Next Media Limited

Stock Code: 00282

ANNUAL REPORT 2012 - 2013


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GLOSSARY

ABOUT US

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

Now we're expanding our operations to include animated news, online games and TomoToon.

Eat & Travel Weekly

nxTomo

Apple Daily

飲食男女

Sharp Daily

appledaily.com.hk

Sudden Weekly

Auto Express

ME!

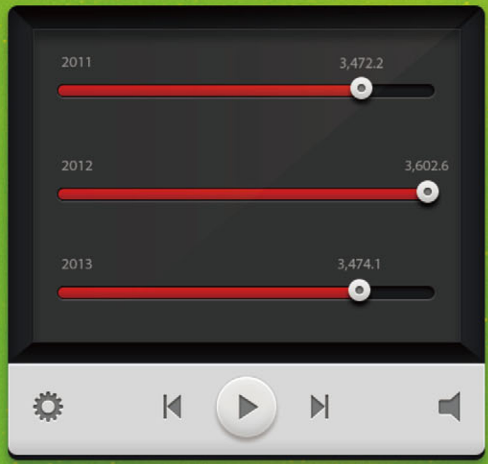
Next Magazine

Next+ONe

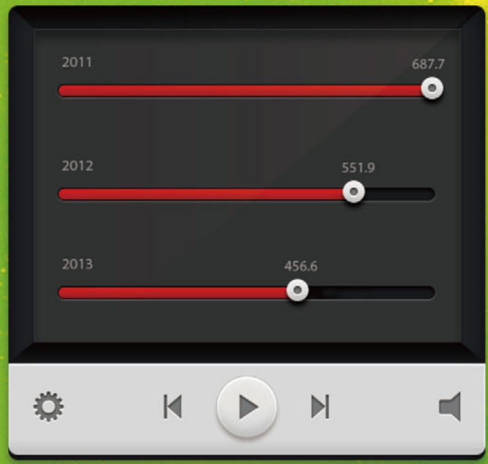
FACE

Ketchup

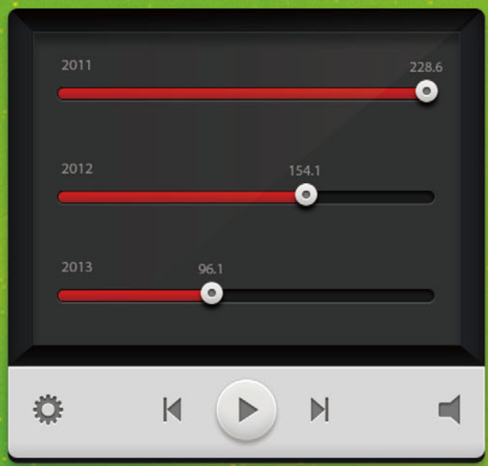
FINANCIAL HIGHLIGHTS



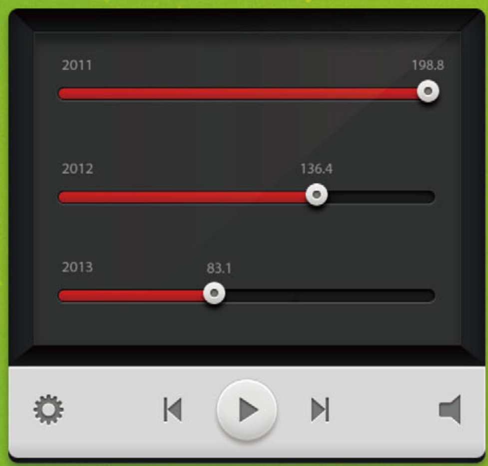
REVENUE – CONTINUING OPERATIONS (HK$ MILLION)



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

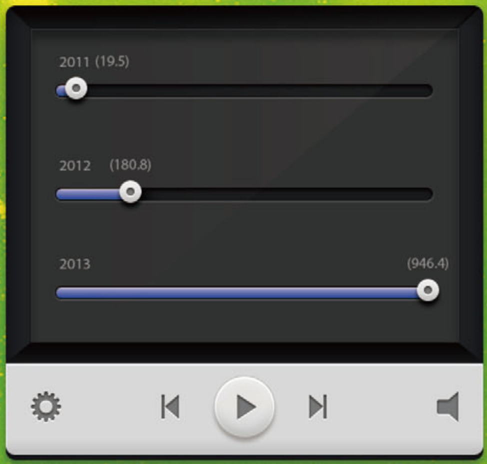


CURRENT RATIO (%)

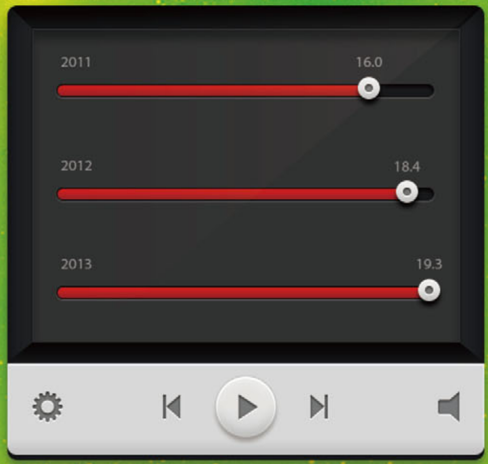


QUICK RATIO (%)

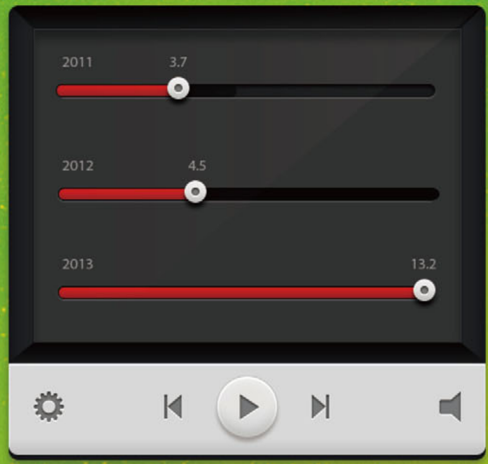
* Restated



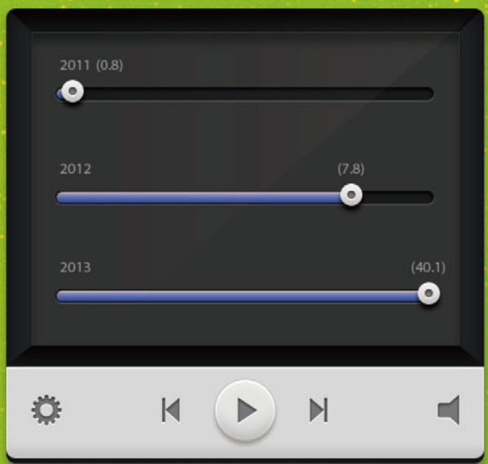
NET LOSS FOR THE YEAR (HK$ MILLION)



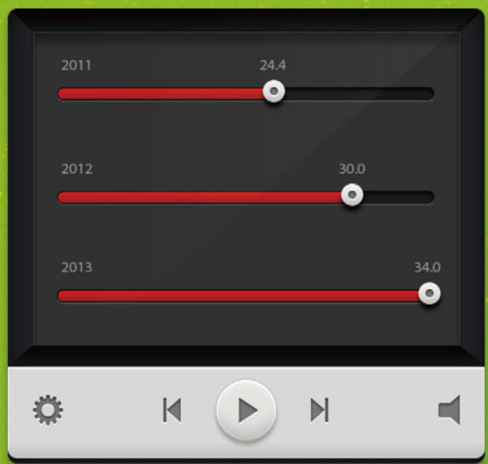
GEARING RATIO (%)



WORKING CAPITAL TURNOVER



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



DEBT TO EQUITY RATIO (%)


THE
GLORIOUS
DEAD
1914-1918
1939-1945
BLACK
黑
WHITE
白
黃毓民
退出人力


假手機真電槍

CHAIRMAN’S STATEMENT

I have pleasure in reporting Next Media’s financial results for the year ended 31 March 2013.

MEDIA INDUSTRY IN TRANSITION

During this period, the trend in the media industry away from traditional paid-for print publications and towards free print publications and electronic media continued to accelerate. This created a number of challenges for Next Media, as well as all the other industry players. Inevitably, we saw some decline in the sales and readerships of our titles, as well as their financial performance. Yet their high degree of professionalism continued to earn our publications the loyalty of their readers and advertisers, and this helped to mitigate the effects of the transformation now taking place in the industry.

We will strive to further improve the contents of our publications, while at the same time take cost-saving measures wherever we identify opportunities to do so, to maintain our competitiveness and profitability.

FOCUSING ON ONLINE MEDIA

At the same time, Next Media’s greatest strength has always been our commitment to anticipating and satisfying the public’s ever-changing needs and demands. The past year has seen us step up the development of our digital operations, including our online portals, iPhone, iPad and Android apps, all of which offer local and overseas readers convenient and entertaining ways to access their favourite Next Media publications.

As a result, the online versions of the Hong Kong and Taiwan versions of *Apple Daily* have vast readerships, and their mobile apps for iTunes and Android-platform smartphones are the most popular downloads in both places. In addition, the introduction of location based mobile games and new animation contents that leverage on our publications’ vast popularity among the younger segment will further expand our customer base and usages. This will undoubtedly remain the direction for our on-going efforts, especially in terms of reaching out to the Internet-savvy younger generation, on whom our future success depends.

WITHDRAWAL FROM THE TAIWAN TV MARKET

News organisations generally do not make news themselves, but the developments concerning our Taiwan TV operation have received considerable coverage during the past years, and I would like to say a few words about them. Next Media entered the Taiwan TV market due to our strong belief that it held a lot of potential for the growth of our Company’s business. We made considerable investments in this area during the past few years. However, to our great disappointment, the regulatory authorities and entrenched business interests there have frustrated our efforts to open the door sufficiently.

Having given it our best shot and after careful reflection, we have therefore made a strategic decision to draw a line under our efforts in this direction. We negotiated the sale of our TV business on the island to Mr. Lien Tai-sheng, and this transaction was partially completed on 31 May 2013. As an American proverb says, “Cut your losses and let your profits run”. Even so, I would like to emphasise that we will remain committed to our Taiwan print media operations, which have carved themselves very successful niches in the market and which hold great promise for the future.

SYNERGY FOR FUTURE SUCCESS

Looking ahead, Next Media will continue to devote its attention to reinforcing our undisputed leadership position in the print media industry in both Hong Kong and Taiwan, where our profitable operations constitute the solid foundations of our business. Meanwhile, we will further develop our presence in the online and interactive media sector. The synergy we are creating between these will allow the Group to advance to even greater success in the changing media landscape of the future.

A WORD OF APPRECIATION

The past 12 months have been a testing time. Our ability to surmount the challenges we have faced has been due to the commendable efforts and resourcefulness of the outstanding people in our Hong Kong and Taiwan teams. I would like to take this opportunity to express my sincere thanks to you for all your hard work.

At the same time, I would like to voice my appreciation to our readers, advertisers and shareholders, as well as my fellow directors. Your steadfast loyalty and contributions have been crucial to our success, and we will make even greater efforts to live up to your faith in us during the coming year.

Jimmy Lai
Chairman

Hong Kong, 7 June 2013

動新聞

MANAGEMENT DISCUSSION & ANALYSIS

The global economic picture remained unsettled during the past year. The Eurozone's financial debt problems – which have now been dragging on for more than three years – once again took centre stage. The limited progress that seemed to have been made in resolving these issues earlier in the year was derailed by several new upheavals, culminating in the financial crisis and subsequent bailout of Cyprus in March 2013. Although it is one of the European Union's smallest economies, the woes of Cyprus have further damaged confidence in the ability of other Eurozone countries to put their financial houses in order in the near future.

The US economic recovery, which looked promising in the earlier months of 2012, slowed down considerably as the year progressed, and it failed to regain its momentum, despite the stimulation measures implemented by the Federal Reserve.

While they were not immune from the effects of the problems in the developed countries, the world's emerging economies managed to perform relatively better. A fourth-quarter surge helped China's GDP to achieve 7.8 per cent growth in 2012, according to the National Bureau of Statistics. Although this increase was considerably less than it achieved in the previous 12 years, it was still marginally higher than the government's 7.5 per cent forecast at the end of the first quarter. This turnaround was mainly due to a gradual recovery in exports, stronger than expected industrial output, and increased domestic spending power, which was reflected by a rise in retail sales. It also testified to the Mainland government's skill in maintaining a pro-growth policy without igniting inflationary risks. China's economy is now expected to maintain a similar level of momentum throughout 2013.

As in previous years, the Mainland's relatively strong economy helped to soften the negative impact of financial crises in other parts of the world on Hong Kong and Taiwan, the two places where Next Media operates.

The past year saw continued pressure on the print media industry in both these markets from online and other electronic news and entertainment sources, as well as between individual print publications. Despite the challenges, Next Media's titles managed to achieve reasonable results during the year under review, both in terms of sales and advertising revenue. This attests to the high quality of their content and the strong loyalty of their readers and advertisers, as well as the professionalism of their people and the Group's proactive strategies to control costs and re-focus its attention on its print media.

OVERVIEW OF MAJOR MARKETS

HONG KONG

The Hong Kong economy grew by a modest 1.4 per cent in 2012, compared to 4.9 per cent the previous year. This lackluster increase was mainly the result of weak external demand and the austere global economic environment. Even so, domestic demand proved resilient, and there was a strong upturn fuelled by the faster economic growth on the Mainland during the fourth quarter of the year, a trend that is likely to continue into 2013.

Private consumption expenditure remained buoyant, thanks to virtually full employment and higher income levels for local residents, as well as the ever-increasing number of Mainland visitors who came to shop in Hong Kong. Retail sales in February 2013 were 22.7 per cent up on the same month of the previous year.

Investments in infrastructure works and private building and construction both increased significantly. Local stock prices fluctuated sharply in the earlier part of the year, but they rallied and became more stable in the second half. Property prices began to soar from September 2012 onwards, prompting the government to roll out demand-management measures, including a Buyer's Stamp Duty and an increased Special Stamp Duty in late October. These cooled the market somewhat, but it remains to be seen whether their effect will continue in the longer term. The underlying inflation rate eased from 5.3 per cent in 2011 to 4.3 per cent in 2012.

Total advertising spending in Hong Kong grew by approximately 14.0 per cent in 2012. The three biggest spending categories were cosmetics and skincare, jewellery/watches/luxury items, and beverages and milk powder. According to a survey by the HK2A, 31.0 per cent of advertisers intend to increase their total advertising budgets during 2013, down from 42.0 per cent in 2012. Of this 31.0 per cent, 58.0 per cent said they would increase their ad spending by under 10.0 per cent. Moreover, digital advertising has overtaken newspapers as the second-largest segment of their spending, after TV, while free newspapers are attracting advertising dollars away from paid-for ones.

TAIWAN

According to government figures, Taiwan's seasonally unadjusted real GDP grew by a disappointing 1.54 per cent in the 12 months up to 31 March 2013, compared to the above-average 4.1 per cent achieved during 2011. This was due to the island's heavy dependence on exports, which were adversely affected by softening global demand.

Taiwan's advertising industry also faced a difficult year in 2012. Total advertising expenditure was less than 1.0 per cent higher than in the previous calendar year, according to Nielsen Media Research. Overall spending on print media advertising increased by a similar amount.

OPERATIONAL REVIEW

BUSINESS PERFORMANCE

Next Media's revenue from continuing operations totalled HK$3,474.1 million during the year ended 31 March 2013. This was 3.6 per cent less than the restated figure of HK$3,602.6 million for the preceding 12 months. The major factor responsible for this decline in revenue was a drop in the circulation income of its newspapers and magazines, compared with the previous year.

DEVELOPMENTS CONCERNING THE GROUP'S BUSINESSES IN TAIWAN

On 15 October 2012, Next Media entered into a memorandum of understanding ("MOU") with Mr. Jeffrey Koo Jr. ("Mr. Koo") concerning the potential sale to him of the respective entire issued share capital of Amazing Sino International Limited (the holding company of the Group's *Taiwan Apple Daily* and *Taiwan Sharp Daily* businesses) and Ideal Vegas Limited (the holding company of the Group's *Taiwan Next Magazine Bundle* business). On the same date, it entered into another MOU with Mr. Koo regarding the possible sale to him of the entire issued share capital of Next TV, the Group's TV operator in Taiwan.

On 27 November 2012, the Group entered into sale and purchase agreements with Mr. Koo and his co-investors in respect of both these potential transactions. These agreements stipulated that either party could give notice to terminate the transactions if they had not been completed within four months of the signing of the agreements for whatever reasons.

On 3 April 2013, the Board announced that the Company had received formal written notices from the purchasers confirming that the sale and purchase agreements had been terminated with effect from 27 March 2013.

Following this development, the Company reassessed the prospects of its print media and TV business in Taiwan, and it decided to continue operating its print media business there. At the same time, it further considered to its options regarding the Taiwan TV business, taking into account the difficulties it had experienced in obtaining regulatory approval for its TV channels and access to the island's cable networks.

MANAGEMENT DISCUSSION & ANALYSIS

Subsequent to the end of this financial year, on 15 April 2013, NMBL and Max Growth (both wholly owned subsidiaries of the Company) as the vendors and Mr. Lien Tai-sheng ("Mr. Lien") as the purchaser entered into a sale and purchase agreement. Under this agreement, NMBL and Max Growth agreed to sell the entire issued share capital of Next TV to Mr. Lien. On the same date, NMBL, Max Growth and Mr. Lien entered into a shareholders' loan assignment agreement, pursuant to which NMBL and Max Growth agreed to sell and Mr. Lien agreed to purchase the shareholders' loan of Next TV. The total consideration for the sale of the Next TV shares and the assignment of the shareholders' loan amounted to NT$1,400.0 million (the equivalent of HK$364.3 million).

On 31 May 2013, NMBL completed its sale of 55.0 per cent of the issued share capital of Next TV to persons as designated by Mr. Lien and both NMBL and Max Growth have assigned their shareholders' loan in full amount pursuant to the terms of the sale and purchase agreement and the shareholders' loan assignment agreement both dated 15 April 2013. Max Growth has submitted an application to the Investment Commission of the Ministry of Economic Affairs of Taiwan ("IC") for approval of the sale of its 45.0 per cent interest in the issued share capital of Next TV; and it will be in a position to complete the sale of its shareholding in Next TV to Mr. Lien when it receives the IC's approval. Next TV ceased to be a subsidiary of the Group immediately after the partial completion of this transaction on 31 May 2013.

NEWSPAPERS PUBLICATION AND PRINTING DIVISION

The Newspapers Publication and Printing Division continued to account for the largest proportion of the Group's revenue from continuing operations. The Division's revenue totalled HK$2,329.3 million during the 2012/13 financial year, a decrease of 6.8 per cent on the figure of HK$2,499.3 million for the previous year.

APPLE DAILY

Apple Daily maintained its position as Hong Kong's most widely read paid-for newspaper during 2012. While its average daily readership of people aged 12 and over declined slightly, from 1,535,000 in 2011 to 1,503,000 last year[1], it was still read every day by an average of 159,000 more people than its nearest competitor. Meanwhile, *Apple Daily*'s average daily circulation slipped by 11.0 per cent to 230,751 copies during the second half of 2012, compared with 259,245 copies in the same period of 2011[2]. The newspaper's cover price was increased by HK$1.0 to HK$7.0 on 7 April 2013.

Apple Daily continued to benefit from the strong loyalty of its readers – particularly those with higher educational qualifications and in higher-income groups – who appreciate its quality and objectivity. Their demographic profile made the newspaper especially attractive to advertisers in the personal items, banking, clothing, telecommunications (software) and automobile industries during the past year.

On the other hand, considerable pressure from the city's free newspapers and online media had an adverse effect on *Apple Daily*'s total revenue, which amounted to HK$905.7 million during the year under review, a decrease of 12.0 per cent on the previous financial year's figure of HK$1,029.6 million. Circulation income accounted for HK$308.8 million of this, 11.7 per cent less than the previous year's figure of HK$349.9 million. The newspaper's advertising income amounted to HK$596.9 million, a 12.2 per cent decline on the previous year's figure of HK$679.7 million.

TOP FOUR NEWSPAPERS' READERSHIP IN HONG KONG

for the period from Jan — Dec 2012
'000

Source:
The 2012 Nielsen Media Index:
Hong Kong Report
(January — December 2012)

HONG KONG SHARP DAILY

Hong Kong Sharp Daily, the Group's free daily newspaper, has proved tremendously popular with the general public since its first issue was distributed on 19 September 2011. Backed by the economies of scale made possible by Next Media's editorial and production capabilities, *Hong Kong Sharp Daily* targets the mass market and the working population by delivering broad and unbiased coverage of general news, entertainment, business and financial information in an easy-to-read format that is designed to appeal to busy people who wish to catch up on the latest developments every morning.

It also offers multimedia features using QR (quick response) code links via smartphones and iPhones. The newspaper maintained its number two position in the highly competitive free daily league during 2012, with an average daily readership of 1,055,000[1] people.

Hong Kong Sharp Daily's formula was fine-tuned and a more cost-focused approach was adopted during the course of the year. This included a reduction in the number of copies distributed every day to 596,943 between October and December 2012, compared to 924,056 copies between January and March last year. Some of its less-popular content was also dropped.

The newspaper has proved particularly successful in attracting advertising from the pharmaceuticals, health food, telecommunications (hardware), banking and toiletries/cleaners sectors. The Group remains optimistic that it will maintain and further strengthen its position in the print media landscape in the future.

TAIWAN APPLE DAILY

The unbiased, outspoken and incisive editorial stance of *Taiwan Apple Daily* made it an overnight sensation when the first issue went on sale in 2003. It steadily overtook all its rivals, and it has been the island's bestselling and most widely read daily ever since 2008.

The newspaper remained the market leader during 2012. The print version had an average daily readership of 3,027,000 people aged over 12. Although slightly less than the 3,097,000 readers it attracted the previous year, this still kept it well ahead of its main competitor's 2,777,000 readers[3].

TOP FOUR NEWSPAPERS' READERSHIP IN TAIWAN

for the period from Jan — Dec 2012
'000

Source:
Media Index
(January — December 2012),
Nielsen Media Research, Taiwan

Taiwan Apple Daily is in the advantageous position of being the best-selling newspaper on the island and having the highest selling price per copy. It also sells the largest percentage of its copies on newsstands. Moreover, its excellent demographic profile includes more young high-income earners than any other medium on the island, even out-competing popular TV shows. These factors continue to make it highly attractive to the island's advertisers, especially businesses in the property, department store, cosmetics, household electrical appliance and automobile sectors. However, deteriorating economic conditions during the second half of the year under review inevitably caused a number of the island's major advertisers to tighten their purse strings. As a result, *Taiwan Apple Daily*'s advertising revenue declined by 12.5 per cent to HK$783.8 million during the year under review, compared with HK$895.8 million for the previous financial year. Meanwhile its total revenue decreased by 11.6 per cent to HK$1,143.7 million, compared with HK$1,294.3 million the previous year. Its circulation income for the year amounted to HK$356.0 million, a decrease of 9.7 per cent on the figure of HK$394.3 million achieved the previous year.

TAIWAN SHARP DAILY

Taiwan Sharp Daily, a free newspaper that the Group distributes to travellers at Taipei's Rapid Transit subway stations every morning from Monday to Friday, has proved popular with readers ever since its launch in October 2006. It is also well supported by smaller local advertisers, especially those in the food, banking and computer/communications/consumer sectors, because it offers them a chance to promote their products and services to the citizens of Taipei without having to launch expensive island-wide advertising campaigns. Even so, the island's uninspiring economic performance adversely affected the newspaper's profitability during the past financial year, and the average number of copies distributed every day was 270,686 during the year under review.

ADPL

The Group's newspaper printing business performed satisfactorily and continued to contribute to the Group's revenue. Its total revenue amounted to HK$410.7 million during the 2012/13 financial year, compared with HK$433.5 million the previous year, a decrease of 5.3 per cent.

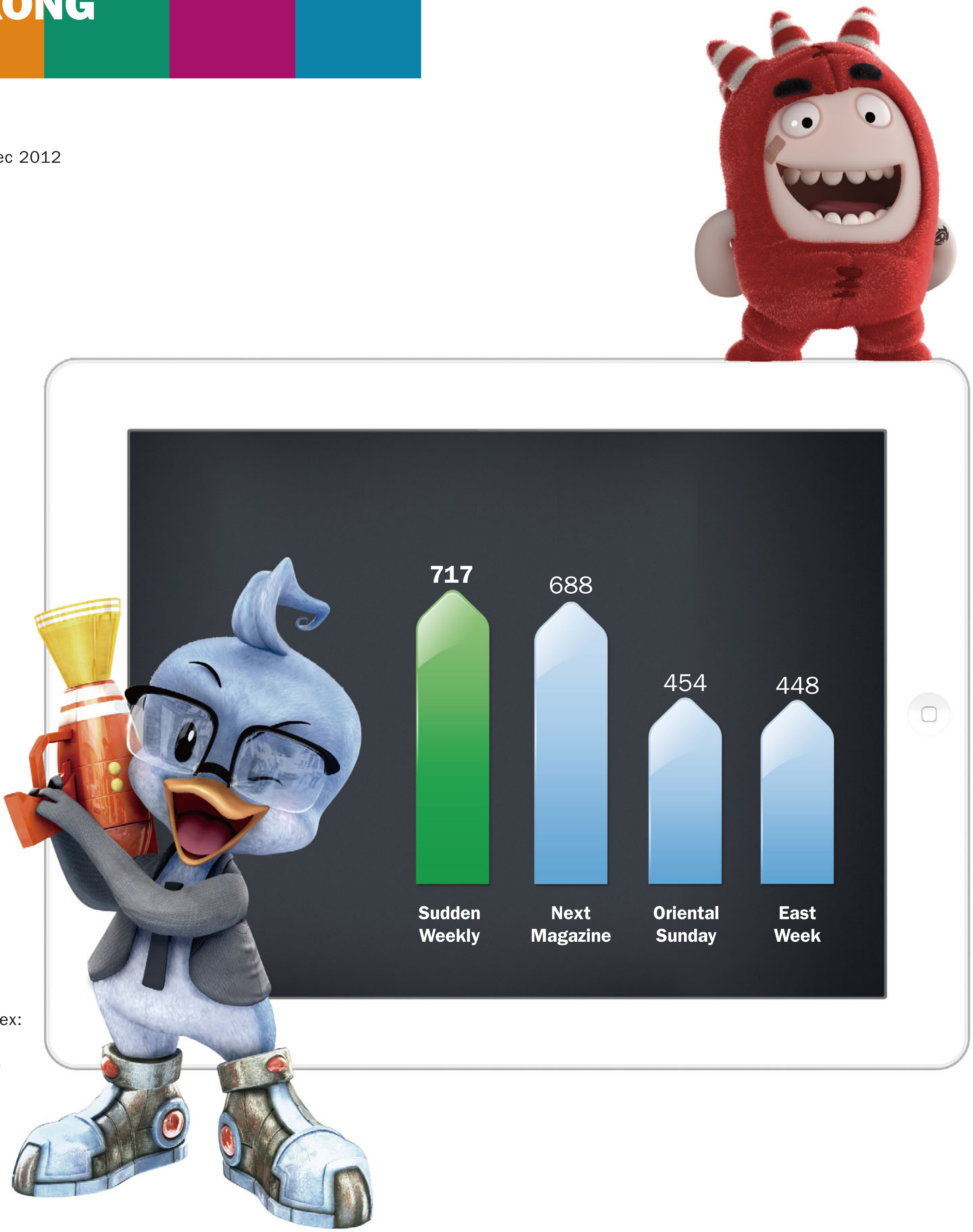
Excluding transactions related to printing Next Media's own publications, ADPL's revenue amounted to HK$116.2 million during the 2012/13 financial year, a decrease of 15.4 per cent on the HK$137.4 million it earned in the previous year. This was mainly due to a decline in the business it received from external customers.

BOOKS AND MAGAZINES PUBLICATION AND PRINTING DIVISION

In the face of intense competition in the global printing industry, the Books and Magazines Publication and Printing Division again accounted for a significant proportion of the Group's revenue. Its revenue for the year under review amounted to HK$987.6 million, a 6.5 per cent decrease on the previous year's figure of HK$1,056.1 million.

TOP FOUR CHINESE WEEKLY MAGAZINES' READERSHIP IN HONG KONG

for the period from Jan — Dec 2012
'000



Source:
The 2012 Nielsen Media Index:
Hong Kong Report
(January — December 2012)

MANAGEMENT DISCUSSION & ANALYSIS

NEXT MAGAZINE BUNDLE

Despite difficult market conditions, the Group's flagship weekly remained the second most widely read Chinese weekly magazine in Hong Kong during the financial year ended 31 March 2013. However, its average weekly readership among people aged 12 and above decreased to 688,000[1] during the year ended 31 December 2012, compared with 736,000 in the previous 12 months. Meanwhile, it sold an average of 86,463 copies a week between July and December 2012, a decrease of 24.1 per cent on the average of 113,858 copies it sold in the same period of the previous year[2].

Next Magazine's male and female readers have a high-calibre demographic profile. Almost 40.0 per cent of them have a post-secondary or university education, and more than 40.0 per cent of them have a monthly household income of more than HK$30,000. At least 66.0 per cent were in the 25-54 age group. This makes the magazine a magnet for advertisers, especially companies in the skincare and cosmetics, watches and fashion sectors. At the same time, *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* – succeeded in attracting high-end product advertising.

The advertising revenue of *Next Magazine Bundle* for the year under review amounted to HK$207.1 million, a decrease of 3.7 per cent, compared with HK$215.1 million during the preceding 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 stands head and shoulders above other publications that target female readers. Its average weekly readership among people aged 12 and above declined slightly by 4.5 per cent last year, from 751,000 in 2011 to 717,000 in 2012[1], whereas its average weekly sales dipped by 21.3 per cent during the period from July to December 2012 to 119,672 copies, compared with 152,094 copies in the corresponding period of the previous year[2].

Sudden Weekly Bundle's readers have a strong demographic profile. More than 72.0 per cent of them are in the 25-54 age group, and more than 46.0 per cent live in households with a monthly income exceeding HK$25,000. *ME!* – a perfect-bound upmarket magazine printed on heavier art paper and directed at higher-income females and office ladies has been spectacularly successful at attracting advertising for prestigious brand-name products. During the financial year under review, *Sudden Weekly Bundle*'s advertising sales income amounted to HK$242.0 million, compared with the previous year's figure of HK$240.9 million, representing an increase of 0.5 per cent, whereas its total revenue amounted to HK$308.2 million, as against HK$323.0 million during the previous year, a decrease of 4.6 per cent that was mainly attributable to a fall in circulation income during the year.

TOP FOUR CHINESE WEEKLY MAGAZINES' READERSHIP IN TAIWAN

for the period from Jan — Dec 2012
'000

Source:
Media Index
(January — December 2012),
Nielsen Media Research, Taiwan

FACE BUNDLE

The *FACE Bundle*, which incorporates *FACE*, *Ketchup*, *Auto Express* and *Trading Express*, focuses on affluent young adult readers and advertisers who seek to reach them. In 2012, 73.0 per cent of its readers were aged 15-44, and 35.0 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 242,000 people during 2012, compared with 275,000 the previous year[1]. Meanwhile, it sold an average of 32,876 copies a week during the second half of 2012[2], 26.1 per cent less than its average sales of 44,507 copies in the corresponding period of 2011. Reflecting the decline in circulation, the title's total revenue decreased by 8.8 per cent to HK$96.6 million in the year under review, compared to HK$105.9 million during the preceding 12 months.

TAIWAN NEXT MAGAZINE BUNDLE

Consisting of the island's best-selling and most widely-read weekly, *Taiwan Next Magazine*, plus *Taiwan ME*!, the *Taiwan Next Magazine Bundle* had an average weekly readership of 1,828,000 people aged 12 and above during 2012, compared to 1,834,000 the previous year.

The island's advertisers continued to regard *Taiwan Next Magazine Bundle* as their magazine of choice. That was especially true in the beauty and perfume, watches and eyeglasses and food and beverage sectors. *Taiwan Next Magazine Bundle*'s advertising sales amounted to HK$154.3 million during the year ended 31 March 2013, a decrease of 13.8 per cent on the figure of HK$178.9 million for the previous 12 months.

However, due to its relatively lackluster performance, *Taiwan ME*! ceased publication in April 2013.

COMMERCIAL PRINTING

Next Media's commercial printing operation continued to compete vigorously against a growing number of increasingly sophisticated rivals in Mainland China and elsewhere around the world. At the same time, adverse economic conditions in North America, Europe and Australasia resulted in a dearth of new orders, and clients became increasingly price sensitive during the year under review. Its revenue in the year ended 31 March 2013 amounted to HK$238.7 million, which was 4.7 per cent less than the figure of HK$250.4 million for the previous financial year. Internal sales accounted for HK$138.3 million or 57.9 per cent of this amount, whereas sales to external customers made up the remaining HK$100.4 million, an increase of 8.4 per cent on the preceding financial year's figure of HK$92.6 million.

INTERNET BUSINESSES DIVISION

To give better support to its digital media vision, the Group consolidated its Internet and mobile operations under the new Internet Businesses Division during the year. Its highly popular, award-winning[4] news portals, mobile apps on iPhones, iPads and Android smartphones and video content provide a convenient and engaging way for local and overseas readers to access their favourite Next Media's publications.

The online version of *Apple Daily* remained Hong Kong's most-visited interactive news destination, while the *Taiwan Apple Daily* website remained tremendously popular. As at 31 March 2013, the *Hong Kong Apple Daily* online version (excluding smartphone apps) drew an average of 5.9 million unique visitors, while *Taiwan Apple Daily's* online version achieved an average of 10.8 million unique visitors a month[5].

Concurrently, *Apple Daily's* mobile apps are among the top downloads for iTunes and Android-platform smartphones in Hong Kong and Taiwan, with 5.1 million cumulative installations in Hong Kong and 3.8 million in Taiwan[6, 7]. As public transport passengers in Hong Kong and Taipei can attest, *Apple Actionews* dominates the screens of young commuters. The Group's mobile and video strategies are paying off, with 6.5 times more page views on mobile devices than on the Web. Users also spent more than four times as much time viewing videos than text. The interest of advertisers in mobile and online video advertising is soaring, and the Division's inventory remains in high demand. The Division is continuously expanding its advertising products, especially those for mobile users, in order to provide more platforms for advertisers to reach their targeted audiences.

The market's enthusiasm for *Apple Daily's* digital formats in Hong Kong and Taiwan were demonstrated by the fact that between them they received one billion monthly article and video views in March 2013, and the figure continues to grow.

During the year, the Division launched a number of new initiatives in the Group's core markets in order to engage audiences and create more opportunities for advertisers. A number of *Apple Daily* content supplements were introduced, ranging from Go Green campaigns to coverage of Fashion Week. It expanded its product offerings and market reach by diversifying its media offerings and increasing interactive user engagement by creating timely, topical games for sponsors; and it started to provide TomoNews in non-Chinese languages. The Group's major consumer electronics brand partners strengthened its user base by porting Next Media apps to the Samsung Smart TV and Windows Phone.

In addition to our news and information related products, we are leveraging our huge user base and have launched a new nxTomo brand under which we license, and publish entertainment intellectual property. The products under this brand have been introduced very successfully in Hong Kong, Taiwan and Japan. For example, the Division has licensed and localised "Life is Crime" ("LiC") from the US. Within days of its award-winning launch[8] in Hong Kong, Taiwan and Japan, it took the number 1 position for role-playing games in app stores. Oddbods, a family of cute animated characters, was introduced to *Apple Daily* readers during Chinese New Year 2013. It now entertains audiences with short one-minute clips that are tailored for mobile viewing.

During the financial year, the Division derived its income from subscription fees, advertising revenue and content-licensing payments. Its external revenue amounted to HK$157.2 million, compared with HK$47.2 million the previous year, an increase of 233.1 per cent. This was due to the transfer of external online advertising revenues from the Newspapers Publication and Printing Division and the Books and Magazines Publication and Printing Division to the Internet Businesses Division.

While Next Media's news content remains the key attraction for audiences, its investments in expanding its technology platforms and adding more entertainment products ensures that readers have a choice in how to access its content, and that advertisers can reach the young internet-savvy users of its digital products. To boost the momentum of revenue growth in the digital arena, the Division has invested in revamping its systems, websites and mobile apps, and developing new products and capabilities, especially for nxTomo. During the year, it recorded a segment loss of HK$124.5 million for the year under review, compared with a segment loss of HK$37.0 million in the previous 12 months. It was mainly attributable to the investments made for improving the systems, websites and supporting capabilities as well as the operating loss and impairments made for studio equipment for multi-media shopping operations in both Hong Kong and Taiwan amounted to HK$58.3 million absorbed by this Division. The multi-media shopping operations of the Group were restructured and transferred under this Division from the Television and Multi-media Division during the year.

Aside from its recently launched nxTomo brand initiatives, the Division has continued to introduce intellectual properties that have been developed by its associate company Next Media Animation Limited. Two new titles under nxTomo, *Spy Penguins* and *Mad Box Zombies* have been well received since their launch. TomoToon, a new form of animation based on manga comic books by famous Japanese authors, was introduced to *Apple Daily* online viewers and *Sharp Daily* readers, with very positive initial results. Going forward, the Division will launch new content and new mobile capabilities that will enable geo-location-based content and interaction, including commerce. It will roll out new membership features that will foster synergies among its very large viewer base and help to drive even more engagement with the Group's loyal readers.

DISCONTINUED OPERATION OF THE TELEVISION AND MULTI-MEDIA DIVISION

During the year under review, the Group's Television and Multi-media Division recorded a loss for the year of HK$1,107.9 million, compared with a loss of HK$1,173.1 million the previous year. This was mainly attributable to the write off of assets and equipment resulting from the closure of the multi-media operation on 31 October 2012 and further impairments made to the assets, equipment and programmes and film rights of Next TV during the year.

Subsequent to the end of the financial year, on 15 April 2013, the Group entered into agreements with Mr. Lien regarding the sale of the entire issued share capital of Next TV and the assignment of shareholders' loans for a total consideration of NT$1,400.0 million (the equivalent of HK$364.3 million. These transactions were partially completed on 31 May 2013 and Next TV ceased to be a subsidiary of the Group on the same date.

Sources:

1. The 2012 Neilsen Media Index: Hong Kong Report (January – December 2012).
2. Hong Kong Audit Bureau of Circulations Ltd (January – December 2012).
3. Media Index (January – December 2012), Nielsen Media Research, Taiwan
4. The Gold Awards for the Newspaper Category and Digital Marketing Category in the Media Convergence Awards 2012 (organised by the Hong Kong Association of Interactive Marketing); and the Gold Award for Best App/ Content by a Media Owner in the Mob-Ex Awards (organised by Marketing Magazine)
5. Google Analytics
6. iTunes App Store – March 2013
7. Google Play App Store – March 2013
8. 2012 Most Innovative Mobile Marketing Award, Greater China Region (presented by Google).

FINANCIAL REVIEW

CONSOLIDATED FINANCIAL RESULTS FOR CONTINUING OPERATIONS

Revenue

Next Media's total revenue from continuing operations amounted to HK$3,474.1 million during the year ended 31 March 2013, a decrease of 3.6 per cent or HK$128.5 million on the figure of HK$3,602.6 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$1,999.1 million or 57.5 per cent of its total revenue during the 2012/13 financial year. That was followed by Taiwan, which was responsible for 41.0 per cent. Taiwan's contribution decreased by 7.5 per cent from the previous financial year's HK$1,538.7 million to HK$1,423.6 million during the year under review.

Newspaper publishing and printing continued to account for the largest part of the Group's revenue from continuing operations. The Newspapers Publication and Printing Division generated HK$2,329.3 million or 67.0 per cent of the Group's total revenue, a decrease of HK$170.0 million or 6.8 per cent on the figure of HK$2,499.3 million for the previous financial year.

The Books and Magazines Publication and Printing Division's revenue accounted for HK$987.6 million or 28.4 per cent of the Group's total revenue from continuing operations, a decrease of 6.5 per cent on the figure of HK$1,056.1 million in 2011/12.

During the year under review, the Internet Businesses Division generated revenues amounting to HK$157.2 million, representing an increase of 233.1 per cent against the figures of HK$47.2 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 2013 amounted to HK$456.6 million. This was HK$95.3 million or 17.3 per cent lower than the HK$551.9 million it achieved in the previous financial year.

The Group made a segment profit from continuing operations of HK$336.8 million during the year under review, compared with a restated segment profit of HK$456.4 million in the previous financial year.

The Newspapers Publication and Printing Division's segment profit increased by 11.1 per cent to HK$349.2 million, compared to the previous financial year's figure of HK$314.2 million.

The segment profit of the Books and Magazines Publication and Printing Division declined by 37.4 per cent to HK$112.1 million, compared with the figure of HK$179.2 million for the preceding 12 months.

The Internet Businesses Division recorded a segment loss of HK$124.5 million, compared with a restated segment loss of HK$37.0 million during the previous financial year.

Discontinued Operations

Subsequent to the end of the financial year, the Group entered into agreements with Mr. Lien in respect of the sale of the entire issued share capital of Next TV and the assignment of shareholders' loans for a total consideration of NT$1,400.0 million (the equivalent of HK$364.3 million). This sale was partially completed on 31 May 2013. On the same day, the Company issued an announcement disclosing details concerning it and Next TV ceased to be a subsidiary of the Group.

The results of the television and multi-media business for the year ended 31 March 2013 have therefore been restated to reflect the sale of Next TV and its status as discontinued operations of the Group. During the year, the Television and Multi-media Division recorded a loss of HK$1,107.9 million, compared with a loss of HK$1,173.1 million for the previous year.

Operating Expenses

The Group's operating expenses – for continuing operations and excluding impairment losses totalled HK$3,148.7 million during the financial year under review. This was HK$34.7 million or 1.1 per cent lower than the previous financial year's restated figure of HK$3,183.4 million. HK$1,357.6 million or 43.1 per cent of its operating expenses during the year were essential production costs. Personnel costs accounted for HK$1,381.9 million or 43.9 per cent, an increase of HK$104.5 million or 8.2 per cent on the previous financial year's restated figure of HK$1,277.4 million.

Taxation

The taxes levied on the Group during the 2012/13 financial year amounted to HK$143.4 million, which was 35.5 per cent more than the previous financial year's figure of HK$105.8 million.

FINANCIAL POSITION

Current Assets and Current Liabilities

As at 31 March 2013, the Group's current assets (excluding assets classified as held for sale) amounted to HK$1,339.3 million, a decrease of 19.3 per cent on the figure of HK$1,659.0 million 12 months earlier. The Group's current liabilities on the same date were HK$1,393.6 million, 29.4 per cent more than the figure of HK$1,076.6 million 12 months earlier. The aggregate total of the Group's bank balances and cash, including restricted bank balances, was HK$570.7 million, as at 31 March 2013. The current ratio on the same date was 96.1 per cent, which was 37.6 per cent lower than the figure of 154.1 per cent a year earlier.

Trade Receivables

As at 31 March 2013, the Group's trade receivables totalled HK$529.6 million, a decrease of 1.6 per cent on the figure of HK$538.0 million 12 months earlier. As at 31 March 2013, the average revenue days for the Group's trade receivables was 56.1 days, compared to 51.3 days on the same date of the previous financial year.

Trade Payables

As at 31 March 2013, the Group's trade payables amounted to HK$109.2 million. This was 23.4 per cent less than the figure of HK$142.6 million on the same date of the previous financial year. The average revenue days for the Group's trade payables was 40.1 days, compared to 42.1 days during 2011/12.

Long-term and Short-term Borrowings

As at 31 March 2013, the Group's long-term borrowings, including current portions, totalled HK$804.4 million. This represented a decrease of 20.7 per cent on the figure of HK$1,014.0 million on the same date of the previous financial year. As at 31 March 2013, the current portion of the Group's long-term borrowings stood at HK$323.7 million, an increase of 11.9 per cent measured against the figure of HK$289.3 million 12 months earlier.

Borrowings and Gearing

The Group's primary source of financing for its operations during the 2012/13 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 2013, the Group's available banking facilities totalled HK$868.4 million, of which HK$857.7 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 2013, the Group's total bank balances, including restricted bank balances and cash on hand, amounted to HK$570.7 million. Its gearing ratio on the same date was 19.3 per cent, compared to 18.4 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

There was no change in the Company's share capital structure during the year. As at 31 March 2013, the Company's total issued share capital was HK$2,431.0 million. This amount was made up of 2,431,006,881 shares with a par value of HK$1.0 each.

Cash Flow

The Group's net cash outflow from operating activities during the year ended 31 March 2013 amounted to HK$364.7 million, compared with a net cash outflow from operating activities of HK$518.0 million the previous year.

The inflow of investment-related cash during the 2012/13 financial year totalled HK$401.1 million, compared to the inflow of investment–related activities of HK$264.3 million recorded during the previous financial year. This was due to the HK$455.4 million cash inflow resulting from the deposit received for potential disposal of Taiwan business.

The Group's net cash outflow for financing activities during the year amounted to HK$214.1 million, compared to the preceding year's net cash inflow figure of HK$109.1 million. The new loans raised during the year under review totalled HK$804.4 million, of which a HK$210.0 million term loan from a bank syndicate was drawn down during the 2012/13 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, television and multi-media and internet 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 2013, the Group's net currency exposure stood at NT$4,534.3 million (the equivalent of HK$1,179.9 million) a decrease of 37.4 per cent on the figure of NT$7,237.7 million (the equivalent of HK$1,903.6 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 2012/13 financial year totalled HK$33.9 million. It has committed to further capital expenditure of HK$5.7 million for its continuing operations.

Pledge of Assets

As at 31 March 2013, 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$772.2 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. As the aforesaid dispute is now under arbitration, the final outcome remains uncertain.

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the "Acquired Group") on 26 October 2001, Mr. Lai, the Chairman and a controlling shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or 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 (the "Indemnity"). In relation to the Indemnity, Mr. Lai procured a bank guarantee of HK$60.0 million for a term of three years up to 25 October 2013 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

The Directors of the Company are of the opinion that, in view of the Indemnity given by Mr. Lai, it is unlikely the Group would incur any indemnity 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 2013, these contingent liabilities amounted to HK$857.7 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 2013, based on the value-in-use approach.

According to the valuation report, the value of the Group's mastheads and publishing rights was HK$2,319.2 million as at 31 March 2013 (31 March 2012: HK$2,348.7 million) against the corresponding carrying value of HK$1,300.9 million as at 31 March 2013 (31 March 2012: HK$1,300.9 million). Therefore, a revaluation surplus of HK$1,018.3 million arose on a Group basis as at 31 March 2013 (31 March 2012: HK$1,047.8 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

The past five years have seen the greatest turmoil in the global economy since the 1930s. There has been a constant stream of unpleasant surprises, especially in the Eurozone. That makes it very unwise to predict what developments are likely to occur on the world stage during the next 12 months and beyond. The best that can be hoped for is that China will maintain its economic dynamism, and that this will at least partly offset the challenges being created by events elsewhere and help to maintain the stability of the export-driven economies of Hong Kong and Taiwan.

In response to the economic uncertainties, the Group will maintain a cautious outlook and exercise strict control over its finances during the coming months. However, it will do so without compromising in any way on the high standards of quality and professionalism that the public expects of it and its publications.

Next Media has devoted considerable resources to the establishment of its TV operation in Taiwan during the past few years. However, due to the various obstacles that it has encountered, the Group has found itself unable to unlock the great potential that undoubtedly exists there, so that it could repeat the success its print media have enjoyed on the island.

After careful reflection, it has decided to refocus its efforts on its print media, both in Hong Kong and Taiwan. The Group's print publications form the rock-solid foundations of its business, and they continue to perform satisfactorily, both in terms of their sales and advertising revenues. They also have tremendously loyal and high-quality readerships that make them attractive to advertisers. They are, and will remain, the Group's most valuable assets.

At the same time, Next Media recognises that the fundamentals of the media industry are changing rapidly and irreversibly, and at an ever-accelerating pace. These fundamentals are moving away from print media and towards electronic media, especially online media. The Group will therefore place an increasing emphasis on the further development of its digital operations, in order to cater for the huge growth of interest and use being made of these new media, thus allowing it to reach out to and satisfy the needs of new audiences, especially the younger generation. The re-organisation of its Internet Businesses Division has allowed the Group to focus its energies on developing and marketing them in order to realise the vision it has for its digital media future, and leverage its popularity to unlock the value of Next Media's content in the digital world.

In summary, the Group feels that print and interactive media are the two legs on which Next Media will continue to stand and walk tall, and these will allow it to stride ahead successfully in the coming years.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend for the year (2011/12: Nil).

BOOK CLOSE PERIOD

The Register of Members of the Company will be closed from Friday, 19 July 2013 to Monday, 22 July 2013, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfers of shares accompanied by relevant share certificates must be lodged with the Company's share registrars, 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 Thursday, 18 July 2013.

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.

nxTomo

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 advance our shareholders' interests.

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

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 from; 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 2013, except for Code provisions E.1.2 and A.6.7. Due to another business engagement, Mr. Lai, the Chairman of the Board; Mr. Fok Kwong Hang, Terry; and Mr. Wong Chi Hong, Frank, did not attend the 2012 AGM held on 30 July 2012. Instead, Mr. Cheung Ka Sing, Cassian, an ED and CEO, chaired the 2012 AGM in accordance with the provisions of Next Media's Articles of Association. 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 2013, 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 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 policies 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 powers delegated to the management, to ensure that these remain appropriate.

Strategic Direction

Next Media is an innovative media organization 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 commitment 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 Composition

As of 31 March 2013, 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 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 and the Stock Exchange's website.

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 shareholders' value. Mr. Cheung is also in charge of the Group's Internet Businesses Division as well as its television and multi-media operations, and he leads its 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 2013, Mr. Cheung Ka Sing, Cassian; Mr. Wong Chi Hong, Frank; and Dr. Lee Ka Yam, Danny, retired and were re-elected as Directors at the 2012 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 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 fourteen 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 area, including its operations, progress of projects, financial performance and 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 (Note 2)	Annual General Meeting (Note 4)	Extraordinary General Meeting
EDs						
Lai Chee Ying, Jimmy (Chairman)	3/4 (75%)	N/A	N/A	N/A	0/1 (0%)	0/1 (0%)
Cheung Ka Sing, Cassian (CEO)	4/4 (100%)	N/A	N/A	N/A	1/1 (100%)	1/1 (100%)
Ting Ka Yu, Stephen (COO and CFO)	4/4 (100%)	N/A	N/A	N/A	1/1 (100%)	1/1 (100%)
Ip Yut Kin	2/4 (50%)	N/A	N/A	N/A	0/1 (0%)	0/1 (0%)
INEDs						
Fok Kwong Hang, Terry	4/4 (100%)	3/3 (100%)	N/A	N/A	0/1 (0%)	0/1 (0%)
Wong Chi Hong, Frank	3/4 (75%)	3/3 (100%)	N/A	N/A	0/1 (0%)	0/1 (0%)
Lee Ka Yam, Danny	4/4 (100%)	3/3 (100%)	N/A	N/A	1/1 (100%)	0/1 (0%)
Dates of Meetings	08.06.2012 17.09.2012 30.11.2012 08.03.2013	08.06.2012 17.09.2012 29.11.2012	N/A	N/A	30.07.2012	20.02.2013

Notes:

1. The Remuneration Committee did not hold any physical meetings during the year ended 31 March 2013. 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 Nomination Committee did not hold any physical meetings during the year ended 31 March 2013. 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".

3. 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.

4. The Company's external auditor attended the 2012 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 2013, 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 three meetings in the absence of the EDs. The meetings held on 8 June and 29 November 2012 were also attended by the Company's external auditor.

The meetings held during the year reviewed 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 2012;
- The continuing connected transactions of the Group for the year ended 31 March 2012;
- Valuation of mastheads and publishing rights of the Group for the year ended 31 March 2012;
- The valuation reports in respect of the share options granted under the Group's various share option schemes during the year ended 31 March 2012;
- The internal control review reports of the Group for the year ended 31 March 2012;
- The engagement of RSM to carry out internal audit services for the Group for a three-year period ending 31 March 2016;
- Audit related and non-audit related services proposal for the financial year ended 31 March 2013; and
- The Group's unaudited interim financial statements for the six months ended 30 September 2012.

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 2013, 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 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 2012/13 Salary Review of the Group;
- The renewed service contract and remuneration package of Mr. Cheung Ka Sing, Cassian, as CEO of the Group; and
- The fees of the Directors for the year ended 31 March 2013.

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 2013, 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. 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

During the year, the Nomination Committee reviewed and resolved by way of written resolutions of all its members to recommend the renewed service contract and remuneration package of Mr. Cheung Ka Sing, Cassian, as CEO of the Group and the renewal of the terms of appointment of Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank; and Dr. Lee Ka Yam, Danny, as INEDs of the Company.

Its members assessed the independence of INEDs in respect of the year ended 31 March 2013, 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 Board Committee consisting of any two of the EDs, subject to any conflict of interests, was established on 8 November 2007 to administer and manage the Subscription Plan from time to time; and

(iii) 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 organizations. 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 by a company's directors in its securities. The Company adopted the revised version with effect from 1 April 2009, by means of a written resolution that was 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 Chee Ying, Jimmy (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 2013.

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 2012 AGM and the EGM held on 20 February 2013, 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 a circular 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 scrutineer for the voting by poll at the general meetings. The poll results were announced and posted on both the Stock Exchange and Company websites on the same days.

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 2013. 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.

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 the 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 eight consecutive years since 2004. During the year ended 31 March 2013, the total fees paid and payable to the external auditor for non-audit-related services amounted to HK$1,020,000. This sum included HK$420,000 for taxation services and HK$600,000 for a review of the Group's interim results for the six months ended 30 September 2012.

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 2013, 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. Findings and recommendations concerning improvements to the controls have been reported to the Audit Committee and the Board.

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 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 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 an interactive 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) The procedures for proposing a resolution at an AGM;

(ii) The procedures for election of Directors; and

(iii) The 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 Companies Ordinance and other applicable legislation.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

STRENGTHENING INVESTOR RELATIONS

As a leading Chinese-language media 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, http://www.nextmedia.com. 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.

Headcount Report as at 31 March 2013

* Discontinued Operations of the Group

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 invest heavily in providing 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.

On top of this, 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 and a Subscription Plan that offer them options and invitations 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 2013, Next Media employed a total of 4,679 people in Hong Kong, Taiwan and Canada (2012: 5,367). The decrease of 688 on the previous year's headcount was mainly attributable to the cessation of the Group's multi-media operations in October 2012, and the scaling down of the TV operation in Taiwan during the year.

During the year under review, Next Media's total staff costs from continuing operations, including retirement benefits, amounted to HK$1,381.9 million, an increase of 8.2 per cent over the last year's restated figure of HK$1,277.4 million. This increase was mainly due to the annual salary increment of the Group and expansion of Internet Businesses Division during the year.

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. For example, our Hong Kong head office has a wide range of leisure facilities, including a cafeteria, an open-air BBQ area, and a superbly equipped fitness centre with a swimming pool and multi-function athletics court.

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

- Weekly yoga classes;
- Moon cakes and coupons for staff to celebrate the Mid-Autumn Festival;
- A 3-on-3 basketball competition;
- Annual dinner; and
- Long-service award ceremonies.

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. Influenza vaccination programmes are organised during influenza seasons. All these preventative measures aim to keep our staff members healthy and on the job, and to protect their families and co-workers.

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, 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 began issuing a quarterly newsletter to publicise its good work during the fourth quarter of 2006. Copies of this are 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.

During the year, the Foundation donated more than HK$1.5 million to support 94 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$6.2 million to 2,441 primary and secondary school students and undergraduates during the financial year ended 31 March 2013.

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$3.1 million to the Fund.

Serving the Community

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

- In line with "caring about the underprivileged and sharing festive joy with them", another guiding principle of its community service, the Foundation donated HK$700,000 to the "Big Festive Meals" project. This delivered meals during traditional Chinese festivals to more than 26,144 disadvantaged elderly people via 106 voluntary organizations.

- It continued to assist the underprivileged by donating HK$1.0 million to the “Warm Action” programme, which last winter distributed hot water bottles and food parcels to 16,000 elderly and disabled people and low-income families via 162 social organisations.

- The Foundation donated HK$135,000 to help provide 16,258 rice dumplings to needy people during the Tuen Ng Festival, plus a further HK$600,000 to provide 30,000 moon cakes to them during the Mid-Autumn Festival.

- Reports published in *Apple Daily* resulted in generous donations from its readers. These included:

  – HK$2,390,000 for a family whose father and daughter both suffer from incurable diseases – 14-year-old daughter suffers from myopathy and the 60-year-old father suffers from lymphoma;

  – HK$1,310,000 for a three-year-old child who suffers from congenital cyanotic heart disease and has to undergo operations in Australia to prevent heart failure; and

  – HK$960,000 for a four-year-old child in Yunnan who suffers from eye cancer and has to undergo a tumour resection for her left eye.

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

- Next Media employees donated blood to the Hong Kong Red Cross Blood Transfusion Service.

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 141,500 metric tonnes of newsprint for our newspapers and a further 18,800 metric tonnes of paper for our magazines during the year. This was supplied by reputable major manufacturers in Canada, Korea, New Zealand, Japan, Germany, the UK and Sweden. 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 approximately 2,353 tonnes of organic-based printing ink for our newspapers and 492 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.

OUR ACHIEVEMENTS

Hong Kong 香港

The 4th Kam Yiu-yu Press Freedom Awards
第四屆金堯如新聞自由獎

Merit: *Apple Daily* and *Sharp Daily*
優異獎：*《蘋果日報》及《爽報》*
主題：D & G禁攝系列

The 12th Consumer Rights Reporting Awards
第十二屆消費權益新聞報導獎

Category: News
組別：新聞

Bronze Award: *Apple Daily*
銅獎：*《蘋果日報》*
主題：超市壓榨系列

Category: Press Photo
組別：新聞攝影

Gold Award: *Apple Daily*
金獎：*《蘋果日報》*
主題：盲搶鹽

The 17th Annual Human Rights Press Awards
第十七屆人權新聞獎

Chinese-Language Categories:
中文作品：

Cartoons and Illustration
漫畫

Prize: *Apple Daily*
大獎：*《蘋果日報》*
主題：立法會選舉 –– 兩制告急；反國教；平反六四
為李旺陽申冤

General News
報章新聞

Prize: *Apple Daily*
大獎：*《蘋果日報》*
主題：發展局局長呃房津醜聞系列

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：緬甸大選

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：「狙擊洗腦工程」系列

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：陳茂波出租劏房系列

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：《蘋果》記者卧底直擊臨記收$300扮示威

Merit: *Sharp Daily*
優異獎：*《爽報》*
主題：千名國安潛港收示威情報 警察淪為打手跟蹤社運人士

Magazines
雜誌

Prize: *Next Magazine*
大獎：*《壹週刊》*
主題：我們都是李旺陽

Prize: *Next Magazine*
大獎：*《壹週刊》*
主題：六四升溫，被遺漏的六四鬥士

Merit: *Next Magazine*
優異獎：*《壹週刊》*
主題：師奶刀手圍剿法輪功

Merit: *Next Magazine*
優異獎：*《壹週刊》*
主題：流亡揸弗人、出西藏記

Merit: *Next Magazine*
優異獎：*《壹週刊》*
主題：川震沉冤 出獄再查豆腐渣

Newspaper – Feature
報章特寫

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：《性傾向歧視立法諮詢風雲》系列

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：一梯兩伙變13戶天台「失蹤」建四屋 遺忘慘劇馬頭圍唐樓越劏越狼

Photojournalism:
新聞攝影：

Feature
特寫

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：《她是年度英雄 尼泊爾女子收容獄中兒童》

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：《最冷首都搜救流浪兒》

Spot News
突發新聞

Prize: *Apple Daily*
大獎：*《蘋果日報》*
主題：撤回國民教育科（一）

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：賀莫言、劉曉波被阻

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：濫用警權

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：梁振英擊敗唐英年

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：產婦嬰兒瞓走廊

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：工人清拆梁宅僭建物

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：18萬燭光悼六四

Merit: *Apple Daily*
優異獎：*《蘋果日報》*
主題：民運人士方政到港

2012 to 2014 International Newspaper Color Quality Club
2012至2014國際報業色彩品質協會

Membership Award: *Apple Daily*
會員獎：*《蘋果日報》*

The Society of Publishers in Asia (SOPA) 2012 Awards for Editorial Excellence
亞洲出版業協會
2012年度卓越新聞獎

Excellence in Editorial Cartooning
卓越漫畫獎

Honorable Mention: *Apple Daily*
優異獎：*《蘋果日報》*
主題：全港選區一片紅 泛民保重

OUR ACHIEVEMENTS

Excellence in Information Graphics
卓越資料圖像獎
Honorable Mention: *Apple Daily*
優異獎：《*蘋果日報*》
主題：日本大地震示意圖

Excellence in Investigative Reporting
卓越調查報導新聞獎
Award for Excellence: *Apple Daily*
大獎：《*蘋果日報*》
主題：揭發區議會 特首選委選舉種票

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：曼谷水災

Excellence in Reporting on the Environment
卓越環境報導獎
Award for Excellence: *Apple Daily*
大獎：《*蘋果日報*》
主題：我們的記者在切爾諾貝爾

Excellence in News Photography
卓越新聞攝影獎
Honorable Mention: *Apple Daily*
優異獎：《*蘋果日報*》
主題：花園街四級大火

The Scoop Award
獨家新聞獎
Honorable Mention: *Next Magazine*
優異獎：《*壹週刊*》
主題：農作變老作 超大現真身

The Pacific Area Newspaper Publishers' Association (PANPA) 2012 Newspaper of the Year Awards
太平洋地區報紙出版者協會 2012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*》

Highly Commended: *Sharp Daily*
高度讚賞：《*爽報*》

Hong Kong Press Photographers Association Focus at the Frontline 2012
香港攝影記者協會 《前線 • 焦點2012》

General News
一般新聞組
1st Runner-up: *Apple Daily*
亞軍：《*蘋果日報*》
主題：梁振英拒撤科 救救孩子 憑良心

2nd Runner-up: *Apple Daily*
季軍：《*蘋果日報*》
主題：行政長官梁振英出席答問會 梁國雄示威

Nature and Environment
自然與環境組
2nd Runner-up: *Next Magazine*
季軍：《*壹週刊*》
主題：東涌淘寶

People
人物組
1st Runner-up: *Apple Daily*
亞軍：《*蘋果日報*》
主題：特首選舉梁振英就職典禮

Photo of the Year
年度圖片

Prize: *Apple Daily*
得獎：*《蘋果日報》*
主題：特首選舉梁振英就職典禮

Spot
突發組

1st Runner-up: *Apple Daily*
亞軍：*《蘋果日報》*
主題：新巴司機柴灣長命斜暈倒釀慘劇 兩巴夾扁的士3死57傷

Honorable Mention: *Apple Daily*
優異獎：*《蘋果日報》*
主題：反日示威變反政府

Hong Kong Association of Interactive Marketing Media Coverage Awards 2012
香港互動市務商會 傳媒轉型大獎2012

Digital Marketing
數碼營銷獎

Gold Award: *Apple Daily*
金獎：*《蘋果日報》*

ICT Innovation and Creativity
資訊科技創新獎

Bronze Award: *Apple Daily*
銅獎：*《蘋果日報》*

Merit
優異獎

Prize: *Apple Daily*
得獎：*《蘋果日報》*

Newspaper Category
報紙類別

Gold Award: *Apple Daily*
金獎：*《蘋果日報》*

Overall Excellence
整體大獎

Bronze Award: *Apple Daily*
銅獎：*《蘋果日報》*

Site/App Usability
網站／程式可用性獎

Bronze Award: *Apple Daily*
銅獎：*《蘋果日報》*

Taiwan 台灣

2012 to 2014 International Newspaper Color Quality Club
2012至2014國際報業色彩品質協會

Membership Award: *Taiwan Apple Daily*
會員獎：*《台灣蘋果日報》*

Membership Award: *Taiwan Sharp Daily*
會員獎：*《台灣爽報》*

The Consumer Protection Commission of the Executive Yuan, Republic of China (Taiwan) 2012 Consumer Protection Rights Reporting Awards
中華民國（台灣）行政院消費者保護處 2012年消費者權益報導獎

Print Media Award:
平面媒體類：

Feature Reporting Award
專題報導獎

Honourable Distinction: *Taiwan Apple Daily*
佳作：*《台灣蘋果日報》*
主題：「政府超收汽燃費」系列報導

OUR ACHIEVEMENTS

Weekdays Reporting Award
平日報導獎

Award for Excellence: *Taiwan Apple Daily*
特優：《*台灣蘋果日報*》
主題：甜點風暴－黑心原料竄改效期賣全台系列報導

Honourable Distinction: *Taiwan Apple Daily*
佳作：《*台灣蘋果日報*》
主題：噁 名店牛肉麵 客人吃剩 回收再賣

Honourable Distinction: *Taiwan Apple Daily*
佳作：《*台灣蘋果日報*》
主題：包裝米狠漲30% 奇怪耶《蘋果》查就有 政府查不到

National Press Council
2012 Loyal Reporting Award
中華民國新聞媒體自律協會
2012忠實報導獎

Print Media Award
平面媒體類獎

Prize: *Taiwan Apple Daily*
得獎：《*台灣蘋果日報*》
主題：《向風雨執勤者致敬 警所長勘災殉職》

The Pacific Area Newspaper Publishers' Association (PANPA)
2012 Newspaper of the Year Awards
太平洋地區報紙出版者協會
2012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: *Taiwan Apple Daily*
得獎：《*台灣蘋果日報*》

Highly Commended: *Taiwan Sharp Daily*
高度讚賞：《*台灣爽報*》

Taiwan Press Photographer Association
The 2013 Taiwan Press Photography Competition
台灣新聞攝影研究會
2013台灣新聞攝影大賽

Arts and Entertainment
藝術與娛樂

1st Runner-up and 2nd Runner-up: *Taiwan Apple Daily*
第二名及第三名：《*台灣蘋果日報*》

Feature Photography
圖文特寫

Winner: *Taiwan Apple Daily*
第一名：《*台灣蘋果日報*》

1st Runner-up: *Taiwan Next Magazine*
第二名：《*台灣壹週刊*》

General News
一般新聞

Honourable Distinction: *Taiwan Apple Daily*
佳作：《*台灣蘋果日報*》

Natural Technology and Environment
自然科技與環境

Winner: *Taiwan Apple Daily*
第一名：《*台灣蘋果日報*》

Photo of the Year
年度最佳新聞照片

Prize: *Taiwan Apple Daily*
得獎：《*台灣蘋果日報*》

Photo Series
系列照片

Winner and Honourable Distinction: *Taiwan Apple Daily*
第一名及佳作：《*台灣蘋果日報*》

Portrait
肖像

1st Runner-up: *Taiwan Next Magazine*
第二名：《*台灣壹週刊*》

Sports News
體育新聞

2nd Runner-up: *Taiwan Apple Daily*
第三名：《*台灣蘋果日報*》

Annual & Interim Report Awards

The Hong Kong Management Association – Best Annual Reports Awards
香港管理專業協會 – 最佳年報獎

Citation for Design 2012: *Next Media Limited*
設計獎2012：*壹傳媒有限公司*

Publication: Annual Report 2011/2012
作品：年報2011/2012

2012 ARC Awards – 26th International Competition
2012年度第26屆ARC Awards國際賽

Gold Winner (Non-Traditional Annual Report: Media Company): *Next Media Limited*
金獎（非傳統年報：傳媒公司）：*壹傳媒有限公司*

Publication: Annual Report 2010/2011
作品：年報2010/2011

2012 Grand Winner (Non-Traditional Annual Report: Media Company): *Next Media Limited*
2012年總大獎（非傳統年報：傳媒公司）：*壹傳媒有限公司*

Publication: Annual Report 2010/2011
作品：年報2010/2011

2012 Galaxy Awards – The 23rd Annual International Competition
2012年度第23屆Galaxy Awards國際賽

Silver Winner (Annual Reports: Media Company): *Next Media Limited*
銀獎（年報：傳媒公司）：*壹傳媒有限公司*

Publication: Annual Report 2010/2011
作品：年報2010/2011

Bronze Winner (Annual Report: Media Company): *Next Media Limited*
銅獎（年報：傳媒公司）：*壹傳媒有限公司*

Publication: Annual Report 2011/2012
作品：年報2011/2012

2013 Astrid Awards – The 23rd Annual Competition
2013年度第23屆Astrid Awards國際賽

Bronze Winner (Annual Report – Specialized: Interim Report): *Next Media Limited*
銅獎（年報 – 特別組別：中期報告）：*壹傳媒有限公司*

Publication: Interim Report 2012/2013
作品：中期報告2012/2013

DIRECTORS AND 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 65, 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), *ME!* (December 2006) and *Sharp Daily* (September 2011). 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 57, 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 53, 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 61, 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 57, 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 58, 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 51, 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. Tung Chuen Cheuk, aged 71, is currently the Publisher of *Apple Daily* and *Sharp Daily* respectively. He was a Director of the Company from June 2003 to March 2009. A graduate of Taiwan Provincial Cheng Kung University, Mr. Tung holds a Bachelor of Arts degree. His long and distinguished media career has included spells with the U.S.I.S., Hong Kong, BBC in London, *Reader's Digest* and *Ming Pao*.

Mr. Cheung Kim Hung, aged 51, is currently the Editor-in-Chief of *Apple Daily*. Mr. Cheung has been 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. Ma Wei Man, Jesse, aged 55, is currently the Editor-in-Chief of *Taiwan Apple Daily*. Prior to joining the Group in 2008, he has been 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. Chow Tat Kuen, Royston, aged 55, 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. Peir Woei, aged 53, 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 47, 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 52, 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 44, 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. Yung Wai Kee, Michael, aged 49, is currently the Group's Chief Information Officer. Prior to joining the Group, he held senior positions with several leading conglomerates in Hong Kong and Singapore. With over 28 years of IT experience, Mr. Yung holds a Bachelor's degree in Computer Science from University of Windsor, Canada and a Master's degree of Business Administration from Australian Graduate School of Management.

Mr. Yiu Chu Chak, Timothy, aged 47, 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.
Standard Chartered Bank (Hong Kong) Limited
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

Website

http://www.nextmedia.com

COMPANY PROFILE

Since we launched *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 who work for the Group 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 13 print titles, as well as a number of online portals. 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, we 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 first free newspaper, in Taipei. This has succeeded in capturing the interest of younger readers in the city and attracting smaller local advertisers.

In 2011, we launched *Hong Kong Sharp Daily* in Hong Kong. Besides providing a convenient source of news for busy readers, the free daily incorporates interactive media features that allow them to access audio and video versions of its stories via Smartphones and iPhones, using QR (quick response) code links.

Furthermore, Next Media has entered into creative collaborations to develop online games and animation contents. Our first online game – *Life is Crime* – was launched on digital platforms in early 2012. Using real locations in Hong Kong as backdrops, it received an overwhelming response as a top-grossing mobile game on Apple Appstore and Google Gameplay. In 2013, the Group launched a new line-up of animation titles under the new nxTomo brand. They include *Oddbods*, *Mad Box Zombies and Spy Penguins*. *TomoToon*, an innovative treatment of Japanese *manga* in animated form, has also received a widespread viewership on *Apple Daily* websites and apps.

CORPORATE STRUCTURE

NEWSPAPERS PUBLICATION AND PRINTING DIVISION

Apple Daily
Taiwan Apple Daily
Hong Kong Sharp Daily
Taiwan Sharp Daily
Newspaper Printing

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

INTERNET BUSINESSES DIVISION

Internet Portals
nxTomo
Next Mobile
Online Games
Animation

SHARE INFORMATION

As at 31 March 2013

Shareholders of Ordinary Shares

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 HK$1.00 each

Issued Share Capital

HK$2,431,006,881

Market Capitalisation

At HK$1.17 per Ordinary Share (closing price on 25 March 2013)	HK$2.84 billion

Stock Code

The Stock Exchange of Hong Kong Limited Main Board	00282

Board Lot

2,000 Ordinary Shares

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

Exercise price per Share	Number of Shares
HK$1.000	14,680,000 Shares
HK$1.050	13,824,000 Shares
HK$1.370	650,000 Shares
HK$1.420	5,000,000 Shares
Total	34,154,000 Shares

The Directors or the Board present their report and financial statements for the year ended 31 March 2013.

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 42 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 29 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 comprehensive income on page 78.

No interim dividend was paid to the Shareholders during the year (2012: Nil).

The Directors have resolved not to recommend the payment of a final dividend for the year (2012: 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 177.

SHARE CAPITAL

Details of changes in the Company's share capital during the year are set out in note 32 to the Financial Statements.

RESERVES

Details of changes in the Company's reserves during the year are set out in note 34 to the Financial Statements.

DISTRIBUTABLE RESERVES

As at 31 March 2013, the Company had no distributable reserves (calculated in accordance with section 79B of the Hong Kong Companies Ordinance) (2012: HK$391,473,000).

MAJOR CUSTOMERS AND SUPPLIERS

The Group's five largest customers accounted for 32.8% of its revenue, and its five largest suppliers accounted for 30.2% of its total purchases during the year. The Group's largest customer accounted for 24.4% of its revenue, and its largest supplier accounted for 8.6% 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$3,220,000 (2012: HK$3,080,000).

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.

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.

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 nominal amount of the 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.

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

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 01.04.2012	Granted during the year	Exercised during the year	Lapsed during the period	Balance as at 31.03.2013
Directors									
Cheung Ka Sing, Cassian	01.02.2011	HK$1.150	01.02.2012 (100%)	02.02.2011 – 31.01.2014	3,000,000	–	(3,000,000)	–	–
	03.10.2011	HK$1.064	03.10.2011 (100%)	04.10.2011 – 29.07.2017	9,000,000	–	(9,000,000)	–	–
	03.10.2011	HK$1.150	01.02.2012 (100%)	04.10.2011 – 29.07.2017	6,000,000	–	(6,000,000)	–	–
	01.02.2012	HK$1.000	01.02.2013 (100%)	02.02.2012 – 29.07.2017	9,000,000	–	–	–	9,000,000
	01.02.2013	HK$1.420	01.02.2014 (100%)	02.02.2013 – 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
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 01.04.2012	Granted during the year	Exercised during the year	Lapsed during the period	Balance as at 31.03.2013
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	12,966,000	–	(510,000)	(2,780,000)	9,676,000
	08.07.2011	HK$1.000	08.07.2012 (30%) 08.07.2013 (60%) 08.07.2014 (100%)	09.07.2011– 29.07.2017	680,000	–	–	–	680,000
	01.02.2012	HK$1.050	01.02.2013 (60%) 01.02.2014 (100%)	02.02.2012– 29.07.2017	1,000,000	–	–	–	1,000,000
	01.02.2012	HK$2.120	01.02.2012 (100%)	02.02.2012 – 07.11.2012	420,000	–	–	(420,000)	–
	26.09.2012	HK$1.000	26.09.2013 (30%) 26.09.2014 (60%) 26.09.2015 (100%)	27.09.2012– 29.07.2017	–	5,000,000	–	–	5,000,000
Total outstanding					45,864,000	10,000,000	(18,510,000)	(3,200,000)	34,154,000

Apart from the abovementioned movements, no options were cancelled under the 2007 Share Option Scheme during the year ended 31 March 2013.

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 2013. 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 2013 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
26.09.2012	5,000,000	0.72	0.35%	4.84	52.97%	0%	0.2420	Note
01.02.2013	5,000,000	1.42	0.567%	4.494	58.214%	0%	0.440	

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

An amount of HK$364,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 March 2013 in respect of the values of options granted during the year (2012: HK$2,834,000).

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 33 to the Financial Statements.

(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
Next Media Webcast Limited (NMWL)	20 February 2008	2008 NMWL Share Option Scheme
Aim High Investments Limited (AHIL)	12 June 2009	2009 AHIL Share Option Scheme
Anyplex Company Limited (Anyplex)	20 March 2012	2012 Anyplex Share Option Scheme
Next E-Shopping Limited (Next E-Shopping) (formerly known as Dynamic Interactive Limited)	20 March 2012	2012 Next E-Shopping Share Option Scheme
Next Mobile Limited (Next Mobile)	20 March 2012	2012 Next Mobile Share Option Scheme
Sharp Daily Limited (Sharp Daily)	20 March 2012	2012 Sharp Daily Share Option Scheme

SHARE INCENTIVE SCHEMES (CONTINUED)

(b) Subsidiary Share Option Schemes (continued)

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

The terms of the above Hong Kong Subsidiary Share Option Schemes are broadly similar. The most important of them can be summarised 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 redeemed and outstanding options) during any 12-month period shall not exceed 1.0% of the shares in issue. Any additional grants of options (including redeemed, 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.

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 lodgement 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.

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.

SHARE INCENTIVE SCHEMES (CONTINUED)

(b) Subsidiary Share Option Schemes (continued)

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

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.

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

2012 Sharp Daily Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2012	Granted during the year	Lapsed during the year	Balance as at 31.03.2013
Employee	11.06.2012	HK$0.01	11.06.2013 (30%) 11.06.2014 (30%) 11.06.2015 (40%)	Not yet determined	–	100,000	–	100,000
Total outstanding					–	100,000	–	100,000

Apart from the above movements in the 2012 Sharp Daily Share Option Scheme, no options were granted, exercised, lapsed or cancelled under the other Hong Kong Subsidiary Share Option Schemes during the year ended 31 March 2013.

The Company has used the Binomial Model to assess the fair values of options granted under the 2012 Sharp Daily Share Option Scheme during the year ended 31 March 2013. This is an appropriate method for assessing the fair value of an option that can be exercised before the expiry of the option period.

The values of the respective options granted during the year ended 31 March 2013 were calculated as follows:

2012 Sharp Daily Share Option Scheme

Date of grant	No. of options granted	Risk-free Rate	Expected life (years)	Expected volatility	Expected dividend yield	Fair value per option (HK$)	Remarks
11.06.2012	100,000	1.11%	9.78	25.92%	0%	0.0033	Note

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

SHARE INCENTIVE SCHEMES (CONTINUED)

(b) Subsidiary Share Option Schemes (continued)

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

2012 Sharp Daily Share Option Scheme (continued)

The Group did not recognize an expense in the consolidated statement of comprehensive income for the year ended 31 March 2013 in respect of the value of the option granted during the year under the Hong Kong Subsidiary Share Option Schemes.

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

(ii) Taiwan Subsidiary Share Option Schemes

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

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

Notes:

1. 2010 Next TV Share Option Scheme was terminated by the board of directors of Next TV with effect from 8 November 2012. Upon termination, all outstanding options granted prior to such termination had lapsed immediately.

2. 2010 NMES Share Option Scheme was terminated by the board of directors of NMES with effect from 19 November 2012. There were no outstanding options granted under such scheme on 19 November 2012.

3. 2010 NMLES Share Option Scheme was terminated by the board of directors of NMLES with effect from 30 September 2012. There were no outstanding options granted under such scheme on 30 September 2012.

SHARE INCENTIVE SCHEMES (CONTINUED)

(b) Subsidiary Share Option Schemes (continued)

(ii) Taiwan Subsidiary Share Option Schemes (continued)

The terms of the Taiwan Subsidiary Share Option Schemes are broadly similar. The most important of them can be summarised 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 are any employees of the subsidiary.

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 redeemed and outstanding options) during any 12-month period shall not exceed 1.0% of the shares in issue. Any additional grants of options (including redeemed, 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.

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 Taiwan 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 lodgement 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.

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.

SHARE INCENTIVE SCHEMES (CONTINUED)

(b) Subsidiary Share Option Schemes (continued)

(ii) Taiwan Subsidiary Share Option Schemes (continued)

9. The tables below set out movements in options under the Taiwan Subsidiary Share Option Schemes during the year:

2010 Next TV Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2012	Granted during the year	Lapsed during the year	Balance as at 31.03.2013
Employees								
In aggregate	15.12.2010	NT$10.00	15.12.2011 (30%) 15.12.2012 (60%) 15.12.2013 (100%)	Not yet determined	209,100	–	(209,100)	–
	19.03.2012	NT$10.00	19.03.2013 (30%) 19.03.2014 (60%) 19.03.2015 (100%)	Not yet determined	50,000	–	(50,000)	–
Total outstanding					259,100	–	(259,100)	–

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

Apart from the abovementioned movements, no options were granted or exercised or cancelled under the 2010 Next TV Share Option Scheme during the year ended 31 March 2013.

2010 NMES Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2012	Granted during the year	Lapsed during the year	Balance as at 31.03.2013
Employees								
In aggregate	15.12.2010	NT$10.00	15.12.2011 (30%) 15.12.2012 (60%) 15.12.2013 (100%)	Not yet determined	6,000	–	(6,000)	–
	08.07.2011	NT$10.00	08.07.2012 (30%) 08.07.2013 (60%) 08.07.2014 (100%)	Not yet determined	3,500	–	(3,500)	–
Total outstanding					9,500	–	(9,500)	–

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

SHARE INCENTIVE SCHEMES (CONTINUED)

(b) Subsidiary Share Option Schemes (continued)

(ii) Taiwan Subsidiary Share Option Schemes (continued)

Apart from the abovementioned movements, no options were granted or exercised or cancelled under the 2010 NMES Share Option Scheme during the year ended 31 March 2013.

2010 NMLES Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2012	Granted during the year	Lapsed during the year	Balance as at 31.03.2013
Employee								
In aggregate	08.07.2011	NT$10.00	08.07.2012 (30%) 08.07.2013 (60%) 08.07.2014 (100%)	Not yet determined	2,000	–	(2,000)	–
Total outstanding					2,000	–	(2,000)	–

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

Apart from the above movements, there were no options were granted or exercised or cancelled under the 2010 NMLES Share Option Scheme during the year ended 31 March 2013.

(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 operation 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.

SHARE INCENTIVE SCHEMES (CONTINUED)

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

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.

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. 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.

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

Name or category of participant	Invitation date	Subscription price per Share	Vesting date (%)	Subscription Period	Balance as at 01.04.2012	Lapsed during the year	Balance as at 31.03.2013
Directors							
Ting Ka Yu, Stephen	08.11.2007	HK$2.120	08.11.2008 (33¹/₃%) 08.11.2009 (66²/₃%) 08.11.2010 (100%)	09.11.2008 – 07.11.2012	1,194,000	(1,194,000)	–
Ip Yut Kin	08.11.2007	HK$2.120	08.11.2008 (33¹/₃%) 08.11.2009 (66²/₃%) 08.11.2010 (100%)	09.11.2008 – 07.11.2012	1,060,000	(1,060,000)	–
Employees							
In aggregate	08.11.2007	HK$2.120	08.11.2008 (33¹/₃%) 08.11.2009 (66²/₃%) 08.11.2010 (100%)	09.11.2008 – 07.11.2012	31,940,000	(31,940,000)	–
	25.02.2008	HK$2.490	25.02.2009 (33¹/₃%) 25.02.2010 (66²/₃%) 25.02.2011 (100%)	26.02.2009 – 24.02.2013	1,000,000	(1,000,000)	–
Total outstanding					35,194,000	(35,194,000)	–

No invitations for subscriptions under the Subscription Plan were issued, subscribed for or cancelled during the year ended 31 March 2013.

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. Lai Chee Ying, Jimmy and Mr. Fok Kwong Hang, Terry will retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

Biographical details of the Directors as at the date of this report are set out on pages 50 to 51. Details of the Director's emoluments are provided under note 13 to the Financial Statements.

DIRECTORS' SERVICE CONTRACTS

Neither of the Directors who have been proposed for re-election at the forthcoming AGM 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 2013, 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	–	–	–	14,000,000 (Note 1)	32,172,000	1.32
Ting Ka Yu, Stephen	90,314	–	–	–	1,618,000 (Note 1)	1,708,314	0.07
Ip Yut Kin	10,200,377	2,630,000	–	–	–	12,830,377	0.53
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 Corporation

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:

Colored World

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
Lai Chee Ying, Jimmy	–	–	70 (Note 3)	–	–	70	70.00

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

Notes:

(1) These interests represented options granted under the Company's 2007 Share Option Scheme to the Directors as beneficial owner, 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 represented shares of Colored World transferred upon completion of the sale of 70 shares of US$1.00 each in Colored World from AtNext Limited, an indirect wholly owned subsidiary of the Company, to STV, a private company 100% beneficially owned by Mr. Lai, on 31 October 2011.

Apart from the details disclosed above and in the section headed "Discloseable Interests and Short Positions of Shareholders under the SFO" below, none of the Directors or the Chief Executive of the Company or their associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2013.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 31 March 2013, 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 Chee Ying, Jimmy 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 Chee Ying, Jimmy 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 2013.

CONNECTED TRANSACTION

During the year ended 31 March 2013, and up to the date of this report, the Group conducted the following transaction which constituted a connected transaction for the Company and has disclosed in accordance with Chapter 14A of the Listing Rules:

On 29 June 2012, Next Media Lifestyle Entertainment Services Limited ("NMLES"), being an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Next Media Animation Limited ("NMAL"), a company held by the Group as to 30% and Mr. Lai as to 70%, pursuant to which, NMLES has agreed to sell and NMAL has agreed to purchase the assets at a consideration of HK$5,758,237. NMAL is an associate of Mr. Lai and therefore a connected person of the Company, accordingly, the said transaction constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

Details of the connected transaction is set out in the note 39 to the Financial Statements.

CONTINUING CONNECTED TRANSACTIONS

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

(1) On 21 February 2011, the Taiwan Branch of ADPDL, entered into a car parking spaces lease agreement with the Taiwan Branch of Best Combo Limited ("Best Combo"), a company 100% beneficially owned by Mr. Lai, 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 for a term of 1 year from 15 April 2011 to 14 April 2012 (both days inclusive) at a rental of NT$200,000 per month (inclusive of business tax). On 15 February 2012, such lease agreement was renewed by the same parties in respect of lease of the same car parking spaces for a further term of 1 year from 15 April 2012 to 14 April 2013 (both days inclusive) at the same monthly rental. The total rental of NT$1,714,284 (equivalent to HK$450,124) was paid by the Taiwan Branch of ADPDL in respect of the year ended 31 March 2013. This lease agreement was terminated with effect form 28 December 2012. The maximum annual cap for the rental payable by the Taiwan Branch of ADPDL under the aforesaid lease agreements dated 21 February 2011 and 15 February 2012 is NT$2,400,000.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(2) On 29 April 2011, Next TV, an indirect wholly owned subsidiary of the Company, entered into a lease agreement with the Taiwan Branch of Best Combo, 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$33,836,760 (equivalent to HK$8,893,834 was paid by Next TV in respect of the year ended 31 March 2013. This lease agreement was terminated with effect from 1 June 2013.

(3) 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$11,683,200 (equivalent to HK$3,070,874) was paid by Next TV in respect of the year ended 31 March 2013. This lease agreement was terminated with effect from 1 June 2013.

(4) On 7 June 2011, NMES, an indirect wholly owned subsidiary of the Company, 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 3,874.41 square meters located at 3rd floor to 6th floor, Lots. 46–3 and 46–15, Jiuzong, Neihu District, Taipei City, Taiwan to NMES 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$9,736,000 (equivalent to HK$2,560,600) was paid by NMES in respect of the year ended 31 March 2013. This lease agreement was terminated with effect from 31 January 2013.

(5) On 31 October 2011, Next TV entered into a lease agreement with the Taiwan Branch of NMAL, an associated company of the Group, pursuant to which, the Next TV 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 NMAL for the period from 1 November 2011 to 31 March 2014 (both days inclusive) at a rental of NT$669,500 per month (equivalent to HK$181,400) (before tax). The total rental of NT$5,356,000 (equivalent to HK$1,403,550) was received from the Taiwan Branch of NMAL in respect of the year ended 31 March 2013. This lease agreement was terminated with effect from 29 November 2012.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(6) On 31 October 2011, the Company and NMAL 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 NMAL and its group companies (the "NMAL Group") to the Group, the advertising services and supporting services to be rendered by the Group to the NMAL Group for the period from 31 October 2011 to 31 March 2014 at 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 NMAL 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 NMAL on 31 December 2012.

(7) On 28 December 2012, the Taiwan Branch of ADPDL, the Taiwan Branch of Next Media Publishing Limited ("NMPL") and Next TV entered into a car parking spaces lease agreement (the "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 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 total rental of NT$571,428 (equivalent to HK$150,665) was paid by the Taiwan Branch of ADPDL, the Taiwan Branch of NMPL and Next TV in respect of the year ended 31 March 2013.

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

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(8) On 31 December 2012, Next Media Broadcasting Limited ("NMBL") entered into a lease agreement with the Taiwan Branch of NMAL, an associated company of the Group, pursuant to which, the 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 NMAL 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). The total rental of NT$2,678,000 (equivalent to HK$708,150) was received from the Taiwan Branch of NMAL in respect of the year ended 31 March 2013.

Details of the continuing connected transactions are set out in the note 39 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 2013.

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 2013 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, Deloitte, has been engaged to report on the Group's or the Company's CCTs 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. Based on the work performed, Deloitte has confirmed in a letter to the Board that the CCTs:

a. have been approved by the Board;
b. are in accordance with the pricing policies of the Group;
c. have been entered in accordance with the relevant agreement(s) governing the CCTs; and
d. have not exceeded the caps disclosed in the previous announcements.

A copy of the confirmation letter issued by Deloitte 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 39 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 39 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.

VERY SUBSTANTIAL DISPOSAL TRANSACTION

On 27 November 2012, Database Gateway Limited ("DGL"), as vendor, the Company, as guarantor to the vendor and Global Professional Investment Limited, Newwing Limited, Lucky Bell Holding Limited and 龍寶私人有限公司 (Long Bao Pte. Ltd.) (collectively, the "Purchasers (Print)"), as purchasers, entered into a print sale and purchase agreement (the "Print SPA"), pursuant to which, DGL has conditionally agreed to sell, and Purchasers (Print) have conditionally agreed to purchase, the respective entire issued share capital of Amazing Sino International Limited and Ideal Vegas Limited, which are the holding companies of the Group's print business in Taiwan. On the same date, NMBL and Max Growth B.V. ("Max Growth") as vendors, the Company, as guarantor to the vendors, and 華亞媒體股份有限公司 (Huaya Media Co., Ltd.), 勇信開發股份有限公司 (Yong Sin Development Co., Ltd.), 中諒有限公司 (Tiong Liong Co. Ltd.), and 成昌投資股份有限公司 (Gainchamp Investment Limited) (collectively, the "Purchasers (TV)"), as purchasers, entered into a TV sale and purchase agreement (the "TV SPA"), pursuant to which, NMBL and Max Growth have conditionally agreed to sell, and the Purchasers (TV) have conditionally agreed to purchase, the entire issued share capital of Next TV, which is the operator of the Group's TV business in Taiwan. The total consideration for the said possible sale amounts to NT$17,500 million (equivalent to approximately HK$4,664 million) subject to adjustments.

Pursuant to the terms of the respective Print SPA and TV SPA (together, the "SPAs"), if for whatever reason the transactions contemplated thereunder have not been completed on or before 4 months after signing, being 27 March 2013 (the "Long Stop Date"), any party to the respective SPAs may give notice to terminate the respective agreements. The Company has received written termination notices issued by the Purchasers (Print) and the Purchasers (TV) respectively under the SPAs confirming that the SPAs have been terminated with effect from 27 March 2013.

SUBSEQUENT EVENT

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 is 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% 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.

In respect of the sale of the remaining 45% of the issued share capital of Next TV, Max Growth has submitted an application to the Investment Commission of the Ministry of Economic Affairs of Taiwan (the "IC") seeking approval on the sale of its shareholdings of 2,250,000 shares in Next TV (representing the remaining 45% of the issued share capital of Next TV) to Mr. Lien. Upon receipt of the approval from the IC, Max Growth will be in a position to complete the transfer of 2,250,000 shares in Next TV to Mr. Lien in accordance with the terms of the S&P Agreement.

Immediately upon partial completion of the S&P Agreement, the Group now retains 45% of the entire issued share capital of Next TV which has ceased to be a subsidiary of the Company.

DIRECTORS' REPORT

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 7 June 2013, 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 2013 AGM to re-appoint the auditor, Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board
Lai Chee Ying, Jimmy
Chairman

Hong Kong, 7 June 2013

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 78 to 176, which comprise the consolidated and company statements of financial position as at 31 March 2013, and the consolidated statement of 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 the consolidated financial statements that gives 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 the 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 2013, and of the Group's loss 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
7 June 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000 (Restated)
Continuing operations			
Revenue	7	**3,474,096**	3,602,561
Production costs			
Cost of raw materials consumed		**(1,146,446)**	(1,326,039)
Other overheads		**(211,148)**	(206,074)
Staff costs	16	**(818,860)**	(752,336)
		(2,176,454)	(2,284,449)
Personnel costs excluding direct production staff costs	16	**(563,054)**	(525,026)
Other income	7	**42,117**	46,910
Net exchange gain		**58,734**	18,488
Depreciation of property, plant and equipment		**(134,807)**	(133,856)
Release of prepaid lease payments		**(1,797)**	(1,797)
Other expenses		**(352,885)**	(276,044)
Allowance for bad and doubtful debts		**(2,578)**	(12,334)
Impairment loss recognised in respect of property, plant and equipment	12 & 20	**(20,619)**	–
Impairment loss recognised in respect of interest in associates	23	**–**	(105,505)
Finance costs	9	**(17,952)**	(4,898)
Share of results of associates	23	**–**	(9,202)
Share of results of a jointly controlled entity		**–**	(1,172)
Profit before tax		**304,801**	313,676
Income tax expense	10	**(143,351)**	(105,767)
Profit for the year from continuing operations	11	**161,450**	207,909
Discontinued operations			
Loss for the year from discontinued operations	12	**(1,107,858)**	(388,726)
Loss for the year		**(946,408)**	(180,817)
Other comprehensive expense			
Exchange differences arising on translation		**(74,039)**	(42,351)
Total comprehensive expense for the year		**(1,020,447)**	(223,168)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000 (Restated)
Loss for the year attributable to:			
Owners of the Company			
– Profit for the year from continuing operations		**138,048**	200,095
– Loss for the year from discontinued operations		**(1,107,858)**	(388,726)
		(969,810)	(188,631)
Non-controlling interests			
– Profit for the year from continuing operations		**23,402**	7,814
		(946,408)	(180,817)
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(1,040,328)**	(231,310)
Non-controlling interests		**19,881**	8,142
		(1,020,447)	(223,168)
(Loss) earnings per share	17		
From continuing and discontinued operations			
– Basic		**(HK40.1 cents)**	(HK7.8 cents)
– Diluted		**(HK40.1 cents)**	(HK7.8 cents)
From continuing operations			
– Basic		**HK5.7 cents**	HK8.3 cents
– Diluted		**HK5.7 cents**	HK8.3 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Intangible assets	18	**1,300,881**	1,300,881
Property, plant and equipment	20	**1,411,945**	2,256,962
Prepaid lease payments	21	**59,758**	61,555
Deposit for acquisition of property, plant and equipment		**1,866**	21,592
Programmes and film rights	25	**–**	181,288
Interests in associates	23	**–**	–
Loans to associates	23	**46,447**	34,001
		2,820,897	3,856,279
CURRENT ASSETS			
Inventories	26	**180,997**	190,511
Trade and other receivables	27	**584,520**	735,247
Prepaid lease payments	21	**1,797**	1,797
Tax recoverable		**1,270**	294
Restricted bank balances	28	**5,411**	5,411
Bank balances and cash	28	**565,330**	725,784
		1,339,325	1,659,044
Assets classified as held for sale	12(a)	**489,552**	–
		1,828,877	1,659,044
CURRENT LIABILITIES			
Trade and other payables	29	**891,226**	656,924
Amounts due to associates	23	**–**	2,981
Bank overdraft	28	**49,790**	–
Borrowings	30	**323,734**	289,305
Provisions	36	**101,863**	71,425
Tax liabilities		**26,942**	56,007
		1,393,555	1,076,642
Liabilities associated with assets classified as held for sale	12(a)	**66,899**	–
		1,460,454	1,076,642
NET CURRENT ASSETS		**368,423**	582,402
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,189,320**	4,438,681

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
NON-CURRENT LIABILITIES			
Borrowings	30	**480,672**	724,684
Retirement benefits plans	31	**34,328**	29,204
Deferred tax liabilities	35	**280,880**	287,542
		795,880	1,041,430
NET ASSETS		**2,393,440**	3,397,251
CAPITAL AND RESERVES			
Share capital	32	**2,431,007**	2,412,497
Reserves		**(66,993)**	971,847
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**2,364,014**	3,384,344
NON-CONTROLLING INTERESTS		**29,426**	12,907
TOTAL EQUITY		**2,393,440**	3,397,251

The consolidated financial statements on pages 78 to 176 were approved and authorised for issue by the Board of Directors on 7 June 2013 and are signed on its behalf by:

Cheung Ka Sing, Cassian
DIRECTOR

Ting Ka Yu, Stephen
DIRECTOR

STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	20	**123,335**	126,942
Prepaid lease payments	21	**26,786**	27,592
Interests in subsidiaries	22	**2,106,735**	2,638,596
		2,256,856	2,793,130
CURRENT ASSETS			
Other receivables	27	**3,274**	3,383
Prepaid lease payments	21	**806**	806
Amounts due from subsidiaries	22	**532,874**	972,705
Tax recoverable		**596**	67
Restricted bank balances	28	**5,411**	5,411
Bank balances and cash	28	**44,368**	33,046
		587,329	1,015,418
CURRENT LIABILITIES			
Other payables	29	**29,543**	25,451
Amounts due to subsidiaries	22	**1,454**	4,644
		30,997	30,095
NET CURRENT ASSETS		**556,332**	985,323
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,813,188**	3,778,453
NON-CURRENT LIABILITY			
Deferred tax liabilities	35	**14,708**	15,488
NET ASSETS		**2,798,480**	3,762,965
CAPITAL AND RESERVES			
Share capital	32	**2,431,007**	2,412,497
Reserves	34	**367,473**	1,350,468
TOTAL EQUITY		**2,798,480**	3,762,965

Cheung Ka Sing, Cassian
DIRECTOR

Ting Ka Yu, Stephen
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Attributable to owners of the Company						Attributable to non-controlling interests			
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share-based payment reserve HK$'000	Accumulated profits (losses) HK$'000	Subtotal HK$'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 2011	2,412,497	918,712	95,619	46,051	136,268	3,609,147	725	3,688	4,413	3,613,560
Exchange differences arising on translation	–	–	(42,679)	–	–	(42,679)	6	322	328	(42,351)
Loss for the year	–	–	–	–	(188,631)	(188,631)	–	7,814	7,814	(180,817)
Total comprehensive expense for the year	–	–	(42,679)	–	(188,631)	(231,310)	6	8,136	8,142	(223,168)
Recognition of equity-settled share-based payments	–	–	–	10,781	–	10,781	352	–	352	11,133
Lapse of share options	–	–	–	(16,549)	16,549	–	–	–	–	–
Acquisition of additional interest in a subsidiary (Note a)	–	–	–	–	(4,274)	(4,274)	–	–	–	(4,274)
At 31 March 2012	2,412,497	918,712	52,940	40,283	(40,088)	3,384,344	1,083	11,824	12,907	3,397,251
Exchange differences arising on translation	–	–	(70,518)	–	–	(70,518)	–	(3,521)	(3,521)	(74,039)
Loss for the year	–	–	–	–	(969,810)	(969,810)	–	23,402	23,402	(946,408)
Total comprehensive expense for the year	–	–	(70,518)	–	(969,810)	(1,040,328)	–	19,881	19,881	(1,020,447)
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 b)	–	–	–	–	(5,277)	(5,277)	–	(2,279)	(2,279)	(7,556)
At 31 March 2013	2,431,007	928,702	(17,578)	7,058	(985,175)	2,364,014	–	29,426	29,426	2,393,440

Notes:

(a) During the year ended 31 March 2012, the equity ownership of the Group in a non wholly-owned subsidiary, Apple Daily Publication Development Limited ("ADPDL"), was increased from 93.79% to 94.20% (see note 42).

(b) During the year ended 31 March 2013, the equity ownership in ADPDL was increased from 94.20% to 94.90% (see note 42).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	NOTE	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES			
Loss for the year		**(946,408)**	(180,817)
Adjustments for:			
Income tax expense		**143,820**	106,281
Finance costs		**22,147**	22,807
Allowance for bad and doubtful debts		**4,193**	12,725
Depreciation of property, plant and equipment		**369,822**	309,150
Release of prepaid lease payments to profit or loss		**1,797**	1,797
Loss on disposal of property, plant and equipment		**13,551**	1,806
Share-based payment expense		**3,731**	11,133
Share of results of associates		**–**	9,202
Share of results of a jointly controlled entity		**–**	1,172
Gain on disposal of subsidiaries	12	**–**	(848,251)
Impairment loss recognised in respect of unlisted convertible note		**–**	7,800
Impairment loss recognised in respect of goodwill		**–**	9,889
Impairment loss recognised in respect of property, plant and equipment		**249,729**	112,214
Impairment loss recognised in respect of interest in associates		**–**	105,505
Impairment loss recognised in respect of programmes and film rights		**81,731**	38,474
Interest income		**(2,320)**	(2,987)
Operating cash flows before movements in working capital		**(58,207)**	(282,100)
Increase in programmes and film rights		**(13,047)**	(140,630)
Decrease (increase) in inventories		**8,555**	(20,083)
Decrease (increase) in trade and other receivables		**60,067**	(74,882)
(Decrease) increase in amounts due to associates		**(2,981)**	3,177
(Decrease) increase in trade and other payables		**(215,361)**	88,003
Increase (decrease) in provisions		**30,678**	(16,713)
Increase in retirement benefits plans		**5,436**	2,141
Net cash used in operations		**(184,860)**	(441,087)
Income tax paid		**(179,818)**	(76,876)
NET CASH USED IN OPERATING ACTIVITIES		**(364,678)**	(517,963)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000
INVESTING ACTIVITIES			
Disposal of subsidiaries	12	–	763,195
Disposal of a jointly controlled entity		–	7,636
Interest received		2,320	2,791
Proceeds from disposal of property, plant and equipment		5,122	791
Purchases of property, plant and equipment		(42,487)	(453,784)
Advances to associates		–	(34,001)
Deposit for acquisition of property, plant and equipment		(6,633)	(22,308)
Deposit received for potential disposal of Taiwan business	29	455,373	–
Loans to associates		(12,566)	–
NET CASH FROM INVESTING ACTIVITIES		401,129	264,320
FINANCING ACTIVITIES			
New loans raised		804,406	263,019
Repayment of bank loans		(1,009,241)	(126,804)
Interest paid		(22,147)	(22,807)
Acquisition of additional interests in subsidiaries		(7,556)	(4,274)
Repayment of obligations under finance leases		–	(4)
Proceeds from issue of shares		20,461	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(214,077)	109,130
NET DECREASE IN CASH AND CASH EQUIVALENTS		(177,626)	(144,513)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		725,784	878,557
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(2,320)	(8,260)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		545,838	725,784
Represented			
Bank balances and cash		565,330	725,784
Cash and cash equivalents included in assets classified as held for sale		30,298	–
Bank overdraft		(49,790)	–
		545,838	725,784

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 42.

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

In the current year, the Group and the Company have applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

The application of new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and the Group's and the Company's financial position for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

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 HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

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

New and revised HKFRSs issued but not yet effective (continued)

1 Effective for annual periods beginning on or after 1 January 2013.

2 Effective for annual periods beginning on or after 1 January 2014.

3 Effective for annual periods beginning on or after 1 January 2015.

4 Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 Financial Instruments

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

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

With regard to the measurement of financial liabilities designated 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.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the financial year ending 31 March 2016.

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 positions.

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

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

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

New and revised Standards on consolidation, joint arrangements, associates and disclosures(continued)

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements that* deal with consolidated financial statements. HK(SIC) – Int 12 Consolidation – *Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors anticipate that these standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013, and the directors of the Company believe that the application of these standards is not likely to have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies 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 in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 April 2013 and the application of the new standard is not likely to have material impact to the amounts reported in the consolidated financial statements but may result in more extensive disclosure in the consolidated financial statements.

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

HKAS 19 (as revised in 2011) Employee Benefits

The amendments to HKAS 19 change 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. The amendments require all actuarial gains and losses to be 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, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 April 2013 for the Group and require retrospective application. The directors anticipate that the application of the amendments to HKAS 19 may have an impact on the amounts reported in respect of the Groups' defined benefit plans. Currently, the Group leaves actuarial gains and losses unrecognised if they are within a "corridor" and deferred recognition of actuarial gains and losses outside the corridor in profit or loss. The directors of the Company are currently assessing the financial impact on the implication of the amendments to HKAS 19.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be 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 to HKAS 1 are effective for the Group for annual periods beginning on or after 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

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, 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.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

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 2010 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, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to accumulated profit (losses) as specified 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 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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 standard.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and that is neither a subsidiary nor an interest in a joint venture. 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. 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, investments in associates are 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 associates. 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 that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognised at the date of acquisition 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 acquisition, after reassessment, is recognised immediately in profit or loss.

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 to sell) 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.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value 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 it loses significant influence over that associate.

When a group entity transacts with its associate, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are 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 jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), 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 that jointly controlled entity.

The financial statements of jointly controlled entities used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of a jointly controlled entity recognised at the date of acquisition 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 acquisition, after reassessment, is recognised immediately in profit or loss.

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 a jointly controlled entity. 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 to sell) 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.

Upon disposal of a jointly controlled entity that results in the Group losing joint control over that jointly controlled entity, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the jointly controlled entity attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the jointly controlled entity. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that jointly controlled entity on the same basis as would be required if that jointly controlled entity had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that jointly controlled entity 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 it loses joint control over that jointly controlled entity.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group' consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

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.

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. Specially, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

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

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

(vii) 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.

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

(ix) Television and internet subscription income are recognised upon the provision of the services.

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.

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.

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.

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.

Programmes and film rights

Programmes and film rights are stated at cost less amounts amortised and any impairment considered necessary by the management. Their costs are amortised over periods in which revenues are expected to be generated to the Group.

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, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes 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 or jointly controlled entities 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Provisions are measured at 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. When 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.

(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 the reporting period. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's defined benefit obligations and the fair value of plan assets at the end of the previous reporting period are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

(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 2007.

The fair value of services received 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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.

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.

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, loans to associates, 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).

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and its included in the "other gain or loss" line item on the consolidated statement of comprehensive income. Fair value is determined in the manner described in note 6c.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

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.

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.

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 instruments

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 Group are recognised at the proceeds received, net of direct issue costs.

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 associates, amounts due to subsidiaries, bank overdraft and borrowings are subsequently measured at amortised cost, using the effective interest method.

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 entirely, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition (continued)

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.

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:

Income taxes

As at 31 March 2013, the Group had estimated unused tax losses from continuing operations of approximately HK$1,185,813,000 (2012: HK$1,016,388,000 inclusive of HK$810,572,000 in continuing operations) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$18,030,000 (2012: HK$43,668,000) of such losses. No deferred tax assets has been recognised on the tax losses of approximately HK$1,167,783,000 (2012: HK$972,720,000 inclusive of HK$792,971,000 in continuing operations) due to the unpredictability of future profit streams. The reliability 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 35.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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 2013, an amount of approximately HK$101,863,000 (2012: HK$71,425,000) has been provided for outstanding litigations. Details are set out in note 36.

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, an allowance for bad and doubtful debts of approximately HK$2,578,000 (2012: HK$12,334,000) and HK$1,615,000 (2012: HK$391,000) are recognised in profit or loss for continuing operations and discontinued operations 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 2013 and 2012, 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.

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

One of the Group's cash–generating units is engaged in "television and multi-media" business operation that consists of land and buildings, plant and equipment and programmes and film rights with carrying amounts (net of impairment losses) of HK$18,512,000, HK$241,098,000 and HK$112,604,000 respectively (2012: HK$341,979,000, HK$699,760,000 and HK$181,288,000 respectively).

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, wiling 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 plant and equipment and programmes and film rights for discontinued operations of approximately HK$229,110,000 and HK$81,731,000 respectively (2012: HK$112,214,000 and HK$38,474,000 respectively) are recognised in profit or loss. Details are set out in notes 12(a) 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 internet business 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 is recognised in profit or loss for the year ended 31 March 2013.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment loss on interests in associates

As at 31 March 2012, the carrying amount of interests in associates, Colored World Holdings Limited and its subsidiaries ("Colored World Group"), had been tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset. The carrying amount of interests in associates was fully impaired. The impairment loss recognised during the year ended 31 March 2012 amounted to HK$105,505,000 in relation to the interest in the Colored World Group under the internet business segment for continuing operations.

Impairment loss of the debt component and fair value loss of the derivative embedded in unlisted convertible notes

As at 31 March 2012, the Group reviewed its investment in unlisted convertible notes for impairment to assess whether the carrying amount was recoverable. The carrying amount of the debt component of unlisted convertible notes was fully impaired and the fair value of the derivative embedded in the unlisted convertible note dropped to nil. The impairment loss and the fair value loss recognised during the year ended 31 March 2012 amounted to HK$7,800,000 under the television and multi-media segment for discontinued operations, in view of the continuous loss and net liability of the investee company, Orbit-Media Limited.

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

	2013 HK$'000	2012 HK$'000
THE GROUP		
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,162,396**	1,330,054
Financial liabilities		
Liabilities at amortised cost	**995,979**	1,210,894
THE COMPANY		
Financial assets		
Loans and receivables (including cash and cash equivalents)	**583,227**	1,011,744
Financial liabilities		
Liabilities at amortised cost	**1,454**	4,644

6. FINANCIAL INSTRUMENTS (CONTINUED)

6b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade and other receivables, loans to associates, restricted bank balances, bank balances and cash, trade and other payables, amounts due to associates, amounts due from/to subsidiaries, bank overdraft 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.

The transactions and balances relating to discontinued operations are mainly transacted using ("NT$") New Taiwan Dollar, 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	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Continuing operations				
United States Dollar ("USD")	**38,978**	32,852	**63,828**	182,073
Australian Dollar ("AUD")	**–**	–	**961**	2,081
Renminbi ("RMB")	**–**	–	**25**	61
Euro ("EUR")	**–**	148	**12,992**	618
Pound Sterling ("GBP")	**–**	–	**322**	5
NT$ – inter-company balances	**452,079**	40,666	**519,321**	322,589

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (continued)

Currency risk (continued)

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% (2012: 5%) increase and decrease in the entity's respective functional currency against its relevant foreign currencies. 5% (2012: 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% (2012: 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% (2012: 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.

	GBP Impact		RMB Impact		EUR Impact		AUD Impact		NT$ Impact	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Loss	**(13)**	–	**(1)**	(3)	**(542)**	(20)	**(40)**	(87)	**(2,807)**	(11,770)

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, Hong Kong Dollar Prime Rate and Postal Savings 2 Years Floating Rate. (2012: Hong Kong Interbank Offered Rate and Primary Commercial Paper composite rate in Taiwan 51328). 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.

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (continued)

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).

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 insignificance. For variable-rate bank borrowings and bank overdraft, 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 (2012: 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 (2012: 50 basis points) higher/lower and all other variables were held constant, the Group's loss for the year would increase/decrease by approximately HK$3,566,000 (2012: HK$4,233,000) while the Company's loss for the year would increase/decrease by approximately HK$185,000 (2012: HK$138,000).

Credit risk

The Company

As at 31 March 2013, 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 37(c) for details).

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

The Group

As at 31 March 2013, 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 27% (2012: 28%) 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.

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

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 2013, the Group has total available unutilised overdraft and short-term bank loan facilities of approximately HK$10,689,000 (2012: HK$414,244,000).

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.

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 2013 HK$'000
CONTINUING OPERATIONS								
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
Bank overdraft	4.25	49,790	–	–	–	–	49,790	49,790
Borrowings – variable rate	2.70	32,958	65,915	245,534	523,388	–	867,795	804,406
		190,901	96,539	248,540	523,388	–	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)

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 2012 HK$'000
2012								
Non-derivative financial liabilities								
Trade payables	–	92,953	42,863	6,790	–	–	142,606	142,606
Other payables	–	51,318	–	–	–	–	51,318	51,318
Amounts due to associates	–	2,981	–	–	–	–	2,981	2,981
Borrowings – variable rate	2.32	26,071	52,142	234,638	621,820	140,170	1,074,841	1,013,989
		173,323	95,005	241,428	621,820	140,170	1,271,746	1,210,894

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 2012 HK$'000
2012								
Non-derivative financial liabilities								
Amounts due to subsidiaries	–	4,644	–	–	–	–	4,644	4,644
Financial guarantee contracts	–	35,957	71,914	323,611	863,282	136,989	1,431,753	–
		40,601	71,914	323,611	863,282	136,989	1,436,397	4,644

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 2013 and 2012, 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.

6. FINANCIAL INSTRUMENTS (CONTINUED)

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, magazines and other publications, the sales of advertising space in newspapers, books and magazines, the provision of printing and reprographic services, the sales of advertising space on websites and the provision of internet subscription and internet content. Revenue recognised during the year from continuing operations is as follows:

	2013	2012
	HK$'000	HK$'000
		(Restated)
Continuing operations		
Revenue		
Sales of newspapers	**664,842**	744,236
Sales of books, magazines and other publications	**199,237**	239,294
Newspapers advertising income	**1,544,327**	1,613,519
Books and magazines advertising income	**688,007**	724,242
Printing and reprographic services income	**220,476**	234,085
Internet advertising income, internet subscription and content provision ("Internet businesses")	**157,207**	47,185
	3,474,096	3,602,561
Other income		
Sales of waste materials	**21,805**	28,791
Interest income on bank deposits	**897**	2,506
Interest income on loans to associates	**1,253**	196
Rental income	**2,181**	1,875
Others	**15,981**	13,542
	42,117	46,910

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
Internet businesses	Advertising income, internet subscription and content provision in Hong Kong and Taiwan

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

A 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") was discontinued in the current year.

Upon completion of the disposal of the Colored World Group in the year ended 31 March 2012, the animation production business that was previously included in the internet businesses segment was discontinued.

The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 12. Accordingly, the comparative figures have been restated.

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 2013
Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Internet businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000
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	349,179	112,068	(124,487)	–	336,760
Unallocated expenses					(34,319)
Unallocated incomes					20,312
Finance costs					(17,952)
Profit before tax from continuing operations					304,801

8. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the year ended 31 March 2012

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Internet businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000 (Restated)
REVENUE					
External sales	2,499,252	1,056,124	47,185	–	3,602,561
Inter-segment sales	39,439	18,558	13,338	(71,335)	–
	2,538,691	1,074,682	60,523	(71,335)	3,602,561
Segment results	314,157	179,232	(36,956)	–	456,433
Unallocated expenses					(155,997)
Unallocated incomes					18,138
Finance costs					(4,898)
Profit before tax from continuing operations					313,676

Segment result represents the profit (loss) incurred by each segment without the allocation of incomes or expenses resulted from interest income, certain rental and other income, finance costs, impairment loss recognised in interests in associates, share of results of associates, share of results of jointly controlled entity 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 2013

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Internet businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000
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	(300,074)	(215,555)	(258,445)	–	(774,074)
Liabilities associated with assets classified as held for sale					(66,899)
Unallocated liabilities					(1,415,361)
Total liabilities					(2,256,334)

8. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

As at 31 March 2012

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Internet businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000 (Restated)
Segment assets	2,472,196	828,285	37,266	–	3,337,747
Assets relating to discontinued operation					1,408,705
Unallocated assets					768,871
Total assets					5,515,323
Segment liabilities	(300,345)	(201,941)	(16,579)	–	(518,865)
Liabilities relating to discontinued operation					(1,042,388)
Unallocated liabilities					(556,819)
Total liabilities					(2,118,072)

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

- all assets are allocated to operating segments other than interests in associates, loans to associates, tax recoverable, 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, amounts due to associates, tax liabilities, certain bank borrowings, deferred tax liabilities and corporate liabilities that are not attributable to segments.

8. SEGMENT INFORMATION (CONTINUED)

Other segment information

For the year ended 31 March 2013

Continuing operations

	Newspapers publication and printing HK$'000	**Books and magazines publication and printing HK$'000**	**Internet 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**
(Gain) loss on disposal of property, plant and equipment	**16**	**(93)**	**545**	**–**	**468**

For the year ended 31 March 2012

Continuing operations

	Newspapers publication and printing HK$'000 (Restated)	Books and magazines publication and printing HK$'000 (Restated)	Internet businesses HK$'000 (Restated)	Corporate HK$'000 (Restated)	Consolidated HK$'000 (Restated)
Addition to non-current assets	31,577	13,280	9,016	20	53,893
Depreciation of property, plant and equipment	103,157	21,637	5,139	3,923	133,856
Release of prepaid lease payments	991	–	–	806	1,797
Allowance for bad and doubtful debts	7,652	4,586	96	–	12,334
Share-based payment expense	–	–	–	10,781	10,781
(Gain) loss on disposal of property, plant and equipment	(12)	(113)	1	–	(124)

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)	
	2013	2012	**2013**	2012
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000
Hong Kong (country of domicile)	**1,999,092**	2,011,536	**1,846,268**	1,899,292
Taiwan	**1,423,558**	1,538,713	**927,213**	1,921,942
North America	**22,255**	28,775	**969**	1,044
Europe	**16,165**	9,958	**–**	–
Australasia	**12,262**	12,949	**–**	–
Others	**764**	630	**–**	–
	3,474,096	3,602,561	**2,774,450**	3,822,278

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 operations 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:

	2013	2012
	HK$'000	HK$'000
Customer A (Note)	**864,079**	983,530

Note: Revenue from this customer comprised revenue earned in newspapers and magazines publication amounting to HK$664,842,000 (2012: HK$744,236,000) and HK$199,237,000 (2012: HK$239,294,000), respectively.

9. FINANCE COSTS

Continuing operations

	2013 HK$'000	2012 HK$'000 (Restated)
Interest expense on bank borrowings wholly repayable within five years	**15,695**	4,898
Interest expense on bank borrowings not wholly repayable within five years	**2,257**	–
	17,952	4,898

10. INCOME TAX EXPENSE

Continuing operations

	2013 HK$'000	2012 HK$'000 (Restated)
Current tax:		
Hong Kong	**77,064**	77,785
Taiwan	**72,953**	32,212
(Over)underprovision in prior years	**(9)**	5
	150,008	110,002
Deferred tax (note 35):		
Current year	**(6,657)**	(4,235)
	143,351	105,767

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taiwan Income Tax is calculated at 17% of the estimated assessable profit for both years.

10. INCOME TAX EXPENSE (CONTINUED)

Continuing operations (continued)

The tax charge for the year can be reconciled to the profit before tax from continuing operations as follows:

	2013 **HK$'000**	2012 HK$'000 (Restated)
Profit before tax from continuing operations	**304,801**	313,676
Tax at Hong Kong Profits Tax rate of 16.5%	**50,292**	51,757
Tax effect of share of losses of associates and a jointly controlled entity	**–**	(1,712)
Tax effect of expenses not deductible for tax purpose	**32,957**	31,564
Tax effect of income not taxable for tax purpose	**(3,826)**	(5,148)
(Over)underprovision in prior years	**(9)**	5
Tax effect of estimated tax losses not recognised for Hong Kong subsidiaries	**61,285**	39,787
Tax effect of estimated tax losses not recognised for Taiwan subsidiaries	**4,700**	2
Utilisation of tax losses previously not recognised	**(4,158)**	(16,064)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**2,806**	3,790
Others	**(696)**	1,786
Tax charge for the year	**143,351**	105,767

11. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2013 **HK$'000**	2012 HK$'000 (Restated)
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Continuing operations		
Allowance for bad and doubtful debts	**2,578**	12,334
Auditor's remuneration	**3,253**	3,132
Operating lease expenses on:		
Properties	**6,915**	6,290
Plant and equipment	**18,367**	16,165
Provision for litigation expenses included in other expenses (note 36)	**44,849**	6,627
Staff costs (note 16)	**1,381,914**	1,277,362
Loss (gain) on disposal of property, plant and equipment	**468**	(124)

12. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

(a) Discontinued operation on the television and multi-media business

During the year ended 31 March 2013, the Group is in the process of disposing of the operation of the Group's television business in Taiwan (the "Disposal"). As at 31 March 2013, the management of the Group has finalised and committed themselves to a plan for such Disposal to an independent third party and expected to complete such Disposal within one year from 31 March 2013.

The directors of the Company are of opinion that the Disposal as at 31 March 2013 is highly probable. Hence, the television and multi-media business is presented as a discontinued operation and the comparative figures for the year ended 31 March 2012 have been restated accordingly.

The assets and liabilities attributable to the television and multi-media business, which are expected to be sold within twelve months, have been classified as disposal group held for sale and are presented separately in the consolidated statement of financial position as at 31 March 2013.

The television and multi-media business is a cash-generating unit ("CGU") for the purpose of impairment testing of the tangible assets and programmes and film rights. A CGU is considered to be impaired when its recoverable amount declines below its carrying amount. As at 31 March 2013, the recoverable amount of television and multi-media business is determined based on fair value less cost to sell.

The management conducted an impairment assessment of the Group's television and multi-media business as at 31 March 2013 and determined that the recoverable amount of the CGU that is determined based on its fair value less cost to sell by reference to the consideration in relation to the Disposal is less than its carrying amount. Accordingly, the impairment loss on plant and equipment and programmes and film rights of approximately HK$229,110,000 and HK$81,731,000, respectively are recognised in profit or loss.

In addition, with the discontinuation of operation of the television and multi-media business, the directors of the Company are of the opinion that recoverable amount of certain plant and machinery in relation to internet business which had been used to provide support to television and multi-media business is less than its carrying amount. The recoverable amount of the plant and machinery is determined based on its fair value less cost to sell with reference to their market re-sale value. An impairment loss on plant and machinery of approximately HK$20,619,000 is recognised in profit or loss from continuing operations.

12. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE (CONTINUED)

(a) Discontinued operation on the television and multi-media business (continued)

The loss for the year from discontinued operation relating to television and multi-media business, were as follows:

	2013 HK$'000	2012 HK$'000
Revenue	**53,092**	31,992
Productions costs		
Film production costs	**(215,920)**	(339,481)
Other overheads	**(67,562)**	(133,315)
Staff cost (note a)	**(148,222)**	(201,661)
	(431,704)	(674,457)
Other income (note b)	**13,613**	11,573
Personnel costs excluding direct production staff costs (note a)	**(66,807)**	(60,094)
Depreciation of property, plant and equipment	**(235,015)**	(161,732)
Other expenses	**(121,424)**	(133,195)
Allowance for bad and doubtful debts	**(1,615)**	(391)
Impairment loss recognised in respect of property, plant and equipments	**(229,110)**	(112,214)
Impairment loss recognised in respect of programmes and film rights	**(81,731)**	(38,474)
Impairment loss recognised in respect of goodwill	**–**	(9,889)
Impairment loss recognised in respect of prepayments	**(2,493)**	–
Impairment loss recognised in respect of unlisted convertible note	**–**	(7,800)
Finance costs (note c)	**(4,195)**	(17,909)
Loss before tax	**(1,107,389)**	(1,172,590)
Income tax expense	**(469)**	(514)
Loss for the year from discontinued operation	**(1,107,858)**	(1,173,104)

Note a: The balance comprises of wages, salaries and other benefits of HK$199,660,000 (2012: HK$248,331,000), and pension costs for defined contribution plans of HK$15,369,000 (2012: HK$13,424,000).

Note b: The balance comprises of rental income of HK$6,339,000 (2012: HK$8,089,000), bank interest income of HK$170,000 (2012: HK$272,000) and others of HK$7,104,000 (2012: HK$3,212,000).

Note c: The balance comprises of interest expense on bank borrowings wholly repayable within five years of HK$4,195,000 (2012: HK$14,266,000) and interest expense on bank borrowings not wholly repayable within five years of nil (2012: HK$3,643,000).

12. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE (CONTINUED)

(a) Discontinued operation on the television and multi-media business (continued)

Loss for the year from the discontinued operation include the following:

	2013 **HK$'000**	2012 HK$'000
Auditor's remuneration	**746**	548
Operating lease expense on:		
Properties	**16,374**	15,699
Plant and equipment	**9,757**	33,622
Legal and professional fees included in other expenses	**9,669**	11,742
Impairment loss recognised in respect of property, plant and equipment	**229,110**	112,214
Impairment loss recognised in respect of programmes and film rights	**81,731**	38,474
Impairment loss recognised in respect of goodwill	**–**	9,889
Share–based payment (included in personnel costs)	**–**	154
Net exchange gain	**(16)**	(832)
Interest income	**(170)**	(272)
Loss on disposal of property, plant and equipment	**13,083**	1,930

Cash flows for the year from television and multi-media business were as follows:

	2013 **HK$'000**	2012 HK$'000
Net cash outflows from operating activities	**(189,089)**	(851,320)
Net cash inflows (outflows) from investing activities	**30,023**	(455,661)
Net cash inflows from financing activities	**68,405**	1,314,994
Net cash (outflows) inflows	**(90,661)**	8,013

12. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE (CONTINUED)

(a) Discontinued operation on the television and multi-media business (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:

	2013 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**

Subsequent to 31 March 2013, the Group entered into sales and purchase agreements in respect of the Disposal. Details are set out in note 41.

(b) Disposal of the Colored World Group

On 10 June 2011, the Group entered into a sale and purchase agreement (the "S&P Agreement") with Sum Tat Ventures Limited ("STV"), which is 100% beneficially owned by Mr. Lai, to dispose of 70% equity interest in the Colored World Group for a cash consideration of US$100 million (equivalent to approximately HK$776 million). In the opinion of the directors, this transaction was carried out on arm's-length basis with the transaction price determined with reference to the fair value of the Colored World Group determined using a market approach by an independent valuer. Under the market approach, the guideline companies method computes a price multiple for publicly listed comparable companies and then applied the result to a base of the subject asset; and the sales comparison method computes a price multiple using recent sales and purchase transactions of comparable assets and then applied the result to a base of the subject asset.

Details of this transaction are set out in the Company's announcement dated 10 June 2011. The transaction was approved by independent shareholders at an extraordinary general meeting of the Company held on 2 September 2011 and was completed on 31 October 2011.

After completion of the disposal on 31 October 2011, the Group lost control over the financial and operating policies of the Colored World Group. The Group now holds 30% equity interest in the Colored World Group and has accounted for the investment as an associate since 31 October 2011. The Colored World Group was principally engaged in the animation production in Hong Kong and Taiwan as at the date of disposal and as at 31 March 2012.

The business of the Group's animation production, which was solely carried out by the Colored World Group, was considered as a discontinued operation of the Group as a result of the disposal.

12. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE (CONTINUED)

(b) Disposal of the Colored World Group (continued)

The profit for the year ended 31 March 2012 from discontinued operation relating to the Colored World Group was analysed as follows:

	2012 HK$'000
Loss of animation production business for the year	(63,873)
Gain on disposal of animation production business	848,251
Profit for the year from discontinued operation	784,378

The loss from discontinued operation relating to animation production business for the period from 1 April 2011 to 31 October 2011 (previously included in the Internet businesses segment), which have been included in the consolidated statement of comprehensive income, were as follows:

	2012 HK$'000
Revenue	38,309
Production costs	(76,169)
Other income	8,954
Personnel costs excluding direct production staff costs	(10,464)
Depreciation of property, plant and equipment	(13,562)
Other expenses	(10,941)
Loss for the period	(63,873)

Loss for the year from discontinued operation included the following:

	2012 HK$'000
Auditor's remuneration	82
Operating lease expense on rented properties	375
Legal and professional fees included in other expenses	288
Share-based payment (included in personnel costs)	198
Net exchange gain	(8,933)
Interest income	(13)

Cash flows for the year ended 31 March 2012 from the Colored World Group were as follows:

	2012 HK$'000
Net cash outflows from operating activities	(38,137)
Net cash outflows from investing activities	(2,723)
Net cash inflows from financing activities	44,180
Net cash inflows	3,320

12. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE (CONTINUED)

(b) Disposal of the Colored World Group (continued)

The net assets of the Colored World Group at the date of disposal (i.e. 31.10.2011) were as follows:

	2012 HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	41,478
Trade and other receivables	16,694
Bank balances and cash	13,485
Amounts due from group companies of the Company	4,399
Trade and other payables	(32,920)
Net assets disposed of	43,136
Gain on disposal of a subsidiary:	
Cash consideration received	776,680
Fair value of 30% residual interest in the Colored World Group	114,707
Less: net asset disposed of	(43,136)
Gain on disposal	848,251
Net cash inflows arising on disposal:	
Cash consideration	776,680
Bank balances and cash disposed of	(13,485)
	763,195

13. DIRECTORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 7 (2012: 8) Directors were as follows:

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

2012

	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$'000	Chu Wah Hui HK$'000 (Note b)	Total HK$'000
Fees	200	200	200	200	300	300	300	–	1,700
Other emoluments									
Salaries and other benefits	4,333	3,952	2,793	2,657	–	–	–	2,471	16,206
Performance related incentive payments (Note a)	–	2,180	1,169	780	–	–	–	–	4,129
Share-based payment	–	2,684	–	–	–	–	–	–	2,684
Pension costs – defined contribution plans	–	162	119	113	–	–	–	81	475
Total emoluments	4,533	9,178	4,281	3,750	300	300	300	2,552	25,194

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.

Note b: Mr. Chu Wah Hui had ceased to act as an executive director and vacated the office of Chief Executive Officer since 2 October 2011.

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$3,999,000 (2012: HK$3,490,000) paid by the Group under three operating leases (2012: three) in respect of residential accommodation provided to two (2012: two) Executive Directors.

During the years ended 31 March 2013 and 2012, 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	**2013**	2012
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**	1
HK$1,500,001 to HK$2,000,000	**3**	2
HK$1,000,001 to HK$1,500,000	**4**	4

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2012: 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:

	2013	2012
	HK$'000	HK$'000
Salaries and other benefits	**2,750**	2,632
Performance related incentive payments	**910**	871
	3,660	3,503

15. DIVIDENDS

No dividend was paid or declared during the years ended 31 March 2013 and 2012, nor has any dividend been proposed since the end of the reporting period.

16. STAFF COSTS

Continuing operations

	2013 HK$'000	2012 HK$'000 (Restated)
Wages, salaries and other benefits	**1,317,694**	1,213,009
Pension costs – defined contribution plans, net of forfeited contributions (note 31(a) and (b))	**54,771**	50,440
Pension costs – defined benefits plans (note 31(c))	**5,718**	3,132
Share-based payment	**3,731**	10,781
	1,381,914	1,277,362

The staff costs for the year ended 31 March 2013 included Directors' emoluments of HK$23,900,000 (2012: HK$25,194,000) as set out in note 13(a).

17. (LOSS) EARNINGS 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:

	2013 HK$'000	2012 HK$'000 (Restated)
Profit figures are calculated as follows:		
Loss for the year attributable to the owners of the Company	**(969,810)**	(188,631)
Less: Loss for the year from discontinued operations	**(1,107,858)**	(388,726)
Profit for the purposes of basic and diluted earnings per share from continuing operations	**138,048**	200,095

Note: The computation of diluted earnings per share for the both years does not assume the exercise of the outstanding share options of the subsidiaries of the Company since their assumed exercise would result in an increase in profit per share from continuing business.

17. (LOSS) EARNINGS PER SHARE (CONTINUED)

From continuing operations (continued)

Number of shares

	2013	2012
Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	**2,415,685,428**	2,412,496,881
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	**2,415,685,428**	2,412,496,881

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 the year.

From continuing and discontinued operations

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

Loss

	2013 HK$'000	2012 HK$'000 (Restated)
Loss for the year attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	**(969,810)**	(188,631)

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

From discontinued operations

For the year ended 31 March 2013, basic loss per share and diluted loss per share for the discontinued operations were HK45.8 cents per share respectively (2012: HK16.1 cents per share as restated), based on loss for the year from discontinued operations HK$1,107,858,000 (2012: HK$388,726,000 as restated) and the denominators detailed above for both basic and diluted (loss) earnings per share.

18. INTANGIBLE ASSETS

	Masthead and publishing rights HK$'000
THE GROUP	
COST	
At 1 April 2011, 31 March 2012 and 31 March 2013	1,482,799
ACCUMULATED IMPAIRMENT	
At 1 April 2011, 31 March 2012 and 31 March 2013	181,918
CARRYING VALUES	
At 31 March 2013 and 31 March 2012	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 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	
	2013	2012
	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 3.2% (2012: 3.6%) for Next Media and 3% (2012: 3%) for Apple Daily, and a pre-tax discount rate of 10.8% (2012: 11.6%). Cash flow projections beyond the 5-year period are extrapolated using a steady growth rate of 3% (2012: 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 2011	300,739	876,106	129,872	1,550,941	406,723	19,454	103,556	3,387,391
Exchange difference	(1,988)	(2,981)	(602)	(5,630)	(2,878)	(114)	(681)	(14,874)
Additions	–	506	32,066	311,896	123,587	446	130,646	599,147
Acquisition of a subsidiary	–	–	–	–	638	–	–	638
Transfer	–	21,922	43,396	147,936	–	–	(213,254)	–
Disposals	–	–	(1,422)	(1,538)	(26,265)	(1,630)	–	(30,855)
Disposal of subsidiaries	–	–	–	–	(79,565)	(794)	–	(80,359)
At 31 March 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
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 April 2011	–	100,413	37,627	813,546	296,001	7,619	–	1,255,206
Exchange difference	–	(276)	(115)	(2,710)	(2,163)	(41)	–	(5,305)
Charge for the year	–	23,677	18,829	199,770	64,712	2,162	–	309,150
Eliminated on disposals	–	–	(716)	(362)	(25,899)	(1,281)	–	(28,258)
Eliminated on disposal of subsidiaries	–	–	–	–	(38,616)	(265)	–	(38,881)
Impairment loss recognised in profit or loss (Note a)	–	–	–	112,214	–	–	–	112,214
At 31 March 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 b)	–	–	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
CARRYING VALUES								
At 31 March 2013	298,751	724,239	35,198	295,946	57,207	604	–	1,411,945
At 31 March 2012	298,751	771,739	147,685	881,147	128,205	9,168	20,267	2,256,962

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

a. For the year ended 31 March 2012, an impairment loss of HK$112,214,000 on plant and machinery under the television and multi-media segment that was recognised in profit or loss. Such an impairment loss included the write off of television set-top boxes with an aggregate carrying amount of HK$42,748,000.

For the year ended 31 March 2012, the Group's television set-top boxes were recognised as the Group's property, plant and equipment and are depreciated over 3 years on a straight-line basis. For television set-top boxes that were delivered to customers but not yet activated and used by customers for the year ended 31 March 2012, the directors of the Company were of the opinion that it would be unlikely to recover the carrying amount of these set-top boxes in view of the fact that the audiences had not used these set-top boxes to watch any television programmes and the audiences might not return the boxes. Accordingly, these set-top boxes with an aggregate carrying amount of HK$42,748,000 were fully impaired and was recognised in profit or loss for the year ended 31 March 2012.

In addition, the management conducted an impairment assessment of the Group's television and multi-media segment as at 31 March 2012 and determined that the recoverable amount of the CGU that is determined based on its value in use was less than the carrying amount of the CGU.

The recoverable amount of television and multi-media segment as at 31 March 2012 was determined based on value in use calculation and based on certain key assumptions. Value in use calculations use cash flow projections based on financial budgets approved by the management of the Group covering a three-year period, which is taking into account the useful lives of plant and machinery. The discount rate used for the value in use calculations is at 15.8%. Cash flow beyond the three-year period were extrapolated using a 3% steady growth rate. This growth rate was based on the relevant growth forecasts and does not exceed the average long term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include number of subscribers, gross rating points, gross budgeted sales and gross margin, such estimation is based on the television and multi-media segment and management's expectations for the market development.

Based on the impairment assessment of the Group's television and multi-media segment, an impairment loss of HK$107,940,000 was recognised in profit or loss, HK$38,474,000, HK$22,790,000 and HK$46,676,000 of which were allocated to programmes and film rights, television set-top box and plant and machinery respectively on a pro rata basis on the respective carrying amounts of the assets before impairment.

Apart from the write off of television set-top boxes of HK$42,748,000, an additional impairment loss was recognised in respect of the television set-top boxes and plant and machinery of HK$22,790,000 and HK$46,676,000 respectively in profit or loss for the year ended 31 March 2012.

b. 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 to a sell. An impairment loss of HK$310,841,000 is 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 of the Company are of the opinion that the recoverable amount of certain plant and machinery in relation to internet business which has been used to provide support to the television and multi-media business is less than its carrying amount. An additional impairment loss on plant and machinery of HK$20,619,000 is recognised in profit or loss.

Details of the impairment assessment for the year ended 31 March 2013 are set out in note 12(a).

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 2011	145,032	14,925	18	159,975
Additions	–	–	20	20
At 31 March 2012	145,032	14,925	38	159,995
Additions	–	–	29	29
At 31 March 2013	145,032	14,925	67	160,024
ACCUMULATED DEPRECIATION				
At 1 April 2011	23,492	5,630	7	29,129
Charge for the year	3,353	568	3	3,924
At 31 March 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
CARRYING VALUES				
At 31 March 2013	114,835	8,452	48	123,335
At 31 March 2012	118,187	8,727	28	126,942

As at 31 March 2013, the carrying value of the Group's and the Company's land and buildings comprised the following:

	THE GROUP		THE COMPANY	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Buildings situated in Hong Kong under medium-term lease	**339,296**	349,248	**114,835**	118,187
Buildings situated outside Hong Kong on freehold land	**384,943**	422,491	**–**	–
Freehold land situated outside Hong Kong	**298,751**	298,751	**–**	–
	1,022,990	1,070,490	**114,835**	118,187

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 2013, certain of the Group's freehold land and buildings with the carrying values of HK$248,549,000 (2012: HK$292,995,000) and HK$489,226,000 (2012: HK$747,465,000), respectively were pledged as security for the Group's banking facilities (note 30).

(b) As at 31 March 2013, certain of the Group's plant and machinery with an aggregate carrying value of HK$413,000 (2012: HK$246,089,000) were pledged as security for the Group's banking facilities (note 30).

21. PREPAID LEASE PAYMENTS

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
The prepaid lease payments comprise medium-term leasehold land in Hong Kong	**61,555**	63,352	**27,592**	28,398
Analysed or reporting purposes as:				
Current asset	**1,797**	1,797	**806**	806
Non-current asset	**59,758**	61,555	**26,786**	27,592
	61,555	63,352	**27,592**	28,398

As at 31 March 2013, the prepaid lease payments of the Group with a carrying value of HK$33,963,000 (2012: HK$63,352,000) were pledged as security for the Group's banking facilities (note 30).

22. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM (TO) SUBSIDIARIES

	THE COMPANY	
	2013	2012
	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 on interests in subsidiaries	**(531,861)**	–
	2,106,735	2,638,596
Amounts due from subsidiaries (Note b)	**2,118,710**	1,601,181
Less: allowance for amounts due from subsidiaries	**(1,585,836)**	(628,476)
	532,874	972,705
Amounts due to subsidiaries (Note b)	**(1,454)**	(4,644)

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.

Movement in the allowance for amounts due from subsidiaries

	2013	2012
	HK$'000	HK$'000
Balance at beginning of the year	**628,476**	688,035
Allowance for bad and doubtful debts	**957,360**	–
Amounts written off as uncollectible (Note)	**–**	(59,559)
Balance at end of the year	**1,585,836**	628,476

Note: The amount represented the amounts written off against the subsidiaries which had been deregistered during the year ended 31 March 2012.

23. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES/AMOUNTS DUE TO ASSOCIATES

	2013 & 2012 HK$'000
Cost of interests in associates (see note 12(b))	114,707
Share of post acquisition losses	(9,202)
Impairment loss recognised in profit or loss (Note)	(105,505)
	–

The summarised financial information below shows assets, liabilities, income and expenses of the associates:

	2013 HK$'000	2012 HK$'000
Total assets	**121,563**	123,935
Total liabilities	**(209,221)**	(111,470)
Net (liabilities) assets	**(87,658)**	12,465
Group's share of net (liabilities) assets of associates	**(26,297)**	3,740
Revenue for the year	**54,543**	21,100
Loss for the year	**(101,573)**	(30,672)
Group's share of loss of associates for the year	**(30,472)**	(9,202)

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, both for the year and cumulatively, are as follows:

	Year ended 31/03/2013 HK$'000	Year ended 31/03/2012 HK$'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/AMOUNTS DUE TO ASSOCIATES (CONTINUED)

Note:

As disclosed in note 12(b), the Group disposed of 70% equity interest in the Colored World Group during the year ended 31 March 2012. After the disposal, the Group lost control over the financial and operating policies of the Colored World Group and the Colored World Group has become an associate of the Group thereafter.

As at the date of disposal of the Colored World Group in October 2011, the Colored World Group planned to enter into Japan and the USA markets with its own innovated characters. Cost advantage, synergy coupled with a high demand in Japan's and the USA's market was expected to have a potential growth in revenue.

However, as at 31 March 2012, due to tremendous changes in animation business regarding advanced technology and requirements from customers, the Colored World Group suspended the expansion plan in Japan and USA markets near the end of financial year 2011/12. The directors of the Company reviewed the recoverability of the carrying amount of the Group's interests in the associates and noted that there was no objective evidence of implementation of the expansion plans as expected and there is uncertainty when the Colored World Group can enter into Japan and USA markets, and considered that the carrying amount of interests in associates was fully impaired.

In determining that the interests in associates were fully impaired, the Group had estimated the value in use of the interests in associates for impairment purpose, based on the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal. For the year ended 31 March 2012, an impairment loss of HK$105,505,000 was recognised in profit or loss after sharing the loss of the associates of HK$9,202,000 for the year and the entire interests in associates amounted to nil as at 31 March 2013 and 2012.

As at 31 March 2013 and 2012, the Group had interests in the following 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.

Amounts due to associates were unsecured, non-interest bearing and trade in nature with repayment terms of 30 days as at 31 March 2012.

23. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES/AMOUNTS DUE TO ASSOCIATES (CONTINUED)

The loans to associates with principal amount of HK$46,447,000 (2012: HK$34,001,000) are unsecured, carry interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.584% per annum (2012: HIBOR plus 2.584% per annum) and repayable on demand. The accrued interest in relation to the loans to associates will be repayable upon the settlement of the principal amount of the loans. In the opinion of the Directors of the Company, it 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 and 2012. STV, a company which is 100% beneficially owned by Mr. Lai, has stated that it will provide financial support to the associates to enable the associates to meet their financial obligations to repay the loans.

24. INVESTMENT IN AN UNLISTED CONVERTIBLE NOTE

	2013 & 2012 HK$'000
Unlisted convertible note due from OML	–

The convertible note with an aggregate principal amount of HK$7,800,000 was issued on 21 July 2010 by Orbit–Media Limited ("OML"), a former jointly controlled entity of the Group. The convertible note bears interest at a contractual interest rate of 4% per annum for the period commencing on 21 January 2012 till 20 July 2012. The convertible note was due for payment on 20 July 2012. The Group was entitled at any time commencing on the date falling on the expiry of 18 months from the issue date of the convertible note to the maturity date to convert the convertible note into ordinary shares of OML at an initial conversion price of HK$127.45 per share. The conversion price was subject to adjustments to reflect any share split, share consolidation, share dividend, share reclassification, reorganisation, capitalisation issuance or similar transaction affecting the share capital of OML. The Group had the right to request for redemption of all outstanding convertible note at an amount equal to 100% of the outstanding principal amount at any time before the maturity date of the convertible note together with interest accrued to the date of redemption. However, in view of continuous loss and net liabilities noted from OML, the directors of the Company considered that the recovered amount in the unlisted convertible note is uncertain. The carrying amounts of the debt component in the convertible note had been fully impaired and the fair value of the derivative embedded in the unlisted convertible note had become insignificant during the year ended 31 March 2012.

The amount of unlisted note due from OML represented the liability component of the convertible note. The effective interest rate of the debt component was 13.15% per annum.

During the year ended 31 March 2013, the Group has applied for redemption of the unlisted convertible note. The directors of the Company considered that the recoverable amount of the unlisted convertible note is still uncertain.

25. PROGRAMMES AND FILM RIGHTS

The Group's programmes and film rights comprise acquired and self-produced video programmes and film rights licenses granted by third parties for broadcasting on the Group's television channels.

For the year ended 31 March 2012, the Group's programmes and film rights were expected to be used for two to three years and hence they are classified as non-current assets. The management conducted an impairment assessment on the recoverable amount of a CGU that engages in the television and multi-media business. An impairment loss of HK$38,474,000 was allocated to the programmes and film rights and was recognised in profit or loss. Details of the impairment assessment are set out in note 20(a).

For the year ended 31 March 2013, the Group's television and multi–media business is considered as discontinued operation. The carrying amount of the programmes and rights related to television and multi–media business is classified as assets held for sale. The management conducted an impairment assessment on the recoverable amount of a CGU that engages in the television and multi–media business. An impairment loss on programmes and film rights of HK$81,731,000 is recognised in profit or loss. Details of the impairment assessment are set out in note 12(a).

26. INVENTORIES

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Raw materials	**175,796**	185,811
Work in progress	**2,709**	2,607
Finished goods	**2,492**	2,093
	180,997	190,511

27. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**643,079**	654,119	**–**	–
Less: allowance for doubtful debts	**(113,445)**	(116,162)	**–**	–
	529,634	537,957	**–**	–
Prepayments (Note)	**25,236**	135,269	**–**	–
Rental and other deposits	**14,076**	35,120	**–**	101
Others	**15,574**	26,901	**3,274**	3,282
Trade and other receivables	**584,520**	735,247	**3,274**	3,383

Note: Included in the balance as at 31 March 2012 were mainly value–added tax recoverable in Taiwan of HK$32,676,000, rental and utilities prepayment of HK$11,783,000 and other prepayments of HK$90,810,000. The balance as at 31 March 2013 is mainly rental and utilities prepayments of HK$6,512,000 and other prepayments of HK$18,724,000.

27. TRADE AND OTHER RECEIVABLES (CONTINUED)

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	
	2013	2012
	HK$'000	HK$'000
0 – 1 month	**264,791**	282,953
1 – 3 months	**219,702**	227,673
3 – 4 months	**42,653**	23,010
Over 4 months	**2,488**	4,321
	529,634	537,957

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$2,488,000 (2012: HK$4,321,000) 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 base 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	
	2013	2012
	HK$'000	HK$'000
Over 4 months	**2,488**	4,321

27. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Balance at beginning of the year	**116,162**	104,547
Allowance for bad and doubtful debts	**4,193**	12,725
Exchange difference	**(91)**	(157)
Amounts written off as uncollectible	**(4,820)**	(953)
Transfer to assets classified as held for sale	**(1,999)**	–
Balance at end of the year	**113,445**	116,162

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$113,445,000 (2012: HK$116,162,000) 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.

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			
	2013		2012	
	Denominated currency $'000	**Equivalent to HK$'000**	Denominated currency $'000	Equivalent to HK$'000
USD	**935**	**7,258**	774	6,007
AUD	**116**	**935**	203	1,629
GBP	**27**	**315**	–	–

28. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH/BANK OVERDRAFT

THE GROUP AND THE COMPANY

As at 31 March 2013, bank balances amounting to HK$5,411,000 (2012: 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% (2012: 1.60%) per annum for the year.

Included in bank balances and cash is an amount of approximately HK$167,272,000 (2012: HK$552,706,000) placed in time deposits for periods from 1 day to 2 months. Such deposits bear fixed interest between 0.15% to 0.50% (2012: 0.42% and 1.60%) per annum.

The remaining bank balances are placed in current and savings accounts, the former bears no interest and the latter bears prevailing market interest rate of 0.10% (2012: 0.17%) per annum.

THE GROUP

As at 31 March 2013, the bank overdraft carries interest based on Hong Kong Dollar Prime Rate of 4.25% per annum and repayable on demand.

29. TRADE AND OTHER PAYABLES

The average credit period taken for trade payables is 7 to 120 days.

	THE GROUP		THE COMPANY	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**109,185**	142,606	**–**	–
Accrued staff costs	**133,741**	144,008	**2,155**	2,074
Accrued charges (Note a)	**80,942**	169,967	**23,360**	19,512
Deposit received for potential disposal of Taiwan business (Note b)	**455,373**	–	**–**	–
Other payables (Note c)	**111,985**	200,343	**4,028**	3,865
Trade and other payables	**891,226**	656,924	**29,543**	25,451

Note a: The balance includes accrual for repair and maintenance expenses of HK$23,240,000 (2012: HK$25,823,000), accrual for utilities of HK$8,307,000 (2012: HK$10,170,000) and other miscellaneous accrual of HK$49,395,000 (2012: HK$133,974,000).

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 newspaper, magazine and television channels of HK$12,042,000 (2012: HK$68,372,000) and temporary receipt from customers of newspaper publication of HK$14,399,000 (2012: HK$27,145,000) and other operating expenses payables of HK$85,544,000 (2012: HK$104,826,000).

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

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
0 – 1 month	**78,473**	88,997
1 – 3 months	**22,192**	45,798
Over 3 months	**8,520**	7,811
	109,185	142,606

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	
	2013	2012
	Denominated currency	Denominated currency
	$'000	$'000
USD	**5,025**	4,235
Equivalent to	**HK$38,978**	HK$32,852

30. BORROWINGS

An analysis of the secured bank loans of the Group is as follows:

	2013 HK$'000	2012 HK$'000
Carrying amount repayable		
– on demand or within one year	**323,734**	289,305
– in the second year	**82,401**	397,953
– in the third year	**82,401**	78,432
– in the fourth year	**82,401**	78,432
– in the fifth year	**82,401**	32,878
– more than five years	**151,068**	136,989
	804,406	1,013,989
Less: Amount due within one year or on demand shown under current liabilities	**(323,734)**	(289,305)
Non-current portion	**480,672**	724,684

Bank loans balances of HK$494,406,000 carry interests at Post Office 2 – year Deposit rate in Taiwan plus 1.4275% per annum, balance of HK$210,000,000 and HK$100,000,000 carry interest at HIBOR plus 2.75% and 1.25% per annum respectively (2012: bank loans of HK$445,239,000 carry interest at Primary Commercial Paper composite rate in Taiwan 51328 plus 0.495% to 0.75% per annum and bank loans of HK$568,750,000 at HIBOR plus 2% per annum).

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.70% (2012: 2.32%) per annum.

All the Group's borrowings are denominated in NT$ and HK$, functional currencies of the relevant group entities.

In respect of the syndicated bank loans of HK$210,000,000, as at 31 March 2013, the Group was unable to fulfil the required financial covenants. The directors of the Company will obtain confirmations from the Agent Bank acting on behalf of major lenders on their willingness to grant the relative waivers on one–off basis. Until the lenders give waiver on the said covenant, the loans are classified as current liabilities as at 31 March 2013.

The directors of the Company believe that alternative sources of finance are available and sufficient for the continuing operations of the Group in case the lenders demand immediate repayment of the loans.

Up to the date these consolidated financial statements are authorised for issuance, the directors of the Company are confident that the negotiation with lenders will come to successful close.

31. RETIREMENT BENEFITS PLANS

	2013 **HK$'000**	2012 HK$'000
Obligations on:		
Pensions – defined contribution plans (note (b))	**3,530**	14,752
Defined benefit plans obligations (note (c))	**34,328**	29,204
	37,858	43,956

Notes:

Hong Kong

Defined contribution plan

(a) The Group operates two (2012: 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 (2012: HK$1,000) 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.

In 2013, forfeited contributions totalling HK$1,442,000 were utilised during the year (2012: HK$1,220,000). At 31 March 2013 and 2012, the Group has no balance available to reduce future contributions in respect of the HK Scheme.

As at 31 March 2013, the Group had no contributions payable under the HK Scheme and the MPF Scheme (2012: Nil).

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 2013 and 31 March 2012.

As at 31 March 2013, the Group had contributions payable under the Taiwan defined contribution scheme totalling HK$3,530,000 (2012: HK$14,752,000) 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 (2012: three) defined benefit retirement schemes for its eligible employees in Taiwan (the "Taiwan Schemes"). Under the 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 2013, 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:

	2013 **%**	2012 %
Discount rate	**1.50**	1.75
Expected rate of return on plan assets	**1.50**	2.00
Expected rate of future salary increases	**4.50**	4.50

The actuarial valuation showed that the market value of plan assets was HK$16,998,000 (2012: HK$16,792,000) and that the actuarial value of these assets represented 33.1% (2012: 36.5%) of the benefits that had accrued to members. The shortfall of HK$92,688,000 (31 March 2012: HK$83,079,000) is to be cleared over the estimated remaining service period of the expected working lives of the of employees of 19 to 23 years.

31. RETIREMENT BENEFITS PLANS (CONTINUED)

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2013 HK$'000	2012 HK$'000
Current service cost	2,107	1,227
Interest on obligation	1,770	1,467
Expected return on plan assets	(336)	(315)
Actuarial losses recognised in the year	2,177	753
Pension cost – defined benefits plan (Note 16)	5,718	3,132

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:

	2013 HK$'000	2012 HK$'000
Present value of funded defined benefit obligations	109,686	99,871
Fair value of plan assets	(16,998)	(16,792)
	92,688	83,079
Net actuarial losses not recognised	(58,360)	(53,875)
Net liability arising from defined benefit obligation	34,328	29,204

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2013 HK$'000	2012 HK$'000
At 1 April	99,871	65,365
Current service cost	2,107	1,227
Interest cost	1,770	1,467
Actuarial losses	7,043	32,256
Exchange differences on foreign plans	(1,105)	(444)
At 31 March	109,686	99,871

31. RETIREMENT BENEFITS PLANS (CONTINUED)

Movements in the fair value of the plan assets in the current year were as follows:

	2013 HK$'000	2012 HK$'000
At 1 April	**16,792**	15,722
Actual return on plan assets	**161**	198
Exchange differences on foreign plans	**(179)**	(104)
Contributions from the employer	**224**	976
At 31 March	**16,998**	16,792

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	
	2013 %	2012 %	2013 HK$'000	2012 HK$'000
Equity instruments	**14.46**	2.73	**3,963**	6,013
Debt instruments	**1.50**	1.70	**9,093**	6,838
Bank deposits	**1.40**	1.40	**3,942**	3,941
Weighted average expected return	**4.50**	2.00	**16,998**	16,792

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$161,000 (2012: HK$198,000).

The history of experience adjustments is as follows:

	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
Present value of defined benefit obligations	**(109,686)**	(99,871)	(65,365)	(55,941)	(44,019)
Fair value of plan assets	**16,998**	16,792	15,722	14,048	12,851
Deficit	**(92,688)**	(83,079)	(49,643)	(41,893)	(31,168)

The Group expects to make a contribution of HK$224,000 (2012: HK$224,000) to the deferred benefit plans during the next financial year.

32. SHARE CAPITAL

Ordinary shares of HK$1 each

	Authorised No. of shares	Authorised HK$'000
At 1 April 2011, 31 March 2012 and 31 March 2013	4,600,000,000	4,600,000

	Issued and fully paid: Number of shares 31 March 2013	Number of shares 31 March 2012	Share capital 31 March 2013 HK$'000	Share capital 31 March 2012 HK$'000
At beginning of year	**2,412,496,881**	2,412,496,881	**2,412,497**	2,412,497
Exercise of share options	**18,510,000**	–	**18,510**	–
At end of the year	**2,431,006,881**	2,412,496,881	**2,431,007**	2,412,497

33. 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 2013, the number of shares in respect of which options had been granted and remained outstanding under the 2007 Share Option Scheme was 34,154,000 (2012: 45,864,000), representing 1.4% (2012: 1.9%) 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.

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.

33. SHARE INCENTIVE SCHEMES (CONTINUED)

(a) 2007 Share Option Scheme adopted by the Company (continued)

Details of the terms and movements of the options granted pursuant to the 2007 Share Option Scheme are as follows:

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**
Directors	10.12.2010	HK$1.050	29.07.2017	3,148,000	–	–	–	3,148,000
	01.02.2011	HK$1.150	31.01.2014	3,000,000	–	(3,000,000)	–	–
	03.10.2011	HK$1.064	29.07.2017	9,000,000	–	(9,000,000)	–	–
	03.10.2011	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

33. SHARE INCENTIVE SCHEMES (CONTINUED)

(a) 2007 Share Option Scheme adopted by the Company (continued)

2012

				Number of options						
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 01.04.2011	Granted during the year	Exercised during the year	Lapsed during the year	Modified during the year	Cancelled during the year	Balance as at 31.03.2012
Directors	02.10.2008	HK$1.880	01.10.2013	10,000,000	–	–	(10,000,000)	–	–	–
	02.10.2009	HK$1.000	01.10.2014	10,000,000	–	–	(10,000,000)	–	–	–
	01.02.2010 (Note a)	HK$1.064	31.01.2013	9,000,000	–	–	–	(9,000,000)	–	–
	04.10.2010	HK$1.100	03.10.2015	10,000,000	–	–	(10,000,000)	–	–	–
	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	9,000,000	–	–	–	(6,000,000)	–	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
Advisor	01.03.2010	HK$1.110	29.07.2017	4,000,000	–	–	–	–	(4,000,000)	–
Employees	20.01.2009	HK$1.000	04.01.2014	400,000	–	–	(400,000)	–	–	–
	05.01.2010	HK$1.070	04.01.2015	400,000	–	–	(400,000)	–	–	–
	15.04.2010	HK$1.370	29.07.2017	650,000	–	–	–	–	–	650,000
	10.12.2010	HK$1.050	29.07.2017	16,966,000	–	–	(4,000,000)	–	–	12,966,000
	05.01.2011	HK$1.090	04.01.2016	400,000	–	–	(400,000)	–	–	–
	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
				73,964,000	11,100,000	–	(35,200,000)	–	(4,000,000)	45,864,000
Exercisable at the end of the year										27,236,667
Weighted average exercise price				HK$1.182	HK$1.009	–	HK$1.286	–	HK$1.110	HK$1.067

33. 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 4,000,000 options granted to an advisor on 1 March 2010 and 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 and the 5,000,000 options granted to an employee on 26 September 2012 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

18,510,000 options (2012: Nil) were exercised under the 2007 Share Option Scheme.

180,000 options were exercised on 13 December 2012 by an employee at an exercise price of HK$1.05 per share (Market share price on 13 December 2012: HK$1.57 per share).

150,000 options were exercised on 21 December 2012 by an employee at an exercise price of HK$1.05 per share (Market share price on 21 December 2012: HK$1.45 per share).

180,000 options were exercised on 15 January 2013 by an employee at an exercise price of HK$1.05 per share (Market share price on 15 January 2013: HK$1.34 per share).

9,000,000 options were exercised on 29 January 2013 by a director at an exercise price of HK$1.15 per share and another 9,000,000 options were exercised on 29 January 2013 by a director at an exercise price of HK$1.064 per share (Market share price on 29 January 2013: HK$1.44 per share).

During the year ended 31 March 2012, share options were granted on 8 July 2011 and 1 February 2012 respectively. The estimated fair value of the respective share options granted on those dates were HK$250,000 and HK$2,324,000. Share options which were granted on 1 February 2010 and 1 February 2011 were modified on 3 October 2011.

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.

33. 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

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

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.

33. SHARE INCENTIVE SCHEMES (CONTINUED)

(a) 2007 Share Option Scheme adopted by the Company (continued)

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 2014. 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.

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	Cancelled 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	–	–

33. SHARE INCENTIVE SCHEMES (CONTINUED)

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

2012

				Number of subscription right					
Category of grantee	Date of grant	Subscription price per share	Expiry date	Balance as at 01.04.2011	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Balance as at 31.03.2012
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	37,514,000	–	–	(5,574,000)	–	31,940,000
	25.02.2008	HK$2.49	24.02.2013	1,000,000	–	–	–	–	1,000,000
				40,768,000	–	–	(5,574,000)	–	35,194,000
Eligible for subscription at the end of the year									35,194,000
Weighted average subscription price				HK$2.129	–	–	HK$2.120	–	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

No share invitations were granted, exercised and cancelled under the Share Subscription Plan during both years.

(c) Share option schemes adopted by certain subsidiaries

On 20 February 2008, each of Apple Community Infonet Limited ("ACIL") and Next Media Webcast Limited ("NMWL") adopted share option 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 (formerly known as "Dynamic Interactive Limited") ("Next E-Shopping") and Sharp Daily Limited ("Sharp Daily") (together with ACIL, NMWL and AHIL, collectively, the "Hong Kong Subsidiaries") adopted share option schemes (the "2012 Subsidiary Share Option Schemes").

Under the 2008 Subsidiary Share Option Schemes, the 2009 AHIL Share Option Scheme and the 2012 Subsidiary Share Option Schemes, the Hong Kong Subsidiaries may grant options to any of their full-time employees and directors or employees and directors of any of their subsidiaries and any eligible persons as defined therein to subscribe for the respective ordinary shares of ACIL, NMWL, AHIL, Anyplex, Next Mobile, Next E-Shopping and Sharp Daily. The number of shares which may be issued upon exercise of all outstanding options granted under the 2008 Subsidiary Share Option Schemes and 2009 AHIL Share Option Scheme and 2012 Subsidiary Option Schemes 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.

33. 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) 2008 Subsidiary Share Option Schemes

During the years ended 31 March 2013 and 2012, no options were granted, exercised, lapsed or cancelled under the 2008 Subsidiary Share Option Schemes of ACIL and NMWL.

(ii) 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 2013 and 2012.

(iii) 2010 Subsidiary Share Option Schemes

Details of the terms and movements of the share options granted pursuant to the 2010 Subsidiary Share Option Schemes are as follows:

2013

				Number of options					
Category of grantee	Date of grant	Exercise price per share (Note a)	Expiry date	Balance as at 01.04.2012	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Balance as at 31.03.2013
Next TV (Note)									
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	–	–

33. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

(iii) 2010 Subsidiary Share Option Schemes (continued)

2012

				Number of options					
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 01.04.2011	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Balance as at 31.03.2012
Next TV (Note)									
Employees	15.12.2010	Not yet determined	Not yet determined	291,600	–	–	(82,500)	–	209,100
	19.03.2012	Not yet determined	Not yet determined	–	50,000	–	–	–	50,000
				291,600	50,000	–	(82,500)	–	259,100
Exercisable at the end of the year				–					–
Weighted average exercise price				NT$10.00	NT$10.00	–	NT$10.00	–	NT$10.00

Note: 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.

2013

				Number of options					
Category of grantee	Date of grant	Exercise price per share (Note a)	Expiry date	Balance as at 01.04.2012	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Balance as at 31.03.2013
NMES (Note)									
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	–	–

33. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

(iii) 2010 Subsidiary Share Option Schemes (continued)

2012

				Number of options					
Category of grantee	**Date of grant**	**Exercise price per share**	**Expiry date**	**Balance as at 01.04.2011**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Cancelled during the year**	**Balance as at 31.03.2012**
NMES									
Employees	15.12.2010	Not yet determined	Not yet determined	6,000	–	–	–	–	6,000
	08.07.2011	Not yet determined	Not yet determined	–	3,500	–	–	–	3,500
				6,000	3,500	–	–	–	9,500
Exercisable at the end of the year				–					–
Weighted average exercise price				NT$10.00	NT$14.99	–	–	–	NT$15.52

Note: 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.

2013

				Number of options					
Category of grantee	**Date of grant**	**Exercise price per share** (Note a)	**Expiry date**	**Balance as at 01.04.2012**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Cancelled during the year**	**Balance as at 31.03.2013**
NMLE (Note)									
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	–	–

33. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

(iii) 2010 Subsidiary Share Option Schemes (continued)

2012

				Number of options					
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 01.04.2011	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Balance as at 31.03.2012
NMLE Employees	08.07.2011	Not yet determined	Not yet determined	–	5,000	–	(3,000)	–	2,000
Exercisable at the end of the year				–					–
Weighted average exercise price				–	NT$114.93	–	NT$114.93	–	NT$114.93

Note: 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 30 September 2012.

Note a: On 5 April 2012, the exercise price of the 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

33. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

(iv) 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:

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	Cancelled during the year	Balance as at 31.03.2013
Sharp Daily Employee	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 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

The Binomial Model has been used for assessing the fair values of the options granted under the 2010 and 2012 Subsidiary Share Option Schemes during the years ended 31 March 2012 and 2013. During the year, the Group recognised the total expense of nil for the year ended 31 March 2013 (2012: HK$325,000) in relation to share options granted under the 2012 Subsidiary Share Option Scheme of Sharp Daily.

33. 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

33. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Share option schemes adopted by certain subsidiaries (continued)

Grant date	11 June 2012	11 June 2012
Subsidiary scheme	Sharp Daily	Sharp Daily
Valuation date	11 June 2012	11 June 2012
Share price	HK$0.01	HK$0.01
Exercise price	HK$0.01	HK$0.01
Expected volatility	25.92%	25.92%
Risk–free rate	1.11%	1.11%
Expected dividend yield	0%	0%
Exercisable period	–	–
Vesting period	2 years	3 years
Fair value per option	HK$0.003	HK$0.003

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$3,731,000 and HK$3,731,000 respectively, for the year ended 31 March 2013 (2012: HK$11,133,000 and HK$10,781,000 respectively) in relation to options granted under the share option schemes of the Group and invitations issued under the Share Subscription Plan.

34. RESERVES

	Share premium HK$'000	Share-based payment reserve HK$'000	Accumulated profits (losses) HK$'000	Total HK$'000
THE COMPANY				
At 1 April 2011	918,712	46,051	378,637	1,343,400
Loss and total comprehensive expense for the year	–	–	(3,713)	(3,713)
Recognition of equity-settled share-based payment	–	10,781	–	10,781
Lapse of share options	–	(16,549)	16,549	–
At 31 March 2012	918,712	40,283	391,473	1,350,468
Exercise of share options	9,990	(8,039)	–	1,951
Losss and total comprehensive expense for the year	–	–	(988,677)	(988,677)
Recognition of equity–settled share–based payment	–	3,731	–	3,731
Lapse of share options	–	(28,917)	28,917	–
At 31 March 2013	928,702	7,058	(568,287)	367,473

35. 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	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At beginning of the year	**71,361**	70,399	**223,386**	223,386	**294,747**	293,785
Exchange difference	**(5)**	(4)	**–**	–	**(5)**	(4)
(Credit) charge to profit or loss	**(6,949)**	966	**–**	–	**(6,949)**	966
Transfer to liabilities associated with assets classified as held for sale	**(3,938)**	–	**–**	–	**(3,938)**	–
At end of the year	**60,469**	71,361	**223,386**	223,386	**283,855**	294,747

Deferred tax assets	Tax losses	
	2013	2012
	HK$'000	HK$'000
At beginning of the year	**(7,205)**	(2,004)
Charge (credit) to profit or loss	**292**	(5,201)
Transfer to assets classified as held for sale	**3,938**	–
At end of the year	**(2,975)**	(7,205)

For the purpose of statement of financial position presentation, deferred tax assets and liabilities have been offset.

The movement on the deferred tax liabilities (assets) account is as follows:

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
At beginning of the year	**287,542**	291,781
Exchange difference	**(5)**	(4)
Credit to profit or loss	**(6,657)**	(4,235)
At end of the year (shown as non–current liabilities)	**280,880**	287,542

35. DEFERRED TAX (CONTINUED)

As at 31 March 2013, the Group had estimated unused tax losses from continuing operations of approximately HK$1,185,813,000 (2012: HK$1,016,388,000 inclusive of HK$810,572,000 in continuing operations) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$18,030,000 (2012: HK$43,668,000) of such loss. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$1,167,783,000 (2012: HK$972,720,000 inclusive of HK$792,971,000 in continuing operations) due to the unpredictability of future profits streams. In addition, tax losses from continuing operations of HK$28,483,000 (2012: HK$1,361,450,000 (included in continuing operations: nil)) finally have not yet been approved by Taiwan tax authority and no deferred tax assets have been recognised. During the year ended 31 March 2012, subsidiaries with unused tax losses of approximately HK$99,182,000 were disposed of. The expiry dates of these tax losses are as follows:

	2013	2012
	HK$'000	HK$'000
Indefinite	**1,177,005**	942,235
Expiry in:		
2013	**–**	65,345
2014	**8,808**	8,808
	1,185,813	1,016,388

THE COMPANY

Deferred tax liabilities	**Accelerated tax depreciation**	
	2013	2012
	HK$'000	HK$'000
At beginning of the year	**15,488**	14,738
(Credit) charge to profit or loss	**(780)**	750
At end of the year	**14,708**	15,488

As at 31 March 2012 and 2013, the Company had no unused tax losses available for offset against future profits.

36. PROVISIONS

	Litigations HK$'000
At 1 April 2012	71,425
Additional provision for litigation during the year	66,120
Payment during the year	(14,171)
Reversal during the year	(21,271)
Exchange difference	(240)
At 31 March 2013	101,863

As at 31 March 2013, 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.

37. CONTINGENT LIABILITIES

THE GROUP

(a) Pending litigations

In addition to the litigation mentioned in note 36, 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 of the Company 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) Guarantees

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

37. CONTINGENT LIABILITIES (CONTINUED)

THE GROUP (continued)

(c) Guarantees given

As at 31 March 2013, the Company provided various corporate guarantees to financial institutions for facilities granted to its subsidiaries. The aggregate amounts of these guarantees amounted to HK$868,405,000 (2012: HK$1,431,753,000), HK$857,716,000 (2012: HK$1,017,509,000) 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 2013 and 2012 is recognised as the default risk is low.

38. COMMITMENTS

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

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Authorised but not contracted for	**592**	491
Contracted but not provided for	**5,126**	32,729
	5,718	33,220

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:

	2013			2012		
	Properties HK$'000	**Plant and equipment HK$'000**	**Total HK$'000**	Properties HK$'000 (Restated)	Plant and equipment HK$'000 (Restated)	Total HK$'000 (Restated)
Within one year	**5,198**	**10,968**	**16,166**	5,741	10,143	15,884
In the second to fifth years inclusive	**2,904**	**6,206**	**9,110**	2,825	3,149	5,974
	8,102	**17,174**	**25,276**	8,566	13,292	21,858

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.

38. COMMITMENTS (CONTINUED)

(b) Commitments under operating leases (continued)

The Group as lessor

Rental income earned during the year from continuing operations was HK$2,181,000 (2012: HK$1,875,000 as restated).

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	
	2013	2012
	HK$'000	HK$'000
Within one year	**3,628**	1,059
In the second to fifth years inclusive	**2,334**	541
	5,962	1,600

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.

39. 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	
	2013	2012
	HK$'000	HK$'000
Short–term benefits	**27,256**	27,945
Share–based payments	**2,196**	2,684
Post–employment benefits	**793**	825
	30,245	31,454

39. RELATED PARTY DISCLOSURE (CONTINUED)

(b) Related party transactions

Nature of transaction	Name of related company/person	Relationship with the Group	2013 HK$'000	2012 HK$'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**	604
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	**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	**11,965**	8,562
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**	1,130
Consultation fee paid by the Group in Taiwan	Best Combo Limited – Taiwan Branch	100% beneficially owned by Mr. Lai, a director and controlling shareholder of the Company	**–**	1,059

39. RELATED PARTY DISCLOSURE (CONTINUED)

(b) Related party transactions (continued)

Nature of transaction	Name of related company/person	Relationship with the Group	2013 HK$'000	2012 HK$'000
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)**	(29)
Development & support service fee for OTT Video System paid by the Group	Beijing Ao Shi Huan Qiu Technology Limited	An associate of the jointly controlled entity of the Group	**–**	682
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	**(75)**	(71)
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)
Consultancy fee paid by the Group	Young Bright Technology Limited	An associate of the jointly controlled entity of the Group	**–**	360
Consideration for non-compete agreement paid by the Group	Chu Wah Hui	A former director of the Company	**–**	1,000
Animation production service charge paid by the Group (Note v)	Next Media Animation Limited – Taiwan Branch	An associate of the Group	**28,234**	19,356
Production cost received by the Group	Next Media Animation Limited – Taiwan Branch	An associate of the Group	**(108)**	(42)
Office rental received by the Group (Note vi)	Next Media Animation Limited – Taiwan Branch	An associate of the Group	**(2,121)**	(869)

39. RELATED PARTY DISCLOSURE (CONTINUED)

(b) Related party transactions (continued)

Nature of transaction	Name of related company/person	Relationship with the Group	2013 HK$'000	2012 HK$'000
Supporting services fee received by the Group (Note vi)	Next Media Animation Limited	An associate of the Group	**(2,804)**	(964)
Supporting services cost recharged by the Group	Next Media Animation Limited	An associate of the Group	**(1,604)**	(432)
Purchase of fixed assets paid by the Group	Next Media Animation Ltd – Taiwan Branch	An associate of the Group	**35**	–
Sales of film received by the Group	Next Media Animation Ltd – Taiwan Branch	An associate of the Group	**(20)**	–
Sale proceeds for fixed assets received by the Group (Note vii)	Next Media Animation Ltd – Taiwan Branch	An associate of the Group	**(621)**	–
Sale proceeds from fixed assets received by the Group	Next Media Animation Ltd – Taiwan Branch	An associate of the Group	**(127)**	–
Sale proceeds for fixed assets received by the Group (Note vii)	Next Media Animation Ltd	An associate of the Group	**(5,137)**	–
Sale proceeds from fixed assets received by the Group	Next Media Animation Ltd	An associate of the Group	**(492)**	–
Advertising income received by the Group	Next Media Animation Ltd	An associate of the Group	**(756)**	–
Interest for shareholder's loans	Colored World Holdings Limited	An associate of the Group	**(1,253)**	(196)

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. As at 31 March 2013, no commitment is noted as the agreement has terminated on 28 December 2012.

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.

39. 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") and Next TV Broadcasting Limited* ("Next TV"), all indirect wholly owned subsidiaries of the Company entered into a lease agreement with the Taiwan Branch of BCL, a company of 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.

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, an 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 is 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$11,965,000 for the year ended 31 March 2013 (2012: HK$8,562,000) is charged to profit or loss. As at 31 March 2013, total commitment for rental amounted to approximately HK$11.9 M (2012: HK$23.9 M), out of which approximately HK$11.8 M (2012: HK$11.9 M) is payable in the next twelve months, nil in second to fifth years (2012: HK$11.9 M).

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, the 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 in an agreement dated 30 September 2011, the new term of lease is from 17 November 2011, the date on which the occupation permit is granted, to 31 March 2014. Rental of HK$2,561,000 for the year ended 31 March 2013 (2012: HK$1,130,000) is charged to profit or loss. As at 31 March 2013, no commitment is noted as the agreement was terminated up to 31 January 2013 while there was approximately HK$3.04 M commitment in 2012 for the next twelve months. The lease agreement was terminated with effect from 1 February 2013.

The extent of these continuing connected transactions did not exceed the limit as set out in the announcement of the Company dated 7 June 2011 and 30 September 2011.

(v) On 10 June 2011, the Group entered into a Business Framework Agreement with Next Media Animation Limited ("NMAL"), a company 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.

The extent of these continuing connected transactions did not exceed the limit as set out in the announcement of the Company dated 10 June 2011 before the revision of annual caps and the connected transactions for the period from 31 December 2012 to 31 March 2013 did not exceed the new limit as per announcement of the Company dated 31 December 2012.

39. RELATED PARTY DISCLOSURE (CONTINUED)

(b) Related party transactions (continued)

Notes: (continued)

(vi) On 10 June 2011, Next TV entered into a lease agreement with the Taiwan Branch of NMAL, in respect of the lease of office premises to Taiwan Branch of NMAL for a term of 29 months from 1 November 2011 to 31 March 2014. The lease agreement was terminated on 29 November 2012 due to the change of ownership of the building from Next TV to Next Media Broadcasting Limited ("NMBL").

The extent of these continuing connected transactions did not exceed the limit as set out in the announcement of the Company dated 10 June 2011 before the termination of lease agreement and 31 December 2012.

Disclosed in the circular dated on 25 January 2013 of the Company in relation to the very substantial disposal (the "VSD circular"), NMBL, the new landlord, continued the lease agreement with the Taiwan Branch of NMAL in respect of the lease of office premises to Taiwan Branch of NMAL for a term of 28 months from 29 November 2012 to 31 March 2015. The annual cap remained unchanged.

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.

(vii) 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 has agreed to sell and NMAL has agreed to purchase the assets at a consideration of HK$5,758,237.

The transaction constituted a connect transaction for the Company under Chapter 14A of the Listing Rules, details of which as set out in the announcement of the Company dated 29 June 2012.

40. MAJOR NON CASH TRANSACTIONS

During the year, a deposit for acquisition of property, plant and equipment amounting to HK$21,592,000 (2012: HK$145,363,000) was transferred to plant and machinery.

41. EVENT AFTER THE REPORTING PERIOD

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"), to dispose of 100% equity interest in Next TV. On the same date, NMBL, Max Growth and Mr. Lien entered into the shareholders' loan assignment agreement in respect of the assignment of the shareholders' loan, pursuant to which, NMBL and Max Growth have agreed to sell, and Mr. Lien has agreed to purchase the shareholders' loan owed by Next TV to NMBL and Max Growth ("Shareholders' Loan"). The total consideration for the sale of the entire issued share capital of Next TV and the assignment of the Shareholders' Loan amounts to NT$1,400,000,000 (equivalent to approximately HK$364,299,000).

Details of this transaction are set out in the Company's announcement dated 15 April 2013. The transaction constituted disclosable transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") and is therefore subject to reporting and announcement requirement under Chapter 14 of the Listing Rules and was partially completed on 31 May 2013.

The partial completion in respect of the transfer of 2,750,000 shares in Next TV (representing 55% 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.

41. EVENT AFTER THE REPORTING PERIOD (CONTINUED)

In respect of the sale of the remaining 45% of the issued share capital of Next TV, Max Growth has submitted an application to the Investment Commission of the Ministry of Economic Affairs of Taiwan ("IC") seeking approval on the sale of its shareholdings of 2,250,000 shares in Next TV (representing the remaining 45% of the issued share capital of Next TV) to Mr. Lien. Upon receipt of the approval from IC, Max Growth will be in a position to complete the transfer of 2,250,000 shares in Next TV to Mr. Lien in accordance with the terms of the S&P Agreement.

At the date of approval for issuance of these consolidated financial statements, NMBL and Max Growth are indirectly wholly-owned subsidiaries of the Company. The Disposal does not result in any material gain or loss on the Disposal after taking into consideration the impairment loss of the relevant assets in the Group's television and multi-media business (set out in Note 20(b)) which were recognised in profit or loss for the year ended 31 March 2013. Next TV ceases to be subsidiary of the Company and its results under the television and multi-media segment are no longer consolidated into the consolidated financial statements of the Group and accordingly, the Group ceases to engage in the operation of television broadcasting business in Taiwan after the Disposal.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2013 and 2012 are as follows:

Name	Place of incorporation	Paid up issued share capital	Proportion of nominal value of issued capital held by the Company 2013 %	2012 %	Principal activities
Anyplex Company Limited	Hong Kong	10,000,000 ordinary shares of HK$0.01 each	**100**	100	Provision of video-on-demand services and movie content provider (Note e)
Apple Daily I. P. Limited	British Virgin Islands	1 ordinary share of US$1	**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	**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	**100**	100	Printing of newspaper (Note c)
Apple Daily Publication Development Limited	Hong Kong	10,834,250 ordinary shares of HK$0.01 each	**94.9** (Note a)	94.2	Publication and selling of newspaper and selling of newspaper advertising space (Note e)
Database Gateway Limited	British Virgin Islands	739,001,531 ordinary shares of HK$1 each	**100** (Note b)	100	Investment holding (Note c)
Easy Finder I.P. Limited	British Virgin Islands	11,000 ordinary shares of US$1 each	**100**	100	Holding of masthead and publishing rights of magazines (Note c)

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation	Paid up issued share capital	Proportion of nominal value of issued capital held by the Company 2013 %	2012 %	Principal activities
FACE Magazine Limited	Hong Kong	10,000 ordinary shares of HK$1 each	**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	**95.17**	95.17	Selling of magazines advertising spaces (Note c)
Eat and Travel Weekly Company Limited	Hong Kong	2 ordinary shares of HK$1 each	**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	**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	**100**	100	Selling of magazines advertising space (Note c)
Next Magazine Publishing Limited	Hong Kong	1,000 ordinary shares of HK$1 each	**100**	100	Publication and selling of magazines (Note c)
Next Media Broadcasting Limited	Taiwan	106,300,000 ordinary shares of NT$10 each	**100**	100	Holding of television investments (Note d)
Next Media Distribution Service Limited	Taiwan	500,000 ordinary shares of NT$10 each	**100**	100	Distribution and marketing of television productions (Note d)
Next Media I. P. Limited	British Virgin Islands	1,000 ordinary shares of HK$1 each	**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	Provision of internet subscription, contents and selling of advertising space (Note e)
Next Media Management Services Limited	Hong Kong	2 ordinary shares of HK$1 each	**100**	100	Provision of management services (Note c)

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation	Paid up issued share capital	Proportion of nominal value of issued capital held by the Company 2013 %	2012 %	Principal activities
Next Media Publishing Limited	Hong Kong	10,282,778 ordinary shares of HK$0.01 each	**97.50**	97.50	Publication and selling of magazines and selling of magazines advertising space (Note e)
Next Mobile Limited	Hong Kong	10,000,000 ordinary shares of HK$0.01 each	**100**	100	Mobile business and platform development, mobile commerce, mobile game, community services, mobile messenger/communication, mobile dating and advertising, etc (Note e)
Next TV Broadcasting Limited	Taiwan	5,000,000 ordinary shares of NT$10 each	**100**	100	Television licences holder and operator (Note d)
Paramount Printing Company Limited	Hong Kong	15,000 ordinary shares of HK$100 each	**100**	100	Provision of printing services (Note c)
Sharp Daily Limited	Hong Kong	10,000,000 ordinary shares of HK$0.01 each	**100**	100	Newspaper publication and selling of advertising space in newspaper (Note c)
Sudden Weekly Limited	Hong Kong	2 ordinary shares of HK$1 each	**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 0.70% equity interest of the subsidiary during the current year.

Note (b): The subsidiary was directly held by the Company. Other subsidiaries are indirectly held by the Company.

Note (c): The subsidiary operates in Hong Kong.

Note (d): The subsidiary operates in Taiwan.

Note (e): The subsidiary operates in both Hong Kong and Taiwan.

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 March 2013

	Year ended 31 March				
	2009 HK$'000	2010 HK$'000 (Restated) (Note a)	2011 HK$'000 (Restated) (Note a)	2012 HK$'000 (Restated) (Note a)	**2013** **HK$'000**
RESULTS					
Continuing operations					
Revenue	3,291,501	3,126,199	3,472,171	3,602,561	**3,474,096**
Profit from continuing operations	296,278	464,880	472,433	207,909	**161,450**
Discontinued operations					
Loss for the year from discontinued operations	(38,794)	(144,123)	(491,977)	(388,726)	**(1,107,858)**
Profit (loss) for the year	257,484	320,757	(19,544)	(180,817)	**(946,408)**
Profit (loss) attributable to owners of the Company	257,484	317,876	(19,730)	(188,631)	**(969,810)**
Non-controlling interests	–	2,881	186	7,814	**23,402**
Profit (loss) for the year	257,484	320,757	(19,544)	(180,817)	**(946,408)**

	As at 31 March				
	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
ASSETS AND LIABILITIES					
Total assets	4,333,297	4,645,486	5,489,084	5,515,323	**4,649,774**
Total liabilities	(1,215,879)	(1,127,675)	(1,875,524)	(2,118,072)	**(2,256,334)**
	3,117,418	3,517,811	3,613,560	3,397,251	**2,393,440**
Equity attributable to owners of the Company	3,117,375	3,514,473	3,609,147	3,384,344	**2,364,014**
Non-controlling interests	43	3,338	4,413	12,907	**29,426**
	3,117,418	3,517,811	3,613,560	3,397,251	**2,393,440**

Note a: Due to discontinued operations for the year ended 31 March 2013, the financial results were restated.

GLOSSARY

2009 AGM	The Company's Annual General Meeting held on 20 July 2009
2012 AGM	The Company's Annual General Meeting held on 30 July 2012
2013 AGM	The Company's Annual General Meeting to be held on 22 July 2013
2007 ADPDL Share Option Scheme	The share option scheme of ADPDL adopted by the Company on 30 July 2007
2007 Share Option Scheme	The share option scheme that was adopted by the Company on 30 July 2007
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
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, the intermediate holding company of NMAL
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
DGL	Database Gateway Limited, a private company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of the Company and the holding company of Amazing Sino International Limited and Ideal Vegas Limited

GLOSSARY

ED(s)	Executive director(s) of the Company
EGM	Extraordinary general meeting of the Company
Financial Statements	The audited consolidated financial statements for the year ended 31 March 2013
Foundation	Apple Daily Charitable Foundation, a charitable institution founded in 1995 with an initial endowment from *Apply Daily* and was recognised under section 88 of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)
Group	Next Media Limited and together with its subsidiaries
HKAS(s)	Hong Kong Accounting Standard(s)
HKFRS(s)	Hong Kong Financial Reporting Standard(s)
HKICPA	Hong Kong Institute of Certified Public Accountants
HK$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong Subsidiary Share Option Schemes	The share option schemes adopted by Aim High Investments Limited, Anyplex Company Limited, Apple Community Infonet Limited, ADPDL, Next E-Shopping Limited (formerly known as Dynamic Interactive Limited), Next Media Publishing Limited, Next Media Webcast Limited, Next Mobile Limited and Sharp Daily Limited
INED(s)	Independent non-executive director(s) of the Company
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, holds 45% equity interest in Next TV 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
Mr. Lai	Mr. Lai Chee Ying, Jimmy, the Chairman and controlling shareholder of the Company

GLOSSARY

NED	Non-Executive Director 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 and an indirect wholly owned subsidiary of the Company, it ceased to be a subsidiary of the Company on 31 May 2013
NMAL	Next Media Animation Limited, an associated company of the Company
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 an indirect wholly owned subsidiary of the Company
NT$	New Taiwan dollars, the lawful currency of Taiwan
RSM	RSM Nelson Wheeler Consulting Limited, an independent professional firm engaged by the Group to carry out internal audit services for the Group
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	Ordinary share(s) of HK$1.00 each 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 100% beneficially owned by Mr. Lai
Subscription Plan	The share subscription and financing plan adopted by the Company on 29 October 2007
Taiwan Subsidiary Share Option Schemes	The share option schemes adopted by Next TV, 壹多媒體娛樂服務股份有限公司 (Next Multi-media Entertainment Services Limited*) and 壹傳媒生活娛樂服務股份有限公司 (Next Media Lifestyle Entertainment Services Limited*)

* Company's English name is for identification only

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