
NEXTmedia
ALL-STAR
the
BEST SHOT!!
ANNUAL
REPORT
2013-2014
Stock Code : 00282

CONTENTS

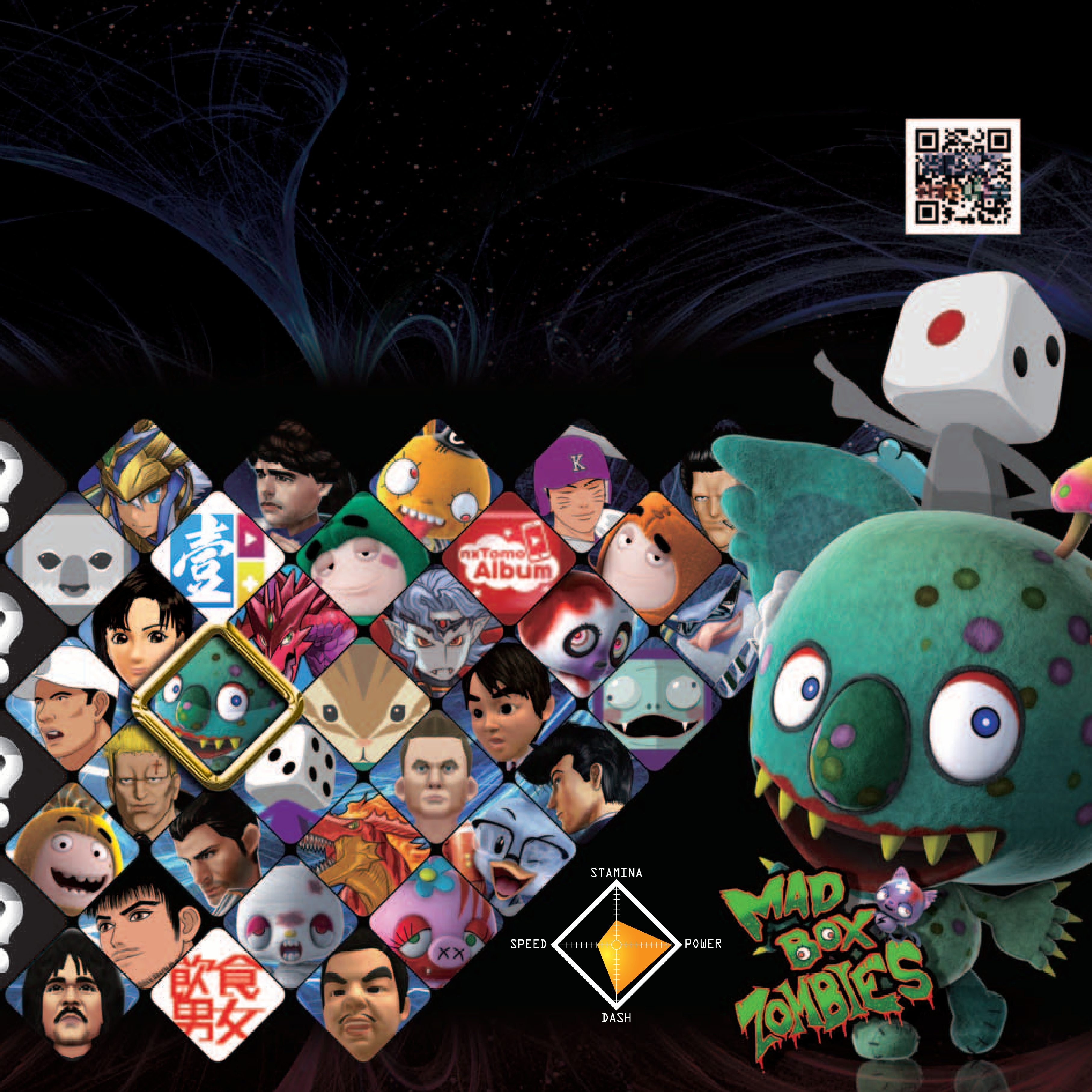
BUSINESS REVIEW

FINANCIAL REPORT

GLOSSARY

ABOUT US

NEXT MEDIA is a multimedia company engaging in publishing, animation, online and mobile games.


STAMINA
SPEED
POWER
DASH
MAD BOX ZOMBIES
飲食男女

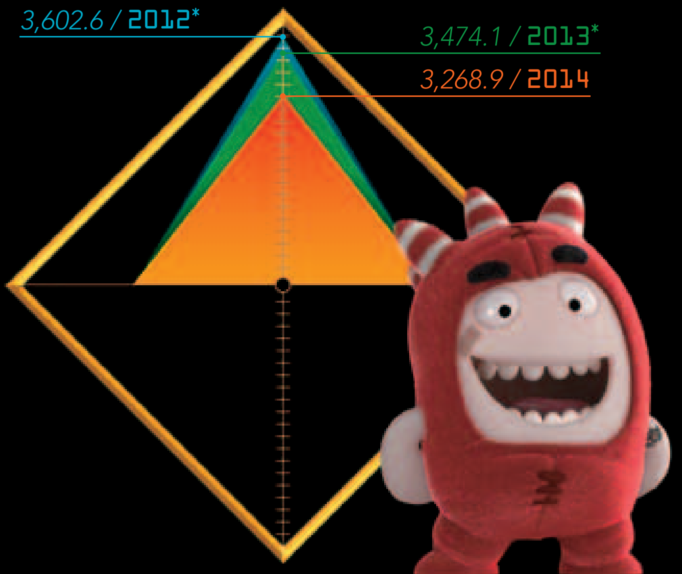
NEXT MEDIA publishes Hong Kong and Taiwan's most-popular and highly regarded newspapers and magazines, and operates their most-visited news portals.


動新聞
APPLE FASHION
飲食男女
Taiwan Apple Daily
蘋果日報
反核嗆
佔領忠孝西路
FACE
Taiwan
Sharp Daily
Ketchup
NEXT+ ONe
Taiwan Next Magazine

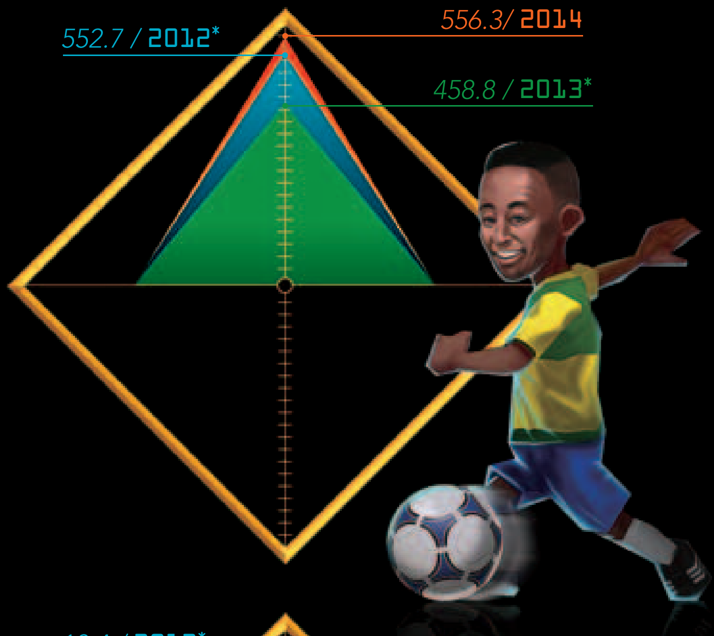
FINANCIAL HIGHLIGHTS

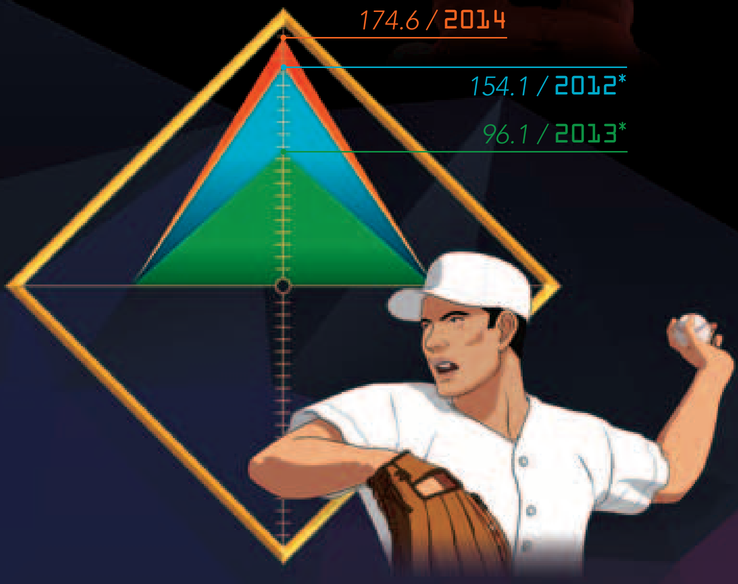
*Restated

REVENUE – CONTINUING OPERATIONS
(HK$ MILLION)

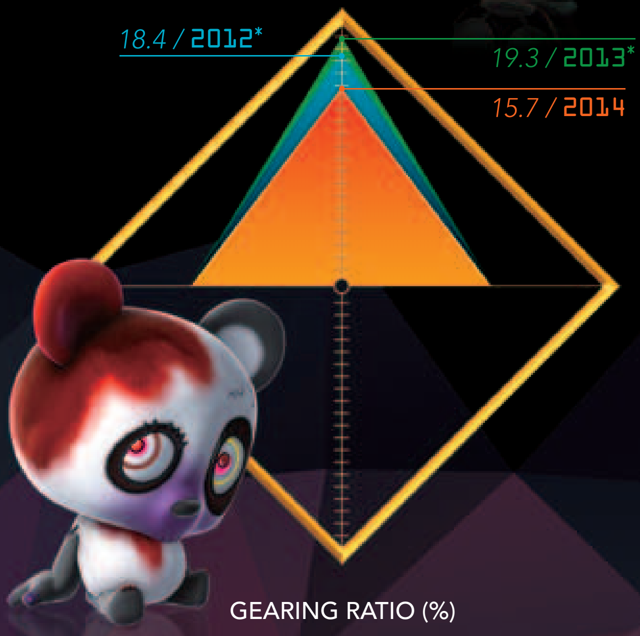


EBITDA BEFORE IMPAIRMENTS
AFTER NON-CONTROLLING INTERESTS
FROM CONTINUING OPERATIONS
(HK$ MILLION)



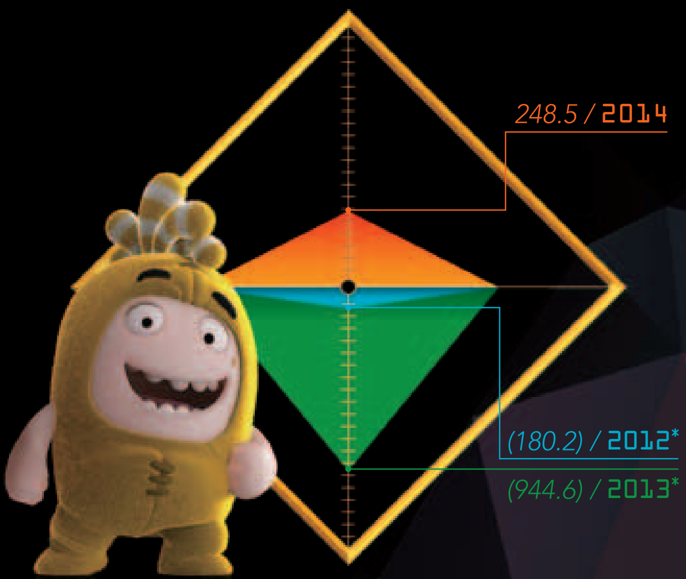


CURRENT RATIO (%)

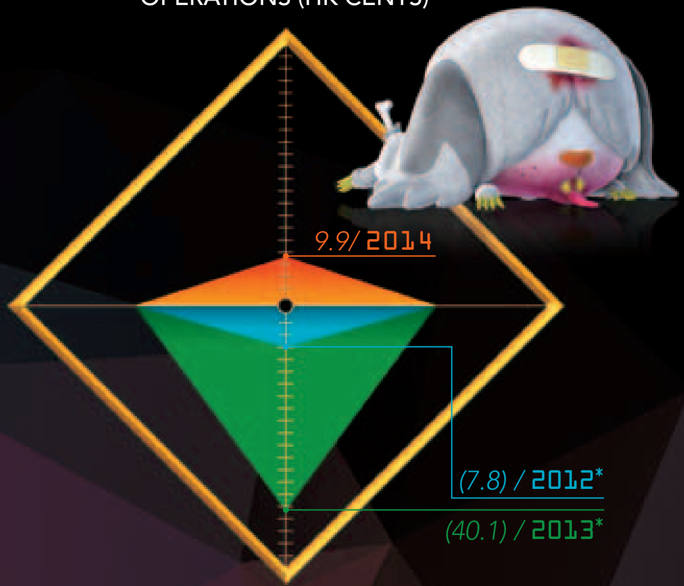


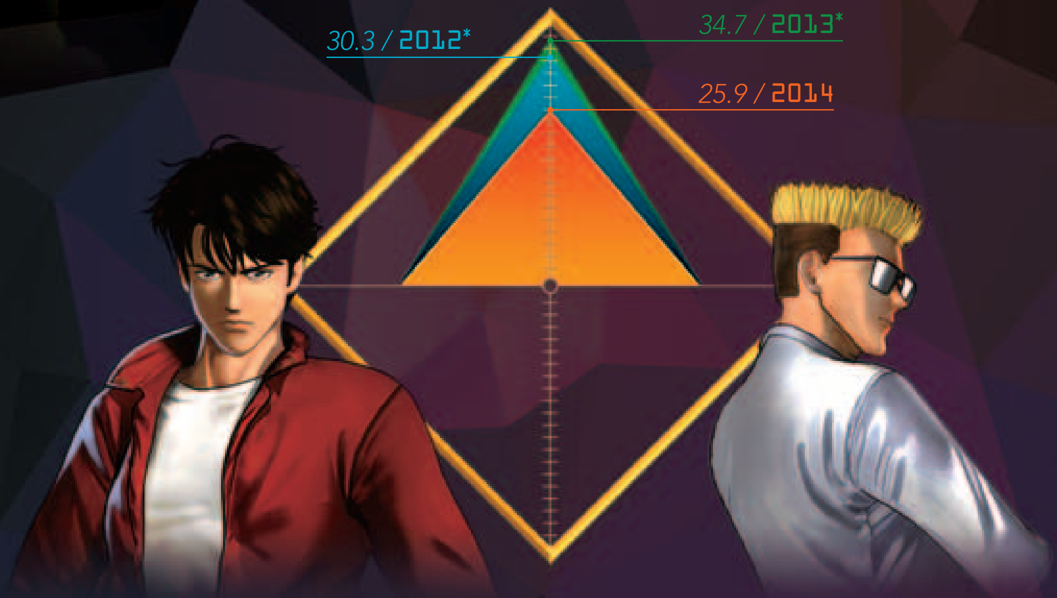
GEARING RATIO (%)

NET PROFIT (LOSS) FOR THE YEAR (HK$ MILLION)



BASIC EARNINGS (LOSS) PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS (HK CENTS)





DEBT TO EQUITY RATIO (%)


FACE
me!
壹週刊
NEXT MAGAZINE
飲食男女
忽然1周
FINANCIAL REPORT
NEXTmedia
NEXTmedia
Trading
Oddbods
Team


Ketchup
壹
One
蘋果日報

CHAIRMAN'S STATEMENT

On behalf of Next Media, I have pleasure in presenting the Company's financial results for the year ended 31 March 2014.

LEVERAGING ON EXISTING STRENGTHS

Consolidation and innovation have been the key words in our activities during the year under review. We withdrew from several operations that had failed to deliver the results we were aiming for, namely the Taiwan TV business and the free daily newspaper sector in Hong Kong.

At the same time, we refocused our attention on our print media operations. These have maintained their leading edge in the market and their profitability. Yet we cannot overlook the increasing inroads that the new digital media are making into their readerships and advertising revenue.

Without doubt, the future of companies like Next Media lies with online and mobile media. We should regard these as opportunities rather than challenges. They give us the chance to extend our reach to new audiences, including many younger people who have grown up with them, and have never had much to do with print publications.

POLE POSITION FOR THE DIGITAL MEDIA RACE

We bring some major advantages to the table as we strive to satisfy this demand for news and entertainment in new formats. The biggest of them is our high-quality and comprehensive journalistic capabilities, built up over the years in our newspapers and magazines, and now repackaged to suit 21st-century technologies. Their perennial appeal is demonstrated by the millions of visits our interactive online and mobile portals on a daily basis.

More than this, our talented team has been making great progress in creating new content and services under the "nxTomo" brand. They include a number of potentially lucrative mobile games, several of which consistently rank among the top-grossing mobile games on App Store and Google Play, as well as popular animated entertainment that blends Japanese Manga content with 3D animation in an exciting new way.

We believe we have developed a winning strategy that will be able to monetise these initiatives in ways that will increase the Group's profitability in the near future.

STRIVING FOR SUCCESS

So our simple aim in the coming months is SUCCESS – both for our well-established print media as well as our projects to harness the possibilities and extend the horizons of digital media in Hong Kong and Taiwan. We will approach the future in a prudent way, mindful of the uncertainties of the economic outlook, but also with justified confidence in our strengths.

WORDS OF GRATITUDE

As the Chairman of Next Media I know that our Company and all those associated with it have been called on to go the extra mile again and again as we have adapted and adjusted to the new realities in the industry and in our operations. It has not been easy, but they have performed magnificently.

I would therefore like to voice my most profound thanks to the members of our teams in Hong Kong and Taiwan, to our readers, advertisers, business associates and shareholders, as well as to my fellow Board members. With your continued support, I am sure Next Media will go from strength to strength in the year ahead.

Jimmy Lai
Chairman

Hong Kong, 16 June 2014


動新聞


港鐵遏止「厚多士」嚴打車廂食嘢
MAD BOX ZOMBIES
Team

The overall performance of the global economy was disappointing again during 2013. Its growth rate failed to reach even the modest targets that many experts had forecast, whereas the economies of most regions performed below expectations.

The developed countries continued to battle against the lingering effects of the economic crisis, and they struggled to find the right mix of fiscal and monetary policies to deal with these. Having already slowed down significantly in 2011 and 2012, many of the emerging economies encountered new headwinds created by domestic and international factors. The recovery of the US economy was particularly unsatisfactory, with its growth rate falling well below the previous year's figure. But, on a brighter note, the euro zone finally began to emerge from a long recession, with the GDP of most of its member states beginning to expand once again.

At 7.7 per cent, China's economy narrowly avoided hitting the 14-year low some economists had predicted for 2013. Yet the difficult economic reforms that the country is currently undertaking may well prolong its lacklustre performance in the coming months. In fact, most experts regard the gentle tapering-off of China's economy as a welcome sign that it is transiting towards a better development model.

OVERVIEW OF MAJOR MARKETS

Hong Kong

Hong Kong's economic performance improved during 2013, with real GDP growing by a moderate 2.9 per cent, compared with 1.5 per cent the previous year. The domestic sector remained resilient amid the challenges facing the global economy, and local consumption demand and tourist spending continued to be fairly robust. The latter was underpinned by the ever-increasing number of Mainland visitors, who accounted for 75.0 per cent of all tourist arrivals.

The labour market stayed tight, with unemployment at a 16-year low of 3.1 per cent. Consumer prices increased by 4.2 per cent year-on-year up to 31 March 2014. Global exports recorded modest growth of 0.7 per cent in the same period, although those to the US and Europe declined as a result of economic conditions in the two regions.

The city's advertising industry continued to flourish, with total advertising spending reaching HK$43.0 billion in 2013. However, in line with the global trend, an increasing slice of the pie went to digital – especially mobile – media, mainly at the expense of print and out-of-home media.

Taiwan

Taiwan's export-oriented economy performed disappointingly as a result of negative sentiment in its biggest overseas markets during 2013. Its real GDP grew by 1.9 per cent year-on-year. Meanwhile, the growth in private consumption spending was dampened during the earlier part of the year by declining real wage levels and concerns about the global economic situation and political issues. However, it accelerated in the fourth quarter in year-on-year terms given an improved business environment globally and domestically.

OPERATIONAL REVIEW

Business Performance

The revenue from the continuing operations of Next Media and its subsidiaries amounted to HK$3,268.9 million during the year ended 31 March 2014. This was HK$205.2 million less than the figure of HK$3,474.1 million achieved in the previous 12 months. The major contributing factor for this decrease was the decrease in advertising and circulation income of the Group's publications.

Discontinued Operation

Television and Multi-media Business

Since 31 October 2012, the Group has ceased its multi-media operation in Taiwan.

The Group sold the entire issued share capital of Next TV, its TV operating subsidiary in Taiwan, and assigned the shareholders' loan to Mr. Lien Tai-sheng during the year under review. Mr. Lien paid the total consideration due under the sale and purchase agreement that he and the Group had signed on 15 April 2013; and he assumed the right to manage, deal with and enjoy the benefits therefrom with effect from 31 May 2013 pursuant to a supplement agreement dated 23 September 2013. Upon completion of this sale on 30 December 2013, the Group ceased to hold any interest in Next TV.

Disposal of Associates

Colored World

On 27 September 2013, Next Media agreed to sell its remaining 30.0 per cent equity interest in its animation business, Colored World, to STV, a company 100.0 per cent beneficially owned by Next Media's Chairman, Mr. Jimmy Lai, for a cash consideration of US$20.0 million (the equivalent of HK$155.1 million). As this transaction constituted a connected transaction for the Company under the Listing Rules, Next Media sought the approval of the Company's independent shareholders, which was given at an Extraordinary General Meeting held on 13 November 2013. The transaction was duly completed on 18 November 2013.

Next Media had previously sold the other 70.0 per cent of its equity interest in Colored World to STV on 31 October 2011. It therefore, upon completion of the above sale of 30.0 per cent equity interest, no longer has any interest in Colored World and its subsidiaries, which have ceased to be associated companies of the Group.

Continuing Operations

Newspapers Publication and Printing Division

The Newspapers Publication and Printing Division once again accounted for the lion's share of the Group's revenue from all its continuing operations. However, like all their competitors in Hong Kong, the Group's print publications faced changing demographic whose reading habits are changing from premium print properties to free media, and a youth population who are not consuming printed media.

The Division's revenue for this year amounted to HK$2,022.3 million, a decrease of 13.2 per cent compared with the figure of HK$2,329.3 million for the previous year, which was mainly attributable to the decrease in both newspapers advertising income and sales of newspapers.

Apple Daily

The high calibre of *Apple Daily*'s content, together with its fearless investigation and reporting of the facts concerning a broad range of issues that interest the public, have earned it the strong loyalty of its quality readership and enabled it to retain its top market position in terms of the average number of people who read it every day.

Between January and December 2013, *Apple Daily* had an average daily readership of 1,411,000 people aged 12 and above, compared with 1,503,000 during the previous 12 months. This was approximately 200,000 more than its nearest competitor[1]. Its daily sales between July and December 2013 averaged 195,941 copies, compared with 230,751 in the same period of 2012[2].

The newspaper's readership profile is a strong draw for advertisers. About 57.0 per cent of *Apple Daily* readers are aged 25 to 49, around 45.0 per cent of them live in a household with a monthly income of HK$30,000 or more, and approximately 44.0 per cent have a post-secondary or university education.

During the year under review, *Apple Daily*'s revenue amounted to HK$806.0 million, a 11.0 per cent decrease on the previous financial year's figure of HK$905.7 million. Circulation income accounted for HK$305.4 million of this, which was 1.1 per cent lower than the previous year's figure of HK$308.8 million.

Its advertising income for the year totalled HK$500.6 million, a 16.1 per cent decrease on the previous year's total of HK$596.9 million. Its main sources of advertising revenue were the personal care, automobile, clothing, travel and pharmaceutical industries.

Hong Kong Sharp Daily

On 21 October 2013, the Group discontinued the publication of *Sharp Daily*, its free daily newspaper in Hong Kong, which was published by its indirectly wholly-owned subsidiary, Sharp Daily Limited. It took this step in order to consolidate its printing operations in Hong Kong and to focus its attention and resources on its profitable operations. Nevertheless, it continues to publish *Taiwan Sharp Daily*.

Taiwan Apple Daily

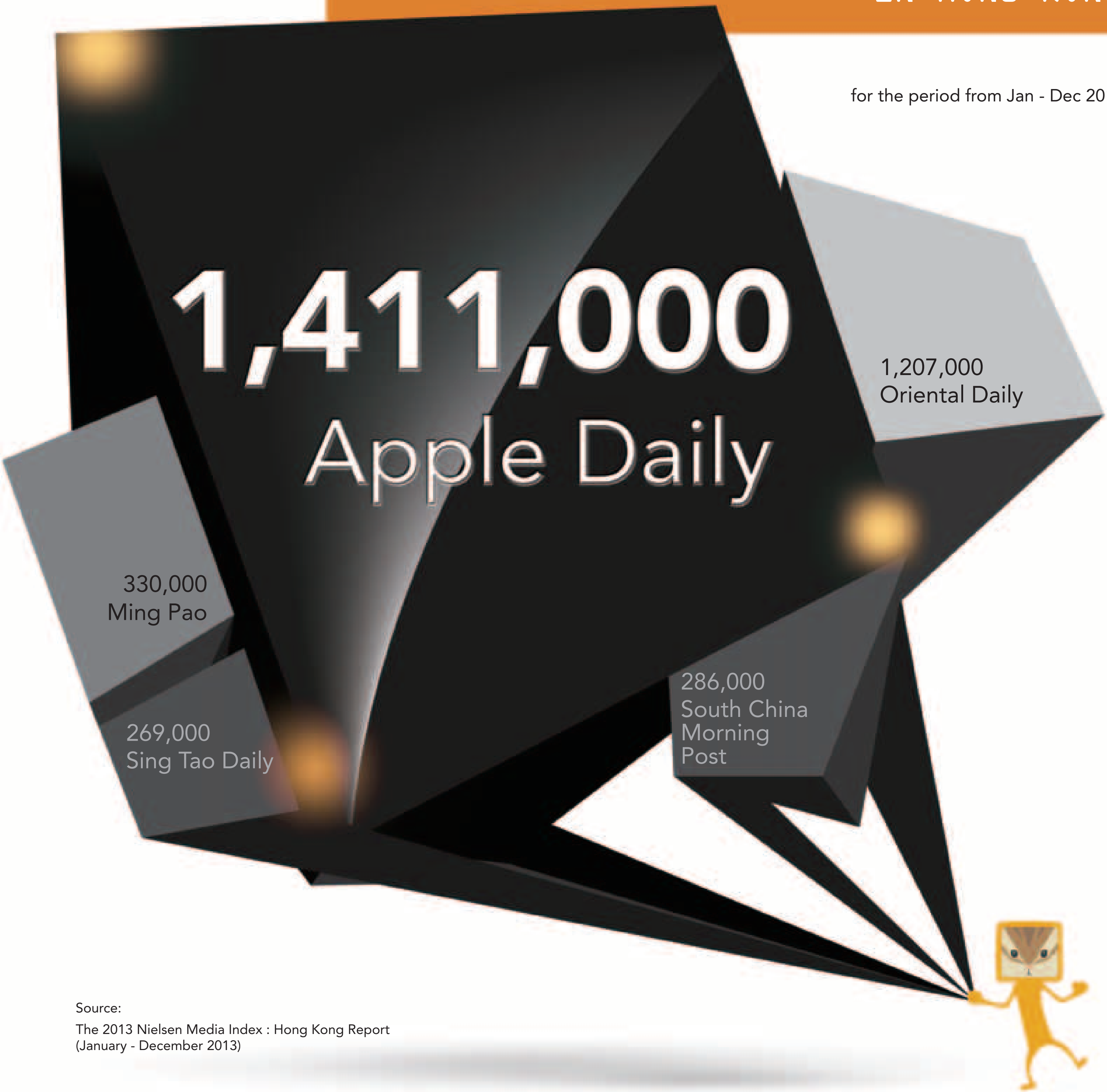
The objective and dynamic reporting style of *Taiwan Apple Daily*, together with its lively and colourful format, have been a huge hit with readers on the island ever since it made its debut in 2003. This has been demonstrated by the dominant position the newspaper has consistently enjoyed in the industry, both in terms of readership and advertising revenue.

Although the island's newspaper market is also being impacted by competition from electronic news sources, *Taiwan Apple Daily* retained the top position in terms of its average daily readership of 2,758,000 people aged over 12 throughout 2013, compared with 3,027,000 the previous financial year[3]. This was approximately 220,000 ahead of its main competitor in the island.

The unique demographics of the newspaper's readers also make it an ideal choice for advertisers seeking to reach younger high-income individuals. They include companies in the property, retail, cosmetics, household electrical appliance and automobile sectors.

TOP FIVE NEWSPAPERS' READERSHIP IN HONG KONG

for the period from Jan - Dec 2013



Source:
The 2013 Nielsen Media Index : Hong Kong Report (January - December 2013)

Taiwan Apple Daily's revenue totalled HK$1,023.8 million, a decrease of 10.5 per cent on the previous year's HK$1,143.7 million. Advertising income accounted for HK$718.1 million of this, 8.4 per cent less than the HK$783.8 million recorded for the preceding 12 months, whereas its circulation income was HK$303.1 million, 14.9 per cent less than the HK$356.0 million a year earlier.

Taiwan Sharp Daily

Since 2006, this free daily has been providing a daily average of 171,943 copies to commuters with a daily mix of news, entertainment and features as they leave Taipei Rapid Transit's subway stations every morning from Monday to Friday. It is popular with advertisers too, because it offers them cost-efficient access to the city's residents without the large outlay required for island-wide print and electronic media campaigns. Consequently, many of its advertisers are smaller businesses. They include firms in the computer, communications, consumer electronics, food and beverage, telecommunications and banking industries.

ADPL

The Group's newspaper printing business was adversely affected by the decline in the print runs of its publications, the discontinuation of *Hong Kong Sharp Daily* and the expiry of contracts to print several titles for external publishers.

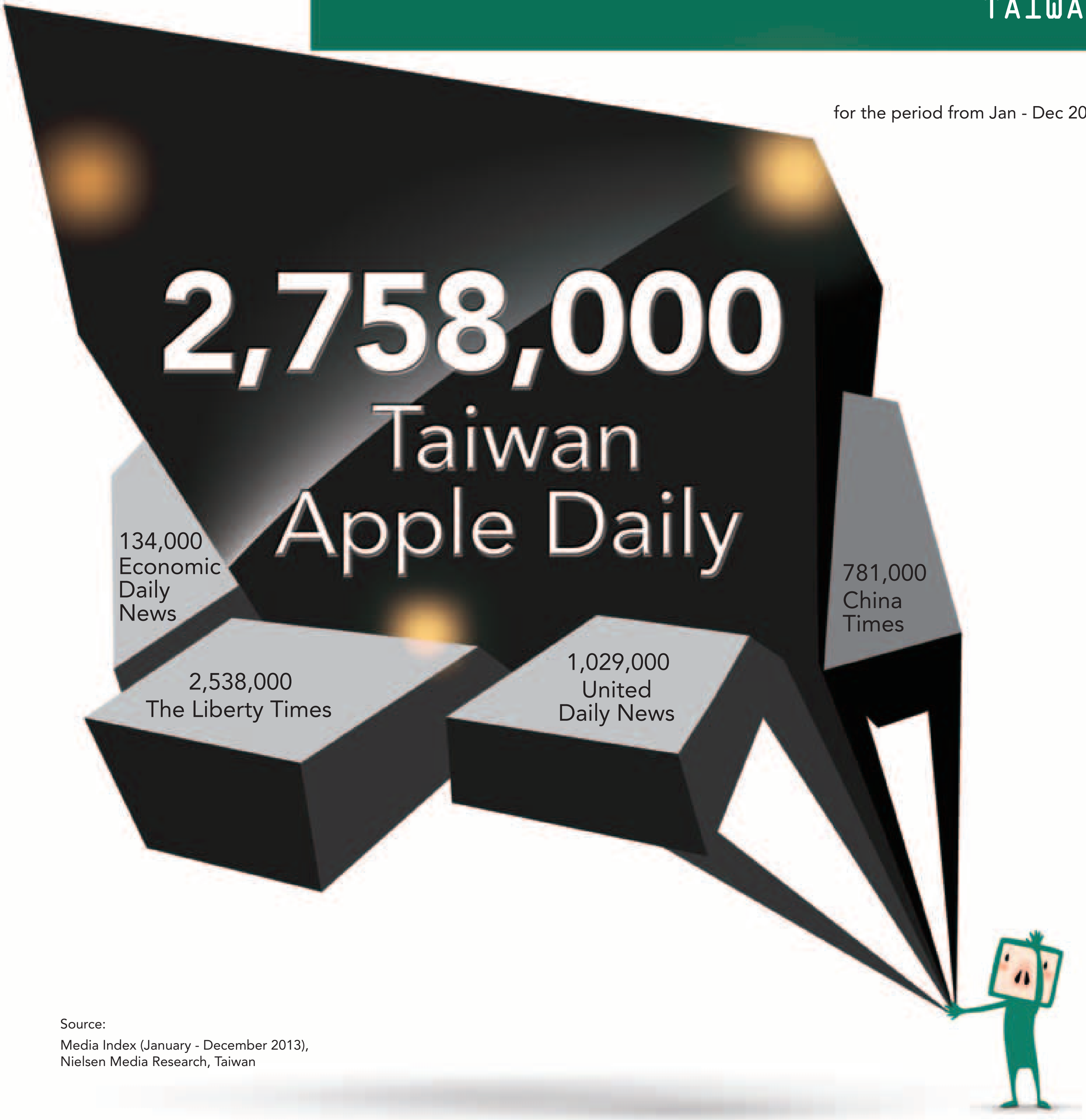
Nonetheless, ADPL continued to contribute to the Group's revenues, earning a total of HK$86.6 million for its work on behalf of external customers, a decrease of 25.5 per cent on its external revenue during the previous financial year.

Books and Magazines Publication and Printing Division

Despite extreme competition within the print media industry and between print and electronic media, the Books and Magazines Publication and Printing Division continued to contribute to the Group's total revenue. Its revenue for the year under review amounted to HK$882.3 million, a 10.7 per cent decrease on the previous year's figure of HK$987.6 million.

TOP FIVE NEWSPAPERS' READERSHIP IN TAIWAN

for the period from Jan - Dec 2013



Source:
Media Index (January - December 2013), Nielsen Media Research, Taiwan

Next Magazine Bundle

The Group's flagship weekly remained Hong Kong's second most widely read Chinese weekly magazine during the year under review. However, difficult market conditions reduced its average weekly readership among people aged 12 and above by 95,000 year-on-year, down from 688,000[1] to 593,000. Meanwhile, its weekly sales between July and December 2013 averaged 70,946, compared with the average of 86,463 copies a week it sold in the same period of 2012[2].

Nevertheless, the high-calibre demographic profile of *Next Magazine*'s readers remains very attractive to advertisers. About 70.0 per cent of them are aged between 25 and 54, more than 45.0 per cent have a post-secondary or university education, and about 43.0 per cent live in a household with a monthly income in excess of HK$30,000. This makes the magazine a magnet for advertising, especially companies in the skincare and cosmetics, watches and fashion sectors. *Next+ONe* – a perfect-bound magazine focusing on city trends and smart lifestyles in the areas of fashion, luxury, beauty and living that is bundled with *Next Magazine* – continued to draw a substantial amount of high-end product advertising.

The advertising revenue of the *Next Magazine Bundle* during the year under review amounted to HK$183.9 million, a decrease of 11.2 per cent compared with the figure of HK$207.1 million for the previous financial year.

Sudden Weekly Bundle

Sudden Weekly Bundle incorporates *Sudden Weekly, Eat and Travel Weekly* and *ME!*. It is Hong Kong's bestselling and most widely read weekly magazine, and it dominates the market segment of publications that target female readers.

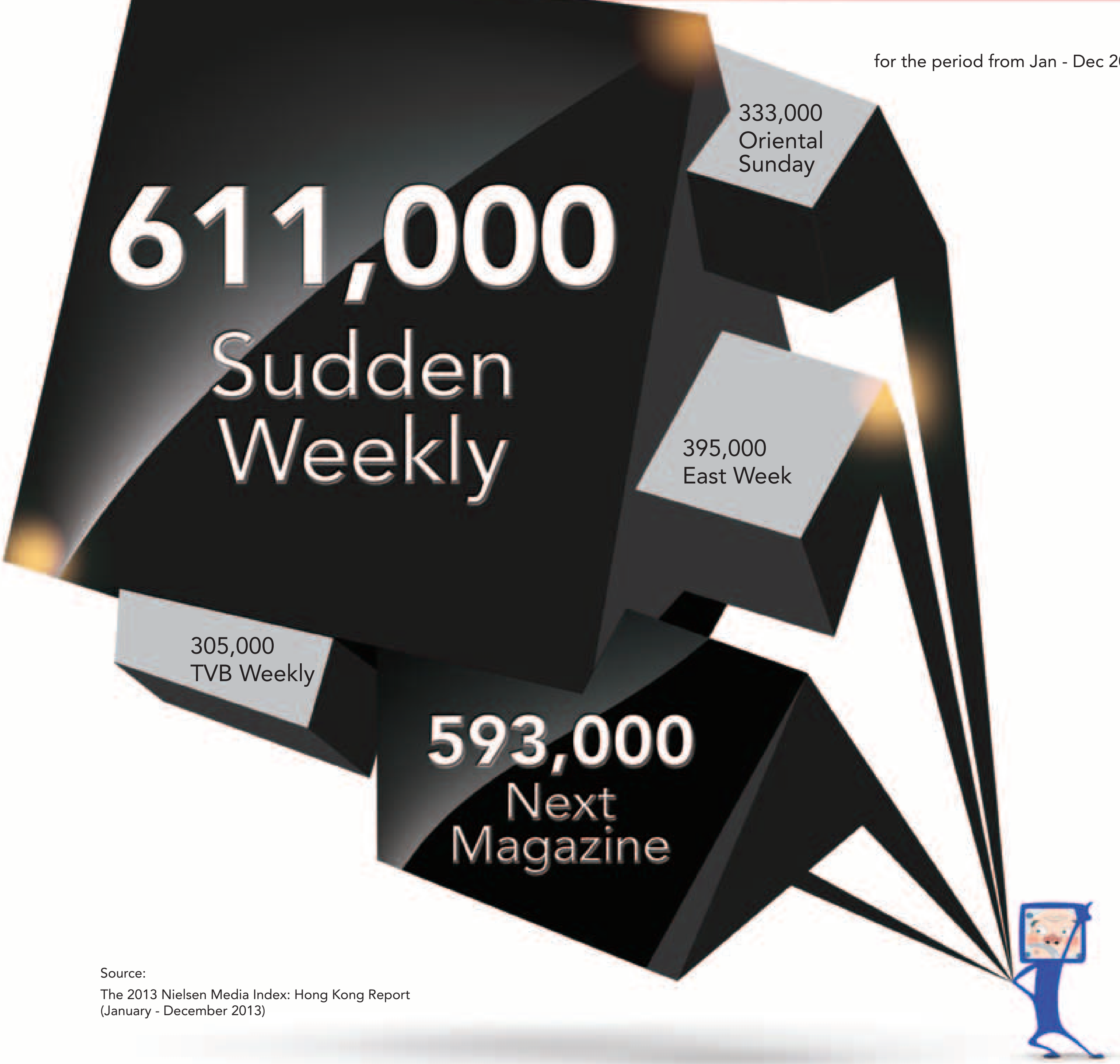
Its average weekly readership among people aged 12 and above declined by 14.8 per cent last year, down to 611,000 from 717,000 in 2012[1], whereas its average weekly sales fell by 19.7 per cent during the period from July to December 2013 to 96,114 copies, compared with 119,672 copies in the corresponding period of the previous year[2].

Sudden Weekly Bundle's readers have an exceptional demographic profile. More than 74.0 per cent of them are in the 25-54 age group, and over 43.0 per cent live in households with a monthly income exceeding HK$30,000. *ME!* – a perfect-bound upmarket magazine printed on heavier art paper and directed at higher-income females and office ladies – has continued to be spectacularly successful at attracting advertising for prestigious brand-name products.

During the financial year under review, *Sudden Weekly Bundle*'s advertising income amounted to HK$220.0 million, compared with the previous year's figure of HK$242.0 million, a decrease of 9.1 per cent, whereas its total revenue amounted to HK$273.1 million, as against HK$308.2 million during the previous year, a decrease of 11.4 per cent that was mainly attributable to lower advertising income.

TOP FIVE CHINESE WEEKLY MAGAZINES' READERSHIP IN HONG KONG

for the period from Jan - Dec 2013



Source:

The 2013 Nielsen Media Index: Hong Kong Report (January - December 2013)

FACE Bundle

The FACE Bundle, which incorporates *FACE, Ketchup, Auto Express* and *Trading Express*, focuses on affluent, image-conscious young adult readers. This is reflected by the advertisers who seek to reach them, who are predominantly in the toiletries, beauty and hair-salon, and fashion industries.

In 2013, more than 66.0 per cent of *FACE Bundle*'s readers were aged 15-44, over 37.0 per cent of them had a university or post-secondary education, and about 52.0 per cent of them lived in a household with a total monthly income of over HK$25,000.

The publication had an average weekly readership of 180,000 people, compared with 242,000 the previous financial year[1]. The title's total revenue decreased by 4.8 per cent to HK$92.0 million in the year under review, compared to HK$96.6 million during the previous 12 months.

Taiwan Next Magazine Bundle

The island's best-selling and most widely read weekly, *Taiwan Next Magazine*, had an average weekly readership of 1,661,000 people aged 12 and above during 2013, compared to 1,828,000 the previous year[3]. Of these, more than 75.0 per cent were in the 25 to 54 age range, 67.0 per cent had a college or university education, and more than 50.0 per cent lived in a household with a monthly income of more than NT$70,000[3].

These factors made *Taiwan Next Magazine*'s readership an attractive target for advertisers, especially those in the beauty and toiletries, watches and eyewear and food and beverage sectors. Its advertising revenue amounted to HK$139.7 million during the year ended 31 March 2014, a decrease of 9.5 per cent on the figure of HK$154.3 million for the previous 12 months.

Commercial Printing

The commercial printing industry is now a global one, and Next Media's commercial printing business has to compete against an increasing number of rival companies in the region and worldwide, including increasingly sophisticated operations based in low-cost economies.

Its performance was also buffeted by adverse economic conditions in many parts of the world, which reduced its volume of new business and made existing clients more and more price sensitive during the year under review.

The operation's revenue for the year ended 31 March 2014 amounted to HK$228.5 million, which was 4.3 per cent less than its income of HK$238.7 million during the previous financial year. Internal revenue accounted for HK$133.8 million or 58.6 per cent of its revenue, whereas revenue from external customers contributed the remaining HK$94.7 million, a decrease of 5.7 per cent on the preceding financial year's figure of HK$100.4 million.

TOP FIVE CHINESE WEEKLY MAGAZINES' READERSHIP IN TAIWAN

for the period from Jan - Dec 2013

Source:
Media Index (January - December 2013),
Nielsen Media Research, Taiwan

Digital Businesses Division

The past few years have shown beyond any shadow of a doubt that the future of media companies like Next Media lies in the online and mobile markets. Consumers of content and specifically our readers have changed and migrated to digital devices. So the Group established and built up its Digital Businesses Division to better serve our readers.

The digital (mobile and web) version of *Apple Daily* has retained its unchallenged status as Hong Kong's most-visited interactive news destination. It has consistently attracted more than 30.0 million view counts every day from all channels and devices, and the number of daily unique users has reached 2.0 million[4]. As a result, *Apple Action News* has a dominant readership position on mobile devices, with an average number of 5.6 million monthly unique users.

In Taiwan, *Apple Daily*'s portal has made further inroads digitally in line with its print leadership position, attracting 16.0 million view counts everyday from all platforms and devices with monthly unique users of 22.0 million[4].

Having acquired the games operations of NMA since August 2013, the Division has devoted greater resources to developing a number of mobile games with high monetisation potential. Since last year's successful launch of *Life Is Crime*, a location-based Massive Multiplayer Online (MMO) game, the Division, via its operating arm, nxTomo Games, has gone on to introduce *Barcode Footballer*, a mobile football management game that has consistently ranked among the top-grossing mobile games on *App Store* and *Google Play* respectively.

In January 2014, the Group further entered into collaboration arrangements with Gung Ho Online Entertainment, Inc., the largest mobile games company in Japan, as marketing agent for the world top selling game – *Puzzle & Dragons* in Hong Kong and Taiwan.

A new genre of animated entertainment called *TomoToon* has been introduced as well. This blends licensed Japanese Manga content with 3D animation in an exciting new way. Its pilots were well received when they were distributed on *Apple Daily*'s website and mobile apps.

The Division's external revenues consisted of subscription fees, online advertising revenue, content licensing payments, games and content sponsorship and in-app purchase of virtual products. They amounted to HK$364.3 million during the year under review, an increase of 131.7 per cent on the previous year's figure of HK$157.2 million. The bulk of this income, around 85.4 per cent, was generated in Hong Kong.

During the year under review, the Division recorded a segment loss of HK$17.7 million, a marked improvement from a segment loss of HK$124.5 million in the previous 12 months. This was mainly due to a significant increase in advertising income. Following a period of ongoing investment in the technology infrastructure to support more sophisticated digital advertising, games development and startup costs for the digital strategies for our magazine properties, the Division has entered into profitability beginning from the last quarter of the reporting period as a result of increased advertising as well as games revenue.

Sources:

1. *The 2013 Neilsen Media Index: Hong Kong Report (January – December 2013)*

2. *Hong Kong Audit Bureau of Circulations Ltd (January – December 2013)*

3. *Media Index (January – December 2013), Nielsen Media Research, Taiwan*

4. *Google Analytics*

FINANCIAL REVIEW

Consolidated Financial Results for Continuing Operations

Revenue

Next Media Limited's total revenue from continuing operations amounted to HK$3,268.9 million during the year ended 31 March 2014, a decrease of 5.9 per cent or HK$205.2 million on the figure of HK$3,474.1 million recorded in the previous 12 months.

The Group continued to derive most of its revenue from Hong Kong, where its operations accounted for HK$1,905.0 million or 58.3 per cent of its total revenue during the 2013/14 financial year. That was followed by Taiwan, which was responsible for 40.2 per cent. Taiwan's contribution decreased by 7.8 per cent from the previous financial year's HK$1,423.6 million to HK$1,312.7 million during the year under review.

Newspapers Publication and Printing Division continued to account for the largest share of the Group's revenue from continuing operations. It generated HK$2,022.3 million or 61.9 per cent of the Group's total revenue, a decrease of HK$307.0 million or 13.2 per cent on the figure of HK$2,329.3 million for the previous financial year.

The Books and Magazines Publication and Printing Division's revenue accounted for HK$882.3 million or 27.0 per cent of the Group's total revenue from continuing operations, a decrease of 10.7 per cent on the figure of HK$987.6 million in 2012/13.

During the year under review, the Digital Businesses Division generated revenues amounting to HK$364.3 million, representing an increase of 131.7 per cent against the figures of HK$157.2 million for the previous year.

EBITDA and Segment Results

The Group's Earnings Before Interest, Taxes, Depreciation, Amortisation (EBITDA) and impairment from continuing operations for the year ended 31 March 2014 amounted to HK$556.3 million. This was HK$97.5 million or 21.3 per cent higher than the restated figure of HK$458.8 million in the previous financial year.

The Group made a segment profit from continuing operations of HK$328.2 million during the year under review, compared with a segment profit of HK$338.9 million in the previous financial year.

The segment profit of the Newspapers Publication and Printing Division decreased by 15.7 per cent to HK$295.5 million, compared to the previous financial year's figure of HK$350.5 million.

The segment profit of the Books and Magazines Publication and Printing Division declined by 55.4 per cent to HK$50.4 million, compared with the figure of HK$112.9 million for the preceding 12 months.

The Digital Businesses Division recorded a segment loss of HK$17.7 million, compared with a segment loss of HK$124.5 million during the previous financial year.

Discontinued Operation

Television and Multi-media Business

Since 31 October 2012, the Group has ceased its multi-media operation in Taiwan.

During the year under review, the Group sold its entire shareholding interest in Next TV to Mr. Lien pursuant to a sale and purchase agreement dated 15 April 2013. On 23 September 2013, the parties concerned entered into a supplemental agreement, whereby, Mr. Lien assumed the right to manage, deal with and enjoy the benefits of all shares in Next TV with effect from 31 May 2013 and therefore, the Group would not be responsible for any losses and profits arising from the shares in Next TV. Completion of the said sale has taken place on 30 December 2013. The Group recorded a loss on disposal of Next TV of HK$8.0 million. During the year, the Division recorded a loss of HK$82.6 million, compared with a loss of HK$1,107.9 million for the financial year 2012/13.

Disposal of Associates

Colored World

As a result of the sale of the remaining 30.0 per cent equity interest in Colored World during the year under review, the Group has recorded a gain on disposal amounting to HK$117.7 million. Colored World and its subsidiaries have ceased to be associated companies of the Group upon completion of such sale on 18 November 2013.

Operating Expenses

The Group's expenses for continuing operations and excluding gain on disposal of associates totalled HK$2,970.9 million during the financial year under review. This was HK$175.6 million or 5.6 per cent lower than the previous financial year's restated figure of HK$3,146.5 million. Essential production costs accounted for HK$1,081.9 million or 36.4 per cent of its operating expenses during the year. Personnel costs accounted for HK$1,418.7 million or 47.8 per cent, an increase of HK$39.0 million or 2.8 per cent on the previous financial year's restated figure of HK$1,379.7 million.

Taxation

The taxes levied on the Group during the 2013/14 financial year amounted to HK$93.5 million, which was 34.9 per cent less than the previous financial year's figure of HK$143.7 million.

FINANCIAL POSITION

Current Assets and Current Liabilities

As at 31 March 2014, the Group's current assets (excluding assets classified as held for sale) amounted to HK$1,528.4 million, an increase of 14.1 per cent on the figure of HK$1,339.3 million 12 months earlier. The Group's current liabilities on the same date were HK$875.3 million, 37.2 per cent less than the figure of HK$1,393.6 million 12 months earlier. The aggregate total of the Group's bank balances and cash, including restricted bank balances, was HK$760.3 million, as at 31 March 2014. The current ratio on the same date was 174.6 per cent, which was 81.7 per cent higher than the figure of 96.1 per cent a year earlier.

Trade Receivables

The Group's trade receivables amounted to HK$521.9 million as at 31 March 2014, a decrease of 1.5 per cent on the figure of HK$529.6 million 12 months earlier. As at 31 March 2014, the average revenue days for the Group's trade receivables was 58.7 days, compared to 56.1 days on the same date of the previous financial year.

Trade Payables

As at 31 March 2014, the Group's trade payables amounted to HK$86.8 million. This was 20.5 per cent less than the figure of HK$109.2 million on the same date of the previous financial year. The average revenue days for the Group's trade payables was 44.4 days, compared to 40.1 days during 2012/13.

Long-term and Short-term Borrowings

As at 31 March 2014, the Group's long-term borrowings, including current portions, totalled HK$660.9 million. This represented a decrease of 17.8 per cent on the figure of HK$804.4 million on the same date of the previous financial year. As at 31 March 2014, the current portion of the Group's long-term borrowings stood at HK$264.4 million, a decrease of 18.3 per cent on the figure of HK$323.7 million 12 months earlier.

Borrowings and Gearing

The Group's primary source of financing for its operations during the 2013/14 financial year was the cash flow generated by its operating activities and – to a lesser extent – the banking facilities provided by its principal bankers.

As at 31 March 2014, the Group's available banking facilities totalled HK$697.8 million, of which HK$664.4 million had been utilised. There was no seasonality in the Group's bank borrowing requirements, and all the monies borrowed bear interest at floating rates.

The Group's bank borrowings during the year were denominated in Hong Kong and New Taiwanese dollars. As at 31 March 2014, the Group's total bank balances, including restricted bank balances and cash on hand, amounted to HK$760.3 million. Its gearing ratio on the same date was 15.7 per cent, compared to 19.3 per cent a year earlier. The Group's gearing ratio is calculated by dividing long-term borrowings, including current portions, by total asset value.

Share Capital Structure

With effect from the commencement of the New CO; i.e. 3 March 2014, the Company's shares have no par value. As at 31 March 2014, the Company's total amount of issued and fully paid share capital became HK$3,359.7 million, of which, HK$928.7 million was transferred from the share premium reserve upon abolition of par value of shares. As at 31 March 2014, the total number of issued shares with no par value was 2,431,006,881 shares.

Cash Flow

The Group's net cash inflow from operating activities during the year ended 31 March 2014 amounted to HK$383.2 million, compared with a net cash outflow from operating activities of HK$364.7 million the previous year.

The outflow of investment-related cash during the 2013/14 financial year totalled HK$9.4 million, compared to the inflow of investment–related activities of HK$401.1 million recorded during the previous financial year. Deposit received for potential disposal of Taiwan businesses in a total amount of HK$455.4 million was refunded during the year.

The Group's net cash outflow for financing activities during the year amounted to HK$160.0 million, compared to the preceding year's net cash outflow figure of HK$214.1 million. The new loans raised during the year under review totalled HK$150.0 million, of which a HK$150.0 million term loan from a bank syndicate was drawn down and pre-paid during the 2013/14 financial year.

Exchange Rate Exposure and Capital Expenditure

The Group's assets and liabilities are mainly denominated in Hong Kong dollars and New Taiwanese dollars. It continues to face exchange rate exposure, due to its newspaper and magazine publishing and digital businesses operations in Taiwan. It aims to reduce this exposure by arranging bank loans in New Taiwanese dollars, as and when appropriate.

As at 31 March 2014, the Group's net currency exposure stood at NT$3,399.2 million (the equivalent of HK$865.6 million) a decrease of 25.0 per cent on the figure of NT$4,534.3 million (the equivalent of HK$1,179.9 million) a year earlier. The Group will continue to monitor its overall currency exposure and take steps to hedge further against such exposure, if and when necessary.

The Group's capital expenditure for the 2013/14 financial year totalled HK$59.8 million. It has committed to further capital expenditure of HK$13.6 million for its continuing operations.

Pledge of Assets

As at 31 March 2014, Next Media had pledged certain elements of the Group's Hong Kong and Taiwan property portfolio and printing equipment to Hong Kong and Taiwan banks as securities for bank loans granted to its operations in these two places. The aggregate carrying value of these assets was HK$913.0 million.

Contingent Liabilities and Guarantees

During the year under review, Next Media incurred contingent liabilities arising as a result of a number of litigation proceedings in Hong Kong and Taiwan. Such proceedings are an occupational hazard in the publishing business.

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, ADPL, over amounts payable in respect of the construction of the facility. Separate legal action concerning the claim was taken against ADPL and Mr. Lai in the High Court during 2007.

Pursuant to a judgement issued by the High Court on 18 January 2008, the default judgement against ADPL was set aside and the proceedings against ADPL were referred to arbitration. UDL was ordered to pay 20.0 per cent of ADPL's costs for the application to set aside the default judgement. ADPL also obtained an order for the payment of all of its costs relating to an application for a stay of proceedings to arbitration from UDL. This amount was received in July 2008.

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the Acquired Group) on 26 October 2001, the Group may subject to contingent liabilities including 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 connected 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. Mr. Lai, the Chairman and a controlling shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all contingent liabilities (the Indemnity). In relation to the Indemnity, Mr. Lai has also procured a bank guarantee of HK$60.0 million for a term of three years up to 25 October 2016 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

The Directors of the Company are of the opinion that, in view of the bank guarantee procured by Mr. Lai in favour of Next Media and the Acquired Group, it is unlikely that the Group would incur any liability if UDL were to pursue its various claims to their ultimate conclusion. It is therefore their opinion that outstanding claims brought by UDL would not have any adverse material impact on the Group's financial position.

Next Media also maintains contingent liabilities that are related to various corporate guarantees the Company has provided to financial institutions for facilities utilised by certain of its subsidiaries. As at 31 March 2014, these contingent liabilities amounted to HK$664.4 million.

Intangible Assets

In accordance with current accounting standards, particularly, HKAS 38 in respect of the valuation of intangible assets, the Board appointed an independent professional valuer to conduct a valuation of the Group's masthead and publishing rights as at 31 March 2014, based on the value-in-use approach.

According to the valuation report, the value of the Group's masthead and publishing rights was HK$2,289.7 million as at 31 March 2014 (31 March 2013: HK$2,319.2 million) against the corresponding carrying value of HK$1,300.9 million as at 31 March 2014 (31 March 2013: HK$1,300.9 million). Therefore, a revaluation surplus of HK$988.8 million arose on a Group basis as at 31 March 2014 (31 March 2013: HK$1,018.3 million). The Group's accounting policy is to state these intangible assets at cost less accumulated amortisation and accumulated impairment loss. Therefore, no adjustment was made to the Group's financial statements for this revaluation surplus.

PROSPECTS AND OUTLOOK

Overview of Major Markets

The fortunes of Hong Kong and Taiwan – the two markets in which Next Media operates – are very much intertwined with the economies of their principal trading partners, especially Mainland China, the US and Europe. At present, their prospects for 2014 look modestly bright.

In May, the OECD trimmed its forecast for China's 2014 economic growth slightly to 7.4 per cent, against last year's figure of 7.7 per cent. It also predicted an inflation rate of 2.4 per cent this year, compared with 2.6 per cent in 2013, and growth of exports of goods and services of 7.5 per cent, compared with 8.6 per cent last year.

US economic growth rebounded strongly in the second quarter of 2014, with GDP expanding at a 3.9 per cent annualised rate. The brisk pace is expected to continue throughout the rest of the year.

The European Commission has stated that it believes the region's economic recovery, which began in the second quarter of last year, will continue to spread throughout its member states, gaining strength and becoming more balanced, in 2014.

Intensive public infrastructure works and sanguine consumer and business sentiment are expected to boost the Hong Kong economy this year. According to official forecasts, Hong Kong's GDP is expected to increase by between 3.0 and 4.0 per cent, compared with 2.9 per cent in 2013, and inflation is likely to ease from last year's 4.0 per cent to 3.7 per cent. Exports should fare better in 2014 too, riding on the latest improvements in advanced economies.

In Taiwan, the economy grew by 3.0 per cent year-on-year during the first quarter of 2014, the fastest rate since 2012 but well below the speed it regularly attained before the financial crisis. Key exports of semiconductors to the US and Europe increased, but those to China barely grew. The IMF believes Taiwan is on track to post GDP growth of 3.1 per cent this year, up from 2.1 per cent last year and 1.5 per cent in 2012.

Business Outlook

Against this somewhat mixed economic backdrop the Group intends to act prudently and keep a tight rein on its finances during the coming year.

In recent months it has withdrawn from a number of business activities which – although they seemed promising at the outset – failed to deliver the results the Group was aiming for. It has now consolidated its activities and sharpened its focus on its core brands. These are Next Media's most valuable assets. They include the most widely-read paid-for daily newspapers and weekly magazines in Hong Kong and Taiwan. They uphold high standards of journalistic professionalism, and they have tremendously loyal readerships with excellent demographics for generating advertising revenue.

The Group has long recognized the fundamental shift in demographics where the younger population are embracing digital media. It would be remiss of the Group not to acknowledge and proactively involve itself in these new ways of communicating with the public, especially the younger generation, and satisfying its demand for information and entertainment.

In these efforts, Next Media already has an important leading edge in the form of its journalistic capabilities, which have already made its online and mobile news portals frontrunners. Moreover, it is also investing in building a highly talented creative and technology team that is already producing acclaimed content and services that are generating a new revenue stream for the Group.

In summary, Next Media intends to refocus its efforts on its core traditional print media operations while simultaneously recognising the importance of engaging with huge potential new audiences via 21st century technology.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend for the year (2012/13: Nil).

BOOK CLOSURE PERIOD

The Register of Members of the Company will be closed from Monday, 28 July 2014 to Thursday, 31 July 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2014 AGM of the Company, all transfers of shares accompanied by relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 25 July 2014.

FORWARD-LOOKING STATEMENTS

This annual 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. Readers are reminded that such statements are subject to risks, uncertainties and other factors that are beyond the Group's control.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CORPORATE GOVERNANCE

Next Media is committed to maintaining high standards of corporate governance. We strongly believe that sound and effective corporate governance practices – with an emphasis on accountability, transparency, fairness and integrity – will ensure the company's long-term success, and ultimately enhance our Shareholders' value.

This report describes the corporate governance practices and structure that are in place at Next Media, with reference to the principles and guidelines of the CG Code contained in Appendix 14, as well as other applicable requirements in the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The CG Code sets out the Stock Exchange's views on the principles of good corporate governance. It makes two levels of recommendations:

- Code Provisions, which issuers are expected to comply with or provide reasons for any deviation therefrom; and

- Recommended Best Practices, which issuers are encouraged to comply with, but which are provided for guidance only.

The Company has complied with all the applicable provisions of the Code throughout the year ended 31 March 2014, except for Code provisions E.1.2 and A.6.7. Due to other business engagements, Mr. Lai, the Chairman of the Board; Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank; and Dr. Lee Ka Yam, Danny, did not attend the 2013 AGM held on 22 July 2013. Instead, Mr. Cheung Ka Sing, Cassian, an ED and CEO, chaired the 2013 AGM in accordance with the provisions of Next Media's Articles of Association. Also, during the year under review, the Chairman of the Board, Mr. Lai, did not hold meetings with the INEDs of the Company pursuant to Code provision A.2.7.

BOARD OF DIRECTORS

The Board is chaired by Mr. Lai. As of 31 March 2014, it consisted of seven members, of whom four were EDs and three were INEDs. Next Media has complied with Rules 3.10 and 3.10A of the Listing Rules, which require the board of directors of a listed issuer to have at least three INEDs, representing at least one-third of the board.

Role of the Board

The Board's primary role is to promote the Group's success and deliver sustainable long-term value to our Shareholders. It plays a key role in decisions related to:

- Formulating the Group's strategic objectives;

- Directing and monitoring the management in pursuit of the Group's strategic objectives;

- Ensuring a sound risk-management control system; and

- Approving the Group's major financial decisions and other significant issues.

The day-to-day management, administration and operation of the Group's business activities and the implementation of polices are delegated to the management of the Company and its subsidiaries. The Board fully supports the management and allows it autonomy to run and develop the Group's business. However, it also periodically reviews the authorities delegated to the management, to ensure that these remain appropriate.

Strategic Direction

Next Media is an innovative multi-media organisation that delivers news and entertainment content to its readers and audiences without bias or prejudice. The following values form the foundation of the way we work:

- Dedication – we are dedicated to satisfying the expectations of our readers and audiences on all our platforms and at all times;
- Transparency – we encourage direct communication and maintain a high degree of transparency;
- Integrity – we act in a trustworthy, honest and fair way, and we hold ourselves accountable for our commitments; and
- Innovation – we foster creativity in order to stay abreast of change and at the forefront of the media industry.

Next Media is mindful of the rapid changes in the media landscape; in particular, the digital revolution that is sweeping through the world's media and the increasing availability of higher-speed and mobile broadband services over the past decade. We appreciate that the growth in the delivery of online content now gives audiences a huge range of information sources, and they expect instant access to news and analysis. That offers us enormous opportunities to innovate and serve our audiences better by diversifying our services and products. We will further develop our capabilities in publishing and other digital platforms, including the Internet and mobile communication, and we will deliver content that reflects our commitments to quality, independence and professional journalism in order to meet the expectations of diverse audiences. At the same time, we will keep pace with changing technologies and we will continue to work creatively to achieve our strategic goals and grow our capabilities further. To face the challenges, we will constantly explore and pursue new ideas, opportunities and collaborations in order to establish sustainable business activities that have the potential to generate commercial value for our Shareholders in the long term.

Corporate Governance Policy

The mandate of the Board is to oversee the management of the business and affairs of the Group and ensure that good corporate governance practices and procedures are in place. The Board has established a corporate governance policy that sets out the Company's basic approach to corporate governance, details of which can be found on the Company's website.

Board Diversity Policy

Next Media continuously seeks to enhance the effectiveness of its Board and recognises and embraces the benefits of having a diverse Board as an essential element in maintaining competitiveness. On 28 August 2013, the Board adopted a policy that sets out the Company's approach to achieving the Board's diversity. The selection of candidates for the Board will be based on a range of diversity perspectives, including, but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and other qualifications. The Company will also take into account factors relating to its own business model and specific needs from time to time. The Board may seek to improve one or more aspects of its diversity at any given time, and measure its progress accordingly. Further details of this policy can be found on the Company's website.

Board Composition

As of 31 March 2014, the Board's four EDs were Mr. Lai (Chairman); Mr. Cheung Ka Sing, Cassian (CEO); Mr. Ting Ka Yu, Stephen (COO and CFO); and Mr. Ip Yut Kin. Its three INEDs were Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank; and Dr. Lee Ka Yam, Danny.

During the year under review, all the INEDs complied with the guidelines for assessing their independence set out in Rule 3.13 of the Listing Rules, and they provided the Company and the Stock Exchange with written confirmation regarding their independence. The Company considered that all the INEDs were independent, and that no family, material or other relevant relationships existed between any of them.

In addition, none of the members of the Board was related to any of the others.

The members of the Board possess business and financial expertise in a range of areas that are essential for the effective governance of an interactive multi-media company. Their biographies and respective roles in the Board's Committees are set out in the Directors and Senior Management section of this annual report and on Next Media's website at http://www.nextmedia.com.

Chairman and Chief Executive Officer

The posts of Chairman and CEO are distinct and separate, with a clear division of their responsibilities. The Chairman's role is to provide the Group with strategic direction in consultation with the Board, whereas the CEO, with the support of the EDs, is responsible for the strategic planning of its various business units, and day-to-day management of its operations.

Mr. Cheung Ka Sing, Cassian, is the CEO responsible for formulating the Group's strategies, and he leads its management and business unit heads in achieving the goals set by the Board, with a focus on enhancing long-term Shareholder value. Mr. Cheung is also in charge of the Group's digital business, and he leads the experienced and high-calibre management team in ensuring that Next Media operates in accordance with its strategies.

Appointment, Re-election and Removal of Directors

Articles 84 and 85 of the Articles of Association requires each Director to retire by rotation once every three years, and one-third (or the nearest number to one-third) of its Directors to retire from office every year and be eligible for re-election at each AGM. During the year ended 31 March 2014, Mr. Lai and Mr. Fok Kwong Hang, Terry, retired and were re-elected as Directors at the 2013 AGM.

In view of the Board's current size, each Director has an average term of office of three years. All EDs have entered into service contracts with members of the Group that can be terminated by the Company giving them a period of notice of not more than one year.

None of the INEDs has entered into a service contract with any member of the Group. They have been appointed as INEDs for a fixed term of two years from the date of their appointment, or the date of the renewal of their appointment, whichever is applicable. The terms of appointment of the respective INEDs are as follows:

Name	Term of Appointment
Mr. Fok Kwong Hang, Terry	01.04.2013 to 31.03.2015
Mr. Wong Chi Hong, Frank	30.01.2013 to 29.01.2015
Dr. Lee Ka Yam, Danny	09.03.2013 to 08.03.2015

Although Mr. Fok Kwong Hang, Terry, has served as an INED for more than nine years, he does not have any management role in the Group, and he has at all times exercised independent judgment concerning issues of strategy, policy, performance and standards of conduct when participating in Board and/or committee meetings. The Board is of the opinion that he possesses the character, integrity, independence and experience commensurate with the office of INED.

Board Activities

The Board meets regularly and holds quarterly meetings to review and consider the Company's operations, financial results and other relevant matters identified by the Directors. Additional meetings may also be arranged at the Directors' request. The dates of Board meetings for each year are usually proposed by the Company Secretary and agreed to by all the Directors during the third quarter of the previous year in order to give all the Directors adequate time to plan their schedules in advance.

The Board's proceedings are well defined, and they follow the CG Code's requirements and applicable recommended best practices. The draft agendas for regular Board meetings are prepared by the Company Secretary and approved by the CEO. The Directors are informed about the draft agenda's contents in advance, and consulted about any additional items that they wish to propose for inclusion on it.

Once the agenda has been finalized, the Company Secretary issues the notice of the Board meeting with a notice period of at least 14 days, and sends to all Directors the Board papers containing supporting analysis and related information at least three working days before the Board meetings. During each regular Board meeting, the EDs report to the Board on their respective business areas, including their operations, progress of projects and financial performance, as well as corporate governance and compliance.

The Company Secretary prepares written resolutions and minutes, and keeps sufficiently detailed records of matters discussed and decisions resolved at Board meetings. Draft minutes and resolutions of the Board are sent to all Directors for comment in a timely manner. Original minutes and resolutions of the Board are placed on record and kept by the Company Secretary. These are available for inspection by the Directors upon request.

Below is an overview of the dates of the various Board/Committee meetings and the record of attendance of its members during the year:

	Numbers of Meetings Attended/Held					
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting (Note 1)	Nomination Committee Meeting	Annual General Meeting (Note 3)	Extraordinary General Meeting
EDs						
Lai Chee Ying, Jimmy (Chairman)	3/4 (75%)	N/A	N/A	N/A	0/1 (0%)	0/2 (0%)
Cheung Ka Sing, Cassian (CEO)	4/4 (100%)	N/A	N/A	N/A	1/1 (100%)	2/2 (100%)
Ting Ka Yu, Stephen (COO and CFO)	4/4 (100%)	N/A	N/A	N/A	1/1 (100%)	2/2 (100%)
Ip Yut Kin	4/4 (100%)	N/A	N/A	N/A	0/1 (0%)	0/2 (0%)
INEDs						
Fok Kwong Hang, Terry	4/4 (100%)	2/2 (100%)	N/A	N/A	0/1 (0%)	0/2 (0%)
Wong Chi Hong, Frank	4/4 (100%)	2/2 (100%)	N/A	N/A	0/1 (0%)	0/2 (0%)
Lee Ka Yam, Danny	4/4 (100%)	2/2 (100%)	N/A	N/A	0/1 (0%)	0/2 (0%)
Dates of Meetings	07.06.2013 23.09.2013 22.11.2013 31.03.2014	06.06.2013 21.11.2013	N/A	N/A	22.07.2013	13.11.2013 15.01.2014

Notes:

1. The Remuneration Committee did not hold any physical meetings during the year ended 31 March 2014. Instead, it considered and approved relevant issues by way of written resolutions of all members, details of which are set out in the section below headed "Board Committees".

2. The Directors may attend Board and/or committee meetings in person or by means of telephonic communication or similar communications equipment in accordance with the Articles of Association of the Company. 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.

3. The Company's external auditor attended the 2013 AGM to answer questions from the Shareholders.

BOARD COMMITTEES

The Board has established an Audit Committee, Remuneration Committee, Nomination Committee and several other committees as integral elements of good corporate governance and to oversee relevant aspects of the Company's affairs.

Audit Committee

(i) Structure and Membership

The Audit Committee was established on 19 March 1999 with reference to "A Guide for the Formation of an Audit Committee" issued by The Hong Kong Society of Accountants (currently known as the HKICPA).

The Company has established a whistle-blowing policy for employees and those who deal with the Group to raise concerns, in confidence, with a designated officer of the Group about suspected fraud in matters of financial reporting, internal controls or other matters relating to the Group. This policy applies to Directors, officers and employees at all levels of the Group as well as joint ventures or companies in which the Group holds a controlling interest. The Audit Committee has overall responsibility for this policy, and it will report fraudulent activities to the Board at least annually. The policy has been posted on the Company's website.

As at 31 March 2014, the Audit Committee's membership consisted solely of INEDs, namely, Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank; and Dr. Lee Ka Yam, Danny. None of them is, or has previously been, a member of the Company's current or previous external auditor. The Chairman of the Audit Committee, Dr. Lee Ka Yam, Danny, possesses the professional qualifications and financial management expertise required under the Listing Rules.

(ii) Audit Committee's Functions

The Audit Committee meets regularly with the external auditor, professional advisers and management team to assist the Board in overseeing the Group's financial reporting, the appointment of the auditor and its fees, and the effectiveness of the Group's internal control system. It will convene additional meetings whenever its members need to discuss any specific matters. Full details of the Audit Committee's role and current terms of reference are posted on Next Media's website at http://www.nextmedia.com and the Stock Exchange's website.

(iii) Audit Committee's Activities

During the year under review, all the members of the Audit Committee attended all of its two meetings in the absence of the EDs. The meetings held on 6 June and 21 November 2013 were also attended by the Company's external auditor.

The Audit Committee has considered at the meetings held during the year and/or by way of written resolutions the following matters before they were submitted to the Board for its consideration:

- The Group's audited consolidated financial statements for the year ended 31 March 2013;
- The continuing connected transactions of the Group for the year ended 31 March 2013;
- Valuation of mastheads and publishing rights of the Group for the year ended 31 March 2013;
- The valuation reports in respect of the share options granted under the Group's various share option schemes during the year ended 31 March 2013;
- The internal control review reports of the Group for the year ended 31 March 2013;
- The Internal Audit Proposal and the Addendum of RSM to carry out internal audit services for the Group for a three-year period ending 31 March 2016;
- The audit-related and non-audit-related services proposal for the financial year ended 31 March 2014; and
- The Group's unaudited interim financial statements for the six months ended 30 September 2013.

The Deputy CFO and the Company's Financial Controller were invited to attend these meetings in order to give a full account of the financial statements and answer the Audit Committee's questions. The Audit Committee reviewed the nature of the service fees and independence of the external auditor on an annual basis. Working closely with the external auditor and a professional firm, the Audit Committee also reviewed the adequacy and effectiveness of Next Media's internal control measures. The Chairman of the Audit Committee reported to the Board on the work done by the Audit Committee, and highlighted any significant issues.

Remuneration Committee

(i) Structure and Membership

The Remuneration Committee was established on 15 March 2005, together with specific terms of reference regarding its authority and duties.

As at 31 March 2014, the Remuneration Committee consisted of three members with a majority of INEDs, namely, Mr. Fok Kwong Hang, Terry; Dr. Lee Ka Yam, Danny; and Mr. Ting Ka Yu, Stephen. Mr. Fok Kwong Hang, Terry (INED) was the chairman of the Remuneration Committee.

(ii) Remuneration Committee's Functions

The Remuneration Committee is responsible for reviewing and developing all policies relating to the remuneration of the Company's Directors and senior management. It is also entrusted with making all recommendations in relation to such policies to the Board. Full details of the Remuneration Committee and its terms of reference can be found at http://www.nextmedia.com and the Stock Exchange's website.

The Remuneration Committee is also responsible for ensuring that no Director or any of his associates is involved in deciding his own remuneration. The Board has the authority to approve any remuneration matters concerning the Directors and members of the senior management that are brought before it, subject to recommendations from the Remuneration Committee and approval by the Shareholders, if required under the Listing Rules, the Articles of Association and applicable legislation.

(iii) Remuneration Committee's Activities

During the year, the Remuneration Committee reviewed and resolved by way of written resolutions of all its members to recommend the following to the Board for its consideration:

- The 2013/14 Salary Review of the Group;
- The fees of the Directors for the year ended 31 March 2014; and
- The 2014/15 Salary Review of the Group.

Nomination Committee

(i) Structure and Membership

The Nomination Committee was established on 30 March 2012, together with specific terms of reference regarding its authority and duties. As of 31 March 2014, 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 Chi Hong, Frank (INED) was the Chairman of the Nomination Committee.

(ii) Nomination Committee's Functions

The Nomination Committee is primarily responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board as and when appropriate. Following the adoption of the Board Diversity Policy by the Company on 28 August 2013, the terms of reference of the Nomination Committee were amended correspondingly. Full details of the Nomination Committee and its terms of reference can be found at http://www.nextmedia.com and the Stock Exchange's website.

(iii) Nomination Committee's Activities

The Nomination Committee did not hold any meeting during the year ended 31 March 2014.

The Nomination Committee also assessed the independence of INEDs in respect of the year ended 31 March 2014, and opined that all three of the Company's INEDs complied with Rule 3.13 of the Listing Rules.

Other Committees

(i) A Board Committee consisting of any two of the EDs was established on 28 August 2007 to approve the issue and allotment of shares pursuant to the 2007 Share Option Scheme from time to time;

(ii) A Sub-committee consisting of the financial heads of all the major business units, the Company Secretary, Deputy CFO and Financial Controller was established in September 2000 to review connected transactions and ensure that they comply with the Listing Rules and other relevant legislation.

TRANSPARENCY AND FAIRNESS

Material Interests

The Directors are requested to declare their direct or indirect interests, if any, in any matters or transactions to be considered at Board or committee meetings. They may not vote on any resolution of the Board or committees if they have such an interest, and they may not be counted in the quorum for such a vote.

Time Commitment

Each Board member is required to make a disclosure to Next Media every six months regarding the number and nature of the offices they hold in other public companies or organisations. They are also required to declare all their other significant commitments, including the identity of the public companies or organisations concerned. During the year under review, apart from Mr. Cheung Ka Sing, Cassian, none of the Directors held any directorships or offices in any other public companies or organisations. Mr. Cheung is currently an independent non-executive director, a Nomination Committee Member, an Audit Committee Member and Chairman of the Remuneration Committee of Trinity Limited, a company listed on the main board of the Stock Exchange.

Securities Transactions

Next Media originally adopted the Model Code in April 2004. With effect from 1 April 2009, the Model Code was revised to extend the "blackout" period for dealings in its securities by a company's directors. The Company adopted the revised version with effect from 1 April 2009, by means of a written resolution unanimously approved by the members of the Board.

The Model Code requires the Directors to notify Mr. Cheung Ka Sing, Cassian, and receive a dated written acknowledgement from him, before they deal in the Company's securities and derivatives. Mr. Cheung Ka Sing, Cassian, is required to notify Mr. Lai (Chairman of the Board), and receive a dated written acknowledgement from him, before he deals in any securities and derivatives of Next Media.

Following specific enquiries by the Company, all the Directors have confirmed that they fully complied with the required standards of the Model Code for the year ended 31 March 2014.

Specific officers and employees of the Company who, because of their offices, are likely to be in possession of unpublished inside information pertaining to Next Media or its activities are also subject to compliance with the Model Code.

Voting by Poll

The Company has conducted all voting at general meetings by poll since 2004. Following the relevant special resolutions passed at the 2009 AGM, the Articles of Association were amended to comply with Rule 13.39(4) of the Listing Rules, which requires any vote of shareholders at a general meeting to be conducted by poll. At the 2013 AGM and the EGMs held on 13 November 2013 and 15 January 2014, the Chairman of the meetings likewise demanded voting by poll on all the resolutions put to the meetings. The Shareholders' rights and procedures for demanding a poll were set out in the relevant circulars sent to the Shareholders within the stipulated timeframe, and they were explained to those present at the start of the general meetings.

To ensure the votes were counted correctly, Computershare Hong Kong Investor Services Limited, the Company's share registrar, was appointed as the scrutiniser for the voting by poll at the general meetings. The poll results were announced and posted on both the Stock Exchange and Company websites immediately after the respective general meetings.

Directors' Training and Continuous Development

The Company has a policy of providing all newly appointed Directors with a comprehensive, formal and tailored induction to the Company. An induction package containing information in respect of the duties and responsibilities of all Directors under the Listing Rules, the Companies Ordinance and other related ordinances and relevant regulatory requirements of Hong Kong is provided to each newly appointed Director. As and when necessary, the Company also arranges seminar sessions for all the Directors at the Company's cost. Conducted by qualified professionals, these particularly relate to the roles, functions and duties of listed company directors, in order to ensure that their skill sets and knowledge remain consistent with all relevant legal and regulatory requirements. From time to time, the Company Secretary also provides updates to all Directors about the latest developments concerning the applicable laws, rules and regulations.

The Company has kept records of such training, which were provided by each Director, for the year ended 31 March 2014. These were as follows:

	Corporate Governance/ Updates on Laws, Rules and Regulations	
	Reading materials	Attending seminars
EDs		
Lai Chee Ying, Jimmy (Chairman)	✔	✖
Cheung Ka Sing, Cassian (CEO)	✔	✔
Ting Ka Yu, Stephen (COO and CFO)	✔	✔
Ip Yut Kin	✔	✔
INEDs		
Fok Kwong Hang, Terry	✔	✔
Wong Chi Hong, Frank	✔	✔
Lee Ka Yam, Danny	✔	✔

Company Secretary

Ms. Wong Shuk Ha, Cat, an employee of the Group, was appointed as the Company Secretary with effect from 30 July 2004. Her primary responsibilities are to ensure the effective conduct of Board/Committee meetings and general meetings pursuant to the Group's policies and procedures; preparing and keeping records of minutes; and advising the Board on compliance under the applicable laws, rules and regulations in a way that keeps abreast of the Group's operations and ensures its adherence to the CG Code.

The appointment and removal of the Company Secretary is subject to the Board's approval at a physical meeting in accordance with the Company's Articles of Association.

During the year under review, Ms. Wong received more than 15 CPD hours of relevant training about areas relating to company secretarial, legal and corporate governance.

Independent and Professional Advice

The Directors and Board committee members are empowered with all the resources deemed necessary to carry out their duties to the best of their abilities. They are given full and timely access to the advice and services of the Company Secretary, and to all information that is relevant to Next Media's operations. If the need arises, Directors and members of Board committees may also seek independent professional advice about the performance of their duties at the Company's expense and in accordance with the Procedures for Directors to Seek Independent Professional Advice, which have been adopted by the Board.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing financial statements that give a true and fair view of the Group's state of affairs. When preparing financial statements, the Directors review and approve appropriate accounting policies recommended by the management, Audit Committee and professional bodies. They apply the same standards consistently in demonstrating the Group's quantified operational performance and in exercising relevant judgment.

AUDIT, CONTROL AND RISK MANAGEMENT

External Auditor

Deloitte has been the Company's external auditor for nine consecutive years since 2004. During the year ended 31 March 2014, the total fees paid and payable to the external auditor for non-audit-related services amounted to HK$1,070,000. This sum included HK$440,000 for taxation services and HK$630,000 for a review of the Group's interim results for the six months ended 30 September 2013.

Internal Controls

Since 1 April 2006, the Board has engaged professional firms to conduct assessments and evaluations of entity-level controls within Next Media, with reference to the COSO (The Committee of Sponsoring Organizations) framework covering control environment, risk assessment, control activities, information and communication and monitoring. During the year ended 31 March 2014, the Board engaged RSM to conduct a review of controls over Next Media's financial, operational, compliance and risk management, in order to identify and prioritise significant risk areas that required further improvement or rectification. Overall, the assessment indicated that a high level of awareness about these controls exists within the Group's business units. Its findings and recommendations concerning improvements to controls have been reported to the Audit Committee and the Board.

Based on the work performed during the year under review, RSM confirmed that there were no significant or material deficiencies that came to its attention during the course of internal controls review.

COMMUNICATIONS WITH SHAREHOLDERS

AGM

Next Media has always endeavoured to maintain amicable and open relationships with its Shareholders. The Company's AGM provides a forum at which the Board members and Shareholders can share opinions and ideas. Shareholders are invited to direct questions to the Board at the AGM. Those available to answer such questions include not only the EDs but also the Chairmen of the relevant committees or, in their absence, members of the committees as well as the Company's external auditor.

Details of voting procedures are included in the Company's circulars to its Shareholders.

Investor Relations

The Board is well aware of the importance of communication between investors, Shareholders and the Company. The Board ensures it disseminates details of major activities, inside information and transactions in full compliance with the Listing Rules. The Company has a series of procedures to communicate with analysts and the media. These measures were developed to ensure full compliance with the Stock Exchange's guidelines regarding the disclosure of price-sensitive information. The Company has also carefully selected certain EDs and senior management to act as its representatives in meetings with analysts and the media. On 3 October 2011, the Board adopted the Group's external communication policy for its operations in Taiwan, when dealing with communications with investors, analysts and the media there.

As a multimedia company, Next Media remains determined to enhance its transparency further by making full use of all appropriate communications channels when sharing information with third parties. Specific activities undertaken in this area during the year included the publication of corporate news via press releases and formal announcements, and the issuing of circulars, interim and annual reports. All such information is freely accessible to anyone at http://www.nextmedia.com.

Shareholders and interested members of the public are welcome to communicate directly with Next Media 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 at ir@nextmedia.com.

The Board has also established a Shareholder communication policy, which is available on the Company's website. It will regularly review this policy to ensure its effectiveness.

Shareholder Rights

The Shareholders' Guide has been posted on Next Media's website at http://www.nextmedia.com. It contains the following information:

(i) Procedures for proposing a resolution at an AGM;

(ii) Procedures for election of Directors; and

(iii) Procedures for convening an EGM on requisition.

DIRECTORS' AND OFFICERS' INSURANCE

The Directors and officers of the Group are fully indemnified against all costs, charges, losses, expenses and liabilities incurred by them in discharging their duties. Next Media has taken out comprehensive Directors' and officers' liabilities insurance coverage for such purposes, subject to the provisions of the applicable legislation.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The New CO governing companies incorporated in Hong Kong, which came into effect on 3 March 2014, brought a number of statutory changes. The Directors therefore propose to seek the approval of Shareholders for the adoption of a new set of Articles of Association to replace the existing one by way of a special resolution at the 2014 AGM, in order to bring it in line with the relevant provisions stipulated in the New CO. A circular containing, *inter alia*, information about the proposed amendments and a notice of the 2014 AGM will be dispatched to the Shareholders in due course.

GROUP COMMITMENTS

STRENGTHENING INVESTOR RELATIONS

As a leading multimedia company in Hong Kong and Taiwan, Next Media constantly strives to strengthen its relationships with its investors. We believe that open, transparent, and timely communication with them is part of our ongoing mission, and that it is central to achieving greater success in our business.

Our Directors and senior management team maintain ongoing dialogues about our performance and business strategies with many interested parties, including research analysts and institutional investors. They do this by participating in briefings, meetings and company visits.

We provide up-to-date and comprehensive corporate information, in both English and Chinese, in the investor relations section of our website. This includes interim and annual reports, public announcements, circulars and press releases.

In addition, we hold annual general meetings to provide a platform for individual Shareholders to exchange views with the Board, and to enable them to gain a deeper understanding of the Company and its development.

We also encourage and value feedback from our Shareholders, who we regard as a source of valuable input and perspectives that enhance our continuous efforts to improve our performance. We invite them to send their questions and comments via our dedicated investor relations e-mail account, ir@nextmedia.com, or by post to our Company Secretary at Next Media's registered office. We aim to reply directly to all written communications within seven days.

EMPLOYEE WELLBEING

Equal Opportunities, Fair Rewards

Next Media believes that the talents and dedication of our team members are the foundations for our success and growth. We uphold the principle of equal opportunity by maintaining non-discriminatory recruitment policies, and we employ staff members purely in accordance with the relevance of their skills and experience.

We reward employees fairly for their outstanding performance and contributions to the Group's success. The remuneration package of each of our staff members is reviewed every year in the light of the individual's responsibilities and the Group's business performance, together with internal benchmarks and prevailing market practices and conditions. At the same time, we offer special performance-related and variable pay-related rewards, such as year-end bonuses and a profit-sharing scheme, to team members who make exceptional contributions.

In addition, we encourage our employees to increase their professional and personal capabilities and advance in their careers. For this reason, we provide them with opportunities for professional growth and personal development. For instance, we make special educational subsidies available to those who wish to obtain further career-related qualifications. Moreover, we arrange regular in-house seminars to update the legal knowledge of our reporters and editors, and to teach them how to handle specific and sensitive issues that they may encounter in the course of their work. During the year, the Group has organised in-house seminars and invited legal professionals and government representatives as speakers to give briefings to our employees on the following areas:

(i) The Personal Data (Privacy) Ordinance;

(ii) The Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012; and

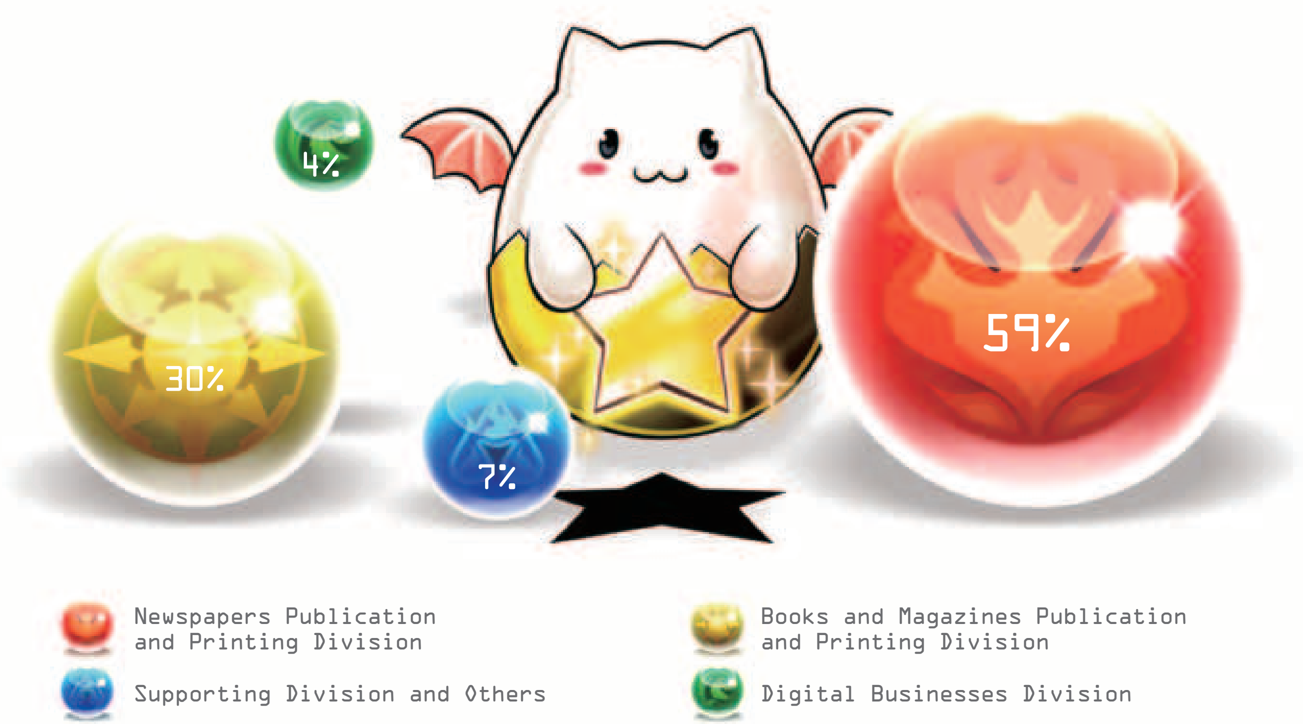
(iii) Contempt of Court and Related Pitfalls.

In addition, the Group offers a comprehensive range of employee benefits, including insurance and medical coverage and maternity and paternity benefits, as well as retirement and mandatory provident fund schemes. To motivate members of our senior and middle management to generate extra value for our Shareholders, we operate discretionary share option schemes that offer them options to subscribe for shares in Next Media and its operating subsidiaries. All these measures help to maintain the commitment of our staff to strive for excellence and professionalism.

As of 31 March 2014, Next Media employed a total of 4,044 people in Hong Kong, Taiwan and Canada (2013: 4,679). The decrease of 635 people on the previous year's headcounts was mainly attributable to the disposal of the Group's TV operations in Taiwan and the cessation of the publication of *Sharp Daily* in Hong Kong during the year.

During the year under review, Next Media's staff-related costs from continuing operations, including retirement benefits, totalled HK$1,418.7 million, an increase of 2.8 per cent on the previous year's restated figure of HK$1,379.7 million.

Headcount as at 31 March 2014



Fostering Work-Life Balance

At Next Media, we believe people are more effective when their working and personal lives are in harmony. Sustainable work performance based on employee satisfaction is critical to our success. In line with our longstanding policy of caring for their well-being, we offer our staff members a pleasant and professional working environment. Our Hong Kong head office provides a wide range of leisure facilities, including a cafeteria, open-air BBQ area, and superbly equipped fitness centre with a swimming pool and multi-function athletics court.

Moreover, we arrange various types of staff activities. During the year under review, these included:

- A rice dumpling cookery class;
- A Christmas party;
- Weekly yoga classes;
- Mooncakes and cash coupons for staff to celebrate the Mid-Autumn Festival; and
- An annual dinner.

Next Media proactively safeguards the health of our staff members too. Commonly used equipment and the ventilation system in our premises are regularly cleaned and maintained in order to ensure a clean and hygienic working environment. We also issue periodic health advice and guidelines to remind employees about the importance of personal hygiene.

To make the working environment even safer, in 2009 we installed automated external defibrillators, and arranged for members of our Security Department to be properly trained and qualified to operate them. These portable devices can diagnose potentially life-threatening cardiac arrhythmias, and treat them by applying an electrical current to help the heart re-establish an effective rhythm.

Our people-centred approach has earned Next Media an enviable reputation as a preferred employer in the media industry. We do not simply offer employees a career; instead, we provide a dynamic environment in which they can pursue their personal development and achieve their goals in life, while simultaneously raising their awareness about issues that directly influence everyone in the community.

CONCERN FOR THE COMMUNITY

Caring for the Underprivileged

Truthful and balanced journalism is just one of Next Media's roles. Striving to be a good corporate citizen that significantly benefits all the communities we operate in is equally important to us.

In 1995, we founded the Apple Daily Charitable Foundation in Hong Kong. Its principal objective is to assist less-privileged members of our community through direct financial support and sponsorship of various social service programmes. The Foundation has two committees, namely, the Charitable Fund Committee and Educational Fund Committee.

Apple Daily supports the Foundation and its programmes by regularly publishing a column appealing for donations from readers, and by devoting space to promote its charitable activities. The paper also donates 1.0 per cent of its operating profits to the Foundation every month.

The Foundation has issued a quarterly newsletter to publicise its good work since the fourth quarter of 2006. This is distributed by mail via the Haven of Hope Integrated Vocational Rehabilitation Services Centre.

The Foundation's online donation service at http://www.charity.atnext.com/donate was launched in July 2008, and it has since become an increasingly popular method for readers to make donations to the Foundation. The website also provides the public with comprehensive and transparent information, such as details of the individuals and charitable organisations who are benefiting from the Foundation's work, reports about the donations it receives and disburses, copies of its quarterly newsletter, and information about its forthcoming activities. Apart from the website, the Foundation has set up its Facebook page: http://goo.gl/eYKB89 for sharing its charity activities and updated information.

During the year, the Foundation donated more than HK$1.3 million to support 82 social service projects for disadvantaged groups and needy people.

In 1996, we launched the Apple Bursaries Scheme, which provides direct financial support to needy students. Since 2009, it has extended its coverage to include full-time undergraduate students at Hong Kong's 11 tertiary educational institutions. The scheme provided bursaries totalling HK$7.8 million to 3,489 primary and secondary school students as well as undergraduates during the financial year ended 31 March 2014.

Since its launch in May 2003, *Taiwan Apple Daily* has also established a similar foundation – the Apple Daily Charity Fund – in Taiwan, with an initial endowment of NT$15.0 million from the newspaper. The Fund aims to assist less-privileged people on the island through direct financial support, subsidies for their medical and educational needs, and sponsorship of a variety of social service programmes. During the year, *Taiwan Apple Daily* donated NT$3.4 million to the Fund.

Aged home visit together with students of Fresh Fish Trader's School and their parents in April 2014

In the year ended 31 March 2014, the Apple Daily Charity Fund donated more than NT$221.6 million to support 1,120 needy families; 87.0 per cent of its disbursements were for urgent or medical support, while the remainder were for charitable programmes.

Serving the Communities

Next Media's community service philosophy is based on the motto "Use what you receive from society in order to benefit society". During the year, the Foundation put this philosophy into practice via the following programmes:

Hong Kong – Apple Daily Charitable Foundation

- In line with "Caring for the underprivileged and sharing festive joy with them", another guiding principle of its community service, the Foundation donated HK$724,000 to the "Big Festive Meals" project. This delivered meals during traditional Chinese festivals to more than 24,000 disadvantaged elderly people via 106 community service organisations.

- The Foundation continued to assist the underprivileged by donating more than HK$1.3 million to the "Warm Action" programme, which last winter distributed hand-carts and food parcels to 11,000 elderly and disabled people as well as low-income families via 112 community service organisations.

Group photo of the families participants at the scented tea event in May 2014

- The Foundation donated HK$1.0 million to distribute rice dumplings to needy people and low-income families during the Tuen Ng Festival, moon cakes during the Mid-Autumn Festival, and other goods and materials during other festivals.

- During the year, the Foundation received donations from readers for needy people suffering from serious illnesses that required special medical treatment. They included:

  – HK$690,000 for a family whose father had died at work and whose daughter is mentally handicapped, to relieve its immediate financial needs;

  – HK$480,000 to pay for bone marrow transplant surgery and chemotherapy for a father suffering from leukaemia; and

  – HK$357,000 for the medical treatment of a 40-year-old man who has suffered from systemic lupus erythematosus for more than 20 years.

- The Group and our employees also supported fundraising activities organised by World Vision Hong Kong by skipping a meal or having a snack instead, and donating the money they saved to help starving children in East Africa.

Apart from donations, the Group is also committed to supporting the communities it serves via volunteering services. In March 2014, the Foundation established the Next Media Volunteer Team by inviting employees and their families to participate actively as volunteers in the social service activities it subsidises or organises. The Foundation initially plans to hold at least one volunteering activity or event every two months. During April and May 2014, it organised the following voluntary activities:

(i) A visit to a home for the aged together with students of the Fresh Fish Trader's School and their parents, in which a total of 75 volunteers participated;

(ii) A scented tea event on 3 May 2014 for students who are beneficiaries of the Apple Bursaries Scheme to share their experiences, arranged in partnership with The Youth Encouragement Foundation Limited; and

(iii) "Make Up for the Future," a class held in May 2014 in which eight students from Tin Shui Wai learned basic make-up skills, and practiced their skills on low-income women and took passport photos for them.

Taiwan – Apple Daily Charity Fund

During the year, the Apple Daily Charity Fund donated funds for the following charitable projects:

- Social Welfare Projects – the Fund contributed more than NT$15.8 million to support 39 social service projects concerning the medical needs of underprivileged families and to help improve the educational opportunities of their children;

- Educational Support – the Fund provided bursaries worth a total of nearly NT$40.0 million to 863 students who were in need of financial assistance, 22 of whom have since graduated; and

- "Good Festivals" – the Fund donated NT$2.4 million to various social service organisations towards the cost of organising events and projects to allow underprivileged people to celebrate traditional Chinese festivals, such as the Lunar New Year Festival, Tuen Ng Festival and Mid-Autumn Festival.

Next Media is committed to participating in community affairs, and we will continue to adhere to our philosophy of supporting disadvantaged members of society in the years to come.

CARING ABOUT THE ENVIRONMENT

Eco-friendly Initiatives

Concern about the environment is another important dimension of our commitment to society. Next Media strives to fulfil this goal in terms of our own operations and through our relationships with suppliers, customers and the wider community.

Next Media became a member of the Forest Stewardship Council in 2009. This international non-profit, multi-stakeholder organisation was established in 1993 to promote the responsible management of the world's forests. Our membership means we abide by its standards concerning the independent certification and labelling of forestry products, and ensuring that these come from socially and environmentally sustainable sources.

Next Media used 91,700 metric tonnes of newsprint for our newspapers and a further 13,800 metric tonnes of paper for our magazines during the year. This was supplied by reputable major manufacturers in Australia, Austria, Belgium, Canada, Germany, Japan, Korea, New Zealand, Sweden, the UK and USA. All of them adhere strictly to manufacturing processes that create minimal impact on the environment and comply with the ISO14000 Environmental Management System Standard.

We also used 1,361 tonnes of organic-based printing ink for our newspapers and 387 tonnes for our magazines during the year. This ink consists of a composite of resin and vegetable oil that fulfils environmental conservation objectives. Its manufacturer also complies with ISO14000 and 14001 Environmental Management System Standards, as well as with the ISO 9000 and 9001 Quality Management System Standards. Its products are recognised in international treaties concerning environmental protection.

At the same time, we implement environmental monitoring and review systems in all our production processes. They incorporate a range of strategies and technologies that effectively reduce pollution. Moreover, we train our employees to minimise waste, environmental damage and noise.

All our printing plants have emission-control systems that reduce VOC emissions from printing ink by 90.0 per cent. They are also equipped with comprehensive sewage-processing systems that comply fully with Hong Kong statutory requirements. Dedicated disposal bins have been installed for all solid, pulp, paper and chemical wastes. All these recyclable materials are properly categorised, then collected and handled by a contractor acceptable to the Environmental Protection Department.

The waste paper Next Media's operations generate is processed by dedicated recycling companies. In addition, we have installed energy-saving lighting systems, and we use environmentally friendly cleaning materials. We regularly monitor the materials and other resources we use, with the aim of ensuring that they are either recycled and/or environmentally responsible.

Team 熱血雙煞 DOUBLE HARD

nxTomo

TOMO TOON!


Album

OUR ACHIEVEMENTS

Hong Kong 香港

Hong Kong Association of Interactive Marketing Media Convergence Awards 2013
香港互動市務商會 傳媒轉型大獎2013

Newspaper Category
報紙類別

Mobile
流動程式
Silver Award: *Apple Daily*
銀獎：*《蘋果日報》*

Overall
整體
Silver Award: *Apple Daily*
銀獎：*《蘋果日報》*

Social Media
社交媒體
Gold Award: *Apple Daily*
金獎：*《蘋果日報》*

Website
網站
Silver Award: *Apple Daily*
銀獎：*《蘋果日報》*

Media (Social Media)
傳媒轉型大獎：社交媒體
Silver Award: *Apple Daily*
銀獎：*《蘋果日報》*

Media (Website)
傳媒轉型大獎：網站
Bronze Award: *Apple Daily*
銅獎：*《蘋果日報》*

Overall Merits
整體大獎
Bronze Award: *Apple Daily*
銅獎：*《蘋果日報》*

Top 15 Media (By professional judging)
傳媒轉型大獎
Honorable: *Apple Daily*
優異獎：*《蘋果日報》*

Hong Kong Press Photographers Association Focus at the Frontline 2013
香港攝影記者協會 《前線 • 焦點2013》

Essay
圖片故事組
Honorable Mention: *Apple Daily*
優異獎：*《蘋果日報》*
圖輯：戀英圖片故事

Feature
特寫組
2nd Runner-up: *Apple Daily*
季軍：*《蘋果日報》*
主題：海陸圍攻30萬人追鴨

Nature and Environment
自然與環境組
1st Runner-up: *Apple Daily*
亞軍：*《蘋果日報》*
主題：追月夜紅月現北角

Honorable Mention: *Apple Daily*
優異獎：*《蘋果日報》*
主題：超級月亮今晚7時12分最近地球

News
一般新聞組
1st Runner-up: *Apple Daily*
亞軍：*《蘋果日報》*
主題：聖士提反學生 風雨中反直資

Honorable Mention: *Apple Daily*
優異獎：*《蘋果日報》*
主題：男警緊箍社運少女胸

AWARDS WINNER

People
人物組
Honorable Mention: *Apple Daily*
優異獎：*《蘋果日報》*
主題：易小玲整容無望 南韓名醫欲救無從

Sport
體育組
Honorable Mention: *Apple Daily*
優異獎：*《蘋果日報》*
主題：曼聯對傑志

Marketing Magazine Mob-Ex Awards HK 2013

Best App (Media Owner)
最佳傳媒手機程式
Gold Award: *Next Mobile Limited*
金獎：*壹傳動有限公司*
主題：Apple Daily – Mobile App

Best Mobile Advertisement Solution
最佳流動廣告方案
Bronze Award: *Next Mobile Limited*
銅獎：*壹傳動有限公司*
主題：The New Advanced Night Repair Launch Campaign (Brand: Estée Lauder)

Best Original Content
最佳用戶體驗及最佳原創內容
Silver Award: *Next Mobile Limited*
銀獎：*壹傳動有限公司*
主題：Apple Daily – Mobile App

The 13th Consumer Right Press Awards
第十三屆消費權益新聞報道獎

Category: Feature
組別：特寫
Bronze Award: *Apple Daily*
銅獎：*《蘋果日報》*
主題：拆解教科書市場

Category: News
組別：新聞
Bronze Award: *Apple Daily*
銅獎：*《蘋果日報》*
主題：《蘋果》化驗超市火腿勁發水 蛋白質含量少 大量添加劑 無法例規管

Category: Press Photo
組別：新聞攝影
Silver Award: *Apple Daily*
銀獎：*《蘋果日報》*
主題：政府出招打壓樓市 地產代理冇啖好食

Hong Kong 香港

The 18th Annual Human Rights Press Awards
第十八屆人權新聞獎

Chinese-Language Categories:
中文作品：

Cartoon/Illustration
卡通／圖解
Merit: *Apple Daily*
優異獎：《*蘋果日報*》
主題：狼英治下2013

News
新聞
Merit: *Apple Daily*
優異獎：《*蘋果日報*》
主題：四大發展商東北囤地分佈曝光

Spot News Photography
突發新聞圖片
Prize: *Apple Daily*
大獎：《*蘋果日報*》
主題：港視員工與十萬市民照亮黑夜

Prize: *Apple Daily*
大獎：《*蘋果日報*》
主題：學民追擊梁振英

Merit: *Apple Daily*
優異獎：《*蘋果日報*》
主題：淚雨交加

Merit: *Apple Daily*
優異獎：《*蘋果日報*》
主題：挺梁人士追打示威者

Merit: *Apple Daily*
優異獎：《*蘋果日報*》
主題：雙非家長排學位

Merit: *Apple Daily*
優異獎：《*蘋果日報*》
主題：民怨爆發

Merit: *Apple Daily*
優異獎：《*蘋果日報*》
主題：男警箍女示威者

Merit: *Apple Daily*
優異獎：《*蘋果日報*》
主題：大專生撐碼頭工人

雜誌
Magazine
Merit: *Next Magazine*
優異獎：《*壹週刊*》
主題：尋找爸爸的故事

The Chinese University of Hong Kong Journalism and Communication Alumni Association
The 6th Chinese University Journalism Award
中大新聞與傳播學院校友會
第六屆中大新聞獎

Newspapers/Magazine Feature & Commentary Group
報章／雜誌新聞報道組
Certificate of Merit: *Apple Daily*
優異獎：《*蘋果日報*》
主題：發展局局長麥齊光呃租津系列報道

The Pacific Area Newspaper Publishers' Association (PANPA) 2013 Newspaper of the Year Awards
太平洋地區報紙出版者協會
2013年度新聞大獎

Technical Excellence Award (Over 90,000 Circulation)
印刷技術卓越獎(印刷量90,000份或以上)
Winner: *Apple Daily*
得獎：《*蘋果日報*》

AWARDS WINNER

The Society of Publishers in Asia (SOPA)
2013 Awards for Editorial Excellence
亞洲出版業協會
2013年度卓越新聞獎

Excellence in Feature Writing
卓越專題特寫
Honorable Mention: *Next Magazine*
優異獎：*《壹週刊》*
主題：年度風雲人物－八萬劏房人

Excellence in Human Rights Reporting
卓越人權報導獎
Honorable Mention: *Apple Daily*
優異獎：*《蘋果日報》*
主題：反洗腦國民教育風暴

Excellence in Information Graphics
卓越資料圖像獎
Honorable Mention: *Apple Daily*
優異獎：*《蘋果日報》*
主題：中國改造航母遠洋征戰

Excellence in Reporting Breaking News
卓越突發性新聞獎
Honorable Mention: *Apple Daily*
優異獎：*《蘋果日報》*
主題：國慶沉船大災難

The Scoop Award
獨家新聞獎
Award for Excellence: *Apple Daily*
大獎：*《蘋果日報》*
主題：發展局局長麥齊光呃租津系列報道

The Society of Publishers in Asia (SOPA)
2014 Awards for Editorial Excellence
亞洲出版業協會
2014年度卓越新聞獎

Excellence in Human Rights Reporting
卓越人權報導獎
Honorable Mention: *Apple Daily*
優異獎：*《蘋果日報》*
主題：安華誓擦掉國陣光環

Excellence in Investigative Reporting
卓越調查報導獎
Honorable Mention: *Apple Daily*
優異獎：*《蘋果日報》*
主題：發展局高官新界東北利益衝突系列

Excellence in Reporting on the Environment
卓越環境報導獎
Honorable Mention: *Apple Daily*
優異獎：*《蘋果日報》*
主題：血肉衣裳

The Scoop Award
獨家新聞獎
Award for Excellence: *Apple Daily*
大獎：*《蘋果日報》*
主題：發展局高官新界東北利益衝突系列

World Association of Newspapers and Publishers (WAN-IFRA)
Asian Digital Media Awards 2013
世界報業及新聞出版組織
2013亞洲數碼媒體大獎

Best in Cross Media Award – Cross Media Advertising
跨媒體項目－跨媒體廣告
Silver Award: *nxTomo Limited*
Project: Apple Daily – The Arctic Project
銀獎：*nxTomo Limited*
主題：《蘋果日報》─北極馬拉松系列報道

Best in Mobile Publishing
最佳手機媒體
Bronze Award: *nxTomo Limited*
銅獎：*nxTomo Limited*
主題：Apple Daily – Mobile App

World Association of Newspapers and Publishers (WAN-IFRA)
Asian Media Awards 2014
世界報業及新聞出版組織
2014亞洲傳媒大獎

Best in Print – Circulation Above 150k
最佳印刷－發行量15萬份以上
Bronze Award: *Apple Daily Printing Limited*
銅獎：*蘋果日報印刷有限公司*
主題：《蘋果日報》

Taiwan 台灣

National Press Council 2013 Customer Protection Rights Reporting Awards
中華民國新聞媒體自律協會 2013年度消費者權益報導獎

平面媒體專題報導獎

特優：*《台灣蘋果日報》*
主題：台灣食米安全相關系列：
《金埱米因農藥超標緊急下架》及
《踢爆山水米摻進口米》

優勝：*《台灣蘋果日報》*
主題：《實測人氣便當標示不實脂肪、熱量、納含量爆表》

佳作：*《台灣蘋果日報》*
主題：《不換eTag OBU不能退費》

佳作：*《台灣蘋果日報》*
主題：《台鐵便當盒含錳超標》

平面媒體平日報導獎

特優：*《台灣蘋果日報》*
主題：《《蘋果》臥底踢爆毒餐盒流市面》

優勝：*《台灣蘋果日報》*
主題：《蘋果調查6號杯蓋致癌3業者拒換》

平面媒體熱心報導獎

得獎：*《台灣蘋果日報》*
主題：《小客車輪胎檢測8成標示不合格》等80則報導

Taiwan Press Photographer Association The 2014 Taiwan Press Photography Competition
台灣新聞攝影研究會 2014台灣新聞攝影大賽

Arts and Entertainment
藝術與娛樂
1st Runner-up: *Taiwan Apple Daily*
第二名：*《台灣蘋果日報》*
記者：吳柏源

Feature Photography
圖文特寫
Winner: *Taiwan Apple Daily*
第一名：*《台灣蘋果日報》*
記者：林振義

Spot News
突發新聞
2nd Runner-up: *Taiwan Apple Daily*
第三名：*《台灣蘋果日報》*
記者：楊適吾

Honourable Distinction: *Taiwan Apple Daily*
優選：*《台灣蘋果日報》*
記者：吳柏源

Photo Series
系列照片
2nd Runner-up: *Taiwan Apple Daily*
第三名：*《台灣蘋果日報》*
記者：林振義

AWARDS WINNER

Society of Publishers in Asia (SOPA)
2014 Awards for Editorial Excellence
亞洲出版業協會
2014年度卓越新聞獎

Excellence in Editorial Cartooning
卓越漫畫大獎
Award for Excellence: *Taiwan Apple Daily*
優異獎：*《台灣蘋果日報》*
主題：馬「假和解 仍要戰」不再抗告追打關説

World Association of Newspapers and Publishers (WAN-IFRA)
Asian Digital Media Awards 2013
世界報業及新聞出版組織
2013亞洲數碼媒體大獎

Best in Social Media
社交媒體
Silver Award: *Apple Daily Publication Development Limited, Taiwan Branch*
銀獎：*蘋果日報出版發展有限公司台灣分公司*

World Association of Newspapers and Publishers (WAN-IFRA)
Asian Media Award 2013
世界報業及新聞出版組織
2013亞洲傳媒大獎

Best in Design Award – Newspaper Overall Design
最佳報紙整體設計
Bronze Award: *Taiwan Apple Daily*
銅牌：*《台灣蘋果日報》*
主題：《拿命外送速食店喊卡》

Best in Design Award – Newspaper Front Page Design
報紙最佳頭版設計獎
Silver Award: *Taiwan Apple Daily*
銀牌：*《台灣蘋果日報》*
主題：《殷之左腕4連勝 粉碎紐約邪惡帝國》

World Association of Newspapers and Publishers (WAN-IFRA)
Asian Media Award 2014
世界報業及新聞出版組織
2014亞洲傳媒大獎

Best in Print – Circulation Above 150k
最佳印刷－發行量15萬份以上
Gold Award: *Apple Daily Publication Development Limited, Taiwan Branch*
金獎：*蘋果日報出版發展有限公司台灣分公司*
主題：《台灣蘋果日報》

Annual & Interim Report Awards 年報及中期報告獎項

2013 Galaxy Awards – The 24th Annual International Competition 2013年度第24屆Galaxy Awards國際賽

Best of Design – Annual Reports
最佳年報設計
Gold Winner, Grand Award:
Next Media Limited
Publication: Annual Report 2012/2013
金獎及總大獎：*壹傳媒有限公司*
作品：年報2012/2013

Design: Brand/Product Portfolio
品牌／產品組合
Gold Winner: *Next Media Limited*
Publication: Annual Report 2012/2013
金獎：*壹傳媒有限公司*
作品：年報2012/2013

Design: Covers - Annual Reports: Artistic/Illustrations
設計：封面－年報：美術／插圖
Gold Winner: *Next Media Limited*
Publication: Annual Report 2012/2013
金獎：*壹傳媒有限公司*
作品：年報2012/2013

Annual Report – Overall Presentation: Media Company
年報－整體：傳媒公司
Honors Award: *Next Media Limited*
Publication: Annual Report 2012/2013
優異獎：*壹傳媒有限公司*
作品：年報2012/2013

2014 Astrid Awards – The 24th Annual Competition 2014年度第24屆Astrid Awards大賽

Annual Reports – Covers: Special Treatment
年報－封面：特別處理
Gold Winner: *Next Media Limited*
Publication: Annual Report 2012/2013
金獎：*壹傳媒有限公司*
作品：年報2012/2013

Annual Reports – Corporate – Non-Traditional: Over 120 Pages
年報－企業－非傳統：120頁以上組別
Gold Winner: *Next Media Limited*
Publication: Annual Report 2012/2013
金獎：*壹傳媒有限公司*
作品：年報2012/2013

Annual Reports – Covers Design
年報－封面設計
Grand Award Winner: *Next Media Limited*
Publication: Annual Report 2012/2013
榮譽大獎：*壹傳媒有限公司*
作品：年報2012/2013

Annual Reports – Overall Presentation
年報－整體表現
Grand Award Winner: *Next Media Limited*
Publication: Annual Report 2012/2013
榮譽大獎：*壹傳媒有限公司*
作品：年報2012/2013

Annual Reports – Specialized: Interim Report
年報－特別組別：中期報告
Bronze Winner: *Next Media Limited*
Publication: Interim Report 2013/2014
銅獎：*壹傳媒有限公司*
作品：中期報告2013/2014

Annual & Interim Report Awards

AWARDS WINNER

League of American Communications Professionals 2012/13 Vision Awards Annual Report Competition
美國通訊公關職業聯盟
2012/13視覺獎項年報大賽

Top 50 Annual Reports Worldwide
全球首50本年報
Ranking#27: *Next Media Limited*
Publication: Annual Report 2012/2013
第27名：*壹傳媒有限公司*
作品：年報2012/2013

Competition Class: Media
參賽組別：傳媒
Platinum Award: *Next Media Limited*
Publication: Annual Report 2012/2013
白金獎：*壹傳媒有限公司*
作品：年報2012/2013

Most Creative Report (Worldwide)
最具創意年報(全球性)
Prize: *Next Media Limited*
Publication: Annual Report 2012/2013
得獎：*壹傳媒有限公司*
作品：年報2012/2013

2013/14 Mercury Excellence Awards
2013/14年度Mercury Excellence大獎

Annual Report – Interior Design: Traditional Format
年報－內頁設計：傳統格式
Honors Award: *Next Media Limited*
Publication: Annual Report 2012/2013
優異獎：*壹傳媒有限公司*
作品：年報2012/2013

DIRECTORS & SENIOR MANAGEMENT

Our directors and senior management possess a wide range of business and financial expertise, which they have gained over many years both inside and outside the multi-media industry. This rich experience in various fields enables them to contribute to the Group's balanced growth, as well as its excellent corporate governance.

EXECUTIVE DIRECTORS

Mr. Lai Chee Ying, Jimmy, aged 66, has been a Director and Chairman of the Company since 1999 and he is responsible for formulating and implementing the Group's strategic policies. Mr. Lai entered the print media industry by launching *Next Magazine* in March 1990. He subsequently added several other popular titles to his stable of publications, including *Easy Finder* (September 1991, renamed *FACE* in May 2007), *Apple Daily* (June 1995), *Sudden Weekly* (August 1995), *Eat & Travel Weekly* (July 1997) and *ME!* (December 2006). Mr. Lai extended the boundaries of the Group's operations from Hong Kong to Taiwan by launching *Taiwan Next Magazine* (May 2001), *Taiwan Apple Daily* (May 2003) and *Taiwan Sharp Daily* (October 2006). Prior to founding his publishing business in 1990, Mr. Lai had a distinguished 30-year career in the local garment industry, establishing and running the hugely successful Giordano manufacturing and retail chain.

Mr. Cheung Ka Sing, Cassian, aged 58, has been a Director of the Company since November 2008. He has been re-designated as CEO of the Group from October 2011, who is responsible for formulation of the Group's strategies and leads the management and operation unit heads to achieve goals set by the Board with a view to enhancing long term shareholder value. Mr. Cheung is an independent non-executive director of Trinity Limited, a company listed on The Stock Exchange of Hong Kong Limited. He is a member of the Kellogg Alumni Council of Asia and an advisory member of the Global Business program of the Business School of the Hong Kong University of Science and Technology.

Mr. Cheung started his career with Nestle in the U.S.A. and had held various senior management positions in Quaker Oats Asia and Wal-Mart. He attended universities in the U.S.A. and received a Master of Management degree from the Northwestern University Kellogg School of Management.

Mr. Ting Ka Yu, Stephen, aged 54, has been a Director of the Company since October 1999. He is currently the Group's COO and CFO and responsible for the Group's day-to-day management and operations. Prior to joining the Group in December 1997, Mr. Ting worked with a leading audit firm in both Hong Kong and Australia. He also held senior financial and management positions with a variety of leading companies and listed groups. The holder of a Bachelor of Economics degree from Macquarie University in Sydney, Australia, Mr. Ting is a member of the Institute of Chartered Accountants in Australia. He is currently an advisory board member of Business Association BEA HKUSU of The University of Hong Kong.

Mr. Ip Yut Kin, aged 62, has been a Director of the Company since November 2001. He has been appointed as the Chief Executive Officer – Print Media from October 2011 to oversee the Group's newspapers, magazines and print operations in both Hong Kong and Taiwan. Prior to joining the Group, Mr. Ip worked with many leading Hong Kong newspapers during a long journalistic career that spanned more than 30 years. He is a graduate of the National Chengchi University of Taiwan with a Bachelor of Social Sciences (Journalism) degree.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fok Kwong Hang, Terry, aged 58, has been a Director of the Company since June 2000. He holds both M.Sc. and MBA degrees from the University of Wisconsin, U.S.A. Mr. Fok has over 25 years' experience in the securities industry, and he is currently the owner of T & F Equities Limited.

Mr. Wong Chi Hong, Frank, aged 59, has been a Director of the Company since January 2009. He is currently the President of the Asia region for Scholastic Inc. Prior to that, he held various general management and brand management positions with multinational companies in the U.S.A. and Mainland China such as Pepsi, Nabisco and Colgate Palmolive. Mr. Wong has a BA degree from George Washington University and a Master degree from Columbia University, and did further graduate studies at Harvard University's Kennedy School of Government. He is a member of the International Advisory Council of George Washington University's School of Public & International Affairs; and Governor of the American Chamber of Commerce in Hong Kong.

Dr. Lee Ka Yam, Danny, aged 52, has been a Director of the Company since March 2009. He has extensive experience in strategic management, merger and acquisitions, assurance and financial advisory work, particularly in the areas of marketing communications and media industry. Dr. Lee is a fellow member of the Chartered Association of Certified Accountants U.K., the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in England and Wales.

Dr. Lee obtained a Master of Arts degree in international accounting from the City University of Hong Kong, a Master of Arts degree in English for the professions and a Doctorate degree in business administration, both from the Hong Kong Polytechnic University and a Master of Science degree in electronic commerce and internet computing from the University of Hong Kong.

SENIOR MANAGEMENT

Mr. Cheung Kim Hung, aged 52, is currently the Editor-in-Chief of *Apple Daily*. Mr. Cheung worked in the Group from 1991 to 2005, he left the Group and rejoined in 2010. He has over 25 years of journalist experience. Mr. Cheung graduated from the Chinese University of Hong Kong and he holds a Bachelor's degree in Social Science (Journalism).

Mr. Chen Yu Hsin, Eric, aged 53, is currently the Publisher of *Taiwan Apple Daily*. He joined the Group in 2003 and has been Editor-in-Chief of *Taiwan Apple Daily* and Editor-in-Chief and Co-President of Next TV. Prior to joining the Group, Mr. Chen has been Editor-in-Chief of *The Journalist*, *明日報* and *Power News* respectively. Mr. Chen graduated from National Taiwan University with a Bachelor's degree in Political Science.

Mr. Ma Wei Min, Jesse, aged 56, is currently the Editor-in-Chief of *Taiwan Apple Daily*. Prior to joining the Group in 2008, he was a Deputy Editor in *China Times Express* and *China Times* respectively and a Deputy Publisher of *China Time Weekly*. Mr. Ma graduated from Fu Jen Catholic University, Taiwan with a Bachelor's degree in Mass Communication.

Mr. Peir Woei, aged 54, has been the Publisher of *Taiwan Next Magazine* since March 2005. Mr. Peir had more than 25 years of experience in journalism and graduated from National Taiwan Ocean University with a Bachelor's degree in Marine Transportation.

Mr. Lee Chi Ho, aged 48, has been the Associate Publisher of *Next Magazine* since 2005. Mr. Lee joined the Group as a reporter in 1990. He graduated from the Hong Kong Baptist College (now known as "The Hong Kong Baptist University"), and he holds a Bachelor's degree in Social Science (Journalism).

Mr. Chiu Wai Kin, aged 53, is currently the Chief Executive Officer of *Sudden Weekly Bundle* – which consists of *Sudden Weekly*, *Eat & Travel Weekly* and *ME!*. Mr. Chiu started his career in the print media industry in 1988, and he has over 25 years of experience. He has been Editor-in-Chief of *Film Bi-Weekly*, *East Weekly* and *Sudden Weekly*. Mr. Chiu graduated from Jinan University, P.R.C., with a Bachelor's degree in Linguistics and Arts.

Mr. Yan Ming Wai, Daniel, aged 45, is currently the Publisher of *FACE*. He joined the Group in 1992 and he has worked in several of its departments, including website development and the editorial department of *Next Magazine*. Mr. Yan has over 20 years of experience in the media industry. He graduated from the University of Hong Kong with a Bachelor of Arts degree, and he was awarded a scholarship from The Japan Society of Hong Kong to study Japanese in Japan.

Mr. Chow Tat Kuen, Royston, aged 56, is currently the Group's Deputy CFO, as well as the Chief Operating Officer of Apple Daily Printing Limited and Paramount Printing Company Limited. Prior to joining the Group, he held senior management accounting positions with several leading financial institutions in Hong Kong and Australia. The holder of a Bachelor of Commerce in Accounting degree and a Master of Commerce in Finance degree from the University of New South Wales, Australia, Mr. Chow is also a member of the CPA Australia and The Hong Kong Institute of Certified Public Accountants.

Mr. Yiu Chu Chak, Timothy, aged 48, is currently the Chief Operation Officer-Digital Business. Prior to joining the Group in September 2012, he had a long career at Intel Corporation as a senior executive with extensive experience in product, new markets and business development. He was a co-founder of digital media tech startup which was advising Next Media Animation Limited in Taiwan. Mr. Yiu holds a joint Bachelor's degree in Electrical Engineering and Computer Science from University of California, Berkeley.

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

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

Financial Reports Apps

Financial apps icon

QR code

Website

http://www.nextmedia.com

COMPANY PROFILE

Since the launch of *Next Magazine* in 1990 and *Apple Daily* in 1995, Next Media has become the largest and one of the most important Chinese-language print media publishing groups in Hong Kong.

Readers know they can rely on Next Media publications for comprehensive, in-depth, forthright and factual coverage of the issues that have an impact on their lives. The journalists at Next Media deliver the facts – without fear or favour, without prejudice, and without pandering to advertisers.

The Group's portfolio of publications in Hong Kong has now grown to include 12 print titles, as well as a growing selection of online portals and mobile apps. Their combined readerships, circulations and advertising revenues place us at the forefront of the local media scene.

Next Media is committed to pursuing new opportunities that constantly create added value for our Shareholders. In 2001, the Group launched *Taiwan Next Magazine*, followed by *Taiwan Apple Daily* in 2003. These two titles have quickly seized the top position in the island's weekly magazine and daily newspaper markets, respectively. In 2006, we launched *Taiwan Sharp Daily*, our free newspaper, in Taipei. This has succeeded in capturing the interest of younger readers in the city and attracting smaller local advertisers.

Next Media has always taken a proactive stance in the media landscape and has embraced the digital era over the past decade. Faced with this opportunity, we have kept pace with changing technologies and developed creative solutions in delivering our content in multiple formats and platforms. In 2012, Next Media has entered into creative collaborations to develop online games and animation contents. Our first location based online game – *Life is Crime* – was launched on mobile platforms. In 2013, the Group launched a line-up of animation titles under the "nxTomo" brand. They include *Oddbods*, *Mad Box Zombies* and *Spy Penguins*. *TomoToon*, an innovative treatment of Japanese *manga* in animated form received widespread viewerships on *Apple Daily* websites and apps, while the online game *Barcode Footballer* has achieved the top-grossing rank on *Apple App Store* and *Google Play* respectively.

In 2014, Next Media has further expanded its presence in mobile and online games platform by entering into collaboration arrangements with Gung Ho Online Entertainment, Inc., the largest mobile games company in Japan, as marketing agent for the top selling game *Puzzle & Dragons* in Hong Kong and Taiwan.

CORPORATE STRUCTURE

BOOKS AND MAGAZINES PUBLICATION AND PRINTING DIVISION

Next Magazine Bundle
Sudden Weekly Bundle
FACE Bundle
Taiwan Next Magazine Bundle
Magazine Printing
Book, Calendar and Catalogue Printing

NEWSPAPERS PUBLICATION AND PRINTING DIVISION

Apple Daily
Taiwan Apple Daily
Taiwan Sharp Daily
Newspaper Printing

DIGITAL BUSINESSES DIVISION

Internet Portals
Mobile & Online Games

SHARE INFORMATION

As at 31 March 2014

Shareholders

Mr. Lai Chee Ying, Jimmy	73.49%
Directors other than Mr. Lai Chee Ying, Jimmy	1.35%
Others	25.16%

Authorised Share Capital* HK$4,600,000,000

4,600,000,000 Ordinary Shares at a par value of HK$1.00 each

Issued Shares* 2,431,006,881 Shares

Market Capitalisation

at HK$0.80 per Share (closing price on 31 March 2014) HK$1.94 billion

Stock Code

The Stock Exchange of Hong Kong Limited Main Board 00282

Board Lot 2,000 Shares

Outstanding Share Options Granted Under the 2007 Share Option Scheme

Exercise price per Share	Number of Shares
HK$1.000	57,080,000
HK$1.050	12,524,000
HK$1.370	650,000
HK$1.420	5,000,000
Total	75,254,000

* The New CO has abolished the concept of authorized share capital and par value for shares with effect from 3 March 2014.

DIRECTORS' REPORT

The Directors present their report and Financial Statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The Company's principal activity is to operate as an investment holding company. The activities of its principal subsidiaries are set out in note 43 to the Financial Statements.

The Group's performance for the year is analysed by business and geographical segments in note 8 to the Financial Statements. The Management Discussion and Analysis on pages 14 to 31 describes the material factors underlying the Group's performance and its financial position.

RESULTS AND APPROPRIATIONS

The Group's results for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 94.

No interim dividend was paid to the Shareholders during the year (2013: Nil).

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

PROPERTY, PLANT AND EQUIPMENT

Details of changes in the Group and Company's property, plant and equipment during the year are set out in note 20 to the Financial Statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 221.

SHARE CAPITAL

Details of changes in the Company's share capital during the year are set out in note 33 to the Financial Statements.

RESERVES

Details of changes in the Company's reserves during the year are set out in note 35 to the Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's five largest customers accounted for 32.6% of its revenue, and its five largest suppliers accounted for 18.2% of its total purchases during the year. The Group's largest customer accounted for 23.0% of its revenue, and its largest supplier accounted for 6.9% of its total purchases during the year.

None of the Directors, their associates or the Shareholders (which to the knowledge of the Directors own more than 5.0% of the Company's share capital), had an interest in any of the abovementioned suppliers or customers.

DONATIONS

Donations for charitable and other purposes made by the Group during the year amounted to HK$3,106,000 (2013: HK$3,220,000).

SHARE INCENTIVE SCHEMES

(a) Next Media Share Option Scheme

2007 Share Option Scheme

On 30 July 2007, the Company adopted the 2007 Share Option Scheme. Its terms comply with the requirements of Chapter 17 of the Listing Rules. The most important of these are as follows:

1. The purpose of the 2007 Share Option Scheme is to reward participants who have contributed to the Group, and to encourage them to work towards enhancing the value of the Company and the Shares, for the benefit of the Company and all Shareholders.

2. The participants are directors (including executive directors, non-executive directors and independent non-executive 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 providers of services to the Group whom the Board considers, at its sole discretion, have contributed to the Group in the past, or who will contribute to it in the future.

3. The total number of the Shares issued and to be issued upon exercise of the options granted and to be granted to each participant (including both exercised and outstanding options) during any 12-month period shall not exceed 1.0% of the Shares in issue. Any additional grant of options in excess of this limit must be subject to separate approval by the Shareholders in a general meeting, with the participants and their associates abstaining from voting.

4. The period of a particular option is the period during which the option can be exercised. This period shall be determined by the Board and notified to each grantee at the time when an offer is made. In any event, this period shall not expire later than 10 years from the date of the grant.

SHARE INCENTIVE SCHEMES (CONTINUED)

(a) Next Media Share Option Scheme (continued)

2007 Share Option Scheme (continued)

5. The exercise price per Share shall be determined by the Board at its absolute discretion, but in any event it shall not be less than the highest of: (i) the closing price of the Share as stated in the daily quotation sheets issued by the Stock Exchange on the date of the grant; (ii) the average closing price of the Share as stated in the daily quotation sheets issued by the Stock Exchange on the 5 trading days immediately preceding the date of the grant; or (iii) the nominal value of the Share on the date of the grant (Note).

6. The total number of the Shares that may be issued upon the exercise of all the options to be granted under the 2007 Share Option Scheme and any of the Company's other share option schemes shall not exceed 10.0% in aggregate of the Shares in issue on 30 July 2007, the adoption date of the 2007 Share Option Scheme, subject to a refresher of the scheme's mandate limit.

7. The Company may refresh the scheme mandate limit at any time, subject to prior approval by the Shareholders in a general meeting. But in any event, the limit shall not exceed 10.0% of the Shares in issue on the date when it is approved by the Shareholders.

Note: The New CO has abolished the concept of par value for Share with effect from 3 March 2014.

SHARE INCENTIVE SCHEMES (CONTINUED)

(a) Next Media Share Option Scheme (continued)

2007 Share Option Scheme (continued)

The table below sets out the movements in options under the 2007 Share Option Scheme during the year:

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2013	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 31.03.2014
Directors									
Cheung Ka Sing, Cassian	01.02.2012	HK$1.000	01.02.2013 (100%)	02.02.2012 – 29.07.2017	9,000,000	–	–	–	9,000,000
	01.02.2013	HK$1.420	01.02.2014 (100%)	02.02.2013 – 29.07.2017	5,000,000	–	–	–	5,000,000
	04.02.2014	HK$1.000	04.02.2015 (100%)	05.02.2014 – 29.07.2017	–	5,000,000	–	–	5,000,000
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
	24.01.2014	HK$1.000	25.01.2015 (30%) 25.01.2016 (60%) 25.01.2017 (100%)	25.01.2014 – 29.07.2017	–	1,500,000	–	–	1,500,000
Ip Yut Kin	24.01.2014	HK$1.000	25.01.2015 (30%) 25.01.2016 (60%) 25.01.2017 (100%)	25.01.2014 – 29.07.2017	–	2,500,000	–	–	2,500,000
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

SHARE INCENTIVE SCHEMES (CONTINUED)

(a) Next Media Share Option Scheme (continued)

2007 Share Option Scheme (continued)

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2013	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 31.03.2014
Employees									
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	9,676,000	–	–	(1,300,000)	8,376,000
	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
	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
	24.01.2014	HK$1.000	25.01.2015 (30%) 25.01.2016 (60%) 25.01.2017 (100%)	25.01.2014 – 29.07.2017	–	33,700,000	–	(300,000)	33,400,000
Total outstanding					34,154,000	42,700,000	–	(1,600,000)	75,254,000

Apart from the abovementioned movements, no options were cancelled under the 2007 Share Option Scheme during the year ended 31 March 2014.

SHARE INCENTIVE SCHEMES (CONTINUED)

(a) Next Media Share Option Scheme (continued)

2007 Share Option Scheme (continued)

The Company has used the Binomial Model for assessing the fair values of the options granted during the year ended 31 March 2014. 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 value of the option granted during the year ended 31 March 2014 were calculated as follows:

Date of grant	No. of options granted	Closing price per Share immediately prior to the date of grant (HK$)	Risk-free Rate	Expected life (years)	Expected volatility	Expected dividend yield	Fair value per option (HK$)	Remarks
24.01.2014	37,700,000	0.84	0.874%	3.514	52.210%	0%	0.341	Note
04.02.2014	5,000,000	0.90	0.769%	3.486	52.576%	0%	0.231	

Note: 30% of the 37,700,000 options granted to directors and employees of the Group on 24 January 2014 will vest on 25 January 2015; and a further 30% will vest on 25 January 2016, while the remaining 40% will vest on 25 January 2017. The fair value per option stated above is an averaged fair value of such options.

An amount of HK$4,264,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2014 (2013: HK$364,000).

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.

Details of the 2007 Share Option Scheme are also set out in note 34 to the Financial Statements.

SHARE INCENTIVE SCHEMES (CONTINUED)

(b) Subsidiary Share Option Schemes

(i) Hong Kong Subsidiary Share Option Schemes

During the year, 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") with terms in compliance 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
nxTomo Games Limited (nxTomo Games)	20 February 2008	2008 nxTomo Games 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)	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
nxTomo Ltd. (nxTomo)	14 June 2013	2013 nxTomo Share Option Scheme

The terms of the Hong Kong Subsidiary Share Option Schemes are broadly similar. The most important of them can be summarized as follows:

1. The purpose of each of the schemes is to provide its participants with an opportunity to acquire a proprietary interest in the subsidiary concerned, and to encourage them to work towards enhancing the value of the subsidiary and its shares, for the benefit of the subsidiary and all its shareholders.

2. The participants in the schemes include any full-time employees and directors of the subsidiary or any of its subsidiaries, and any person whom the board of directors of the subsidiary considers to be capable of enhancing its operation or value.

3. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each participant (including both exercised and outstanding options) during any 12-month period shall not exceed 1.0% of the shares in issue. Any additional grants of options (including exercised, cancelled and outstanding options) to participants that exceed 1.0% of the shares in issue shall be subject to the approval of the subsidiary's shareholders. Also, for so long as a subsidiary remains a subsidiary of the Company, such additional grants of options shall require the approval of the Shareholders in advance. In both cases, the participants and their associates shall abstain from voting.

SHARE INCENTIVE SCHEMES (CONTINUED)

(b) Subsidiary Share Option Schemes (continued)

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

4. The board of directors of the subsidiary may, at its absolute discretion, determine the period within which the option must be exercised, provided that it does not extend beyond the date on which the subsidiary or its intermediate holding company or other such company holding the business conducted or to be conducted by the subsidiary and its subsidiaries is listed on an internationally recognised stock exchange in Hong Kong or elsewhere (a listing) or the 10th anniversary of the scheme's adoption date, whichever is the earlier.

5. The period for which an option must be held before it can be exercised shall be determined by the subsidiary's board of directors.

6. The exercise prices of the Hong Kong Subsidiary Share Option Schemes shall be determined solely by the board of directors of the subsidiary concerned, but it shall always be higher than or equal to the nominal value of a share. The subscription price for a share under any option that is granted after a subsidiary has resolved to seek a listing or within six months prior to the lodgment of an application for a listing with the relevant stock exchange shall not be less than (i) the issue price of a share in the listing; or (ii) the nominal value of a share of the subsidiary, whichever amount is the greater (Note).

7. The maximum number of shares that may be issued upon the exercise of all the options to be granted shall be 10.0% of the subsidiary's issued share capital on the date of the scheme's adoption. Options that lapse in accordance with the terms of subsidiary share option schemes shall not be included in the calculation of the scheme mandate limit. However, the scheme mandate limit may be refreshed at any time, subject to the prior approval of the shareholders of the subsidiary, as well as the prior approval of the Shareholders for so long as the subsidiary remains a subsidiary of the Company.

8. The terms of a subsidiary share option scheme shall expire on either (a) the date of the listing; or (b) the 10th anniversary date of its adoption, whichever is the earlier. No further options shall be granted and no options may be exercised after this date.

Note: The New CO has abolished the concept of par value for share of the Hong Kong subsidiary with effect from 3 March 2014.

SHARE INCENTIVE SCHEMES (CONTINUED)

(b) Subsidiary Share Option Schemes (continued)

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

The tables below set out movements in options under the Hong Kong Subsidiary Share Option Schemes during the year:

2008 nxTomo Games Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2013	Granted during the year	Lapsed during the year	Balance as at 31.03.2014
Director	23.09.2013	HK$0.01	23.09.2014 (100%)	24.09.2014 – 20.02.2018	–	50,000	–	50,000
Employees	23.09.2013	HK$0.01	23.09.2014 (100%)	24.09.2014 – 20.02.2018	–	500,000	–	500,000
Total outstanding					–	550,000	–	550,000

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 01.04.2013	Granted during the year	Lapsed during the year	Balance as at 31.03.2014
Employee	11.06.2012	HK$0.01	11.06.2013 (30%) 11.06.2014 (60%) 11.06.2015 (100%)	12.06.2015 – 20.03.2020	100,000	–	–	100,000
	11.06.2013	HK$0.01	11.06.2014 (30%) 11.06.2015 (60%) 11.06.2016 (100%)	12.06.2016 – 20.03.2020	–	100,000	–	100,000
Total outstanding					100,000	100,000	–	200,000

SHARE INCENTIVE SCHEMES (CONTINUED)

(b) Subsidiary Share Option Schemes (continued)

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

2013 nxTomo Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2013	Granted during the year	Lapsed during the year	Balance as at 31.03.2014
Director	23.09.2013	HK$0.01	23.09.2014 (100%)	24.09.2014 – 14.06.2023	–	50,000	–	50,000
Employees	23.09.2013	HK$0.01	23.09.2014 (100%)	24.09.2014 – 14.06.2023	–	510,000	–	510,000
Total outstanding					–	560,000	–	560,000

Apart from the movements as stated above, no options were granted, exercised, lapsed or cancelled under the other Hong Kong Subsidiary Share Option Schemes during the year ended 31 March 2014.

The Company has used the Binomial Model to assess the respective fair values of options granted under the 2008 nxTomo Games Share Option Scheme and 2013 nxTomo Share Option Scheme for the year ended 31 March 2014. 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 value of the option granted during the year ended 31 March 2014 was calculated as follows:

Date of Grant	No. of options granted	Risk-free Rate	Expected life (years)	Expected Volatility	Expected dividend yield	Fair value per per option (HK$)	Remarks
2008 nxTomo Games Share Option Scheme							
23.09.2013	550,000	0.93	4.41	116.31%	0%	3.02	Note 1
2013 nxTomo Share Option Scheme							
23.09.2013	560,000	1.73	9.73	42.61%	0%	2.09	Note 2

Notes:

1. A total of 550,000 options granted to a Director and the employees of the Group on 23 September 2013 will fully vest on 23 September 2014.
2. A total of 560,000 options granted to a Director and the employees of the Group on 23 September 2013 will fully vest on 23 September 2014.

SHARE INCENTIVE SCHEMES (CONTINUED)

(b) Subsidiary Share Option Schemes (continued)

Since Sharp Daily has ceased its operations on 21 October 2013 and it is anticipated that the fair value of the options granted under the 2012 Sharp Daily Share Option Scheme during the year under review is minimal, the Company has not carried out any valuation to assess the fair value of such options.

The fair value per option granted under 2008 nxTomo Games Share Option Scheme and 2013 nxTomo Share Option Scheme respectively is an averaged fair value of such options. The Group recognized an expense of HK$1,470,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2014 in respect of the value of the options granted during the year under the Hong Kong Subsidiary Share Option Schemes.

(c) Next Media Share Subscription and Financing Plan

The Subscription Plan allows the Board to invite eligible persons to subscribe for new Shares in the Company. Its key terms are summarised below:

1. The Subscription Plan's purpose is to recognise contributions made by eligible persons (including employees and directors of the relevant Group subsidiary), to seek to retain them for the Group's continued operations and development, and to attract suitable personnel for its future development. The Subscription Plan encourages such persons to reinvest part of their remuneration in the form of equity participation in the Company, thus closely aligning their goals and interests with those of the Company and all Shareholders.

2. The Subscription Plan also provides an alternative for eligible persons (except directors of the Group subsidiary concerned) to apply for loans from the Group subsidiary to pay all or part of the subscription price.

3. Eligible persons including full and part-time employees and directors (both executive and non-executive) of the Group subsidiary concerned may be invited to participate. However, directors of the Group subsidiary concerned cannot apply for loans under the Subscription Plan.

4. The Subscription Plan has no set term, and it may be terminated or suspended by the Board at any time.

5. The recipient of an invitation letter may, after satisfying certain conditions such as his or her length of service and performance targets, subscribe for up to the maximum number of new Shares stated in the letter at a price per Share that does not represent a discount of 20.0% or more from the higher of:

    (a) The closing price of the Share on the invitation date; or

    (b) The average closing price of the Share on the 5 trading days immediately prior to the invitation date, being the date of the announcement to be made on each invitation date.

SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Next Media Share Subscription and Financing Plan (continued)

6. The limit on the total number of new Shares that may be issued under the Subscription Plan shall not exceed 70,000,000 Shares, representing 2.9% of the Company's issued share capital as at 29 October 2007 (i.e. the date of adoption of the Subscription Plan). These Shares shall be issued under the general mandate to issue shares available on the relevant date. Part of the general mandate may therefore be reserved each year for the issue of Shares under the Subscription Plan.

7. Having accepted an invitation to subscribe under the Subscription Plan, and having satisfied certain conditions such as the period of his or her service and performance targets, the eligible person may subscribe for the number of new Shares specified in the invitation. Each invitation may specify different conditions.

Invitations for subscription under the Subscription Plan were all lapsed during the year ended 31 March 2013 and no further invitations for subscription were issued, subscribed for or cancelled during the year ended 31 March 2014. As at 31 March 2014, there were no outstanding invitations for subscription under the Subscription Plan.

DIRECTORS

The Directors during the year and up to the date of this report were:

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

Independent Non-executive Directors:
Mr. Fok Kwong Hang, Terry
Mr. Wong Chi Hong, Frank
Dr. Lee Ka Yam, Danny

Pursuant to Articles 84 and 85 of the Articles of Association, one-third of the relevant number of Directors (or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third) shall retire from office at every AGM. Accordingly, Mr. Ting Ka Yu, Stephen and Mr. Ip Yut Kin will retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

Biographical details of the Directors as at 31 March 2014 are set out on pages 62 to 63. Details of the Director's emoluments are provided under note 13 to the Financial Statements.

DIRECTORS' SERVICE CONTRACTS

Neither any of the Directors has a service contract that cannot be terminated by the Group within one year without payment of compensation (other than statutory compensation).

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2014, the interests and short positions of the Directors and Chief Executive and their associates in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(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:

	Number of Shares						
Name of Director/ Chief Executive	Personal interests	Family interests	Corporate interests	Other interests	Interests in underlying Shares/equity derivatives	Total shares	Percentage of issued share capital
Lai Chee Ying, Jimmy	1,720,594,935	–	1,000,000	64,938,230	–	1,786,533,165	73.49
Cheung Ka Sing, Cassian	18,172,000	–	–	–	19,000,000 (Note 1)	37,172,000	1.53
Ting Ka Yu, Stephen	90,314	–	–	–	3,118,000 (Note 1)	3,208,314	0.13
Ip Yut Kin	10,200,377	2,630,000	–	–	2,500,000	15,330,377	0.63
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

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(b) Interests in Associated Corporations

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

ADPDL

Name of Director/Chief Executive	Number of Shares Personal interests	Family interests	Corporate interests	Other interests	Interests in underlying Shares/equity derivatives	Total shares	Percentage of issued share capital
Ting Ka Yu, Stephen	108,344 (Note 2)	–	–	–	–	108,344	1.00
Ip Yut Kin	216,688 (Note 2)	–	–	–	–	216,688	2.00

nxTomo

Name of Director/Chief Executive	Number of Shares Personal interests	Family interests	Corporate interests	Other interests	Interests in underlying Shares/equity derivatives	Total shares	Percentage of issued share capital
Cheung Ka Sing, Cassian	–	–	–	–	50,000 (Note 3)	50,000	0.50

nxTomo Games

Name of Director/Chief Executive	Number of Shares Personal interests	Family interests	Corporate interests	Other interests	Interests in underlying Shares/equity derivatives	Total shares	Percentage of issued share capital
Cheung Ka Sing, Cassian	–	–	–	–	50,000 (Note 4)	50,000	0.50

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(b) Interests in Associated Corporations (continued)

Notes:

(1) These interests represented options granted under the Company's 2007 Share Option Scheme to the Directors as beneficial owners, details of which are set out in the section headed "Share Incentive Schemes".

(2) These interests represented shares of ADPDL issued upon the exercise of options granted under the 2007 ADPDL Share Option Scheme.

(3) These interests represent options granted under the 2013 nxTomo Share Option Scheme to the Director as a beneficial owner, details of which are set out in the section headed "Share Incentive Schemes".

(4) These interests represent options granted under the 2008 nxTomo Games Share Option Scheme to the Director as a beneficial owner, details of which are set out in the section headed "Share Incentive Schemes".

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 31 March 2014.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 31 March 2014, the following person (other than a Director or Chief Executive of the Company) had interests or short positions in the Shares and underlying Shares of the Company recorded in the register required to be kept under Section 336 of the SFO and so far as is known to any Director or Chief Executive of the Company:

Name of Shareholder	Number of Shares/ underlying Shares held	Percentage of issued share capital
Li Wan Kam, Teresa	1,786,533,165 (Note)	73.49

Note: These Shares represent the same total number of Shares held by Mr. Lai as disclosed in the section headed "Interests and Short Positions of the Directors and Chief Executive 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 Directors or the Chief Executive 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 Director or the Chief Executive of the Company as at 31 March 2014.

CONNECTED TRANSACTIONS

During the year, the Group conducted the following transactions which constituted connected transactions for the Company and has disclosed in accordance with Chapter 14A of the Listing Rules:

1. On 15 August 2013, nxTomo Games, an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with NMA (a company is now 100% beneficially owned by Mr. Lai), pursuant to which, nxTomo Games agreed to purchase and NMA agreed to sell the assets in relation to mobile games operations at a consideration in a total amount of HK$3,408,579 and completion of such transaction took place on 16 August 2013.

2. On 27 September 2013, AtNext Limited ("AtNext"), an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with STV (a company 100% beneficially owned by Mr. Lai) and Mr. Lai (as the guarantor for the obligations of STV), pursuant to which, AtNext has conditionally agreed to sell and STV has conditionally agreed to purchase the 30 shares, being 30% of the total issued share capital of Colored World and the related shareholder's loans at a cash consideration in a total amount of US$20.0 million. Under the Listing Rules, this transaction constituted a disclosable and connected transaction and subject to the approval from the independent Shareholders of the Company. On 13 November 2013, the independent Shareholders of the Company approved the ordinary resolution in relation to the sale of the 30% shareholding interests in Colored World and the related shareholder's loans by AtNext to STV. Completion of this transaction took place on 18 November 2013 upon satisfaction of all applicable conditions as stipulated in the sale and purchase agreement dated 27 September 2013. Upon completion, the Group ceased to hold any share interest in Colored World.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Company and its subsidiaries entered into the following transactions which constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules:

1. On 29 April 2011, Next TV (a previous indirect wholly owned subsidiary of the Company, which was subsequently disposed by the Group on 15 April 2014 and completion of such disposal took place on 30 December 2013) entered into a lease agreement with the Taiwan Branch of Best Combo (a company 100% beneficially owned by Mr. Lai), pursuant to which, the Taiwan Branch of Best Combo agreed to lease the building with a total floor area of 12,211.46 square meters located at No.18, Lane 146, Xinhu 2nd Road, Neihu District, Taipei City, Taiwan to Next TV for a term of 35 months from 1 May 2011 to 31 March 2014 (both days inclusive) at a rental of NT$2,819,730 per month (equivalent to HK$763,678) (exclusive of tax). The total rental of NT$5,639,460 (equivalent to HK$1,474,401 was paid by Next TV in respect of the period from 1 April 2013 to 31 May 2013, both days inclusive. This lease agreement was terminated with effect from 1 June 2013.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

2. On 7 June 2011, Next TV entered into a lease agreement with the Taiwan Branch of Best Combo (as amended by the addendum dated 30 September 2011), pursuant to which, the Taiwan Branch of Best Combo agreed to lease the properties with a total floor area of 3,875.75 square meters located at 1st floor, 2nd floor, 7th floor and 8th floor, Lots. 46–3 and 46–15, Jiuzong, Neihu District, Taipei City, Taiwan to Next TV for the period from 17 November 2011 to 31 March 2014 (both days inclusive) at a rental of NT$973,600 per month (equivalent to HK$263,848) (exclusive of tax). The total rental of NT$1,947,200 (equivalent to HK$509,083) was paid by Next TV in respect of the period from 1 April 2013 to 31 May 2013, both days inclusive. This lease agreement was terminated with effect from 1 June 2013.

3. On 31 October 2011, the Company and NMA entered into a business framework agreement (as supplemented by a side letter dated 31 December 2012) (the "Business Framework Agreement") in respect of the animation services to be rendered by the NMA Group to the Group, the advertising services and supporting services to be rendered by the Group to the NMA Group for the period from 31 October 2011 to 31 March 2014 subject to the annual caps as follows:

Period	Annual cap in respect of animation services	Annual cap in respect of advertising services	Annual cap in respect of supporting services
31 October 2011 – 31 March 2012	HK$70,000,000	HK$5,000,000	HK$1,000,000
1 April 2012 – 31 March 2013	HK$73,500,000	HK$5,250,000	HK$5,000,000
1 April 2013 – 31 March 2014	HK$77,000,000	HK$5,500,000	HK$5,500,000

The annual caps for each of the periods as set out in the Business Framework Agreement are determined by reference to (a) the historical transaction amount in respect of the provision of animation production services by the NMA Group and advertising services and supporting services by the Group and the expected growth in the forthcoming periods; (b) the expected annual growth rate in respect of the provision of the animation services and the advertising services; and (c) the expected increases in demand for the Supporting Services and the related personnel and costs generally.

Such annual caps were revised by a side letter entered into between the Company and NMA on 31 December 2012. This Business Framework Agreement expired on 31 March 2014.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

4. On 28 December 2012, the Taiwan Branch of ADPDL, the Taiwan Branch of Next Media Publishing Limited ("NMPL") and Next TV entered a car parking spaces lease agreement (the "Lease Agreement") with the Taiwan Branch of Best Combo, pursuant to which, the Taiwan Branch of Best Combo agreed to lease the car parking spaces with a total floor area of 4,203.04 square feet located at Lots. 4-5, 4-6, 4-7, 4-8, 4-9, 4-20, 4-21, Jiuzong, Neihu District, Taipei City, Taiwan to the Taiwan Branch of ADPDL, the Taiwan Branch of NMPL and Next TV for a term of two years from 28 December 2012 to 27 December 2014 (both days inclusive) at a rental of NT$200,000 per month (inclusive of business tax).

   The table below sets out the aggregate of the maximum/annual cap for the rental payable by the Taiwan Branch of ADPDL, the Taiwan Branch of NMPL and Next TV for each of the periods of the Lease Agreement:

Period	Maximum/Annual Cap
From 28 December 2012 to 31 March 2013	NT$600,000
From 1 April 2013 to 31 March 2014	NT$2,400,000
From 1 April 2014 to 27 December 2014	NT$1,800,000

   The total rental of NT$380,952 (equivalent to HK$99,598) was paid by the Taiwan Branch of ADPDL, the Taiwan Branch of NMPL and Next TV in respect of the period from 1 April 2013 to 31 May 2013 (both days inclusive). This lease agreement was terminated on 31 May 2013.

5. On 31 December 2012, NMBL, an indirect wholly owned subsidiary of the Company, entered into a lease agreement with the Taiwan Branch of NMA, pursuant to which, NMBL agreed to lease the properties with a total floor area of 2,213 square meters located at 2nd floor, 3rd floor and 9th floor, No. 39, Lane 141, Xingai Road, Neihu District, Taipei City, Taiwan to the Taiwan Branch of NMA for the period from 29 November 2012 to 31 March 2015 (both days inclusive) at a rental of NT$669,500 per month (equivalent to HK$178,676) (before tax). Pursuant to this lease agreement, the annual cap for the rental payable by the Taiwan Branch of NMA in respect of the year ended 31 March 2014 was NT$8,034,000. The total rental of NT$2,678,000 (equivalent to HK$696,875) was received from the Taiwan Branch of NMA in respect of the period from 1 April 2013 to 31 July 2013, both days inclusive. This lease agreement was terminated on 1 August 2013.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

6. On 31 July 2013, NMBL entered into a lease agreement with the Taiwan Branch of NMA in respect of the properties located at 3/F., 4/F., 5/F., 6/F., 8/F. and 9/F., No. 39, Lane 141, Xingai Road, Neihu District, Taipei City, Taiwan for a term of 32 months from 1 August 2013 to 31 March 2016 (both days inclusive) at a rental of NT$1,613,728 per month (inclusive of tax) (equivalent to HK$417,523).

   The table below sets out the aggregate of the maximum/annual cap for the rental payable by the Taiwan Branch of NMA for each of the periods of the Lease Agreement:

Period	Maximum/Annual Cap
From 1 August 2013 to 31 March 2014	NT$12,909,824
From 1 April 2014 to 31 March 2015	NT$19,364,736
From 1 April 2015 to 31 March 2016	NT$19,364,736

   The total rental of NT$12,295,072 (equivalent to HK$3,194,778) was received from the Taiwan Branch of NMA in respect of the period from 1 August 2013 to 31 March 2014, both days inclusive.

7. On 31 March 2014, the Company and NMA entered into a business framework agreement (the "2014 Business Framework Agreement") in respect of the animation services to be rendered by the NMA Group to the Group, the advertising services and supporting services to be rendered by the Group to the NMA Group for the period from 1 April 2014 to 31 March 2017 subject to the annual caps as follows:

Period	Annual cap in respect of animation services	Annual cap in respect of advertising services	Annual cap in respect of supporting services
1 April 2014 – 31 March 2015	HK$77,000,000	HK$5,500,000	HK$5,500,000
1 April 2015 – 31 March 2016	HK$78,500,000	HK$5,750,000	HK$5,750,000
1 April 2016 – 31 March 2017	HK$80,000,000	HK$6,000,000	HK$6,000,000

   The annual caps for each of the periods as set out in the 2014 Business Framework Agreement are determined after taking into account (a) the historical transaction amounts in respect of the provision of animation services, advertising services and supporting services pursuant to the Business Framework Agreement; (b) the estimated demand for the aforesaid services; and (c) the expected increment of the costs to be incurred for providing the aforesaid service.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

On 31 March 2014, the Company and NMA also entered into an intellectual properties revenue sharing agreement (the "IPRS Agreement") in respect of the revenue sharing arrangements between the Group and the NMA Group on revenue generated by the sale of digital content and merchandise developed from the NMA's intellectual properties for a term of three years commencing from 1 April 2014 and ending on 31 March 2017 subject to the annual caps as follows:

Period	Annual Cap
From 1 April 2014 to 31 March 2015	HK$8,000,000
From 1 April 2015 to 31 March 2016	HK$8,500,000
From 1 April 2016 to 31 March 2017	HK$9,000,000

The annual caps for each of the periods as set out in the IPRS Agreement are determined by reference to (a) the estimated revenue to be generated from the NMA's intellectual properties and merchandise; and (b) the expected increment of sales to be generated.

Details of the continuing connected transactions are set out in the note 40 to the Financial Statements.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the continuing connected transactions entered into by the Company and the Group during the year ended 31 March 2014.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

All the INEDs have reviewed the above disclosed continuing connected transactions (the "CCTs") for the year ended 31 March 2014 and confirmed that the CCTs were entered into by the Company and the Group:

a. in the ordinary business of the Group;
b. on normal commercial terms; and
c. on terms that are fair and reasonable and in interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in pages 84 to 88 of the Annual Report in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

RELATED PARTY TRANSACTIONS

During the year, the Group entered into certain transactions with parties regarded as related parties under applicable accounting principles, details of which are set out in note 40 to the 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 40 to the 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 year.

DISCLOSEABLE TRANSACTION

On 15 April 2013, NMBL and Max Growth, as the vendors and Mr. Lien Tai-sheng ("Mr. Lien"), as the purchaser entered into a sale and purchase agreement (the "S&P Agreement"), pursuant to which, NMBL and Max Growth have agreed to sell, and Mr. Lien has agreed to purchase the entire issued share capital of Next TV (which was the operator of the Group's TV business in Taiwan) for a consideration of NT$50.0 million (equivalent to HK$13.0 million). On the same date, NMBL, Max Growth and Mr. Lien entered into a shareholders' loan assignment agreement (the " Shareholders' loan Assignment Agreement"), pursuant to which, NMBL and Max Growth have agreed to sell, and Mr. Lien has agreed to purchase the shareholders' loans for a consideration of NT$1,350.0 million (equivalent to HK$351.3 million).

Such agreements constituted a discloseable transaction for the Company pursuant to the Listing Rules.

The partial completion in respect of the transfer of 2,750,000 shares in Next TV (representing 55.0% of the entire issued share capital of Next TV) from NMBL to persons designated by Mr. Lien and the assignment of the full amount of the shareholders' loan from NMBL and Max Growth took place on 31 May 2013 pursuant to the terms of the S&P Agreement and the Shareholders' Loan Assignment Agreement. The transfer of the legal title of 2,250,000 shares, representing the remaining 45.0% of the issued share capital of Next TV, is subject to the approval from the Investment Commission of the Ministry of Economic Affairs of Taiwan (the "IC"). The total consideration under the S&P Agreement has been fully paid by Mr. Lien and the full amount of the shareholders' loan has been assigned under the Shareholders' Loan Assignment Agreement, Next TV ceased to be a subsidiary of the Group with effect from 31 May 2013.

Since the transfer of the remaining 45.0% of the issued share capital of Next TV could only take place upon approval from the IC, on 23 September 2013, the parties to the S&P Agreement have commercially agreed under a supplemental agreement that with effect from 31 May 2013, Mr. Lien has the right to manage, deal with and enjoy the benefits of all shares in Next TV and that NMBL and Max Growth shall not be responsible for any loss and profits arising from the shares in Next TV.

On 26 December 2013, the Company has received the formal approval from IC on the transfer of 2,250,000 shares from Max Growth to Mr. Lien and completion of such transfer took place on 30 December 2013. Upon completion, the Group ceased to hold any shares in Next TV.

DISCLOSURES PURSUANT TO RULES 13.18 AND 13.19 OF THE LISTING RULES

1. The Company announced that (I) on 12 November 2012, ADPL as borrower has executed a facility agreement and the security and finance documents for a term credit facility in an aggregate amount of HK$210.0 million (the "2012 Facility") offered by a syndicate of four banks (the "1st Syndicated Banks") which has been fully utilised. Pursuant to a term of the 2012 Facility, each of ADPL and the guarantors to the 2012 Facility (including the Company, ADL, Apple Daily I.P. Limited ("ADIP") and Next Media I.P. Limited ("NMIP"), all three are indirect wholly owned subsidiaries of the Company) are required to ensure that the Company shall (i) ensure Mr. Lai is and will continue to be the Chairman of the Company; (ii) Mr. Lai holds and will continue to hold directly or indirectly at least 51.0% of the total issued Shares in the Company; and (iii) satisfy certain financial covenants of the 2012 Facility, non-fulfillment of which shall entitle the 1st Syndicated Banks to declare any commitments under the 2012 Facility to be cancelled and/or declare all outstanding amounts together with interests thereon to be immediately due and payable; and (II) on 20 March 2013, the Company as borrower has executed a facility agreement and the security documents for a term credit facility in an aggregate amount of HK$150.0 million (the "2013 Facility") offered by a syndicate of four banks (the "2nd Syndicated Banks") which has been fully utilised. Pursuant to the terms of the 2013 Facility, each of the Company and the guarantors to the 2013 Facility, (including ADPL, ADL, ADIP and NMIP) are required to ensure that the Company shall (i) ensure Mr. Lai is and will continue to be the Chairman of the Company; and (ii) Mr. Lai holds and will continue to hold directly or indirectly at least 51.0% of the total issued Shares in the Company; and (iii) satisfy certain financial covenants of the 2013 Facility, non-fulfillment of which shall entitle the 2nd Syndicated Banks to declare any commitments under the 2013 Facility to be cancelled and/or declare all outstanding amounts together with interests thereon to be immediately due and payable.

   Based on the audited consolidated annual results of the Company for the year ended 31 March 2013 announced on 7 June 2013, the Company failed to fulfill the required financial covenants of both 2012 Facility and 2013 Facility respectively. The Company formally applied to the agent bank to the 2012 Facility and the 2013 Facility which acted on behalf of the 1st Syndicated Banks and the 2nd Syndicated Banks respectively for the relevant waivers.

   As further announced by the Company on 2 July 2013, through the agent bank, the Company obtained the consents from all lending banks to waive the breach of certain financial covenants for the year ended 31 March 2013 pursuant to the terms of the 2012 Facility and the 2013 Facility respectively.

   On 31 December 2013, the Company has fully repaid the outstanding principal amount and the interests accrued under the 2013 Facility to the 2nd Syndicated Banks and on 11 June 2014, ADPL has also fully repaid the outstanding principal amount and the interests accrued under the 2012 Facility to the 1st Syndicated Banks.

2. As announced by the Company on 11 June 2013, ADL as borrower confirmed its acceptance of a revolving loan facility of HK$50.0 million (the "Revolving Loan Facility") with maturity date falling 12 months from the date of acceptance offered by a bank (the "Bank"). Pursuant to the terms of the New Facility, Mr. Lai, a controlling shareholder holding 73.49% of the total issued Shares of the Company as at 11 June 2013, undertakes to (i) continue to be the Chairman of the Company; and (ii) maintain directly or indirectly at least 51.0% of the total issued Shares in the Company. A breach of the aforesaid specific performance obligation will constitute an event of default under the New Facility. Upon occurrence of an event of default, the Bank may declare the New Facility to be cancelled and/or declare all outstanding amounts together with interests thereon to be immediately due and payable.

   As at 31 March 2014, ADL did not drawdown or utilize any amount out of the Revolving Loan Facility and the Revolving Loan Facility has been cancelled accordingly.

REDUCTION OF SHARE PREMIUM ACCOUNT

Reference is made to the Company's announcement dated 26 November 2013 and the circular to the Shareholders dated 11 December 2013, subject to the Shareholders' approval, confirmation from the High Court and the registration of the Court order (the "Order") with the Companies Registry in Hong Kong, the Company proposed to reduce the share premium account of the Company (the "Reduction of Share Premium Account") by HK$924,961,945 and apply the credit arising therefrom to set off against the accumulated losses of the Company. The proposal to set off the Company's Accumulated Losses with the credit arising out of the Reduction of Share Premium Account would put the Company in a position to legally pay dividends.

At an EGM held on 15 January 2014, the special resolution approving the Reduction of Share Premium Account has been duly passed by the Shareholders.

On 9 May 2014, the Company announced that the High Court made the Order confirming the Reduction of the Share Premium Account of the Company from HK$928,701,723 to HK$3,739,778. On 22 May 2014, the Order has been duly registered with the Companies Registry in Hong Kong and the Reduction of Share Premium Account became effective upon registration.

Following the Reduction of Share Premium Account, the Company is now in a position to legally pay dividends to its Shareholders. Accordingly, the Board will consider to declare the payment of a special dividend and will make further announcement(s) as and when appropriate.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of all or any substantial part of the Group's business was entered into or existed during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries or associated companies was a party and in which a Director had a material interest, whether directly or indirectly, existed at the end of the year or at any time during the year.

RETIREMENT BENEFITS PLANS

Details of the Group's retirement benefits plans are set out in note 31 to the Financial Statements.

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 16 June 2014, the latest practicable date to ascertain such information prior to the issue of this report.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the options disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed Shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed Shares during the year.

AUDITOR

The Financial Statements have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the 2014 AGM to re-appoint the auditor, Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board
Cheung Ka Sing, Cassian
Director

Hong Kong, 16 June 2014

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF NEXT MEDIA LIMITED
壹傳媒有限公司
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Next Media Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 94 to 220, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
16 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
Continuing operations			
Revenue	7	**3,268,892**	3,474,096
Production costs			
Cost of raw materials consumed		**(805,455)**	(1,146,446)
Other overheads		**(276,449)**	(211,148)
Staff costs	16	**(838,197)**	(816,683)
		(1,920,101)	(2,174,277)
Personnel costs excluding direct production staff costs	16	**(580,525)**	(563,054)
Other income	7	**43,136**	42,117
Net exchange gain		**12,174**	58,734
Depreciation of property, plant and equipment		**(129,040)**	(134,807)
Release of prepaid lease payments		**(1,797)**	(1,797)
Other expenses		**(394,414)**	(352,885)
(Reversal of) allowance for bad and doubtful debts		**17,780**	(2,578)
Reversal of (impairment loss) recognised in respect of property, plant and equipment	20	**16,892**	(20,619)
Finance costs	9	**(18,125)**	(17,952)
Gain on disposal of associates	24	**117,680**	–
Profit before tax		**432,552**	306,978
Income tax expense	10	**(93,454)**	(143,722)
Profit for the year from continuing operations	11	**339,098**	163,256
Discontinued operation			
Loss for the year from discontinued operation	12	**(90,622)**	(1,107,858)
Profit (loss) for the year		**248,476**	(944,602)
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain (loss) on remeasurement of defined benefit obligations	31(c)	**26,160**	(6,662)
Income tax related to actuarial gain (loss) from remeasurement of defined benefit obligations		**(4,447)**	1,133
		21,713	(5,529)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(27,875)**	(74,039)
Total comprehensive income (expense) for the year		**242,314**	(1,024,170)

	Note	**2014** **HK$'000**	2013 HK$'000 (Restated)
Profit (loss) for the year attributable to:			
Owners of the Company			
– Profit for the year from continuing operations		**330,768**	139,854
– Loss for the year from discontinued operation		**(90,622)**	(1,107,858)
		240,146	(968,004)
Non-controlling interests			
– Profit for the year from continuing operations		**8,330**	23,402
		248,476	(944,602)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**235,095**	(1,044,051)
Non-controlling interests		**7,219**	19,881
		242,314	(1,024,170)
Earnings (loss) per share	17		
From continuing and discontinued operations			
– Basic		**HK9.9 cents**	(HK40.1 cents)
– Diluted		**HK9.9 cents**	(HK40.1 cents)
From continuing operations			
– Basic		**HK13.6 cents**	HK5.8 cents
– Diluted		**HK13.6 cents**	HK5.8 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)	2012 HK$'000 (Restated)
NON-CURRENT ASSETS				
Intangible assets	18	**1,300,881**	1,300,881	1,300,881
Property, plant and equipment	20	**1,304,241**	1,411,945	2,256,962
Prepaid lease payments	21	**57,961**	59,758	61,555
Deposit for acquisition of property, plant and equipment		**12,857**	1,866	21,592
Programmes and film rights		**–**	–	181,288
Interests in associates	23(a)	**–**	–	–
Loans to associates	23(b)	**–**	46,447	34,001
		2,675,940	2,820,897	3,856,279
CURRENT ASSETS				
Inventories	26	**127,955**	180,997	190,511
Trade and other receivables	27	**623,230**	584,520	735,247
Prepaid lease payments	21	**1,797**	1,797	1,797
Tax recoverable		**14,322**	1,270	294
Restricted bank balances	28	**4,815**	5,411	5,411
Amounts due from related parties	25	**799**	–	–
Bank balances and cash	28	**755,442**	565,330	725,784
		1,528,360	1,339,325	1,659,044
Assets classified as held for sale	12	**–**	489,552	–
		1,528,360	1,828,877	1,659,044
CURRENT LIABILITIES				
Trade and other payables	29	**460,258**	891,226	656,924
Amounts due to associates		**–**	–	2,981
Deferred revenue	32	**11,274**	–	–
Bank overdraft	28	**–**	49,790	–
Borrowings	30	**264,388**	323,734	289,305
Provisions	37	**113,959**	101,863	71,425
Tax liabilities		**25,397**	26,942	56,007
		875,276	1,393,555	1,076,642
Liabilities associated with assets classified as held for sale	12	**–**	66,899	–
		875,276	1,460,454	1,076,642
NET CURRENT ASSETS		**653,084**	368,423	582,402
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,329,024**	3,189,320	4,438,681

	Notes	**2014 HK$'000**	2013 HK$'000 (Restated)	2012 HK$'000 (Restated)
NON-CURRENT LIABILITIES				
Borrowings	30	**396,472**	480,672	724,684
Retirement benefits plans	31	**66,862**	92,688	83,079
Deferred tax liabilities	36	**275,509**	270,959	278,383
		738,843	844,319	1,086,146
NET ASSETS		**2,590,181**	2,345,001	3,352,535
CAPITAL AND RESERVES				
Share capital	33	**3,359,709**	2,431,007	2,412,497
Reserves		**(803,309)**	(113,478)	929,085
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**2,556,400**	2,317,529	3,341,582
NON-CONTROLLING INTERESTS		**33,781**	27,472	10,953
TOTAL EQUITY		**2,590,181**	2,345,001	3,352,535

The consolidated financial statements on pages 94 to 220 were approved and authorised for issue by the Board of Directors on 16 June 2014 and are signed on its behalf by:

Cheung Ka Sing, Cassian
DIRECTOR

Ting Ka Yu, Stephen
DIRECTOR

STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	20	**120,317**	123,335
Prepaid lease payments	21	**25,980**	26,786
Interests in subsidiaries	22	**2,106,735**	2,106,735
		2,253,032	2,256,856
CURRENT ASSETS			
Other receivables	27	**3,619**	3,274
Prepaid lease payments	21	**806**	806
Amounts due from subsidiaries	22	**240,042**	532,874
Tax recoverable		**–**	596
Restricted bank balances	28	**4,815**	5,411
Bank balances and cash	28	**59,844**	44,368
		309,126	587,329
CURRENT LIABILITIES			
Other payables	29	**18,280**	29,543
Amounts due to subsidiaries	22	**75,591**	1,454
Tax liabilities		**988**	–
		94,859	30,997
NET CURRENT ASSETS		**214,267**	556,332
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,467,299**	2,813,188
NON-CURRENT LIABILITY			
Deferred tax liabilities	36	**17,087**	14,708
NET ASSETS		**2,450,212**	2,798,480
CAPITAL AND RESERVES			
Share capital	33	**3,359,709**	2,431,007
Reserves	35	**(909,497)**	367,473
TOTAL EQUITY		**2,450,212**	2,798,480

Cheung Ka Sing, Cassian
DIRECTOR

Ting Ka Yu, Stephen
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	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 losses HK$'000	Subtotal HK$'000	Share-based payment reserve of subsidiaries HK$'000	Share of net assets of subsidiaries HK$'000	Subtotal HK$'000	Total HK$'000
At 1 April 2012	2,412,497	918,712	52,940	40,283	(40,088)	3,384,344	1,083	11,824	12,907	3,397,251
Effect of HKAS 19 adjustment	–	–	–	–	(42,762)	(42,762)	–	(1,954)	(1,954)	(44,716)
At 1 April 2012 (Restated)	2,412,497	918,712	52,940	40,283	(82,850)	3,341,582	1,083	9,870	10,953	3,352,535
Exchange differences on translating foreign operations	–	–	(70,518)	–	–	(70,518)	–	(3,521)	(3,521)	(74,039)
Loss for the year	–	–	–	–	(968,004)	(968,004)	–	23,402	23,402	(944,602)
Actuarial loss on defined benefit liabilities and related income tax	–	–	–	–	(5,529)	(5,529)	–	–	–	(5,529)
Total comprehensive (expense) income for the year	–	–	(70,518)	–	(973,533)	(1,044,051)	–	19,881	19,881	(1,024,170)
Recognition of equity-settled share-based payments	–	–	–	3,731	–	3,731	–	–	–	3,731
Exercise of share options	18,510	9,990	–	(8,039)	–	20,461	–	–	–	20,461
Lapse of share options	–	–	–	(28,917)	30,000	1,083	(1,083)	–	(1,083)	–
Acquisition of additional interest in a subsidiary (Note a)	–	–	–	–	(5,277)	(5,277)	–	(2,279)	(2,279)	(7,556)
At 31 March 2013 (Restated)	2,431,007	928,702	(17,578)	7,058	(1,031,660)	2,317,529	–	27,472	27,472	2,345,001
Exchange differences on translating foreign operations	–	–	(26,764)	–	–	(26,764)	–	(1,111)	(1,111)	(27,875)
Profit for the year	–	–	–	–	240,146	240,146	–	8,330	8,330	248,476
Actuarial gain on defined benefit liabilities and related income tax	–	–	–	–	21,713	21,713	–	–	–	21,713
Total comprehensive (expense) income for the year	–	–	(26,764)	–	261,859	235,095	–	7,219	7,219	242,314
Recognition of equity-settled share-based payments	–	–	–	4,264	–	4,264	1,470	–	1,470	5,734
Lapse of share options	–	–	–	(389)	389	–	–	–	–	–
Acquisition of additional interest in a subsidiary (Note b)	–	–	–	–	(488)	(488)	–	(2,380)	(2,380)	(2,868)
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance (Note c)	928,702	(928,702)	–	–	–	–	–	–	–	–
At 31 March 2014	3,359,709	–	(44,342)	10,933	(769,900)	2,556,400	1,470	32,311	33,781	2,590,181

Notes:

(a) During the year ended 31 March 2013, the equity ownership of the Group in a non wholly-owned subsidiary, Apple Daily Publication Development Limited ("ADPDL"), increased from 94.20% to 94.90% (see note 43).

(b) During the year ended 31 March 2014, the equity ownership of the Group in non wholly-owned subsidiaries, ADPDL and Next Media Publishing Limited, increased from 94.90% to 95.05% and from 97.50% to 97.87%, respectively (see note 43).

(c) The Company's shares have no par value from the commencement date of Chapter 622 of the new Hong Kong Companies Ordinance (i.e. 3 March 2014).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
OPERATING ACTIVITIES			
Profit (loss) for the year		**248,476**	(944,602)
Adjustments for:			
Income tax expense		**93,598**	144,191
Finance costs		**24,133**	22,147
(Reversal of) allowance for bad and doubtful debts		**(15,626)**	4,193
Depreciation of property, plant and equipment		**155,497**	369,822
Release of prepaid lease payments to profit or loss		**1,797**	1,797
Loss on disposal of property, plant and equipment		**12,478**	13,551
Share-based payment expense		**5,734**	3,731
Gain recognised on disposal of associates	24	**(117,680)**	–
Loss on disposal of a subsidiary	12	**7,986**	–
(Reversal of) impairment loss recognised in respect of property, plant and equipment		**(16,892)**	249,729
Impairment loss recognised in respect of programmes and film rights		**7,235**	81,731
Interest income		**(2,204)**	(2,320)
Operating cash flows before movements in working capital		**404,532**	(56,030)
Increase in programmes and film rights		**–**	(13,047)
Decrease in inventories		**51,506**	8,555
(Increase) decrease in trade and other receivables		**(12,595)**	60,067
Increase in amounts due from related parties		**(799)**	–
Decrease in amounts due to associates		**–**	(2,981)
Increase (decrease) in trade and other payables		**24,533**	(215,361)
Increase in deferred revenue		**11,274**	–
Increase in provisions		**12,096**	30,678
Increase in retirement benefits plans		**334**	3,259
Net cash from (used in) operations		**490,881**	(184,860)
Income tax paid		**(107,705)**	(179,818)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**383,176**	(364,678)

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
INVESTING ACTIVITIES			
Proceeds from disposal of a subsidiary	12	**326,849**	–
Proceeds from disposal of associates	24	**154,495**	–
Interest received		**2,204**	2,320
Proceeds from disposal of property, plant and equipment		**10,559**	5,122
Purchases of property, plant and equipment		**(46,943)**	(42,487)
Deposit for acquisition of property, plant and equipment		**(12,980)**	(6,633)
(Refund of) deposit received for potential disposal of Taiwan business		**(455,373)**	455,373
Repayment from (loans to) associates		**11,821**	(12,566)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(9,368)**	401,129
FINANCING ACTIVITIES			
New loans raised		**150,000**	804,406
Repayment of bank loans		**(282,971)**	(1,009,241)
Interest paid		**(24,133)**	(22,147)
Acquisition of additional interests in subsidiaries		**(2,868)**	(7,556)
Proceeds from issue of shares		**–**	20,461
NET CASH USED IN FINANCING ACTIVITIES		**(159,972)**	(214,077)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**213,836**	(177,626)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**545,838**	725,784
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(4,232)**	(2,320)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**755,442**	545,838
Represented by			
Bank balances and cash		**755,442**	565,330
Cash and cash equivalents included in assets classified as held for sale		**–**	30,298
Bank overdraft		**–**	(49,790)
		755,442	545,838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Lai Chee Ying, Jimmy ("Mr. Lai"), is a controlling shareholder and the ultimate controlling party of the Company. The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

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

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 43.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

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

The directors of the Company (the "Directors") made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 April 2013) as to whether or not the Group has control over its investments in investees in accordance with the requirements of HKFRS 10. The directors of the Company concluded the application of HKFRS 10 in the current year has had no material effect on the scope of consolidation and amounts reported in these consolidated financial statements.

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 13 *Fair Value Measurement* (continued)

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The application of HKFRS 13 has had no material impact on the Group's financial instrument items since they are mainly carried at amortised cost as at 31 March 2014.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKAS 19 *Employee Benefits* (as revised in 2011)

In the current year, the Group has applied HKAS 19 *Employee Benefits* (as revised in 2011) and the related consequential amendments for the first time.

HKAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net interest' amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. The changes have had a significant impact on the amounts recognised in profit or loss and other comprehensive income (expense) for the years ended 31 March 2014 and 2013. The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see the tables below for details).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKAS 19 *Employee Benefits* (as revised in 2011) (continued)

The effect of the application of HKAS 19 (as revised in 2011) on the profit or loss and other comprehensive income of the Group for the year ended 31 March 2013 is as follows:

	As previously reported HK$'000	**Effect of adopting HKAS 19** HK$'000	**As restated** HK$'000
Continuing operations			
Revenue	3,474,096	–	3,474,096
Production costs			
Cost of raw materials consumed	(1,146,446)	–	(1,146,446)
Other overheads	(211,148)	–	(211,148)
Staff costs	(818,860)	2,177	(816,683)
Personnel costs excluding direct production staff costs	(563,054)	–	(563,054)
Other income	42,117	–	42,117
Net exchange gain	58,734	–	58,734
Depreciation of property, plant and equipment	(134,807)	–	(134,807)
Release of prepaid lease payments	(1,797)	–	(1,797)
Other expenses	(352,885)	–	(352,885)
Allowance for bad and doubtful debts	(2,578)	–	(2,578)
Impairment loss recognised in respect of property, plant and equipment	(20,619)	–	(20,619)
Finance costs	(17,952)	–	(17,952)
Profit before tax	304,801	2,177	306,978
Income tax expense	(143,351)	(371)	(143,722)
Profit for the year from continuing operations	161,450	1,806	163,256
Discontinued operation			
Loss for the year from discontinued operation	(1,107,858)	–	(1,107,858)

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKAS 19 *Employee Benefits* (as revised in 2011) (continued)

	As previously reported HK$'000	Effect of adopting HKAS 19 HK$'000	As restated HK$'000
Loss for the year	(946,408)	1,806	(944,602)
Other comprehensive (expense) income			
Actuarial loss on remeasurement of defined benefit obligations	–	(6,662)	(6,662)
Income tax related to actuarial loss from remeasurement of defined benefit obligations	–	1,133	1,133
Exchange differences on translating foreign operations	(74,039)	–	(74,039)
Total comprehensive expense for the year	(1,020,447)	(3,723)	(1,024,170)
Loss for the year attributable to:			
Owners of the Company			
– Profit for the year from continuing operations	138,048	1,806	139,854
– Loss for the year from discontinued operation	(1,107,858)	–	(1,107,858)
	(969,810)	1,806	(968,004)
Non-controlling interests			
– Profit for the year from continuing operations	23,402	–	23,402
	(946,408)	1,806	(944,602)
Total comprehensive expense attributable to:			
Owners of the Company	(1,040,328)	(3,723)	(1,044,051)
Non-controlling interests	19,881	–	19,881
	(1,020,447)	(3,723)	(1,024,170)
Earnings (loss) per share			
From continuing and discontinued operations			
Basic	(HK40.1 cents)	–	(HK40.1 cents)
Diluted	(HK40.1 cents)	–	(HK40.1 cents)
From continuing operations			
Basic	HK5.7 cents	HK0.1 cent	HK5.8 cents
Diluted	HK5.7 cents	HK0.1 cent	HK5.8 cents

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKAS 19 *Employee Benefits* (as revised in 2011) (continued)

The effect of the application of HKAS 19 (as revised in 2011) on the financial position of the Group as at 31 March 2013 is as follows:

	As previously reported HK$'000	**Effect of adopting HKAS 19** HK$'000	**As restated** HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	3,189,320	–	3,189,320
NON-CURRENT LIABILITIES			
Borrowings	480,672	–	480,672
Retirement benefits plans	34,328	58,360	92,688
Deferred tax liabilities	280,880	(9,921)	270,959
	795,880	48,439	844,319
NET ASSETS	2,393,440	(48,439)	2,345,001
CAPITAL AND RESERVES			
Share capital	2,431,007	–	2,431,007
Reserves	(66,993)	(46,485)	(113,478)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	2,364,014	(46,485)	2,317,529
NON-CONTROLLING INTERESTS	29,426	(1,954)	27,472
TOTAL EQUITY	2,393,440	(48,439)	2,345,001

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKAS 19 *Employee Benefits* (as revised in 2011) (continued)

The effect of the application of HKAS 19 (as revised in 2011) on the financial position of the Group as at 1 April 2012 is as follows:

	As previously reported HK$'000	Effect of adopting HKAS 19 HK$'000	As restated HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	4,438,681	–	4,438,681
NON-CURRENT LIABILITIES			
Borrowings	724,684	–	724,684
Retirement benefits plans	29,204	53,875	83,079
Deferred tax liabilities	287,542	(9,159)	278,383
	1,041,430	44,716	1,086,146
NET ASSETS	3,397,251	(44,716)	3,352,535
CAPITAL AND RESERVES			
Share capital	2,412,497	–	2,412,497
Reserves	971,847	(42,762)	929,085
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	3,384,344	(42,762)	3,341,582
NON-CONTROLLING INTERESTS	12,907	(1,954)	10,953
TOTAL EQUITY	3,397,251	(44,716)	3,352,535

Except as described above, the application of the other new or revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for current and prior years and/or disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 January 2016

HKFRS 9 *Financial Instruments*

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9 *Financial Instruments* (continued)

Key requirements of HKFRS 9 are described as follows:

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

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

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group is in the process of making an assessment of the impact of this standard and amendments to the Group's results and financial position in the period of initial application. So far it has concluded that the adoption of this standard and the related amendments is unlikely to have a significant impact on the Group's results of operations and the Group's and the Company's financial statements.

The Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has the rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if the results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (effective from 1 April 2011 onwards).

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held-for-sale in accordance with HKFRS 5 *Non-current Assets Held-for-Sale* and *Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS as established at the date of acquisition of the business.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Interests in subsidiaries

Interests in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss. Results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable during the year.

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale* and *Discontinued Operations*. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in associates (continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in associates (continued)

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment in an associate, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate.

After the disposal takes place, the Group accounts for any retained interest in the associate in accordance with HKAS 39 unless the retained interest continues to be an associate, in which case the Group uses the equity method (see the accounting policy regarding interests in associates or above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents accounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognised when services are provided.

Specifically, the revenue recognition for different types of goods and services provided are as follows:

(i) Sales of magazines and newspapers are recognised on the date of delivery, net of allowances for unsold copies which may be returned.

(ii) Sales of books and other publications are recognised on the date of delivery to customers.

(iii) Books, magazines and newspapers advertising income is recognised upon the publication of the edition in which the advertisement is placed.

(iv) Revenue from the provision of printing, reprographic and internet content services is recognised upon the provision of the services.

(v) Television and internet advertising income is recognised on a straight-line basis over the period during which the advertisement is displayed.

(vi) Television and internet subscription income is recognised upon the provision of the services.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(vii) Sales of waste materials are recognised on the date of delivery of the waste materials.

(viii) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ix) Rental income is recognised on a straight-line basis over the term of the lease.

(x) Mobile game revenue is derived from the sales of in-game virtual items in its game development operations through cooperation with various third-party game distribution platforms installed in mobile telecommunications devices (collectively referred to as "Platforms").

In cooperation with Platforms, the Group is responsible for hosting the games, providing on-going updates of new contents, technical support for the operations of the games, as well as preventing, detecting and resolving in-game cheating and hacking activities. Platforms are responsible for distribution, marketing, platform maintenance, payer authentication and payment collections related to the games.

The Group's games are free to play and players can purchase virtual items for better in-game experience. Players purchase the Group's Game virtual items ("Paying Players") through Platforms' own charging systems. Platforms collect the payment from the Paying Players and remit the cash net of commission charges which are pre-determined according to the relevant terms of the agreements entered into between the Group and Platforms.

Upon the sales of virtual items, the Group typically has an implied obligation to provide the services which enable the virtual items to be displayed or used in the games. As a result, the proceeds received from sales of virtual items are initially recorded as deferred revenue. The attributable portions of the deferred revenue relating to values of the virtual items purchased are immediately or ratably recognised as revenue only when the services are rendered to the respective Paying Players.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(x) (continued)

For the purposes of determining when services have been provided to the respective Paying Players, the Group has determined the following:

- Consumable virtual items represent items that are extinguished after consumption in the form of fixed charges levied on each round of games played. The Paying Players will not continue to benefit from the virtual items thereafter. Revenue is recognised (as a release from deferred revenue) when the items are consumed and the related services are rendered.

- Durable virtual items represent items that are accessible and beneficial to Paying Players over an extended period of time. Revenue is recognised ratably over the average life of durable virtual items for the applicable game, which the Group makes best estimates to be average playing period of Paying Players ("Player Relationship Period").

In estimating the Player Relationship Period for each applicable game, the Group considers the charging data, which are affected by various factors such as acceptance and popularity of the game, the game updates and other in-game items, promotional events launched, future operating strategies and market conditions. Given the short operating history of the Group's online games, the estimated Player Relationship Period for each applicable game may not accurately reflect the actual lives of the permanent in-game merchandise or premium features in that game. The Group reviews, at least annually, the Player Relationship Period for all applicable games to determine whether the estimated lives for permanent in-game merchandise or premium features remain reasonable. The Group may revise the estimates as it continues to collect operating data, and refine the estimation process and results accordingly. All Paying Players' data in an applicable game collected since the launch date of such game are used to perform the relevant assessment for that applicable game.

If the Group does not have the ability to differentiate revenue attributable to durable virtual items from consumable virtual items for a specific game, the Group recognises revenue from both durable and consumable virtual items for that game ratably over the Player Relationship Period.

The Group has evaluated the roles and responsibilities of the Group and Platforms in the delivery of game experience to the Paying Players and concluded the Group takes the primary responsibilities in rendering services. The Group is determined to be the primary obligor and accordingly, the Group records revenue on a gross basis, and commission charges by Platforms are recorded as production costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Masthead and publishing rights

On initial recognition, intangible assets (masthead and publishing rights of the Group's newspapers and magazines) acquired separately and from business combinations are recognised at cost and fair value respectively. Subsequent to initial recognition, the intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Intangible assets with indefinite useful lives are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Property, plant and equipment

Property, plant and equipment other than freehold land and construction in progress are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold land is stated at cost less any subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than freehold land and construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that included a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(ii) Profit sharing and bonus plans

The expected cost of profit sharing and bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

(iii) Retirement benefits obligations

The Group operates defined contribution retirement schemes in Hong Kong and Taiwan and a mandatory provident fund scheme for its eligible employees in Hong Kong, and defined benefits plans for its eligible employees in Taiwan, the assets of which are held in separate independent trustee-administered funds.

The Group's contributions to the defined contribution retirement schemes and the mandatory provident fund scheme are recognised as an expense when employees have rendered service entitling them to the contributions and, in respect of the non-mandatory provident fund schemes, such contributions are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the Group's contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in staff costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

(iii) Retirement benefits obligations (continued)

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

(iv) Share options and share subscription rights granted to employees of the Group

The Group has applied HKFRS 2 *Share-based Payment* to share options granted on or after 1 April 2005 and those granted after 7 November 2002 that vested after 1 April 2005 and share subscription rights granted on 29 October 2008.

The fair value of services received is determined by reference to the fair value of share options and share subscription rights granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payment reserve).

At the end of reporting period, the Group revises its estimates of the number of options and share subscription rights that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

When share options and share subscription rights are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options/share subscription rights are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to accumulated profits (losses).

Irrespective of any modifications to the terms and conditions on which the equity instruments were granted, or a cancellation or settlement of that grant of equity instruments, the Group recognises, as a minimum, the services received measured at the fair value of the equity instruments at the grant date, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, the Group recognises the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee.

If the modification increases the fair value of the equity instruments granted (e.g. by reducing the exercise price), measured immediately before and after the modification, the Group includes the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

(iv) Share options and share subscription rights granted to employees of the Group (continued)

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period.

If the modification occurs after vesting date, the incremental fair value granted is recognised immediately, or over the vesting period if the employee is required to complete an additional period of service before becoming unconditionally entitled to those modified equity instruments.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's and the Company's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments, other than those financial assets classified as FVTPL, of which interest income is included in net gains or losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from subsidiaries, amounts due from related parties, restricted bank balances and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate.

Impairment of loans and receivables

Financial assets classified as loans and receivables are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (continued)

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance for an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio beyond the credit period of 7 to 120 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to subsidiaries and borrowings are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment losses on tangible and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible and intangible assets other than goodwill (see accounting policy in respect of goodwill above) (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make the following estimates, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as discussed below:

Revenue recognition

As described in note 3, the Group determines the consumable and durable virtual items and recognises revenue from durable virtual items ratably over the Player Relationship Period. The determination of consumable and durable virtual items and Player Relationship Period is based on the Group's best estimate that takes into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on an annual basis. Any adjustments arising from changes in the determination of consumable and durable virtual items and Player Relationship Period as a result of new information will be accounted for prospectively as a change in accounting estimate.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Income taxes

As at 31 March 2014, the Group had estimated unused tax losses from continuing operations of approximately HK$1,308,569,000 (2013: HK$1,185,813,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$8,247,000 (2013: HK$18,030,000) of such losses. No deferred tax assets has been recognised on the tax losses of approximately HK$1,300,322,000 (2013: HK$1,167,783,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more than expected, a further recognition of deferred tax assets may arise. Details are set out in note 36.

Provision for litigation

The management of the Group monitors any litigation against the Group closely. Provision for the litigation is made based on the opinion of the legal advisers on the possible outcome and liability of the Group. As at 31 March 2014, an amount of approximately HK$113,959,000 (2013: HK$101,863,000) has been provided for outstanding litigations. Details are set out in note 37.

Impairment loss of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows to determine the amount of impairment loss. The amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. In the current year, a reversal of allowance for bad and doubtful debts of approximately HK$17,780,000 (2013: an allowance for bad and doubtful debts of HK$2,578,000) and allowance for bad and doubtful debts of approximately HK$2,154,000 (2013: HK$1,615,000) are recognised in profit or loss for continuing operations and discontinued operation, respectively. Details are set out in note 27.

Impairment loss on intangible assets

Determining whether intangible asset is impaired requires an estimation of the value in use of the cash-generating units to which intangible asset has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2014 and 2013, the carrying amount of intangible assets is HK$1,300,881,000. No impairment loss has been recognised for both years. Details of the recoverable amount calculation are disclosed in note 19.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment loss on property, plant and equipment, and programmes and film rights

One of the Group's cash-generating units was engaged in "television and multi-media" business operation that consisted of property, plant and equipment and programmes and film rights with carrying amounts (net of impairment losses) of HK$259,610,000 and HK$112,604,000, respectively as at 31 March 2013.

Determining whether assets of such a cash-generating unit are impaired requires an estimation of the recoverable amount of the cash-generating unit. The recoverable amount of the cash-generating unit is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of the cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit, an impairment loss may arise. In current year, impairment losses on property, plant and equipment and programmes and film rights for discontinued operation of approximately HK$nil and HK$7,235,000 respectively (2013: HK$229,110,000 and HK$81,731,000, respectively) are recognised in profit or loss. Details are set out in notes 12 and 20.

With the discontinuation of the operation of the television and multi-media business, the recoverable amount of certain plant and machinery in relation to digital businesses which had been used to provide support to the television and multi-media business is less than its carrying amount. An impairment loss on plant and machinery for continuing operations of approximately HK$20,619,000 was recognised in profit or loss for the year ended 31 March 2013.

A reversal of impairment loss on plant and machinery for continuing operations of approximately HK$16,892,000 is recognised in profit or loss for the year ended 31 March 2014 due to subsequent disposal.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years. The capital structure of the Group consists of debt, which includes bank borrowings disclosed in note 30, and equity attributable to owners of the Company, comprising share capital, share premium and reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	2014 **HK$'000**	2013 HK$'000
THE GROUP		
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,313,530**	1,162,396
Financial liabilities		
Liabilities at amortised cost	**781,551**	995,979
THE COMPANY		
Financial assets		
Loans and receivables (including cash and cash equivalents)	**305,287**	583,227
Financial liabilities		
Liabilities at amortised cost	**75,591**	1,454

6b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade and other receivables, amounts due from related parties, restricted bank balances, bank balances and cash, trade and other payables, amounts due from/to subsidiaries and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Company does not expose to currency risk since it has no foreign currency denominated monetary assets and liabilities. Several subsidiaries of the Company under continuing operations have foreign currency sales and purchases, which expose the Group to foreign currency risk. The directors of the Company believe that the Group does not have significant foreign exchange exposures and will consider the use of foreign exchange forward contracts to reduce the currency exposures in case the foreign exchange exposures become significant.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6b. Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

The transactions and balances relating to discontinued operations are mainly transacted using New Taiwan Dollar ("NT$"), the functional currency to the relevant group entities.

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Continuing operations				
United States Dollar ("USD")	**19,099**	38,978	**133,959**	63,828
Australian Dollar ("AUD")	**–**	–	**782**	961
Renminbi ("RMB")	**–**	–	**12**	25
Euro ("EUR")	**–**	–	**688**	12,992
Pound Sterling ("GBP")	**–**	–	**215**	322
NT$ – inter-company balances	**605,332**	452,079	**600,938**	519,321

Sensitivity analysis

The Group is mainly exposed to the GBP, RMB, EUR, AUD and NT$. The Group does not have significant foreign currency exposure in relation to monetary items that are denominated in USD as HK$ is pegged to USD. The following table details the Group's sensitivity to a 5% (2013: 5%) increase and decrease in the entity's respective functional currency against its relevant foreign currencies. 5% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, including balances with foreign operations within the Group and adjusts their translation at the end of the reporting period for a 5% (2013: 5%) change in foreign currency rates. A negative number below indicates an increase in loss for the year where Hong Kong dollars strengthen against the relevant currency. For a 5% (2013: 5%) weakening of Hong Kong dollars against the relevant currency, there would be an equal and opposite impact on the loss for the year, and the balances shown as negative below would be positive.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6b. Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis (continued)

	AUD Impact		RMB Impact		EUR Impact		GBP Impact		NT$ Impact	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Loss	**(33)**	(40)	**–**	(1)	**(29)**	(542)	**(9)**	(13)	**(175)**	(2,807)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Cash flow interest rate risk

The Group's and the Company's cash flow interest rate risk relates primarily to variable bank deposit (see note 28), variable rate bank overdraft (see note 28) and variable rate bank borrowings (see note 30 for details of these borrowings). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate and Postal Savings 2 Years Floating Rate (2013: Hong Kong Interbank Offered Rate Hong Kong Dollar Prime Rate and Postal Savings 2 Years Floating Rate). The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Fair value interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits (see note 28 for details).

6. FINANCIAL INSTRUMENTS (CONTINUED)

6b. Financial risk management objectives and policies (continued)

Market risk (continued)

Fair value interest rate risk (continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to market interest rates for bank borrowings and bank overdraft at the end of the reporting period. In relation to bank deposits, the Group considers the interest rate risk is insignificant. For variable rate bank borrowings, the analysis is prepared assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points (2013: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the market interest rates had been increased/decreased by 50 basis points (2013: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year would decrease/increase by approximately HK$2,759,000 (2013: HK$3,566,000) while the Company's loss for the year would decrease/increase by approximately HK$250,000 (2013: HK$185,000).

Credit risk

The Company

As at 31 March 2014, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from (a) the carrying amount of the respective recognised financial assets as stated in the statement of financial position and (b) financial guarantees issued by the Company in relation to facilities granted to certain subsidiaries of the Company (please see note 38(c) for details).

The Company's concentration of credit risk is on amounts due from subsidiaries.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6b. Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group

As at 31 March 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is represented by the carrying amount of the respective recognised financial assets as stated in the Group's consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on the Group and the Company's bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 33% (2013: 27%) of the total trade receivables was due from the Group's largest customer who is the sole distributor for the newspapers and magazines publication. This customer operates in Hong Kong and Taiwan.

Liquidity risk

In respect of the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 March 2014, the Group has total available unutilised short-term bank loan facilities of approximately HK$32,970,000 (2013: HK$10,689,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment term. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate as at the end of the reporting period.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables

THE GROUP	Weighted average interest rate %	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2014 HK$'000
2014								
Non-derivative financial liabilities								
Trade payables	–	67,503	15,918	3,413	–	–	86,834	86,834
Other payables	–	33,857	–	–	–	–	33,857	33,857
Borrowings – variable rate	2.85	23,600	47,200	212,399	353,921	76,022	713,142	660,860
		124,960	63,118	215,812	353,921	76,022	833,833	781,551

THE COMPANY	Weighted average interest rate %	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2014 HK$'000
2014								
Non-derivative financial liabilities								
Amounts due to subsidiaries	–	75,591	–	–	–	–	75,591	75,591
Financial guarantee contracts	–	23,593	47,187	212,339	276,474	138,237	697,830	–
		99,184	47,187	212,339	276,474	138,237	773,421	75,591

6. FINANCIAL INSTRUMENTS (CONTINUED)

6b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

THE GROUP	Weighted average interest rate %	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2013 HK$'000
2013								
Non-derivative financial liabilities								
Trade payables	–	75,555	30,624	3,006	–	–	109,185	109,185
Other payables	–	32,598	–	–	–	–	32,598	32,598
Amounts due to associates	4.25	49,790	–	–	–	–	49,790	49,790
Borrowings – variable rate	2.70	32,958	65,915	245,534	368,234	155,154	867,795	804,406
		190,901	96,539	248,540	368,234	155,154	1,059,368	995,979

THE COMPANY	Weighted average interest rate %	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2013 HK$'000
2013								
Non-derivative financial liabilities								
Amounts due to subsidiaries	–	1,454	–	–	–	–	1,454	1,454
Financial guarantee contracts	–	37,052	74,105	333,472	282,517	141,259	868,405	–
		38,506	74,105	333,472	282,517	141,259	869,859	1,454

6. FINANCIAL INSTRUMENTS (CONTINUED)

6b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. As at 31 March 2014 and 2013, the Company considers that it is unlikely that any amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

6c. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of derivative instruments is determined based on the option pricing models for optional derivatives; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximates to their corresponding fair value.

7. REVENUE AND OTHER INCOME

The Group's continuing operations comprise 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 on its web portals, as well as subscription to the web portals, delivery of internet content and development of mobile games and apps.

Revenue recognised during the year from continuing operations is as follows:

	2014	2013
	HK$'000	HK$'000
Continuing operations		
Revenue		
Sales of newspapers	**608,463**	664,842
Sales of books and magazines	**160,740**	199,237
Newspapers advertising income	**1,324,701**	1,544,327
Books and magazines advertising income	**626,852**	688,007
Printing and reprographic services income	**183,847**	220,476
Internet advertising income, internet subscription, content provision and development of mobile games and apps ("Digital businesses")	**364,289**	157,207
	3,268,892	3,474,096
Other income		
Sales of waste materials	**17,403**	21,805
Interest income on bank deposits	**1,194**	897
Interest income on loans to associates	**740**	1,253
Rental income	**11,934**	2,181
Others	**11,865**	15,981
	43,136	42,117

8. 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. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

Operating segments	Principal activities
Newspapers publication and printing	Sales of newspapers and provision of newspapers 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
Digital businesses	Advertising income, internet subscription, content provision and development of mobile games and apps in Hong Kong and Taiwan

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

The reportable and operating segment regarding the television broadcasting, programme production, advertising income, subscription income, and other related activities in Taiwan (i.e. "television and multi-media") were discontinued since 31 March 2013.

The segment information reported below does not include any amounts for these discontinued operation, which are described in more detail in note 12.

8. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by operating segments.

For the year ended 31 March 2014

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Digital businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE					
External sales	2,022,315	882,288	364,289	–	3,268,892
Inter-segment sales	92,703	18,689	65	(111,457)	–
	2,115,018	900,977	364,354	(111,457)	3,268,892
Segment results	295,508	50,404	(17,722)	–	328,190
Unallocated expenses					(20,925)
Unallocated incomes					25,732
Gain recognised on disposal of associates					117,680
Finance costs					(18,125)
Profit before tax from continuing operations					432,552

8. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the year ended 31 March 2013

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Digital businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000 (Restated)
REVENUE					
External sales	2,329,251	987,637	157,208	–	3,474,096
Inter-segment sales	123,245	14,467	18,123	(155,835)	–
	2,452,496	1,002,104	175,331	(155,835)	3,474,096
Segment results	350,499	112,925	(124,487)	–	338,937
Unallocated expenses					(34,319)
Unallocated incomes					20,312
Finance costs					(17,952)
Profit before tax from continuing operations					306,978

Segment result represents the profit earned (loss incurred) by each segment without the allocation of incomes or expenses resulted from interest income, certain rental and other income, finance costs and certain corporate and administrative expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

8. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

As at 31 March 2014

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Digital businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment assets	**2,129,798**	**860,277**	**436,026**	**–**	**3,426,101**
Unallocated assets					**778,199**
Total assets					**4,204,300**
Segment liabilities	**(299,841)**	**(245,622)**	**(311,991)**	**–**	**(857,454)**
Unallocated liabilities					**(756,665)**
Total liabilities					**(1,614,119)**

As at 31 March 2013

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Digital businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000 (Restated)
Segment assets	2,276,147	905,973	356,371	–	3,538,491
Assets classified as held for sale					489,552
Unallocated assets					621,731
Total assets					4,649,774
Segment liabilities	(335,102)	(238,887)	(258,445)	–	(832,434)
Liabilities associated with assets classified as held for sale					(66,899)
Unallocated liabilities					(1,405,440)
Total liabilities					(2,304,773)

8. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

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

- all assets are allocated to operating segments other than amounts due from related parties, tax recoverable, certain bank balances and cash and corporate assets that are not attributable to segments; and
- all liabilities are allocated to operating segments other than certain other payables, tax liabilities, certain bank borrowings, deferred tax liabilities and corporate liabilities that are not attributable to segments.

Other segment information

For the year ended 31 March 2014

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Digital businesses HK$'000	Corporate HK$'000	Consolidated HK$'000
Addition to non-current assets	27,438	19,715	11,992	655	59,800
Depreciation of property, plant and equipment	80,509	26,580	18,278	3,673	129,040
Release of prepaid lease payments	991	–	–	806	1,797
Reversal of impairment loss recognised in respect of property, plant and equipment	–	–	(16,892)	–	(16,892)
(Reversal of) allowance for bad and doubtful debts	(11,272)	(7,304)	796	–	(17,780)
Share-based payment expense	–	–	1,470	4,264	5,734
Loss (gain) on disposal of property, plant and equipment	683	(169)	7,615	–	8,129

8. SEGMENT INFORMATION (CONTINUED)

Other segment information (continued)

For the year ended 31 March 2013

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Digital businesses HK$'000	Corporate HK$'000	Consolidated HK$'000
Addition to non-current assets	17,310	9,978	6,621	20	33,929
Depreciation of property, plant and equipment	99,868	21,194	10,109	3,636	134,807
Release of prepaid lease payments	991	–	–	806	1,797
Impairment loss recognised in respect of property, plant and equipment	–	–	20,619	–	20,619
(Reversal of) allowance for bad and doubtful debts	(15,860)	7,271	11,167	–	2,578
Share-based payment expense	–	–	–	3,731	3,731
Loss (gain) on disposal of property, plant and equipment	16	(93)	545	–	468

8. SEGMENT INFORMATION (CONTINUED)

Geographical information

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers (Note a)		Non-current assets (Note b)	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (country of domicile)	**1,904,976**	1,999,092	**1,827,138**	1,846,268
Taiwan	**1,312,679**	1,423,558	**847,948**	927,213
North America	**33,722**	22,255	**854**	969
Europe	**9,290**	16,165	**–**	–
Australasia	**8,122**	12,262	**–**	–
Others	**103**	764	**–**	–
	3,268,892	3,474,096	**2,675,940**	2,774,450

Note a: The Group's revenue by geographical location is based on location of operations, irrespective of the origins of the goods and services.

Note b: Non-current assets excluded those relating to discontinued operation and financial instruments.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of total sales of the Group are as follows:

	2014	2013
	HK$'000	HK$'000
Customer A (Note)	**769,203**	864,079

Note: Revenue from this customer comprised revenue earned in newspapers and magazines publication amounting to HK$608,463,000 (2013: HK$664,842,000) and HK$160,740,000 (2013: HK$199,237,000), respectively.

9. FINANCE COSTS

Continuing operations

	2014 HK$'000	2013 HK$'000
Interest expense on bank borrowings wholly repayable within five years	**10,832**	15,695
Interest expense on bank borrowings not wholly repayable within five years	**7,293**	2,257
	18,125	17,952

10. INCOME TAX EXPENSE

Continuing operations

	2014 HK$'000	2013 HK$'000 (Restated)
Current tax:		
Hong Kong	**54,355**	77,064
Taiwan	**38,226**	72,953
Under(over) provision in prior years	**1,017**	(9)
	93,598	150,008
Deferred tax (note 36):		
Current year	**(144)**	(6,286)
	93,454	143,722

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taiwan Income Tax is calculated at 17.0% of the estimated assessable profit for both years.

10. INCOME TAX EXPENSE (CONTINUED)

The tax charge for the year can be reconciled to the profit before tax from continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 HK$'000	2013 HK$'000 (Restated)
Profit before tax from continuing operations	**432,552**	306,978
Tax at Hong Kong Profits Tax rate of 16.5%	**71,371**	50,651
Tax effect of expenses not deductible for tax purpose	**26,835**	32,957
Tax effect of income not taxable for tax purpose	**(6,520)**	(3,814)
Tax effect of gain on disposal of associates not taxable for tax purpose	**(19,417)**	–
Under(over) provision in prior years	**1,017**	(9)
Tax effect of estimated tax losses not recognised for Hong Kong subsidiaries	**21,309**	61,285
Tax effect of estimated tax losses not recognised for Taiwan subsidiaries	**653**	4,700
Utilisation of tax losses previously not recognised	**(1,738)**	(4,158)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**791**	2,806
Others	**(847)**	(696)
Tax charge for the year	**93,454**	143,722

11. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2014 HK$'000	2013 HK$'000 (Restated)
Profit for the year from continuing operations has been arrived at after charging (crediting):		
(Reversal of) allowance for bad and doubtful debts	**(17,780)**	2,578
Auditor's remuneration	**3,999**	3,253
Operating lease expenses on:		
Properties	**6,734**	6,915
Plant and equipment	**19,216**	18,367
Provision for litigation expenses included in other expenses (note 37)	**34,560**	44,849
Staff costs (note 16)	**1,418,722**	1,379,737
Loss on disposal of property, plant and equipment	**8,129**	468

12. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE

As at 31 March 2013, the management of the Group finalised and committed themselves to a plan for the disposal of the operations of the Group's television and multi-media business in Taiwan (the "Disposal") to an independent third party. The Directors were of opinion that the Disposal was highly probable. Hence, the television and multi-media business had been presented as a discontinued operation for the year ended 31 March 2013. The assets and liabilities attributable to the television and multi-media business have been classified as disposal group held for sale and were presented separately in the consolidated statement of financial position as at 31 March 2013.

On 15 April 2013, Next Media Broadcasting Limited ("NMBL") and Max Growth B.V. ("Max Growth"), subsidiaries of the Company, entered into a sale and purchase agreement (the "S&P Agreement") with an independent third party, Mr. Lien Tai-sheng ("Mr. Lien", or the "Purchaser"), to dispose of 100% equity interest in Next TV Broadcasting Limited ("Next TV"), a then wholly owned subsidiary of the Company. On the same date, NMBL, Max Growth and Mr. Lien entered into a shareholders' loan assignment agreement in respect of the assignment of the shareholders' loan, pursuant to which, NMBL and Max Growth agreed to sell, and Mr. Lien agreed to purchase the shareholders' loan owed by Next TV to NMBL and Max Growth (the "Shareholders' Loan"). The total consideration for the sale of the entire issued share capital of Next TV and the assignment of the Shareholders' Loan amounted to NT$1,400,000,000 (equivalent to approximately HK$363,165,000).

On 31 May 2013, the Group completed (i) the transfer of 55% of the issued share capital of Next TV to persons designated by the Purchaser whereas the transfer of the remaining 45% was awaiting the approval from the Investment Commission of The Ministry of Economic Affairs of Taiwan ("ICTW"); and (ii) the assignment of the Shareholder's Loan to NMBL and Max Growth to the Purchaser.

All consideration in respect of the transfer of 100% of the issued share capital of Next TV and the Shareholders' Loan assignment had been received by the Group on 31 May 2013. In addition, the Purchaser had already fully accessed and utilised the assets of Next TV for generating economic benefits on the same date. In view of the pending approval of the remaining 45% interest in Next TV from ICTW, on 23 September 2013, the Group and the Purchaser had commercially agreed under a supplemental agreement (the "Supplemental Agreement") that with effect from 31 May 2013 the Purchaser had the right to manage, deal with and enjoy the benefits of all shares in Next TV and that the Group would not be responsible for any losses or profits arising from the shares in Next TV. In addition, the consideration paid by the Purchaser was non-refundable. Hence, the remaining 45% of the issued share capital of Next TV was held by the Group on behalf of the Purchaser on 31 May 2013.

After consultation of a legal counsel for legal advice, the Directors of the Company were of the opinion that 100% risks and rewards of ownership of Next TV had been transferred to the Purchaser and the Group had lost its control and all its shareholding voting rights and powers over Next TV as at the date of transfer of the 55% of the issued share capital of Next TV (i.e. 31 May 2013), which is considered as the date of completion of the S&P Agreement. At the same date, the Group derecognised the assets and liabilities and related equity components of Next TV.

12. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE (CONTINUED)

On 30 December 2013, the Company received the formal approval letter from the ICTW confirming its approval on the transfer of the remaining 45% of the issued share capital of Next TV from Max Growth to Mr. Lien and the transfer was completed on 30 December 2013. Upon the transfer, the Group ceased to hold any shares in Next TV.

The loss for the year from discontinued operation relating to the television and multi-media business were analysed as follows:

	2014 **HK$'000**	2013 HK$'000
Loss of television and multi-media business for the year	**(82,636)**	(1,107,858)
Loss on disposal of Next TV	**(7,986)**	–
Loss for the year from discontinued operation	**(90,622)**	(1,107,858)

12. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE (CONTINUED)

The loss for the year from discontinued operation relating to television and multi-media business (previously reported as the television and multi-media reportable segment), which has been included in the consolidated statement of profit or loss and other comprehensive income, is as follows:

	2014 **HK$'000**	2013 HK$'000
Revenue	**21,410**	53,092
Productions costs		
Film production costs	**(49,366)**	(215,920)
Other overheads	**(3,381)**	(67,562)
Staff costs (note a)	**(12,791)**	(148,222)
	(65,538)	(431,704)
Personnel costs excluding direct production staff costs (note a)	**5,669**	(66,807)
Depreciation of property, plant and equipment	**(26,457)**	(235,015)
Other income (note b)	**13,823**	13,613
Other expenses	**(16,002)**	(121,424)
Allowance for bad and doubtful debts	**(2,154)**	(1,615)
Impairment loss recognised in respect of property, plant and equipment (note d)	**–**	(229,110)
Impairment loss recognised in respect of programmes and film rights (note d)	**(7,235)**	(81,731)
Impairment loss recognised in respect of prepayments	**–**	(2,493)
Finance costs (note c)	**(6,008)**	(4,195)
Loss before tax	**(82,492)**	(1,107,389)
Income tax expense	**(144)**	(469)
Loss for the year from discontinued operation	**(82,636)**	(1,107,858)

12. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE (CONTINUED)

Note a: The balance comprises reversal of over-provision of staff termination cost upon cessation of television and multi-media business of HK$14,777,000 (2013: Nil), wages, salaries and other benefits of HK$20,978,000 (2013: HK$199,660,000) and pension costs for defined contribution plans of HK$921,000 (2013: HK$15,369,000).

Note b: The balance comprises rental income of HK$6,079,000 (2013: HK$6,339,000), bank interest income of HK$270,000 (2013: HK$170,000) and others of HK$7,474,000 (2013: HK$7,104,000).

Note c: The balance comprises interest expense on bank borrowings not wholly repayable within five years of HK$6,008,000 (2013: HK$4,195,000).

Note d: For the year ended 31 March 2013, with the discontinuation of operation of the television and multi-media business, the management conducted an impairment review of the Group's television and multi-media business based on fair value less cost of disposal. Impairment losses of HK$229,110,000 on property, plant & equipment, and HK$81,731,000 on programme and film rights were recognised in profit or loss. For the year ended 31 March 2014, in view that the operations of the television and multi-media business had been ceased, a further impairment loss of HK$7,235,000 was made in respect of programme and film rights and recognised in profit or loss.

Loss for the year from discontinued operation includes the following:

	2014	2013
	HK$'000	HK$'000
Auditor's remuneration	**363**	746
Operating lease expense on:		
Properties	**–**	16,374
Plant and equipment	**58**	9,757
Legal and professional fees included in other expenses	**4,143**	9,669
Net exchange loss (gain)	**5,777**	(16)
Loss on disposal of property, plant and equipment	**4,349**	13,083

Cash flows for the year from television and multi-media business were as follows:

	2014	2013
	HK$'000	HK$'000
Net cash outflows from operating activities	**(457,254)**	(189,089)
Net cash inflows from investing activities	**371,338**	30,023
Net cash inflows from financing activities	**242,648**	68,405
Net cash inflows (outflows)	**156,732**	(90,661)

12. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE (CONTINUED)

The major classes of assets and liabilities of the television and multi-media business as at 31 March 2013, which have been presented separately in the consolidated statement of financial position, are as follows:

	HK$'000
Property, plant and equipment	259,610
Deposit for acquisition of property, plant and equipment	4,410
Programmes and films rights	112,604
Trade and other receivables	82,490
Loans to associates	120
Tax recoverable	20
Bank balances and cash	30,298
Total assets classified as held for sale	489,552
Trade and other payables	66,486
Tax liabilities	413
Total liabilities associated with assets classified as held for sale	66,899

An analysis of the assets of Next TV at the date when the Group lost control (i.e. 31 May 2013) were as follows:

	HK$'000
Property, plant and equipment	245,387
Deposit for acquisition of property, plant and equipment	1,460
Programmes and films rights	87,988
Net assets disposed of	334,835
Loss on disposal of a subsidiary:	
Cash consideration received	363,165
Penalty charged by the Purchaser (Note a)	(36,316)
Less: net assets disposed of	(334,835)
Loss on disposal of Next TV (Note b)	(7,986)
Net cash inflows arising on disposal:	
Cash consideration	326,849

Note a: Amount represented penalty paid to Mr. Lien for putting him on hold for the transaction, as other potential purchasers emerged in October 2012.

Note b: The loss represented the disposal of 100% of the assets and liabilities of Next TV.

13. DIRECTORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 7 (2013: 7) Directors were as follows:

2014

	Lai Chee Ying, Jimmy HK$'000	Cheung Ka Sing, Cassian HK$'000	Ting Ka Yu, Stephen HK$'000	Ip Yut Kin HK$'000	Fok Kwong Hang, Terry HK$'000	Wong Chi Hong, Frank HK$'000	Lee Ka Yam, Danny HK$'000	Total HK$'000
Fees	200	230	230	200	330	300	300	1,790
Other emoluments								
Salaries and other benefits	5,646	4,445	3,069	4,505	–	–	–	17,665
Performance related incentive payments (Note a)	–	2,301	1,276	580	–	–	–	4,157
Share-based payment	–	2,154	91	88	12	12	12	2,369
Pension costs – defined contribution plans	–	173	130	131	–	–	–	434
Total emoluments	5,846	9,303	4,796	5,504	342	312	312	26,415

2013

	Lai Chee Ying, Jimmy HK$'000	Cheung Ka Sing, Cassian HK$'000	Ting Ka Yu, Stephen HK$'000	Ip Yut Kin HK$'000	Fok Kwong Hang, Terry HK$'000	Wong Chi Hong, Frank HK$'000	Lee Ka Yam, Danny HK$'000	Total HK$'000
Fees	200	230	230	200	330	300	300	1,790
Other emoluments								
Salaries and other benefits	4,928	3,818	2,857	3,964	–	–	–	15,567
Performance related incentive payments (Note a)	–	2,323	1,221	380	–	–	–	3,924
Share-based payment	–	2,109	45	–	14	14	14	2,196
Pension costs – defined contribution plans	–	174	124	125	–	–	–	423
Total emoluments	5,128	8,654	4,477	4,669	344	314	314	23,900

Note a: The performance related incentive payments are determined as a percentage of profit for the year of the respective business units for both years.

13. DIRECTORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (continued)

Mr. Cheung Ka Sing, Cassian is also the Chief Executive of the Company and his emoluments disclosed above included those for services rendered by him as Chief Executive.

The emoluments disclosed above include expenses of HK$4,675,000 (2013: HK$3,999,000) paid by the Group under three operating leases (2013: three) in respect of residential accommodation provided to two (2013: two) Executive Directors.

During the years ended 31 March 2014 and 2013, no director waived or agreed to waive any emoluments.

(b) Senior Management's Emoluments

The emoluments paid or payable to each of senior management other than directors of the Group as set out in the Directors' Report, is within the following bands:

	Number of individuals	
Emoluments Bands	**2014**	2013
HK$4,000,001 to HK$4,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**3**	4

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2013: four) were directors of the Company whose emoluments are included in the disclosure in note 13(a) above. The emoluments of the remaining individual were as follows:

	2014 HK$'000	2013 HK$'000
Salaries and other benefits	**3,222**	2,750
Performance related incentive payments	**1,007**	910
Share-based payments	**109**	–
	4,338	3,660

15. DIVIDENDS

No dividend was paid or declared during the years ended 31 March 2014 and 2013, nor has any dividend been proposed since the end of the reporting period.

16. STAFF COSTS

Continuing operations

	2014 HK$'000	2013 HK$'000 (Restated)
Wages, salaries and other benefits	**1,352,640**	1,317,694
Pension costs – defined contribution plans, net of forfeited contributions	**57,550**	54,771
Pension costs – defined benefits plans (note 31(c))	**2,798**	3,541
Share-based payment	**5,734**	3,731
	1,418,722	1,379,737

The staff costs for the year ended 31 March 2014 included Directors' emoluments of HK$26,415,000 (2013: HK$23,900,000) as set out in note 13(a).

17. EARNINGS (LOSS) PER SHARE

From continuing operations

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

	2014 **HK$'000**	2013 HK$'000 (Restated)
Profit figures are calculated as follows:		
Profit (loss) for the year attributable to the owners of the Company	**240,146**	(968,004)
Less: Loss for the year from discontinued operation	**(90,622)**	(1,107,858)
Profit for the purposes of basic and diluted earnings per share from continuing operations	**330,768**	139,854

Number of shares

	2014	2013
Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	**2,431,006,881**	2,415,685,428
Effect of dilutive potential ordinary shares:		
Share options and share subscription and financing plan (Note)	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,431,006,881**	2,415,685,428

Note: The computation of diluted earnings per share for both years does not assume the exercise of the Company's outstanding share options and the exercise of rights under the share subscription and financing plan as their exercise price exceeds the average market price of the shares during both years.

17. EARNINGS (LOSS) PER SHARE (CONTINUED)

From continuing and discontinued operations

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

Loss

	2014	2013
	HK$'000	HK$'000
		(Restated)
Earnings (loss) for the year attributable to owners of the Company and earnings (loss) for the purposes of basic and diluted loss per share	**240,146**	(968,004)

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

From discontinued operation

For the year ended 31 March 2014, basic loss per share and diluted loss per share for the discontinued operation were HK3.7 cents per share (2013: HK45.9 cents per share), based on loss for the year from discontinued operation of HK$90,622,000 (2013: HK$1,107,858,000) and the denominators detailed above for both basic and diluted loss per share.

18. INTANGIBLE ASSETS

	Masthead and publishing rights HK$'000
THE GROUP	
COST	
At 1 April 2012, 31 March 2013 and 31 March 2014	1,482,799
ACCUMULATED IMPAIRMENT	
At 1 April 2012, 31 March 2013 and 31 March 2014	181,918
CARRYING VALUES	
At 31 March 2014 and 31 March 2013	1,300,881

The masthead and publishing rights are considered by the management of the Group as having an indefinite useful life because they are expected to contribute net cash inflows to the Group indefinitely. It has been tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in note 19.

19. IMPAIRMENT TESTING ON INTANGIBLE ASSETS WITH INDEFINITE-USEFUL LIVES

For the purposes of impairment testing, the carrying amounts of masthead and publishing rights with indefinite useful lives set out in note 18 have been allocated to two individual cash-generating units ("CGUs"), represented by one subsidiary in newspapers publication and printing segment and the other one in books and magazines publication and printing segment. The carrying amounts of masthead and publishing rights (net of accumulated impairment losses) allocated to these units are as follows:

	Masthead and publishing rights	
	2014	2013
	HK$'000	HK$'000
Newspapers publication and printing		
– Apple Daily I.P. Limited ("Apple Daily")	**1,020,299**	1,020,299
Books and magazines publication and printing		
– Next Media I.P. Limited ("Next Media")	**280,582**	280,582
	1,300,881	1,300,881

The recoverable amounts of masthead and publishing rights have been determined on the basis of the value in use of respective CGUs to which the assets have been allocated. The recoverable amounts are based on certain similar key assumptions. Value in use calculations of these two CGUs are cash flow projections based on financial budgets approved by management covering a 5-year period with an annual growth rate of 4.4% (2013: 3.2%) for Next Media and 6.8% (2013: 3%) for Apple Daily, and a pre-tax discount rate of 11.4% (2013: 10.8%). Cash flow projections beyond the 5-year period are extrapolated using a steady growth rate of 3% (2013: 3%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Cash flow projections during the budget period for CGUs are also based on the expected gross margins during the budget period. Budgeted gross margins have been determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of each CGU to exceed the recoverable amount of the relevant CGUs.

20. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
THE GROUP								
COST								
At 1 April 2012	298,751	895,553	203,310	2,003,605	422,240	17,362	20,267	3,861,088
Exchange difference	–	(4,625)	(1,188)	(12,951)	(1,759)	(117)	(216)	(20,856)
Additions	–	–	655	20,473	42,951	–	–	64,079
Transfer	–	–	3,331	16,720	–	–	(20,051)	–
Classified as held for sale	–	(22,133)	(108,473)	(760,860)	(96,809)	(9,192)	–	(997,467)
Disposals	–	–	(24,581)	(2,273)	(35,861)	(1,416)	–	(64,131)
At 31 March 2013	298,751	868,795	73,054	1,264,714	330,762	6,637	–	2,842,713
Exchange difference	(10,783)	(12,063)	(307)	(11,898)	(3,317)	(21)	–	(38,389)
Additions	–	–	4,753	638	43,258	160	–	48,809
Disposals	–	–	(582)	(27,060)	(35,545)	(539)	–	(63,726)
At 31 March 2014	287,968	856,732	76,918	1,226,394	335,158	6,237	–	2,789,407
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 April 2012	–	123,814	55,625	1,122,458	294,035	8,194	–	1,604,126
Exchange difference	–	–	(328)	(7,628)	(1,595)	(43)	–	(9,594)
Charge for the year	–	24,363	24,802	248,968	69,838	1,851	–	369,822
Eliminated on classified as held for sale	–	(3,621)	(57,866)	(596,738)	(74,806)	(4,826)	–	(737,857)
Eliminated on disposals	–	–	(10,963)	(1,087)	(32,088)	(1,320)	–	(45,458)
Impairment loss recognised in profit or loss (Note a)	–	–	26,586	202,795	18,171	2,177	–	249,729
At 31 March 2013	–	144,556	37,856	968,768	273,555	6,033	–	1,430,768
Exchange difference	–	(1,035)	214	(10,939)	(932)	(20)	–	(12,712)
Charge for the year	–	22,300	3,277	60,415	42,667	381	–	129,040
Eliminated on disposals	–	–	(193)	(9,880)	(34,477)	(488)	–	(45,038)
Reversal of impairment loss recognised in profit or loss (Note b)	–	–	–	(16,892)	–	–	–	(16,892)
At 31 March 2014	–	165,821	41,154	991,472	280,813	5,906	–	1,485,166
CARRYING VALUES								
At 31 March 2014	287,968	690,911	35,764	234,922	54,345	331	–	1,304,241
At 31 March 2013	298,751	724,239	35,198	295,946	57,207	604	–	1,411,945

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

(a) For the year ended 31 March 2013, with the discontinuation of the operation of the television and multi-media business, the management conducted an impairment review of the Group's television and multi-media business based on its fair value less cost of disposal. An impairment loss of HK$310,841,000 was recognised in profit or loss, HK$81,731,000, HK$26,586,000, HK$182,176,000, HK$18,171,000 and HK$2,177,000 of which were allocated to programmes and film rights, leasehold improvements, plant and machinery, furniture, fixtures and equipment and motor vehicles respectively.

In addition, the Directors were of the opinion that the recoverable amount of certain plant and machinery in relation to digital businesses which had been used to provide support to the television and multi-media business was less than its carrying amount. An additional impairment loss on plant and machinery of HK$20,619,000 was recognised in profit or loss for the year ended 31 March 2013.

(b) For the year ended 31 March 2014, a portion of plant and machinery impaired as at 31 March 2013 was subsequently disposed of to the third parties. Hence, reversal of impairment in respect of plant and machinery was recognised in profit or loss.

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
THE COMPANY				
COST				
At 1 April 2012	145,032	14,925	38	159,995
Additions	–	–	29	29
At 31 March 2013	145,032	14,925	67	160,024
Additions	–	653	3	656
At 31 March 2014	145,032	15,578	70	160,680
ACCUMULATED DEPRECIATION				
At 1 April 2012	26,845	6,198	10	33,053
Charge for the year	3,352	275	9	3,636
At 31 March 2013	30,197	6,473	19	36,689
Charge for the year	3,353	304	17	3,674
At 31 March 2014	33,550	6,777	36	40,363
CARRYING VALUES				
At 31 March 2014	111,482	8,801	34	120,317
At 31 March 2013	114,835	8,452	48	123,335

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 March 2014, the carrying value of the Group's and the Company's land and buildings comprised the following:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Buildings situated in Hong Kong under medium-term lease	**330,454**	339,296	**111,482**	114,835
Buildings situated outside Hong Kong on freehold land	**360,457**	384,943	**–**	–
Freehold land situated outside Hong Kong	**287,968**	298,751	**–**	–
	978,879	1,022,990	**111,482**	114,835

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of lease or useful lives of twenty-five to fifty years
Leasehold improvements	Over the shorter of the term of lease or estimated useful lives of five years
Plant and machinery	6.67% – 33.33%
Furniture, fixtures and equipment	20% – 33.33%
Motor vehicles	20%

Notes:

(a) As at 31 March 2014, certain of the Group's freehold land and buildings with carrying values of HK$287,968,000 (2013: HK$248,549,000) and HK$591,816,000 (2013: HK$489,226,000), respectively were pledged as security for the Group's banking facilities (note 30).

(b) As at 31 March, 2014, certain of the Group's plant and machinery with an aggregate carrying value of HK$224,000 (2013: HK$413,000) were pledged as security for the Group's banking facilities (note 30).

21. PREPAID LEASE PAYMENTS

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
The prepaid lease payments comprise medium-term leasehold land in Hong Kong	**59,758**	61,555	**26,786**	27,592
Analysed for reporting purposes as:				
Current asset	**1,797**	1,797	**806**	806
Non-current asset	**57,961**	59,758	**25,980**	26,786
	59,758	61,555	**26,786**	27,592

As at 31 March 2014, the prepaid lease payments of the Group with a carrying value of HK$32,971,000 (2013: HK$33,963,000) were pledged as security for the Group's banking facilities (note 30).

22. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM (TO) SUBSIDIARIES

	THE COMPANY	
	2014	2013
	HK$'000	HK$'000
Unlisted shares, at cost	**2,620,000**	2,620,000
Deemed capital contribution (Note a)	**18,596**	18,596
Less: impairment loss recognised on interests in subsidiaries	**(531,861)**	(531,861)
	2,106,735	2,106,735
Amounts due from subsidiaries (Note b)	**2,175,878**	2,118,710
Less: allowance for amounts due from subsidiaries	**(1,935,836)**	(1,585,836)
	240,042	532,874
Amounts due to subsidiaries (Note b)	**(75,591)**	(1,454)

Note a: Included in the deemed capital contribution is fair value of financial guarantee provided by the Company to banks for banking facilities granted by the banks to the subsidiaries.

Note b: The amounts due from (to) subsidiaries are unsecured, interest-free and repayable on demand.

22. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM (TO) SUBSIDIARIES (CONTINUED)

Movement in the allowance for amounts due from subsidiaries

	2014 HK$'000	2013 HK$'000
Balance at beginning of the year	**1,585,836**	628,476
Allowance for bad and doubtful debts	**350,000**	957,360
Balance at end of the year	**1,935,836**	1,585,836

23. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES

(a) Interests in associates

As at 31 March 2013, the interests in associates were summarised as follows:

	HK$'000
Cost of interests in associates	114,707
Share of post acquisition losses	(9,202)
Impairment loss recognised in profit or loss	(105,505)
	–

23. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES (CONTINUED)

(a) Interests in associates (continued)

The summarised financial information below shows assets and liabilities as at 31 March 2013 and income and expenses for the year ended 31 March 2013 of the associates:

	HK$'000
Total assets	121,563
Total liabilities	(209,221)
Net liabilities	(87,658)
Group's share of net liabilities of associates	(26,297)
Revenue for the year	54,543
Loss for the year	(101,573)
Group's share of loss of associates for the year	(30,472)

The Group has discontinued recognition of its share of losses of certain associates. The amounts of unrecognised share of those associates, extracted from the relevant management accounts of associates, for the year ended 31 March 2013 and cumulatively, are as follows:

	HK$'000
Unrecognised share of losses of associates for the year	(30,472)
Accumulated unrecognised share of losses of associates	(30,472)

23. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES (CONTINUED)

(a) Interests in associates (continued)

As at 31 March 2013, the Group had interests in the following principal associates:

Name	Place of incorporation	Paid up issued share capital	Proportion of nominal value of issued capital indirectly held by the Company	Principal activities
Colored World Holdings Limited	British Virgin Islands	100 ordinary shares of US$1 each	30%	Holding of animation investment
Next Media Animation Limited	Hong Kong	10,000,000 ordinary shares of HK$0.01 each	30%	Animation production (Note a)
Next Media Animation Japan K.K. Limited	Japan	1 ordinary share of JPY10,000	30%	Animation production (Note b)

Note a: It is wholly owned by Colored World Holdings Limited and operates in both Hong Kong and Taiwan.

Note b: It is wholly owned by Next Media Animation Limited and operates in Japan.

(b) Loans to associates

The loans to associates with principal amount of HK$46,447,000 as at 31 March 2013 were unsecured, carried interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.584% per annum and repayable on demand. The accrued interest in relation to the loans to associates would be repayable upon the settlement of the principal amount of the loans. In the opinion of the Directors of the Company, it was not expected that the amount would be recovered within 1 year from the end of the reporting period and hence the amount was classified as a non-current asset as at 31 March 2013.

During the year ended 31 March 2014, the Group disposed of all the interests in associates. A portion of the loans to associates amounting to HK$34,626,000 was settled through the disposal of associates (note 24) while the remaining balance of approximately HK$11,821,000 was directly settled by the associates.

24. DISPOSAL OF ASSOCIATES

On 27 September 2013, AtNext Limited ("AtNext"), a wholly owned subsidiary of the Company, as the vendor entered into a sale and purchase agreement with Sum Tat Ventures Limited ("STV"), a company 100% beneficially owned by Mr. Lai, as the purchaser and Mr. Lai, as guarantor for the obligations of STV, pursuant to which, AtNext had conditionally agreed to sell and STV had conditionally agreed to purchase the 30 shares, which represented the Group's remaining 30% equity interest in Colored World Limited and its subsidiaries (the "Colored World Group") as disclosed in note 23, and the loans to associates at a total cash consideration of US$20.0 million (equivalent to HK$155.1 million) (the "Transaction"). The Transaction was completed on 18 November 2013, AtNext ceased to hold any shares in Colored World Limited and thus, members of the Colored World Group ceased to be associates of the Group.

The gain on disposal of associates is analysed as follows:

	HK$'000
Gain on disposal of associates:	
Cash consideration received	155,050
Less: Net assets disposed of (note 23)	–
Loans to associates (notes 23(b) & 40)	(34,626)
Interest receivable for the loans to associates (note 40)	(2,189)
Expenses in relation to the Transaction	(555)
Gain on disposal	117,680
Net cash inflow arising on disposal:	
Cash consideration	155,050
Less: Expenses paid in relation to the Transaction	(555)
	154,495

25. AMOUNTS DUE FROM RELATED PARTIES

The amounts are due from the Colored World Group in trade nature. Mr. Lai, a substantial shareholder of the Group, has controlling interest in the Colored World Group. The amounts are unsecured, non-interest bearing and aged within a credit period of 30 days.

26. INVENTORIES

	THE GROUP 2014 HK$'000	2013 HK$'000
Raw materials	**122,742**	175,796
Work in progress	**2,325**	2,709
Finished goods	**2,888**	2,492
	127,955	180,997

27. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Trade receivables	**618,579**	643,079	**–**	–
Less: allowance for doubtful debts	**(96,667)**	(113,445)	**–**	–
	521,912	529,634	**–**	–
Prepayments (Note)	**49,481**	25,236	**–**	–
Rental and other deposits	**21,275**	14,076	**334**	–
Others	**30,562**	15,574	**3,285**	3,274
Trade and other receivables	**623,230**	584,520	**3,619**	3,274

Note: Included in the balance are mainly rental and utilities prepayments of HK$7,158,000 (2013: HK$6,512,000), value-added tax receivables of HK$15,288,000 (2013: HK$595,000) and other prepayments of HK$27,035,000 (2013: HK$18,129,000).

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 debts presented based on invoice dates, which approximated the respective revenue recognition dates, at the end of the reporting period:

	THE GROUP 2014 HK$'000	2013 HK$'000
0-1 month	**257,140**	264,791
1-3 months	**182,053**	219,702
3-4 months	**45,437**	42,653
Over 4 months	**37,282**	2,488
	521,912	529,634

27. TRADE AND OTHER RECEIVABLES (CONTINUED)

Before accepting any new customer, the management of the Group estimates the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed twice a year. Trade receivables that are neither past due nor impaired have no default payment record.

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK$37,282,000 (2013: HK$2,488,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the directors of the Company assessed that the balances will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables which are past due but not impaired:

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Over 4 months	**37,282**	2,488

Movement in the allowance for doubtful debts

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Balance at beginning of the year	**113,445**	116,162
(Reversal of) allowance for bad and doubtful debts	**(17,780)**	4,193
Exchange difference	**1,563**	(91)
Amounts written off as uncollectible	**(561)**	(4,820)
Transfer to assets classified as held for sale	**–**	(1,999)
Balance at end of the year	**96,667**	113,445

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$96,667,000 (2013: HK$113,445,000) which have delayed payments with poor settlement record. The Group does not hold any collateral over these balances.

The Group does not hold any collateral over other receivables. The Group has not provided for impairment loss as the directors of the Company assessed that the balances will be recovered based on their settlement records.

27. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's trade receivables that are denominated in currencies other than functional currencies of the respective group companies are set out below:

	THE GROUP			
	2014		2013	
	Denominated currency $'000	**Equivalent to HK$'000**	Denominated currency $'000	Equivalent to HK$'000
USD	**1,090**	**8,460**	935	7,258
AUD	**105**	**757**	116	935
GBP	**16**	**211**	27	315

28. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH/BANK OVERDRAFT

THE GROUP AND THE COMPANY

As at 31 March 2014, bank balances amounting to HK$4,815,000 (2013: HK$5,411,000) were 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 0.50% (2013: 0.50%) per annum for the year.

Included in bank balances and cash is an amount of approximately HK$236,151,000 (2013: HK$167,272,000) placed in time deposits for periods from 1 day to 2 months. Such deposits bear fixed interest between 0.01% – 1.31% (2013: 0.15% to 0.50%) per annum.

The remaining bank balances are placed in current and savings accounts, the former bear no interest and the latter bear prevailing market interest rate of 0.10% (2013: 0.10%) per annum.

THE GROUP

As at 31 March 2013, the bank overdraft carried interest based on Hong Kong Dollar Prime Rate of 4.25% per annum and repayable on demand. No bank overdraft is made as at 31 March 2014.

29. TRADE AND OTHER PAYABLES

The average credit period taken for trade payables is 7 to 120 days.

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**86,834**	109,185	**–**	–
Accrued staff costs	**157,682**	133,741	**1,922**	2,155
Accrued charges (Note a)	**78,980**	80,942	**13,699**	23,360
Deposit received for potential disposal of Taiwan business (Note b)	**–**	455,373	**–**	–
Other payables (Note c)	**136,762**	111,985	**2,659**	4,028
Trade and other payables	**460,258**	891,226	**18,280**	29,543

Note a: The balance includes accrual for repair and maintenance expenses of HK$35,902,000 (2013: HK$23,240,000), accrual for utilities of HK$9,043,000 (2013: HK$8,307,000) and other miscellaneous accrual of HK$34,035,000 (2013: HK$49,395,000).

Note b: The balance represents deposit received from the potential purchasers for the potential disposal of newspapers publication and printing business, books and magazines publication and printing business and television broadcasting business in Taiwan. The amount is refunded subsequent to 31 March 2013 after termination of the sale and purchase agreement.

Note c: The balance includes deposit received for subscription of and advertisement in newspapers, magazines and internet of HK$10,109,000 (2013: HK$12,042,000) and temporary receipt from customers of newspaper publication of HK$22,031,000 (2013: HK$14,399,000) and other operating expenses payables of HK$104,622,000 (2013: HK$85,544,000).

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

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
0-1 month	**59,332**	78,473
1-3 months	**20,152**	22,192
Over 3 months	**7,350**	8,520
	86,834	109,185

29. TRADE AND OTHER PAYABLES (CONTINUED)

The Group's trade payables that are denominated in currencies other than functional currencies of the respective group companies are set out below:

	THE GROUP	
	2014 Denominated currency $'000	2013 Denominated currency $'000
USD	**2,462**	5,025
Equivalent to	**HK$19,099**	HK$38,978

30. BORROWINGS

An analysis of the secured bank loans of the Group is as follows:

	THE GROUP	
	2014 HK$'000	2013 HK$'000
Carrying amount repayable		
– on demand or within one year	**264,388**	323,734
– in the second year	**80,638**	82,401
– in the third year	**80,638**	82,401
– in the fourth year	**80,638**	82,401
– in the fifth year	**80,638**	82,401
– more than five years	**73,920**	151,068
	660,860	804,406
Less: Amount due within one year or on demand shown under current liabilities	**(264,388)**	(323,734)
Non-current portion	**396,472**	480,672

Bank loans comprise balances of HK$477,110,000 carrying interests at Post Office 2 – year Deposit rate in Taiwan plus 1.4275% per annum and balance of HK$183,750,000 carrying interest at HIBOR plus 2.75% per annum (2013: bank loans of HK$494,406,000 carrying interests at Post Office 2-year deposit rate in Taiwan plus 1.4275% per annum, balances of HK$210,000,000 and HK$100,000,000 carrying interest at HIBOR plus 2.75% and 1.25% per annum, respectively).

30. BORROWINGS (CONTINUED)

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.85% (2013: 2.70%) per annum.

The Group's borrowings are denominated in NT$ or HK$, functional currencies of the relevant group entities.

In respect of the syndicated bank loans of HK$183,750,000 as at 31 March 2014 (2013: HK$210,000,000), the Group was unable to fulfil the required financial covenants. Up to the date these consolidated financial statements are authorised for issuance, the syndicated bank loans were fully settled. The loans are classified as current liability as at 31 March 2014.

31. RETIREMENT BENEFITS PLANS

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Obligations on:		
Pensions – defined contribution plans (notes (a) and (b))	**3,514**	3,530
Defined benefit plans obligations (note (c))	**66,862**	92,688
	70,376	96,218

Notes:

Hong Kong

Defined contribution plan

(a) The Group operates two (2013: two) Occupational Retirement Schemes Ordinance schemes (the "HK Scheme") and a mandatory provident fund scheme (the "MPF Scheme") for eligible employees in Hong Kong.

The Group's and the employees' contributions to the MPF Scheme are each set at 5% of the employees' salaries up to a maximum of HK$1,000 for period 1 April 2012 to 31 May 2012 and HK$1,250 since 1 June 2012 per employee per month. The Group's contributions to the MPF Scheme are fully and immediately vested to the employees once they are paid.

The Group's and the employees' contributions to the HK Scheme are each set at 5% after deducting the MPF contribution of the employees' salaries including basic salaries, commission and certain bonuses.

The HK Scheme and the MPF Scheme were established under trust with the assets of the funds held separately from those of the Group by independent trustees.

During the year ended 31 March 2014, forfeited contributions totalling HK$1,292,000 were utilised (2013: HK$1,442,000). At 31 March 2014 and 2013, the Group has no balance available to reduce future contributions in respect of the HK Scheme.

As at 31 March 2014, the Group had no contributions payable under the HK Scheme and the MPF Scheme totalling HK$10,000 (2013: Nil), which is included in trade and other payables under current liabilities in the consolidated statement of financial position.

31. RETIREMENT BENEFITS PLANS (CONTINUED)

Notes: (continued)

Taiwan

Defined contribution plan

(b) Starting from 1 July 2005, employees may choose a scheme where the rate of contribution by an employer should not be less than 6% of the employees' monthly salaries and the employees may also voluntarily contribute up to 6% of the monthly salaries to the provision fund account under the Labor Pension Act of Taiwan.

The Taiwan defined contribution scheme was established under trust with the assets of the funds held separately from those of the Group by independent trustees.

There were no forfeited contributions for the years ended 31 March 2014 and 2013.

As at 31 March 2014, the Group had contributions payable under the Taiwan defined contribution scheme totalling HK$3,504,000 (2013: HK$3,530,000) which is included in trade and other payables under current liabilities in the consolidated statement of financial position.

Defined benefit plans

(c) The Group also operates four (2013: four) defined benefit retirement schemes for its eligible employees in Taiwan (the "Taiwan Schemes"). Under the Taiwan Schemes, the employees are entitled to retirement benefits varying between 50% to 75% of final salary on the attainment of a retirement age of 60. The assets of the Taiwan Schemes are held under a government-run trust separate from those of the Group. As at 31 March 2014, an actuarial valuation of plan assets and the present value of the defined benefits obligations were carried out and valued by a qualified actuary, Client View Management Consulting Co. Ltd.. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

The principal actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	2014 %	2013 %
Discount rate	**2.00**	1.50
Expected rate of return on plan assets	**2.00**	1.50
Expected rate of future salary increases	**3.00**	4.50

The actuarial valuation showed that the market value of plan assets was HK$17,061,000 (2013: HK$16,998,000) and that the actuarial value of these assets represented 20.3% (2013: 33.1%) of the benefits that had accrued to members. The shortfall of HK$66,862,000 (2013: HK$92,688,000) is to be cleared over the estimated remaining service period of the expected working lives of the of employees of 19 years (2013: 19 to 23 years).

31. RETIREMENT BENEFITS PLANS (CONTINUED)

Notes: (continued)

Defined benefit plans (continued)

(c) (continued)

Amounts recognised in profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	2014 **HK$'000**	2013 HK$'000 (Restated)
Current service cost	**1,419**	2,107
Interest on obligation	**1,625**	1,770
Expected return on plan assets	**(246)**	(336)
Components of defined benefit cost recognised in profit or loss	**2,798**	3,541
Actuarial (gain) loss from remeasurement of defined benefit obligations	**(26,160)**	6,662
Income tax related to actuarial (gain) loss from remeasurement of defined benefit obligations	**4,447**	(1,133)
Components of defined benefit cost recognised in other comprehensive income	**(21,713)**	5,529
Total	**(18,915)**	9,070

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

	31.3.2014 **HK$'000**	31.3.2013 HK$'000 (Restated)	1.4.2012 HK$'000 (Restated)
Present value of funded defined benefit obligations	**83,923**	109,686	99,871
Fair value of plan assets	**(17,061)**	(16,998)	(16,792)
Net liability arising from defined benefit obligation	**66,862**	92,688	83,079

31. RETIREMENT BENEFITS PLANS (CONTINUED)

Notes: (continued)

Defined benefit plans (continued)

(c) (continued)

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2014	2013
	HK$'000	HK$'000
At 1 April	**109,686**	99,871
Current service cost	**1,419**	2,107
Interest cost	**1,625**	1,770
Actuarial (gain) loss	**(26,160)**	6,662
Exchange differences on foreign plans	**(2,647)**	(724)
At 31 March	**83,923**	109,686

Movements in the fair value of the plan assets in the current year were as follows:

	2014	2013
	HK$'000	HK$'000
At 1 April	**16,998**	16,792
Actual return on plan assets	**213**	161
Contributions from the employer	**214**	224
Exchange differences on foreign plans	**(364)**	(179)
At 31 March	**17,061**	16,998

The major categories of plan assets and the expected rate of return at the end of the reporting period for each category, is as follows:

	Expected return		**Fair value of plan assets**	
	2014	2013	**2014**	2013
	%	%	**HK$'000**	HK$'000
Equity instruments	**11.60**	14.46	**5,105**	3,963
Debt instruments	**1.50**	1.50	**8,283**	9,093
Bank deposits	**1.40**	1.40	**3,673**	3,942
Weighted average expected return	**4.50**	4.50	**17,061**	16,998

31. RETIREMENT BENEFITS PLANS (CONTINUED)

Notes: (continued)

Defined benefit plans (continued)

(c) (continued)

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The directors' assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset in the next twelve months.

The actual return on plan assets was HK$213,000 (2013: HK$161,000).

The history of experience adjustments is as follows:

	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Present value of defined benefit obligations	**(83,923)**	(109,686)	(99,871)	(65,365)	(55,941)
Fair value of plan assets	**17,061**	16,998	16,792	15,722	14,048
Deficit	**(66,862)**	(92,688)	(83,079)	(49,643)	(41,893)

The Group expects to make a contribution of HK$214,000 (2013: HK$224,000) to the deferred benefit plans during the next financial year.

32. DEFERRED REVENUE

Deferred revenue represents service fee paid by the Paying Players, for which the related services had not been rendered as at 31 March 2014.

33. SHARE CAPITAL

Ordinary shares of HK$1 each (Note b)

	Authorised	
	No. of shares	HK$'000
At 1 April 2012, 31 March 2013 and 31 March 2014 (note a)	**4,600,000,000**	4,600,000

33. SHARE CAPITAL (CONTINUED)

	Issued and fully paid			
	Number of shares		Share capital	
	31 March 2014	31 March 2013	**31 March 2014 HK$'000**	31 March 2013 HK$'000
At beginning of year	**2,431,006,881**	2,412,496,881	**2,431,007**	2,412,497
Exercise of share options	**–**	18,510,000	**–**	18,510
Ordinary shares of HK$1 each	**2,431,006,881**	2,431,006,881	**2,431,007**	2,431,007
Transfer of share premium reserve upon abolition of par value (Note b)	**–**	–	**928,702**	–
Ordinary shares with no par value	**2,431,006,881**	2,431,006,881	**3,359,709**	2,431,007

Note a: Under Chapter 622 of the new Hong Kong Companies Ordinance, the concept of "authorised share capital" had been abolished. However, the Company is required to disclose the authorised capital if the Company include a maximum number of shares in its articles of association.

Note b: The Company's shares have no par value from the commencement date of Chapter 622 of the new Hong Kong Companies Ordinance (i.e. 3 March 2014).

34. SHARE INCENTIVE SCHEMES

(a) 2007 Share Option Scheme adopted by the Company

The Company's share option scheme (the "2007 Share Option Scheme") was adopted pursuant to resolutions passed on 30 July 2007 for the primary purpose of providing incentives to the directors of the Company, full time employees and eligible persons (as defined under the 2007 Share Option Scheme). Under the 2007 Share Option Scheme, the Board may grant options to eligible participants to subscribe for shares in the Company.

At 31 March 2014, the number of shares in respect of which options had been granted and remained outstanding under the 2007 Share Option Scheme was 75,254,000 (2013: 34,154,000), representing 3.1% (2013: 1.4%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the 2007 Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the shareholders.

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(a) 2007 Share Option Scheme adopted by the Company (continued)

Options granted must be taken up within 14 days from the date of grant, upon payment of HK$10. Subject to the respective terms of issue, options may be exercised at any time from the vesting date to the expiry date. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share.

Details of the terms and movements of the options granted pursuant to the 2007 Share Option Scheme are as follows:

2014

				Number of options				
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 01.04.2013	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 31.03.2014
Directors	10.12.2010	HK$1.050	29.07.2017	3,148,000	–	–	–	3,148,000
	01.02.2012	HK$1.000	29.07.2017	9,000,000	–	–	–	9,000,000
	01.02.2013	HK$1.420	29.07.2017	5,000,000	–	–	–	5,000,000
	24.01.2014	HK$1.000	29.07.2017	–	4,000,000	–	–	4,000,000
	04.02.2014	HK$1.000	29.07.2017	–	5,000,000	–	–	5,000,000
Employees	15.04.2010	HK$1.370	29.07.2017	650,000	–	–	–	650,000
	10.12.2010	HK$1.050	29.07.2017	9,676,000	–	–	(1,300,000)	8,376,000
	08.07.2011	HK$1.000	29.07.2017	680,000	–	–	–	680,000
	01.02.2012	HK$1.050	29.07.2017	1,000,000	–	–	–	1,000,000
	26.09.2012	HK$1.000	29.07.2017	5,000,000	–	–	–	5,000,000
	24.01.2014	HK$1.000	29.07.2017	–	33,700,000	–	(300,000)	33,400,000
				34,154,000	42,700,000	–	(1,600,000)	75,254,000
Exercisable at the end of the year								19,982,000
Weighted average exercise price				HK$1.089	HK$1.000	–	HK$1.041	HK$1.039

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(a) 2007 Share Option Scheme adopted by the Company (continued)

2013

Category of grantee	Date of grant	Exercise price per share	Expiry date	Number of options Balance as at 01.04.2012	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 31.03.2013
Directors	10.12.2010	HK$1.050	29.07.2017	3,148,000	–	–	–	3,148,000
	01.02.2011 (Note b)	HK$1.150	31.01.2014	3,000,000	–	(3,000,000)	–	–
	03.10.2011 (Note a)	HK$1.064	29.07.2017	9,000,000	–	(9,000,000)	–	–
	03.10.2011 (Note b)	HK$1.150	29.07.2017	6,000,000	–	(6,000,000)	–	–
	01.02.2012	HK$1.000	29.07.2017	9,000,000	–	–	–	9,000,000
	01.02.2013	HK$1.420	29.07.2017	–	5,000,000	–	–	5,000,000
Employees	15.04.2010	HK$1.370	29.07.2017	650,000	–	–	–	650,000
	10.12.2010	HK$1.050	29.07.2017	12,966,000	–	(510,000)	(2,780,000)	9,676,000
	08.07.2011	HK$1.000	29.07.2017	680,000	–	–	–	680,000
	01.02.2012	HK$1.050	29.07.2017	1,000,000	–	–	–	1,000,000
	01.02.2012	HK$2.120	07.11.2012	420,000	–	–	(420,000)	–
	26.09.2012	HK$1.000	29.07.2017	–	5,000,000	–	–	5,000,000
				45,864,000	10,000,000	(18,510,000)	(3,200,000)	34,154,000
Exercisable at the end of the year								16,472,400
Weighted average exercise price				HK$1.076	HK$1.210	HK$1.105	HK$1.190	HK$1.089

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(a) 2007 Share Option Scheme adopted by the Company (continued)

The options granted under the 2007 Share Option Scheme fully vested on the first anniversary of the respective dates of grant except for the followings grant of options:

The 420,000 options granted to an employee on 1 February 2012 fully vested immediately.

The 1,000,000 options granted to employee on 1 February 2012 vested as follows:

On 1st anniversary of the date of grant	50% vest
On 2nd anniversary of the date of grant	remaining 50% vest

The 650,000 options granted to an employee on 15 April 2010, the 12,824,000 options granted to directors and employees on 10 December 2010, the 680,000 options granted to employees on 8 July 2011, the 5,000,000 options granted to an employee on 26 September 2012 and the 37,700,000 options granted to Directors and employees on 24 January 2014 vest as follows:

On 1st anniversary of the date of grant	30% vest
On 2nd anniversary of the date of grant	further 30% vest
On 3rd anniversary of the date of grant	remaining 40% vest

No options (2013: 18,510,000) were exercised under the 2007 Share Option Scheme.

During the year ended 31 March 2013, share options were granted on 26 September 2012 and 1 February 2013 respectively. The estimated fair values of the respective share options granted on those dates are HK$1,213,000 and HK$2,200,000.

During the year ended 31 March 2014, share options were granted on 24 January 2014 and 4 February 2014 respectively. The estimated fair value of the respective share options granted on those dates were HK$12,844,000 and HK$1,154,000.

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(a) 2007 Share Option Scheme adopted by the Company (continued)

These fair values were calculated by using the binomial model based on each tranche of the 2007 Share Option Scheme with reference to the vesting period respectively. The inputs into the model with different issue dates were as follows:

Grant date	15 April 2010	10 December 2010	1 February 2011	8 July 2011 (Note b)	3 October 2011 (Note a)
Valuation date	15 April 2010	10 December 2010	1 February 2011	8 July 2011	3 October 2011
Share price	HK$1.37	HK$1.05	HK$1.15	HK$0.91	HK$0.67
Exercise price	HK$1.37	HK$1.05	HK$1.15	HK$1.00	HK$1.06
Expected volatility	45.69%	47.55%	58.39%	47.72%	48.93%
Risk-free rate	2.556%	2.21%	0.94%	1.71%	0.92%
Expected dividend yield	0%	0%	0%	0%	0%
Exercisable period	7.29 years	2 to 7 years	2 to 3 years	2-6 years	6 years
Vesting period	1 to 3 years	1 to 3 years	1 year	1 to 3 years	0 to 1 year
Fair value per option	HK$0.4612	HK$0.3057	HK$0.0640	HK$0.3779	HK$0.2099

Grant date	3 October 2011 (Note b)	1 February 2012	1 February 2012	1 February 2012
Valuation date	3 October 2011	1 February 2012	1 February 2012	1 February 2012
Share price	HK$0.67	HK$0.70	HK$0.70	HK$0.70
Exercise price	HK$1.15	HK$1.00	HK$1.05	HK$2.12
Expected volatility	48.93%	50.07%	50.07%	50.07%
Risk-free rate	0.92%	0.69%	0.69%	0.69%
Expected dividend yield	0%	0%	0%	0%
Exercisable period	6 years	5 years	2-5 years	5 years
Vesting period	0 to 1 year	1 year	1 to 2 years	immediate
Fair value per option	HK$0.1991	HK$0.2330	HK$0.2263	HK$0.0010

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(a) 2007 Share Option Scheme adopted by the Company (continued)

Grant date	26 September 2012	26 September 2012	26 September 2012	1 February 2013
Valuation date	26 September 2012	26 September 2012	26 September 2012	1 February 2013
Share price	HK$0.72	HK$0.72	HK$0.72	HK$1.42
Exercise price	HK$1.00	HK$1.00	HK$1.00	HK$1.42
Expected volatility	52.97%	52.97%	52.97%	58.21%
Risk-free rate	0.35%	0.35%	0.35%	0.57%
Expected dividend yield	0%	0%	0%	0%
Exercisable period	4.84 years	4.84 years	4.84 years	4.49 years
Vesting period	1 year	2 years	3 years	1 year
Fair value per option	HK$0.2353	HK$0.2419	HK$0.2489	HK$0.4400

Grant date	24 January 2014	4 February 2014
Valuation date	24 January 2014	4 February 2013
Share price	HK$0.99	HK$1.42
Exercise price	HK$1.00	HK$1.00
Expected volatility	52.21%	58.21%
Risk-free rate	0.87%	0.57%
Expected dividend yield	0%	0%
Exercisable period	3.514 years	3.486 years
Vesting period	3 years	1 year
Fair value per options	HK$0.3407	HK$0.2307

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(a) 2007 Share Option Scheme adopted by the Company (continued)

Expected volatilities are determined by using the historical volatility of the Company's share price over the previous 5 years as of the respective valuation dates of the options.

Note a: On 3 October 2011, the Company modified its 9,000,000 outstanding options which were granted on 1 February 2010 with one year vesting period. The terms of the options granted remained unchanged, except the exercisable period was extended to July 2017 from January 2013. The Company measures the fair value of the share options before and after modification, with an incremental fair value of HK$1,578,000. As the modification occurred after vesting date of the option (i.e. 1 February 2011), the incremental fair value of HK$1,578,000 was recognised immediately in profit or loss in that year.

Note b: On 3 October 2011, the Company modified the 6,000,000 outstanding options granted on 1 February 2011 with an one year vesting period. The terms of the option granted remained constant, except for the exercisable period which was extended to July 2017 from January 2013. The Company measured the fair value of the share options before and after modification, with an incremental fair value of was calculated to have HK$811,000. The modification occurred before vesting date of these options (i.e. 1 February 2012), however, the incremental fair value of HK$811,000 was considered insignificant and has been fully recognised in that year.

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

The 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 issued shares of the Company as at 29 October 2007.

34. SHARE INCENTIVE SCHEMES (CONTINUED)

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

2013

				Number of subscription right				
Category of grantee	Date of grant	Subscription price per share	Expiry date	Balance as at 01.04.2012	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 31.03.2013
Directors	08.11.2007	HK$2.12	07.11.2012	2,254,000	–	–	(2,254,000)	–
Employees	08.11.2007	HK$2.12	07.11.2012	31,940,000	–	–	(31,940,000)	–
	25.02.2008	HK$2.49	24.02.2013	1,000,000	–	–	(1,000,000)	–
				35,194,000	–	–	(35,194,000)	–
Eligible for subscription at the end of the year								–
Weighted average subscription price				HK$2.131	–	–	HK$2.131	–

The invitations issued under the Share Subscription Plan vest as follows:

On 1st anniversary of the date of grant	$33^1/_3$% vest
On 2nd anniversary of the date of grant	further $33^1/_3$% vest
On 3rd anniversary of the date of grant	remaining $33^1/_3$% vest

Invitations for subscription under the Share Subscription and Financing Plan were all lapsed during the year ended 31 March 2013 and no further invitations for subscription were issued, subscribed for or cancelled during the year ended 31 March 2014. As at 31 March 2014, there were no outstanding invitations for subscription under the Share Subscription and Financing Plan.

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries

On July 2007, both Apple Daily Publication Development Limited ("ADPDL") and Next Media Publishing Limited ("NMPL") adopted share option schemes (the "2007 Subsidiary Share Option Schemes"). On 20 February 2008, both Apple Community Infonet Limited ("ACIL") and nxTomo Games Limited ("nxTomo Games", formerly known as "Next Media Webcast Limited") adopted share option schemes (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") and Sharp Daily Limited ("Sharp Daily") adopted share option schemes (the "2012 Subsidiary Share Option Schemes"). On 14 June 2013, nxTomo Ltd. ("nxTomo") adopted a share option scheme (the "2013 nxTomo Share Option Scheme"). nxTomo together with ADPDL, NMPL, ACIL, nxTomo Games, AHIL, Anyplex, Next Mobile, Next E-Shopping and Sharp Daily are, collectively referred to as the "Hong Kong Subsidiaries".

Under the 2007 Subsidiary Share Option Schemes, the 2008 Subsidiary Share Option Schemes, the 2009 AHIL Share Option Scheme, the 2012 Subsidiary Share Option Schemes and the 2013 nxTomo Share Option Scheme, 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 ADPDL, NMPL, ACIL, nxTomo Games, AHIL, Anyplex, Next Mobile, Next E-Shopping,Sharp Daily and nxTomo. The number of shares which may be issued upon exercise of all outstanding options granted under the 2007 Subsidiary Share Option Schemes, the 2008 Subsidiary Share Option Schemes, the 2009 AHIL Share Option Scheme, the 2012 Subsidiary Option Schemes and the 2013 nxTomo Share Option Scheme and any other share option scheme of the Hong Kong Subsidiaries is limited to 30% of the respective subsidiaries' shares in issue from time to time.

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

On 16 September 2010, each of Next TV Broadcasting Limited ("Next TV"), Next Multi-media Entertainment Services Limited ("NMES") and Next Media Lifestyle Entertainment Service 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 2010 Subsidiaries Share Option Schemes and any other share option scheme of the Taiwan Subsidiaries is limited to 30% of the respective Taiwan Subsidiaries' shares in issue from time to time.

(i) 2007 Subsidiary Share Option Schemes

During the years ended 31 March 2014 and 2013, no options were granted, exercised, lapsed or cancelled under the 2007 Subsidiary Share Option Schemes of ADPDL and NMPL.

(ii) 2008 Subsidiary Share Option Schemes

During the year ended 31 March 2014, 550,000 shares were granted under the 2008 Subsidiary Share Option Schemes of nxTomo Games. Save as disclosed as aforesaid, during the years ended 31 March 2013 and 2014, no options were granted, exercised, lapsed or cancelled under the 2008 Share Option Scheme of ACIL. During the year ended 31 March 2013, no options were granted, exercised, lapsed or cancelled under the 2008 Share Option Scheme of nxTomo Games.

2014

				Number of options				
Category of grantee	**Date of grant**	**Exercise price per share**	**Expiry date**	**Balance as at 01.04.2013**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Balance as at 31.03.2014**
nxTomo Games								
Directors	23.09.2013	HK$0.01	20.02.2018	–	50,000	–	–	50,000
Employees	23.09.2013	HK$0.01	20.02.2018	–	500,000	–	–	500,000
				–	550,000	–	–	550,000
Exercisable at the end of the year				–				–
Weighted average exercise price				–	0.01	–	–	–

The 550,000 options granted to a Director and the employees of the nxTomo Games on 23 September 2013 will be fully vested on 23 September 2014.

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

(iii) 2009 AHIL Share Option Scheme

No options were granted, exercised, lapsed, cancelled or outstanding under the 2009 AHIL Subsidiary Share Option Scheme during the years ended 31 March 2014 and 2013.

(iv) 2010 Subsidiary Share Option Schemes

Details of the terms and movements of the share options granted pursuant to the 2010 Subsidiary Share Option Schemes for the year ended 31 March 2013 were as follows:

2013

				Number of options				
Category of grantee	**Date of grant**	**Exercise price per share** (Note b)	**Expiry date**	**Balance as at 01.04.2012**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Balance as at 31.03.2013**
Next TV (Note a)								
Employees	15.12.2010	NT$10	Not yet determined	209,100	–	–	(209,100)	–
	19.03.2012	NT$10	Not yet determined	50,000	–	–	(50,000)	–
				259,100	–	–	(259,100)	–
Exercisable at the end of the year								–
Weighted average exercise price				NT$10.00	–	–	NT$10.00	–

Note a: Such 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 transaction has lapsed immediately.

Note b: On 5 April 2012, the exercise price of share options granted under the 2010 Subsidiary Share Option Schemes, which remain unexercised and outstanding, has been determined by the respective boards of directors of the subsidiaries at NT$10.00 per share, being the par value of a share of each of the Taiwan subsidiaries.

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

(iv) 2010 Subsidiary Share Option Schemes (continued)

2013

Category of grantee	Date of grant	Exercise price per share (Note b)	Expiry date	Number of options				
				Balance as at 01.04.2012	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 31.03.2013
NMES (Note a)								
Employees	15.12.2010	NT$10	Not yet determined	6,000	–	–	(6,000)	–
	08.07.2011	NT$10	Not yet determined	3,500	–	–	(3,500)	–
				9,500	–	–	(9,500)	–
Exercisable at the end of the year								–
Weighted average exercise price				NT$10.00	–	–	NT$10.00	–

Note a: Such 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.

Note b: On 5 April 2012, the exercise price of share options granted under the 2010 Subsidiary Share Option Schemes, which remain unexercised and outstanding, has been determined by the respective boards of directors of the subsidiaries at NT$10.00 per share, being the par value of a share of each of the Taiwan subsidiaries.

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

(iv) 2010 Subsidiary Share Option Schemes (continued)

2013

				Number of options				
Category of grantee	Date of grant	Exercise price per share (Note b)	Expiry date	Balance as at 01.04.2012	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 31.03.2013
NMLE (Note a) Employees	08.07.2011	NT$10	Not yet determined	2,000	–	–	(2,000)	–
Exercisable at the end of the year								–
Weighted average exercise price				NT$10.00	–	–	NT$10.00	–

Note a: Such share option scheme was terminated by the board of directors of NMLE with effect from 30 September 2012. There were no outstanding options granted under such scheme on 19 November 2012.

Note b: On 5 April 2012, the exercise price of share options granted under the 2010 Subsidiary Share Option Schemes, which remain unexercised and outstanding, has been determined by the respective boards of directors of the subsidiaries at NT$10.00 per share, being the par value of a share of each of the Taiwan subsidiaries.

The options granted under the 2010 Subsidiary Share Option Schemes vest as follows:

On 1st anniversary of the date of grant	30% vest
On 2nd anniversary of the date of grant	further 30% vest
On 3rd anniversary of the date of grant	remaining 40% vest

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

(v) 2012 Subsidiary Share Option Schemes

Details of the terms and movements of the share options granted pursuant to 2012 Subsidiary Share Option Schemes are as follows:

2014

Category of grantee	Date of grant	Exercise price per share	Expiry date	Number of options: Balance as at 01.04.2013	Granted during the year (Note)	Exercised during the year	Lapsed during the year	Balance as at 31.03.2014
Sharp Daily								
Employees	11.06.2012	HK$0.01	Not yet determined	100,000	–	–	–	100,000
	11.06.2013	HK$0.01	Not yet determined	–	100,000	–	–	100,000
				100,000	100,000	–	–	200,000
Exercisable at the end of the year								30,000
Weighted average exercise price				HK$0.01	HK$0.01	–	–	HK$0.01

Note: Since Sharp Daily has ceased its operations on 21 October 2013 and it is anticipated that the fair value of options granted under the 2012 Subsidiary Share Option Schemes of Sharp Daily during the year under is minimal, the Company has not carried out any valuation to assess the fair value of such options.

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

(v) 2012 Subsidiary Share Option Schemes (continued)

2013

				Number of options				
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 01.04.2012	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 31.03.2013
Sharp Daily								
Employees	11.06.2012	HK$0.01	Not yet determined	–	100,000	–	–	100,000
Exercisable at the end of the year								–
Weighted average exercise price				–	HK$0.01	–	–	HK$0.01

During the year ended 31 March 2014 and 31 March 2013, no options were granted, exercised, lapsed or cancelled under the 2012 Share Option Schemes of Anyplex, Next Mobile and Next E-Shopping.

The options granted under the 2012 Subsidiary Share Option Scheme vest as follows:

On 1st anniversary of the date of grant	30% vest
On 2nd anniversary of the date of grant	further 30% vest
On 3rd anniversary of the date of grant	remaining 40% vest

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

(vi) 2013 nxTomo Share Option scheme

During the year ended 31 March 2014, 560,000 options were granted under the 2013 nxTomo Share Option Scheme.

Details of the terms and movements of the share options granted pursuant to 2013 nxTomo Share Option Scheme are as follows:

2014

Category of grantee	Date of grant	Exercise price per share	Expiry date	Number of options: Balance as at 01.04.2013	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 31.03.2014
nxTomo								
Directors	23.09.2013	HK$0.01	14.06.2023	–	50,000	–	–	50,000
Employees	23.09.2013	HK$0.01	14.06.2023	–	510,000	–	–	510,000
				–	560,000	–	–	560,000
Exercisable at the end of the year								–
Weighted average exercise price				–	HK$0.01	–	–	HK$0.01

The 560,000 options granted to a Director and the employees of nxTomo on 23 September 2013 will be fully vested on 23 September 2014.

The Binomial Model has been used for assessing the fair values of the options granted under the 2008 Subsidiary Share Option Schemes of nxTomo Games and 2013 nxTomo Share Option Scheme for the year ended 2014 (2013: the 2010 and 2012 Subsidiary Share Option Schemes). During the year, the Group did not recognise an expense for the year ended 31 March 2014 (2013: Nil) in relation to share options granted under the 2008 Subsidiary Share Option Schemes of nxTomo Games, 2012 Subsidiary Share Option Schemes of Sharp Daily and 2013 nxTomo Share Option Scheme.

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

Grant date	15 December 2010	15 December 2010	8 July 2011
Subsidiary scheme	Next TV	NMES	NMES
Valuation date	15 December 2010	15 December 2010	8 July 2011
Share price	NT$13.45	NT$12.38	NT$24.97
Exercise price	NT$13.45	NT$12.375	NT$24.97
Expected volatility	65.23% (Note 1)	63.49% (Note 1)	70.77% (Note 1)
Risk-free rate	1.477%	1.477%	1.42%
Expected dividend yield	0%	0%	0%
Exercisable period	–	–	–
Vesting period	1 to 3 years	1 to 3 years	3 years
Fair value per option	NT$7.728 (equivalent to HK$2.033)	NT$6.167 (equivalent to HK$1.622)	NT$14.86 (equivalent to HK$3.900)

Grant date	8 July 2011	19 March 2012	11 June 2012
Subsidiary scheme	NMLE	Next TV	Sharp Daily
Valuation date	8 July 2011	19 March 2012	11 June 2012
Share price	NT$114.93	HK$2.63	HK$0.01
Exercise price	NT$114.93	HK$2.63	HK$0.01
Expected volatility	70.77% (Note 1)	70.77% (Note 1)	25.92%
Risk-free rate	1.42%	1.20%	1.11%
Expected dividend yield	0%	0%	0%
Exercisable period	–	–	–
Vesting period	3 years	3 years	1 year
Fair value per option	NT$69.00 (equivalent to HK$18.148)	HK$1.02	HK$0.003

34. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

Grant date	11 June 2012	11 June 2012	23 September 2013	23 September 2013
Subsidiary scheme	Sharp Daily	Sharp Daily	nxTomo Games	nxTomo
Valuation date	11 June 2012	11 June 2012	23 September 2013	23 September 2013
Share price	HK$0.01	HK$0.01	HK$0.01	HK$0.01
Exercise price	HK$0.01	HK$0.01	HK$0.01	HK$0.01
Expected volatility	25.92%	25.92%	116.31%	42.61%
Risk-free rate	1.11%	1.11%	0.93%	1.73%
Expected dividend yield	0%	0%	0%	0%
Exercisable period	–	–	–	–
Vesting period	2 years	3 years	14.41 years	9.73 years
Fair value per option	HK$0.003	HK$0.003	HK$3.02	HK$2.09

Note 1: Expected volatility was determined by using the historical volatility of comparable companies' share prices corresponding to the terms of options from their respective valuation dates.

The Group and the Company recognised the total expense of HK$5,734,000 and HK$4,264,000 respectively, for the year ended 31 March 2014 (2013: HK$3,731,000 and HK$3,731,000 respectively) in relation to options granted under the share option schemes of the Group and invitations issued under the Share Subscription Plan.

35. RESERVES

	Share premium HK$'000	Share-based payment reserve HK$'000	Accumulated profits (losses) HK$'000	Total HK$'000
THE COMPANY				
At 1 April 2012	918,712	40,283	391,473	1,350,468
Exercise of share options	9,990	(8,039)	–	1,951
Loss and total comprehensive expense for the year	–	–	(988,677)	(988,677)
Recognition of equity-settled share-based payments	–	3,731	–	3,731
Lapse of share options	–	(28,917)	28,917	–
At 31 March 2013	928,702	7,058	(568,287)	367,473
Loss and total comprehensive expense for the year	–	–	(352,532)	(352,532)
Recognition of equity-settled share-based payments	–	4,264	–	4,264
Lapse of share options	–	(389)	389	–
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance (Note a)	(928,702)	–	–	(928,702)
At 31 March 2014	–	10,933	(920,430)	(909,497)

Note a: The Company's shares have no par value from the commencement date of Chapter 622 of the new Hong Kong Companies Ordinance (i.e. 3 March 2014).

36. DEFERRED TAX

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the current and prior years is as follows:

THE GROUP

Deferred tax liabilities	Accelerated tax depreciation		Intangible assets		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
		(Restated)				(Restated)
At beginning of the year	**50,548**	62,202	**223,386**	223,386	**273,934**	285,588
Exchange difference	**247**	(5)	**–**	–	**247**	(5)
Credit to profit or loss	**(1,758)**	(6,578)	**–**	–	**(1,758)**	(6,578)
Charge (credit) to other comprehensive income	**4,447**	(1,133)	**–**	–	**4,447**	(1,133)
Transfer to liabilities associated with assets classified as held for sale	**–**	(3,938)	**–**	–	**–**	(3,938)
At end of the year	**53,484**	50,548	**223,386**	223,386	**276,870**	273,934

Deferred tax assets	Tax losses	
	2014	2013
	HK$'000	HK$'000
At beginning of the year	**(2,975)**	(7,205)
Charge to profit or loss	**1,614**	292
Transfer to assets classified as held for sale	**–**	3,938
At end of the year	**(1,361)**	(2,975)

For the purpose of the statement of financial position presentation, deferred tax assets and liabilities have been offset.

36. DEFERRED TAX (CONTINUED)

THE GROUP (CONTINUED)

The movement on the deferred tax liabilities (assets) account is as follows:

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
		(Restated)
At beginning of the year	**270,959**	278,383
Exchange difference	**247**	(5)
Credit to profit or loss	**(144)**	(6,286)
Charge (credit) to other comprehensive income	**4,447**	(1,133)
At end of the year (shown as non-current liabilities)	**275,509**	270,959

As at 31 March 2014, the Group has estimated unused tax losses from continuing operations of approximately HK$1,308,569,000 (2013: HK$1,185,813,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$8,247,000 (2013: HK$18,030,000) of such loss. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$1,300,322,000 (2013: HK$1,167,783,000) due to the unpredictability of future profits streams. In addition, tax losses from continuing operations of HK$14,015,000 (2013: HK$28,483,000) have not yet been approved by Taiwan tax authority and no deferred tax assets have been recognised.

	2014	2013
	HK$'000	HK$'000
Indefinite	**1,299,762**	1,177,005
Expiry in:		
2014	**–**	–
2015	**8,807**	8,808
	1,308,569	1,185,813

36. DEFERRED TAX (CONTINUED)

THE COMPANY

Deferred tax liabilities	Accelerated tax depreciation	
	2014	2013
	HK$'000	HK$'000
At beginning of the year	**14,708**	15,488
Charge (credit) to profit or loss	**2,379**	(780)
At end of the year	**17,087**	14,708

As at 31 March 2013 and 2014, the Company had no unused tax losses available for offset against future profits.

37. PROVISIONS

	THE GROUP Litigations	
	2014	2013
	HK$'000	HK$'000
Balance at beginning of the year	**101,863**	71,425
Additional provision for litigation during the year	**52,424**	66,120
Payment during the year	**(21,832)**	(14,171)
Reversal during the year	**(17,864)**	(21,271)
Exchange difference	**(632)**	(240)
Balance at end of the year	**113,959**	101,863

As at 31 March 2014, the Group had provisions classified as current liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

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

38. CONTINGENT LIABILITIES

THE GROUP

(a) Pending litigations

In addition to the litigation mentioned in note 37, 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 would have any liability if UDL pursues its various claims to their ultimate conclusion.

(b) Contingent liabilities arising from the acquisition of Database Gateway Limited

In connection with the acquisition of Database Gateway Limited ("DGL") and its subsidiaries (the "Acquired Group") on 26 October 2001, the Group may subject to the contingent liabilities including 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.

Mr. Lai, the Chairman and a controlling shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all contingent liabilities (the Indemnity). In relation to the Indemnity, Mr. Lai also procured a bank guarantee of HK$60,000,000 for a term of three years up to 25 October 2016 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

(c) Guarantees given

As at 31 March 2014, the Company provided various corporate guarantees to financial institutions for facilities granted to its subsidiaries. The aggregate amounts of these guarantees amounted to HK$697,830,000 (2013: HK$868,405,000), HK$664,380,000 (2013: HK$857,716,000) of which has been utilised by its subsidiaries. In the opinion of the Directors, the fair value of financial guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts as at 31 March 2014 and 2013 is recognised as, in the opinion of the Directors, the default risk is low.

39. COMMITMENTS

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

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Authorised but not contracted for	**135**	592
Contracted but not provided for	**13,432**	5,126
	13,567	5,718

The Company did not have any capital commitment at the end of the reporting period.

(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:

	2014			2013		
	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	**5,729**	**15,689**	**21,418**	5,198	10,968	16,166
In the second to fifth years inclusive	**3,134**	**8,659**	**11,793**	2,904	6,206	9,110
	8,863	**24,348**	**33,211**	8,102	17,174	25,276

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

39. COMMITMENTS (CONTINUED)

(b) Commitments under operating leases (continued)

The Group as lessor

Rental income earned during the year from continuing operations was HK$11,934,000 (2013: HK$2,181,000).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Within one year	**19,523**	3,628
In the second to fifth years inclusive	**60,342**	2,334
	79,865	5,962

Operating lease payments represent rental receivable by the Group from leasing of its property, plant and equipment. Typically, leases are negotiated and rentals are fixed for lease term of one to five years.

40. RELATED PARTY DISCLOSURE

Details of related party transactions are as follows:

(a) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Short-term benefits	**30,851**	27,256
Share-based payments	**2,508**	2,196
Post-employment benefits	**805**	793
	34,164	30,245

40. RELATED PARTY DISCLOSURE (CONTINUED)

(b) Related party transactions

Nature of transaction	Name of related company/person	Relationship with the Group	**2014 HK$'000**	2013 HK$'000
Office rental income received by the Group in Taiwan	Absolute Ace Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**(9)**	(9)
Car park rental paid by the Group in Taiwan – Apple Daily Publication Development Limited, Taiwan Branch (Note i)	Best Combo Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**–**	450
Car park rental paid by the Group in Taiwan – Next Media Publishing Limited, Taiwan Branch – Next TV Broadcasting Limited – Apple Daily Publication Development Limited, Taiwan Branch (Note ii)	Best Combo Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**100**	151
Office rental paid by the Group in Taiwan – Next TV Broadcasting Limited (Note iii)	Best Combo Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**1,983**	11,965
Office rental paid by the Group in Taiwan – Next Multi-media Entertainment Services Limited (Note iv)	Best Combo Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**–**	2,561
Office rental income received by the Group in Taiwan	Best Combo Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**(9)**	(9)

40. RELATED PARTY DISCLOSURE (CONTINUED)

(b) Related party transactions (continued)

Nature of transaction	Name of related company/person	Relationship with the Group	2014 HK$'000	2013 HK$'000
Sale proceeds for fixed assets received by the Group	Best Combo Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**(4)**	–
Office rental income received by the Group in Taiwan	Chartwell Holding Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**(9)**	(9)
Office rental income received by the Group	Dico Consultants Limited	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**(69)**	(75)
Supporting services recharged by the Group	Dico Consultants Limited	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**(100)**	–
Office rental income received by the Group in Taiwan	Sino Focus Group Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**(9)**	(9)
Animation production service charge paid by the Group (Note v)	Next Media Animation Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**31,357**	28,234
Production cost received by the Group	Next Media Animation Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**–**	(108)
Office rental received by the Group (Note vi)	Next Media Animation Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**(3,901)**	(2,121)

40. RELATED PARTY DISCLOSURE (CONTINUED)

(b) Related party transactions (continued)

Nature of transaction	Name of related company/person	Relationship with the Group	**2014 HK$'000**	2013 HK$'000
Office rental paid by the Group	Next Media Animation Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**7**	–
Supporting services fee received by the Group (Note v)	Next Media Animation Limited	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**(4,301)**	(4,408)
Purchase of fixed assets paid by the Group	Next Media Animation Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**2**	35
Sales of film received by the Group	Next Media Animation Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**–**	(20)
Sale proceeds for fixed assets received by the Group	Next Media Animation Limited – Hong Kong Head Office and Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**(189)**	–
Sale proceeds for fixed assets received by the Group	Net Media Animation Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**–**	(127)
Sale proceeds for fixed assets received by the Group (Note viii)	Next Media Animation Limited – Hong Kong Head Office and Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**–**	(5,758)
Sale proceeds for fixed assets received by the Group	Net Media Animation Limited	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**–**	(492)

40. RELATED PARTY DISCLOSURE (CONTINUED)

(b) Related party transactions (continued)

Nature of transaction	Name of related company/person	Relationship with the Group	2014 HK$'000	2013 HK$'000
Purchase of fixed assets paid by the Group (Note vii)	Net Media Animation Ltd – Hong Kong Head Office and Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**3,409**	–
Advertising income received by the Group	Next Media Animation Limited	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**–**	(756)
Interest for shareholder's loans for the loan assignment	Colored World Holdings Limited	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**2,189**	–
Interest received for shareholder's loans	Colored World Holdings Limited	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**(740)**	(1,253)
Loan assignment	Next Media Animation Limited	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**34,626**	–

Notes:

(i) On 15 February 2012, the Taiwan Branch of Apple Daily Publication Development Limited ("ADPDL"), an indirectly wholly owned subsidiary of the Company, entered into a lease agreement with the Taiwan Branch of Best Combo Limited ("BCL"), a company 100% beneficially owned by Mr. Lai, a Director and the controlling shareholder of the Company, in respect of lease of car parking spaces to Taiwan Branch of ADPDL for a term of one year from 15 April 2012 to 14 April 2013. This agreement was terminated on 28 December 2012.

40. RELATED PARTY DISCLOSURE (CONTINUED)

(b) Related party transactions (continued)

Notes: (continued)

(ii) On 28 December 2012, the Taiwan Branch of ADPDL, the Taiwan Branch of Next Media Publishing Limited ("NMPL"), both of which are indirect wholly owned subsidiaries, and Next TV Broadcasting Limited ("Next TV"), a former indirectly wholly owned subsidiary of the Company, entered into a lease agreement with the Taiwan Branch of BCL, a company 100% beneficially owned by Mr. Lai, a Director and the controlling shareholder of the Company, in respect of lease of car parking spaces to Taiwan Branch of ADPDL, the Taiwan Branch of NMPL and Next TV for a term of two years from 28 December 2012 to 27 December 2014. This agreement was terminated on 31 May 2013.

The extent of these continuing connected transactions did not exceed the limit as set out in the Directors' Report of this annual report.

(iii) On 29 April 2011, Next TV, a former indirectly wholly owned subsidiary of the Company, entered into a lease agreement with the Taiwan Branch of BCL in respect of lease of office premises to Next TV for a term of 35 months from 1 May 2011 to 31 March 2014. This lease agreement was terminated with effect from 1 June 2013.

The extent of these continuing connected transactions did not exceed the limit as set out in the announcement of the Company dated 29 April 2011.

On 7 June 2011, Next TV entered into an agreement with the Taiwan Branch of BCL in respect of lease of office premises to Next TV for a term of 30 months from 1 October 2011 to 31 March 2014. On 30 September 2011, an addendum to the aforesaid lease agreement has been entered into between Next TV and Taiwan Branch of BCL, the commencement date of the lease term was amended from 17 November 2011, the date on which the occupation permit was granted, to 31 March 2014. This lease agreement was terminated with effect from 1 June 2013.

Total rental of the above two lease agreements was HK$1,983,000 for the year ended 31 March 2014 (2013: HK$11,965,000) is charged to profit or loss. This agreement was terminated on 1 June 2013 following the partial completion of disposal of Next TV on 31 May 2013.

The extent of these continuing connected transactions did not exceed the limit as set out in the announcements of the Company dated 7 June 2011 and 30 September 2011.

(iv) On 7 June 2011, Next Multi-media Entertainment Services Limited ("NMESL"), an indirectly wholly owned subsidiary of the Company, entered into an agreement with the Taiwan Branch of BCL in respect of lease of office premises for a term of 30 months from 1 October 2011 to 31 March 2014. The lease term was amended by an agreement dated 30 September 2011. The new term of lease was is amended from 17 November 2011, the date on which the occupation permit was granted, to 31 March 2014. This agreement was terminated on 31 January 2013.

40. RELATED PARTY DISCLOSURE (CONTINUED)

(b) Related party transactions (continued)

Notes: (continued)

(v) On 10 June 2011, the Group entered into a Business Framework Agreement with Next Media Animation Limited ("NMAL"), a company formerly 70% beneficially owned by Mr. Lai, a Director and the controlling shareholder of the Company, in respect of the animation services to be rendered by NMAL and its subsidiaries (collectively as "NMAL Group") to the Group and the advertising services and the supporting services to be rendered by the Group to the NMAL Group for a term of 29 months from 31 October 2011 to 31 March 2014. On 31 December 2012, an announcement was made by the Group for revising the annual caps of the supporting services under the Business Framework Agreement. On 31 March 2014, the Company and NMAL entered into 2014 Business Framework Agreement and the NMAL Intellectual Properties Revenue Sharing Agreement for a term of three years with effect from 1 April 2014, details of which are disclosed in the announcement made on 31 March 2014.

The extent of these continuing connected transactions did not exceed the limit as set out in the announcement of the Company dated 31 December 2012.

(vi) As disclosed in the circular dated on 25 January 2013 of the Company in relation to the very substantial disposal (the "VSD circular"), the lease agreement entered between Next TV as landloard and Taiwan branch of NMAL was terminated and a new lease agreement was entered into between Next Media Boardcasting Limited ("NMBL") and Taiwan Branch of NMAL for a term of 28 months from 29 November 2012 to 31 March 2015. This agreement was terminated on 1 August 2013.

The extent of the continuing connected transactions did not exceed the limit as set out in the VSD circular of the Company dated 25 January 2013.

On 31 July 2013, the Taiwan Branch of NMAL entered into an agreement with NMBL in respect of lease of office premises to the Taiwan Branch of NMAL for a term of 32 months from 1 August 2013 to 31 March 2016. Rental of HK$3,195,000 for the year ended 31 March 2014 (2013: Nil) is charged to profit or loss. As at 31 March 2014, total commitment for rental amounted to approximately NT$36,800,000 (2013: Nil), out of which approximately NT$18,400,000 (2013: Nil) will be payable in the next twelve months, and NT$18,400,000 in second to third years (2013: Nil).

The extent of the continuing connected transactions did not exceed the limit as set out in the announcement of the Group on 31 July 2013.

(vii) On 15 August 2013, nxTomo Games Limited ("nxTomo"), an indirectly wholly owned subsidiary of the Company, entered into a sale and purchase agreement with NMAL, pursuant to which nxTomo has agreed to purchase and NMAL has agreed to sell certain assets at a consideration of HK$3,409,000.

The transaction constituted a connected transaction for the Company under Chapter 14A of the Listing Rules, details of which are set out in the announcement of the Company dated 15 August 2013.

(viii) On 29 June 2012, Next Media Lifestyle Entertainment Services Limited ("NMLES"), being an indirectly wholly owned subsidiary of the Company, entered into a sale and purchase agreement with NMAL, pursuant to which NMLES agreed to sell and NMAL agreed to purchase the assets at a consideration of HK$5,758,000.

The transaction constituted a connected transaction for the Company under Chapter 14A of the Listing Rules, details of which are set out in the announcement of the Company dated 29 June 2012.

41. MAJOR NON CASH TRANSACTIONS

During the year, a deposit for acquisition of property, plant and equipment amounting to HK$1,866,000 (2013: HK$21,592,000) was transferred to plant and machinery.

42. EVENT AFTER THE REPORTING PERIOD

On 9 May 2014, the Hong Kong High Court made an order confirming the reduction of the Company's share premium account by HK$924,962,000 (the "Reduction of Share Premium Account") pursuant to Section 60 of the Companies Ordinance. Upon registration of the court order with the Companies Registry on 22 May 2014, the Reduction of Share Premium Account became effective. Hence, the Company reduced its share capital account by HK$924,962,000 to set off against the Company's total accumulated losses.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) Particulars of the principal subsidiaries of the Company as at 31 March 2014 and 2013 are as follows:

Name	Place of incorporation	Paid up issued share capital	Proportion of nominal value of issued capital held by the Company		Proportion of voting power held by the Company		Principal activities
			2014	2013	**2014**	2013	
			%	%	%	%	
Apple Daily I. P. Limited	British Virgin Islands	1 ordinary share of US$1 each	**100**	100	**100**	100	Holding of masthead and publishing rights of newspaper (Note c)
Apple Daily Limited	Hong Kong	200,000,000 ordinary shares of HK$0.01 each (Note f)	**100**	100	**100**	100	Publication and selling of newspaper and selling of newspaper advertising space (Note c)
Apple Daily Printing Limited	Hong Kong	100,000,000 ordinary shares of HK$1 each (Note f)	**100**	100	**100**	100	Printing of newspaper (Note c)
Apple Daily Publication Development Limited	Hong Kong	10,834,250 ordinary shares of HK$0.01 each (Note f)	**95.05 (Note a)**	94.9	**95.05**	94.9	Publication and selling of newspaper and selling of newspaper advertising space (Note d)
Database Gateway Limited	British Virgin Islands	739,001,531 ordinary shares of HK$1 each	**100 (Note e)**	100	**100**	100	Investment holding (Note c)
Easy Finder I.P. Limited	British Virgin Islands	11,000 ordinary shares of US$1 each	**100**	100	**100**	100	Holding of masthead and publishing rights of magazines (Note c)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) (continued)

Name	Place of incorporation	Paid up issued share capital	Proportion of nominal value of issued capital held by the Company 2014 %	2013 %	Proportion of voting power held by the Company 2014 %	2013 %	Principal activities
FACE Magazine Limited	Hong Kong	10,000 ordinary shares of HK$1 each (Note f)	**100**	100	**100**	100	Publication and selling of magazines (Note c)
FACE Magazine Marketing Limited	Hong Kong	20,000,000 ordinary shares of HK$1 each and 4,000,000,000 ordinary shares of HK$0.01 each (Note f)	**95.17**	95.17	**99.93**	99.93	Selling of magazines advertising spaces (Note c)
Eat and Travel Weekly Company Limited	Hong Kong	2 ordinary shares of HK$1 each (Note f)	**100**	100	**100**	100	Publication and selling of magazines and selling of magazines advertising space (Note c)
ME! Publishing Limited	Hong Kong	1 ordinary share of HK$1 each (Note f)	**100**	100	**100**	100	Publication and selling of magazines and selling of magazines advertising space (Note c)
Next Magazine Advertising Limited	Hong Kong	1,000 ordinary shares of HK$1 each (Note f)	**100**	100	**100**	100	Selling of magazines advertising space (Note c)
Next Magazine Publishing Limited	Hong Kong	1,000 ordinary shares of HK$1 each (Note f)	**100**	100	**100**	100	Publication and selling of magazines (Note c)
Next Media I. P. Limited	British Virgin Islands	1,000 ordinary shares of HK$1 each	**100**	100	**100**	100	Holding of masthead and publishing rights of magazines (Note c)
Next Media Interactive Limited	British Virgin Islands	10,001 ordinary shares of US$1 each	**100**	100	**100**	100	Provision of internet subscription, contents and selling of advertising space (Note c)
Next Media Management Services Limited	Hong Kong	2 ordinary shares of HK$1 each (Note f)	**100**	100	**100**	100	Provision of management services (Note c)

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) (continued)

Name	Place of incorporation	Paid up issued share capital	Proportion of nominal value of issued capital held by the Company 2014 %	2013 %	Proportion of voting power held by the Company 2014 %	2013 %	Principal activities
Next Media Publishing Limited	Hong Kong	10,282,778 ordinary shares of HK$0.01 each (Note f)	**97.87 (Note b)**	97.50	**97.87**	97.50	Publication and selling of magazines and selling of magazines advertising space (Note d)
Next Mobile Limited	Hong Kong	10,000,000 ordinary shares of HK$0.01 each (Note f)	**100**	100	**100**	100	Mobile business and platform development, mobile commerce, mobile games and advertising (Note d)
nxTomo Games Limited	Hong Kong	10,000,000 ordinary shares of HK$0.01 each (Note f)	**100**	100	**100**	100	Mobile games design and development (Note c)
nxTomo Ltd.	British Virgin Islands	10,000,000 ordinary shares of HK$0.01 each	**100**	100	**100**	100	Investment holding (Note c)
Paramount Printing Company Limited	Hong Kong	15,000 ordinary shares of HK$100 each (Note f)	**100**	100	**100**	100	Provision of printing services (Note c)
Sudden Weekly Limited	Hong Kong	2 ordinary shares of HK$1 each (Note f)	**100**	100	**100**	100	Publication and selling of magazines and selling of magazines advertising space (Note c)

The above table includes the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

Note a: The Group acquired additional interest of 0.15% equity interest of the subsidiary during the year ended 31 March 2014.

Note b: The Group acquired additional interest of 0.37% equity interest of the subsidiary during the year ended 31 March 2014.

Note c: The subsidiary operates in Hong Kong.

Note d: The subsidiary operates in both Hong Kong and Taiwan.

Note e: The subsidiary is directly held by the Company. Other subsidiaries are indirectly held by the Company.

Note f: The new Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) abolished the concept of par value for shares with effect from 3 March 2014. However, since the subsidiaries do not have share premium, the nominal value per share of each of the subsidiaries remains unchanged for both financial years.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(b) Composition of other subsidiaries

At the end of the reporting period, the Group has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place(s) of businesses	Number of subsidiaries 31.3.2014	31.3.2013
Newspapers	Hong Kong	**6**	5
Publication and Printing	Hong Kong & Taiwan	**2**	2
	Taiwan	**2**	2
		10	9
Books and Magazines	Hong Kong	**12**	11
Publication and Printing	Hong Kong & Taiwan	**6**	6
	Canada	**2**	2
		20	19
Digital Businesses	Hong Kong	**13**	13
	Hong Kong & Taiwan	**3**	4
	Taiwan	**6**	4
	Netherlands	**2**	2
	USA	**0**	1
		24	24
Supporting and Others	Hong Kong	**7**	7

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 March 2014

	Year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
		(Note a)	(Note a)	(Note a)	(Note a)
RESULTS					
Continuing operations					
Revenue	**3,268,892**	3,474,096	3,602,561	3,472,171	3,126,199
Profit from continuing operations	**339,098**	163,256	208,534	472,969	465,161
Discontinued operations					
Loss for the year from discontinued operations	**(90,622)**	(1,107,858)	(388,726)	(491,977)	(144,123)
Profit (loss) for the year	**248,476**	(944,602)	(180,192)	(19,008)	321,038
Profit (loss) attributable to owners of the Company	**240,146**	(968,004)	(188,006)	(19,194)	318,157
Non-controlling interests	**8,330**	23,402	7,814	186	2,881
Profit (loss) for the year	**248,476**	(944,602)	(180,192)	(19,008)	321,038

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
		(Note a)	(Note a)	(Note a)	(Note a)
ASSETS AND LIABILITIES					
Total assets	**4,204,300**	4,649,774	5,515,323	5,489,084	4,645,486
Total liabilities	**(1,614,119)**	(2,304,773)	(2,162,788)	(1,894,117)	(1,143,601)
	2,590,181	2,345,001	3,352,535	3,594,967	3,501,885
Equity attributable to owners of the Company	**2,556,400**	2,317,529	3,341,582	3,590,577	3,498,562
Non-controlling interests	**33,781**	27,472	10,953	4,390	3,323
	2,590,181	2,345,001	3,352,535	3,594,967	3,501,885

Note a: Due to the application of HKAS 19 (as revised in 2011) during the year ended 31 March 2014, the financial results were restated.

GLOSSARY

2013 AGM	The Company's Annual General Meeting held on 22 July 2013
2014 AGM	The Company's Annual General Meeting to be held on 31 July 2014
2007 ADPDL Share Option Scheme	The share option scheme of ADPDL approved by the Company on 30 July 2007
2007 Share Option Scheme	The share option scheme adopted by the Company on 30 July 2007
ADL	Apple Daily Limited, an indirect wholly owned subsidiary of the Company
ADPL	Apple Daily Printing Limited, an indirect wholly owned subsidiary of the Company
ADPDL	Apple Daily Publication Development Limited, an indirect non-wholly owned subsidiary of the Company
AGM	The Company's annual general meeting
Articles of Association	The Company's Articles of Association as amended, supplemented or modified from time to time
Best Combo	Best Combo Limited, a company incorporated in Hong Kong with limited liability and is 100% beneficially owned by Mr. Lai
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, a company incorporated in the British Virgin Islands with limited liability and is the intermediate holding company of NMA
Colored World Group	Colored World and its subsidiaries
Companies Ordinance or CO	The predecessor Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

Company or Next Media	Next Media Limited
COO	The Chief Operating Officer of the Group
Deloitte	Deloitte Touche Tohmatsu, the external auditor of the Group
Director(s)	Director(s) of the Company
EDs	Executive director(s) of the Company
EGM	The Company's extraordinary general meeting
Financial Statements	The audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2014
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
Hong Kong Subsidiary Share Option Schemes	The respective 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, Next Media Publishing Limited, Next Mobile Limited, nxTomo Ltd., nxTomo Games Limited (formerly known as "Next Media Webcast Limited") and Sharp Daily Limited
INEDs	Independent non-executive director(s) of the Company
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange
Max Growth	Max Growth B.V., a private company incorporated in the Netherlands with limited liability and is an indirect wholly owned subsidiary of the Company
Model Code	The Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules

GLOSSARY

Mr. Lai	Mr. Lai Chee Ying, Jimmy, an ED, the Chairman and controlling shareholder of the Company
Next TV	壹傳媒電視廣播股份有限公司 (Next TV Broadcasting Limited)*, a private company incorporated in Taiwan with limited liability
New CO	The Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
NMA	Next Media Animation Limited, a company incorporated in Hong Kong with limited liability and it ceased to be an associated company of the Company on 18 November 2013
NMA Group	NMA and its subsidiaries
NMBL	壹傳媒傳訊播放股份有限公司 (Next Media Broadcasting Limited)*, a private company incorporated in Taiwan with limited liability and is an indirect wholly owned subsidiary of the Company
NT$	New Taiwan dollars
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 (Chapter 571 of the Laws of Hong Kong)
Share(s)	Ordinary share(s) of the Company
Shareholder(s)	Holder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
STV	Sum Tat Ventures Limited, a company incorporated in the British Virgin Islands with limited liability and is 100% beneficially owned by Mr. Lai
Taiwan	Republic of China

* Company's English name is for identification only

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