and NMLE.

The number of shares which may be issued upon exercise of all outstanding options granted under the 2008 Subsidiary Share Option Schemes, 2009 AHIL Share Option Scheme, 2010 Subsidiary Share Option Schemes and 2012 Subsidiary Share Option Schemes and any other share option scheme of the Hong Kong Subsidiaries and the Taiwan Subsidiaries is limited to 30% of the respective subsidiaries’ shares in issue from time to time.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 21. SHARE INCENTIVE SCHEMES (CONTINUED)

#### (c) Share Option Schemes adopted by certain subsidiaries (continued)

Movements in the number of options granted pursuant to the 2012 Subsidiary Share Option Schemes during the period are as follows:

	<b>Number of share options Sharp Daily</b>
At 1 April 2012	–
Granted during the period	100,000
Lapsed during the period	–
At 30 September 2012	100,000

Movements in the number of options granted pursuant to the 2010 Subsidiary Share Option Schemes during the period are as follows:

	<b>Number of share options</b>			
	<b>Next TV</b>	<b>NMES</b>	<b>NMLE</b>	<b>Total</b>
	(Note 1)	(Note 2)	(Note 3)	
At 1 April 2012	259,100	9,500	2,000	270,600
Granted during the period	–	–	–	–
Lapsed during the period	(11,100)	–	(2,000)	(13,100)
At 30 September 2012	248,000	9,500	–	257,500

The Group did not recognise an expense for the six months ended 30 September 2012 and 2011 in relation to the options granted under the 2010 Subsidiary Share Option Schemes and 2012 Subsidiary Share Option Schemes since the amount involved was insignificant.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

## 21. SHARE INCENTIVE SCHEMES (CONTINUED)

### (c) Share Option Schemes adopted by certain subsidiaries (continued)

Notes:

- (1) The 2010 Subsidiary Share Option Schemes adopted by Next TV had been terminated by the board of directors of Next TV with effect from 8 November 2012. All outstanding options granted under such scheme prior to such termination shall lapse immediately upon termination.
- (2) The 2010 Subsidiary Share Option Schemes adopted by NMES had been terminated by the board of directors of NMES with effect from 19 November 2012. There were no outstanding options granted under such scheme on 19 November 2012.
- (3) The share option scheme adopted by NMLE had been terminated by the board of directors of NMLE with effect from 30 September 2012. There are no outstanding options granted under such scheme on 30 September 2012.

Binomial Model has been used for assessing the fair values of the options granted during the period. The variables and assumptions used in computing the fair value of the options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options. The fair value of the options granted in the current period is HK\$335.

Save as disclosed above, during the six months ended 30 September 2012, no options were granted, exercised, lapsed or cancelled under the 2008 Subsidiary Share Option Schemes and the 2009 AHIL Share Option Scheme, no options were granted, exercised or cancelled under the 2010 Subsidiary Share Option Schemes and no options were exercised, lapsed or cancelled under the 2012 Subsidiary Share Option Schemes.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 22. MAJOR NON-CASH TRANSACTION

During the period, a deposit for acquisition of property, plant and equipment amounting to approximately HK\$21,592,000 has been transferred to plant and machinery.

### 23. CONTINGENCIES

#### (a) Pending litigations

- (i) As at 30 September 2012, the Group had contingent liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

The Group has accrued for approximately HK\$81,311,000 in legal and professional expenses in trade and other payables as at 30 September 2012 (31 March 2012: HK\$71,425,000).

This provision was recognised in respect of the outstanding legal proceedings based on advice obtained from legal counsel.

- (ii) In addition, the Group had a dispute with UDL Contracting Limited (“UDL”) as the contractor for the construction of a printing facility of a subsidiary of the Company, Apple Daily Printing Limited, over amounts payable in respect of the construction of the facility. As the aforesaid dispute is now under arbitration, the final outcome remains uncertain.

The Directors are of the opinion that it is unlikely that the Group will have any liability if UDL pursues its various claims to their ultimate conclusion.

#### (b) Guarantees

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the “Acquired Group”) on 26 October 2001, Mr. Lai, has undertaken to provide unlimited personal indemnities to the Acquired Group against all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or in connection with (1) any third party claims made against the Acquired Group on and before 26 October 2001, (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazines published by the Acquired Group on and at any time before 26 October 2001, and (3) the contractor dispute with UDL (the “Indemnity”). In relation to the Indemnity, Mr. Lai also procures a bank guarantee of HK\$60,000,000 for a term of three years up to 25 October 2013 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 24. COMMITMENTS

#### (a) Capital commitments in respect of the acquisition of property, plant and equipment

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
Authorised but not contracted for	61	491
Contracted but not provided for	12,535	32,729
	<b>12,596</b>	33,220

#### (b) Commitments under operating leases

##### *The Group as lessee*

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2012			31 March 2012		
	Properties HK\$'000	Plant and equipment HK\$'000	Total HK\$'000	Properties HK\$'000	Plant and equipment HK\$'000	Total HK\$'000
Within one year	21,007	15,708	36,715	22,682	21,440	44,122
In the second to fifth years inclusive	8,946	11,355	20,301	18,226	10,654	28,880
	<b>29,953</b>	<b>27,063</b>	<b>57,016</b>	40,908	32,094	73,002

Operating leases payments include rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 2 years and rentals are fixed during the lease period.

Operating leases payments also include rental payable by the Group for certain of its plant and equipment. Leases are negotiated for an average term of 3 years.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 25. RELATED PARTY DISCLOSURE

#### (a) Compensation of key management personnel

The remuneration of the Directors and other members of key management personnel during the period was as follows:

	Six months ended 30 September 2012 HK\$'000	2011 HK\$'000
Short-term benefits	11,518	11,587
Share-based payments	-	3,427
	<b>11,518</b>	15,014

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 25. RELATED PARTY DISCLOSURE (CONTINUED)

#### (b) Related party transactions

Nature of transaction	Name of related company	Relationship with the Group	Six months ended 30 September	
			2012 HK\$'000	2011 HK\$'000
Management fee received by the Group	Next Media Animation Limited	An associate of the Group	(1,088)	–
Proceeds received by the Group for disposal of plant and equipment	Next Media Animation Limited, Taiwan Branch	An associate of the Group	(621)	–
Proceeds received by the Group for disposal of plant and equipment	Next Media Animation Limited	An associate of the Group	(5,137)	–
Advertising income received by the Group	Next Media Animation Limited	An associate of the Group	(756)	–
Office rental income received by the Group	Next Media Animation Limited, Taiwan Branch	An associate of the Group	(1,053)	–
Animation production service charge paid by the Group	Next Media Animation Limited, Taiwan Branch	An associate of the Group	17,330	–
Development & support service paid for video system	Beijing Ao Shi Huan Qui Technology Limited	An associate of a jointly controlled entity of the Group	–	682
Car park rental expenses paid by the Group in Taiwan	Best Combo Limited, Taiwan Branch	Indirectly wholly-owned by Mr. Lai Chee Ying, Jimmy, Chairman and a controlling shareholder of the Company	298	362
Office rental expenses paid by the Group in Taiwan	Best Combo Limited, Taiwan Branch	Indirectly wholly-owned by Mr. Lai Chee Ying, Jimmy, Chairman and a controlling shareholder of the Company	7,468	3,049

Note:

Except for the transaction with Beijing Ao Shi Huan Qui Technology Limited, all of the above related party transactions constitute a discloseable connected transaction as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended 30 September 2012*

### **26. IMPAIRMENT LOSS ON TELEVISION AND MULTI-MEDIA SEGMENT**

The subsidiaries engaged in the business of television and multi-media, which is a separate operating segment of the Group, constitute a cash generating unit for the purpose of impairment testing of the assets. A cash generating unit is considered to be impaired when its recoverable amount declines below its carrying amount.

As at 31 March 2012, the recoverable amount of the television and multi-media segment was determined based on value in use calculation and based on certain key assumptions. Value in use calculations use cash flow projections based on financial budgets approved by the management of the Group covering a three-year period, which takes into account the useful lives of plant and machinery. The discount rate used for the value in use calculations is 15.8%. Cash flows beyond the three-year period were extrapolated using a 3% steady growth rate.

Subsequent to the current interim period end date, as several purchasers expressed their interests for the acquisition of television broadcasting business of the Group and considerations have been offered by various purchasers as disclosed in note 27, the management considered to dispose of the television broadcasting business in the near future and has ceased the operation of the multi-media division on 31 October 2012.

The management is of the opinion that the value in use calculation is not an appropriate basis for the determination of the recoverable amount of the television and multi-media segment as at 30 September 2012 due to the likely sale of the television broadcasting business in the near future.

As at 30 September 2012, the recoverable amount of the television and multi-media segment was determined based on fair value less costs to sell calculations, determined using the consideration offered by Mr. Jeffrey Koo Jr., the purchaser, subsequent to the interim period as disclosed in note 27.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2012

### 27. EVENT AFTER THE END OF THE INTERIM PERIOD

On 1 October 2012, the Group entered into a Memorandum of Understanding (“MOU A”) with Mr. Lien Tai-sheng, an independent third party, as purchaser, in relation to the possible sale of the entire issued share capital of Next TV Broadcasting Limited (“Next TV”) to Mr. Lien Tai-sheng (the “Possible Transaction”). Mr. Lien Tai-sheng paid NT\$140 million, equivalent to HK\$37 million, representing 10% of the consideration, to the Group as deposit for the Possible Transaction and was entitled to the exclusive right to negotiate with the Group in relation to the Possible Transaction up to 21 October 2012.

However, on 15 October 2012, the Group entered into two Memoranda of Understanding (“MOUs B”) with Mr. Jeffrey Koo Jr., an independent third party, as purchaser, in relation to the possible sale of the entire issued share capital in each of Amazing Sino International Limited (“Amazing Sino”) and Ideal Vegas Limited (“Ideal Vegas”) for a total cash consideration of NT\$16,000 million, equivalent to approximately HK\$4,243 million, and in Next TV for a cash consideration of NT\$1,500 million, equivalent to approximately HK\$398 million (the “Possible Disposal”).

Upon signing of MOUs B with Mr. Jeffrey Koo Jr., the MOU A signed with Mr. Lien Tai-sheng has been terminated by all parties by mutual consent with effect from 15 October 2012.

At the date of approval for issuance of these condensed consolidated financial statements, Amazing Sino, Ideal Vegas and Next TV are indirect wholly-owned subsidiaries of the Company. Upon completion of the Possible Disposal, Amazing Sino, Ideal Vegas and Next TV and their respective subsidiaries will cease to be subsidiaries of the Company and their results from newspapers publication and printing segment, books and magazines publication and printing segment and television broadcasting segment in Taiwan will no longer be consolidated into the consolidated financial statements of the Group and accordingly, the Group will cease to engage in the operations of printing and publication and television broadcasting businesses in Taiwan.

On 27 November 2012, the Group has entered into the sale and purchase agreements with the purchasers in respect of the above mentioned disposal at the consideration amounts as stated in the MOUs B.



## GLOSSARY

2007 ADPDL Share Option Scheme	The share option scheme of ADPDL adopted by the Company on 30 July 2007
2007 Share Option Scheme	The share option scheme that was adopted by the Company on 30 July 2007
2012 AGM	The Company's 2012 Annual General Meeting held on 30 July 2012
ADL	Apple Daily Limited, an indirect wholly owned subsidiary of the Company
ADPDL	Apple Daily Publication Development Limited, an indirect non wholly owned subsidiary of the Company
ADPL	Apple Daily Printing Limited, an indirect wholly owned subsidiary of the Company
AGM	The Company's Annual General Meeting
Articles of Association	The Company's Articles of Association
Board	The board of Directors of the Company
CEO	The Chief Executive Officer of the Group
CFO	The Chief Financial Officer of the Group
CG Code	The Corporate Governance Code and Corporate Governance Report, Appendix 14 to the Listing Rules
Colored World	Colored World Holdings Limited, an associated company of the Group and the intermediate holding company of NMAL
Company or Next Media	Next Media Limited
COO	The Chief Operating Officer of the Group

## GLOSSARY (CONTINUED)

Deloitte	Deloitte Touche Tohmatsu, the external auditor of the Group
Director(s)	Director(s) of the Company
ED(s)	Executive Director(s) of the Company
EGM	Extraordinary general meeting of the Company
Group	Next Media Limited together with its subsidiaries
HKAS(s)	Hong Kong Accounting Standard(s)
HKFRS(s)	Hong Kong Financial Reporting Standard(s)
HKICPA	Hong Kong Institute of Certified Public Accountants
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong Subsidiary Share Option Schemes	The share option schemes adopted by Aim High Investments Limited, Anyplex Company Limited, Apple Community Infonet Limited, Apple Daily Publication Development Limited, Next E-Shopping Limited (formerly known as Dynamic Interactive Limited), Next Media Publishing Limited, Next Media Webcast Limited, Next Mobile Limited and Sharp Daily Limited
INED(s)	Independent Non-executive Director(s) of the Company
Interim Financial Statements	The unaudited interim financial statements of the Company and its subsidiaries for the six months ended 30 September 2012
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Model Code	The Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules
Mr. Lai	Mr. Lai Chee Ying, Jimmy, the Chairman and controlling shareholder of the Company

## GLOSSARY (CONTINUED)

NED	Non-executive Director of the Company
NMAL	Next Media Animation Limited, an associated company of the Group
NT\$	New Taiwan dollars, the lawful currency of Taiwan
RSM	RSM Nelson Wheeler Consulting Limited, an independent professional firm engaged by the Group to carry out internal audit services for the Group
SFO	Securities and Futures Ordinance
Share(s)	Ordinary share(s) of HK\$1.00 each of the Company
Shareholder(s)	Holder(s) of the Share(s)
Stock Exchange	The Stock Exchange of Hong Kong Limited
STV	Sum Tat Ventures Limited, a company 100% beneficially owned by Mr. Lai
Subscription Plan	The share subscription and financing plan adopted by the Board on 29 October 2007
Taiwan	Republic of China
Taiwan Subsidiary Share Option Schemes	The share option schemes adopted by Next TV Broadcasting Limited*, Next Multi-media Entertainment Services Limited* and Next Media Lifestyle Entertainment Services Limited* (dissolved on 17 October 2012)

\* Company's English name is for identification only

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