NEXTmedia

STOCK CODE : 00282

NEXT MEDIA

ANNUAL REPORT 2014-15

NEXT MEDIA

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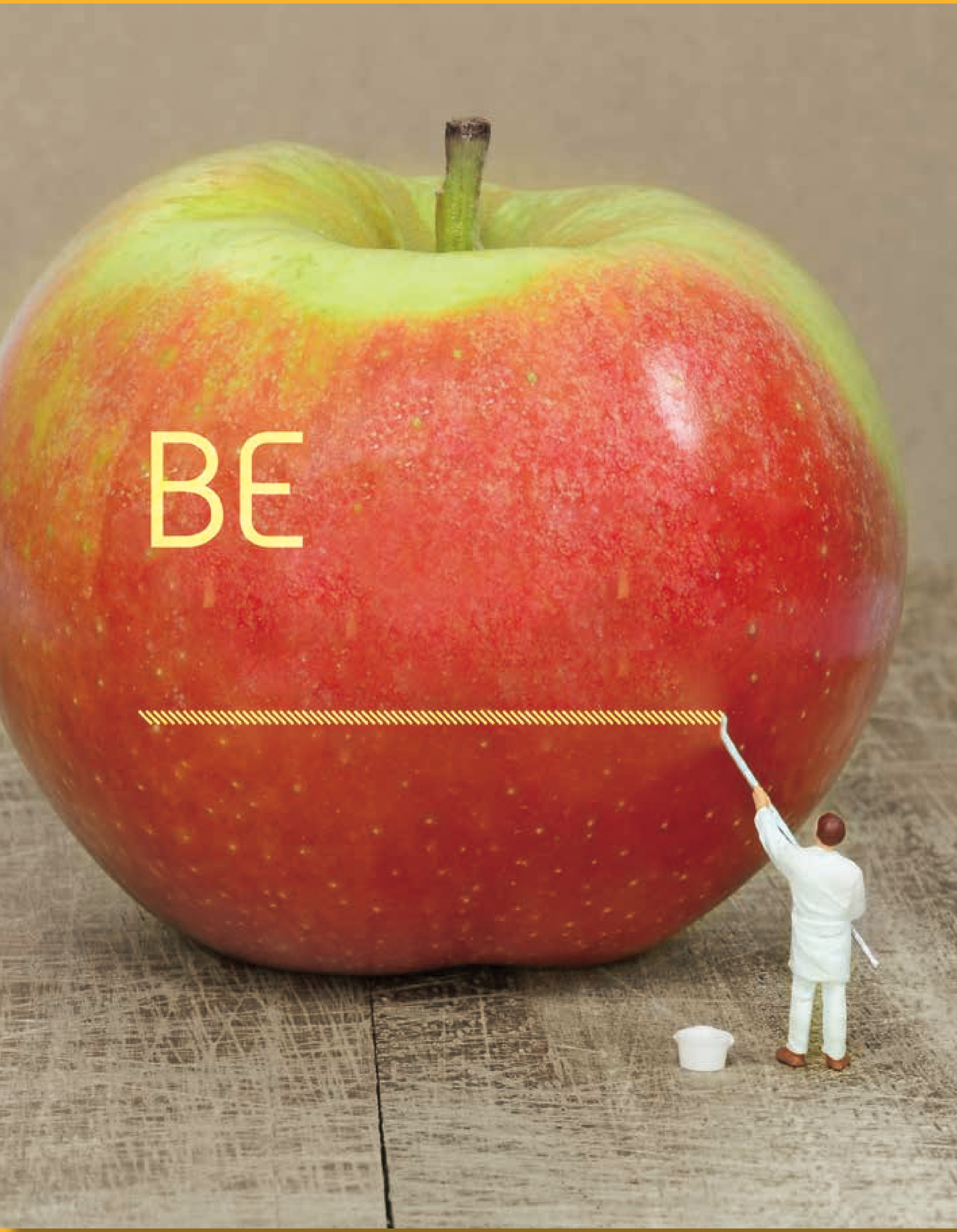
BE THE EXPLORER OF THE WORLD

CONTENTS

BUSINESS REVIEW

FINANCIAL REPORT

GLOSSARY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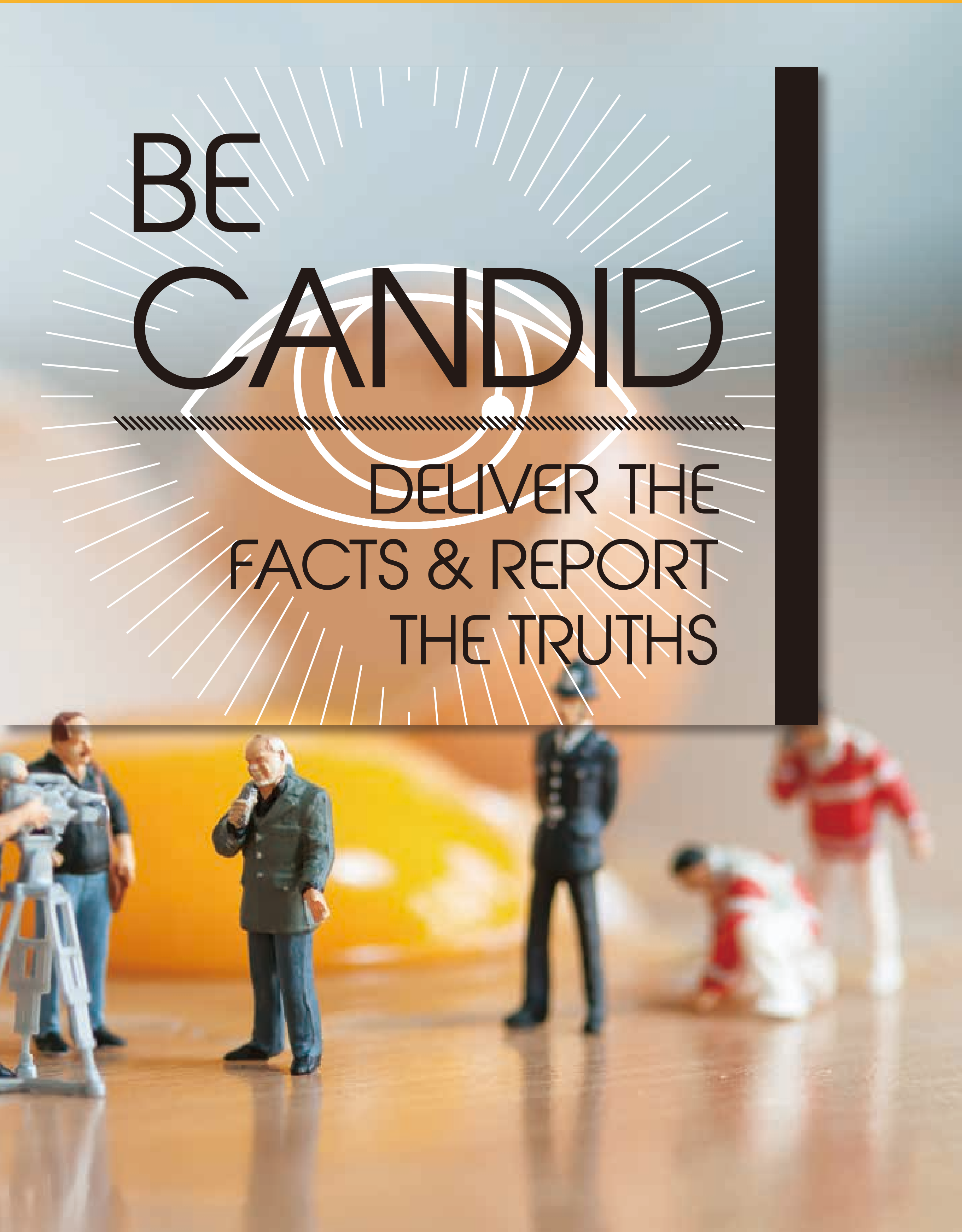
DELIVER THE FACTS & REPORT THE TRUTHS

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FACTS & REPORT
THE TRUTHS

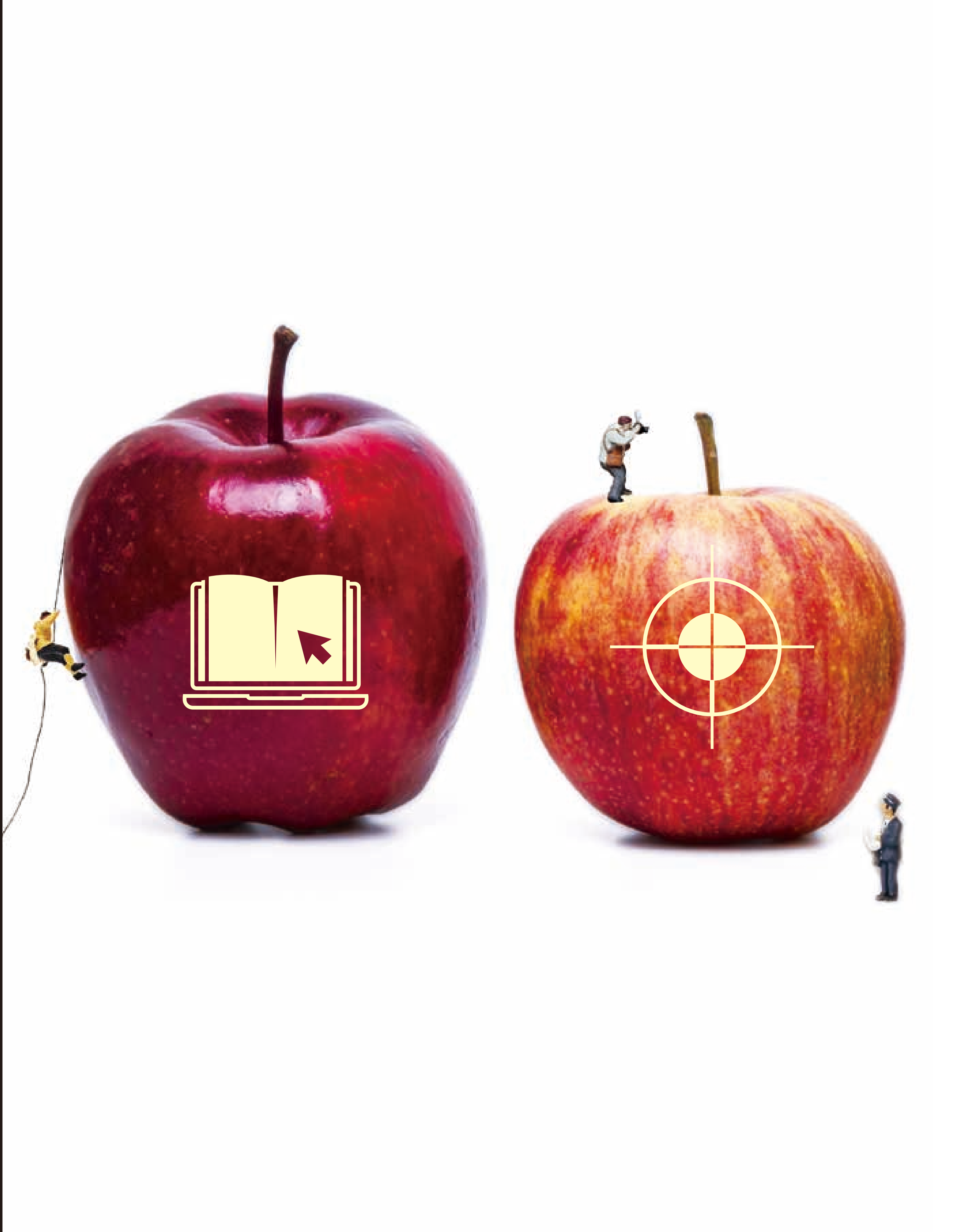
BE PROACTIVE

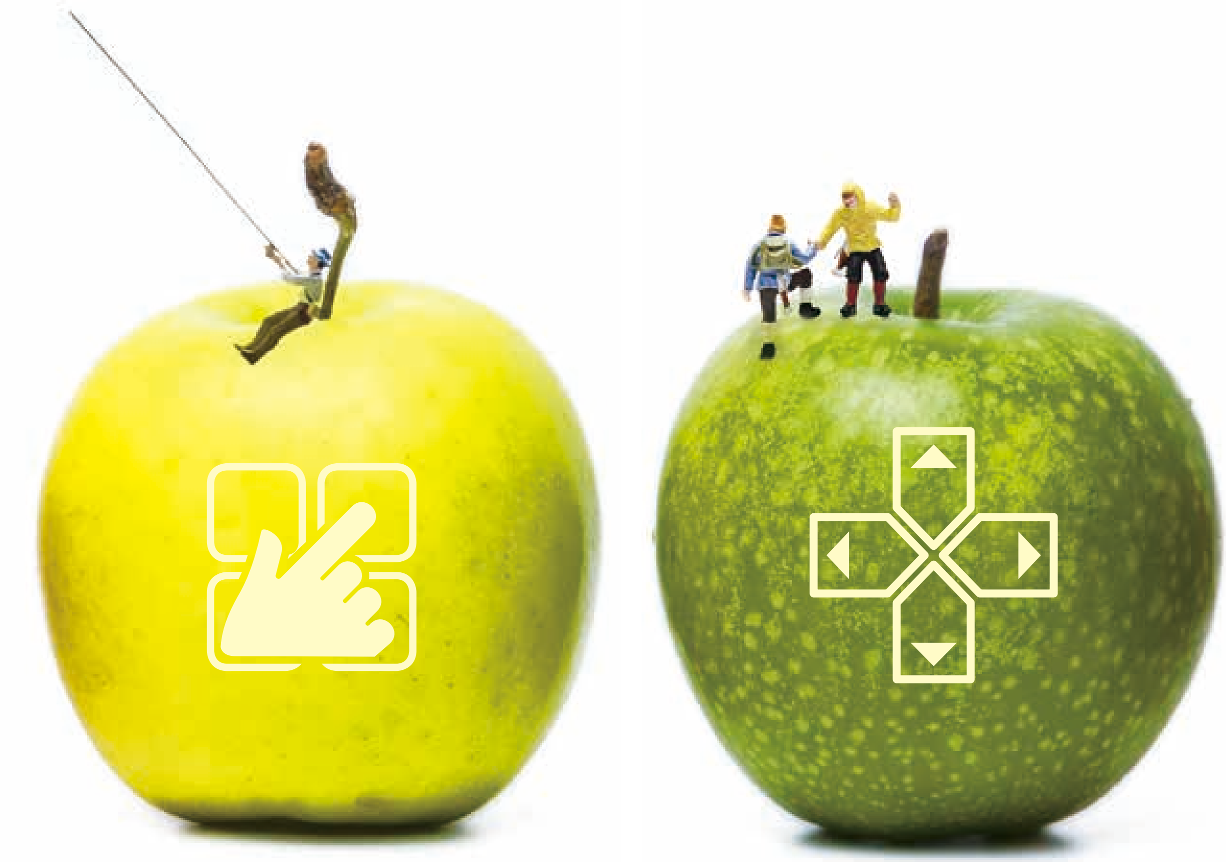
IN THIS FAST CHANGING WORLD

CATCH EVERY MOMENT

NEXTmedia

MULTI MEDIA





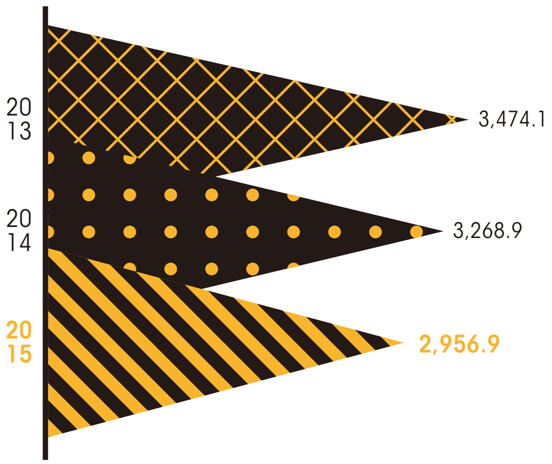
NEXTmedia

NEXT MEDIA is a multimedia company engaging in publishing, printing, apps development as well as online and mobile games.

FINANCIAL HIGHLIGHTS

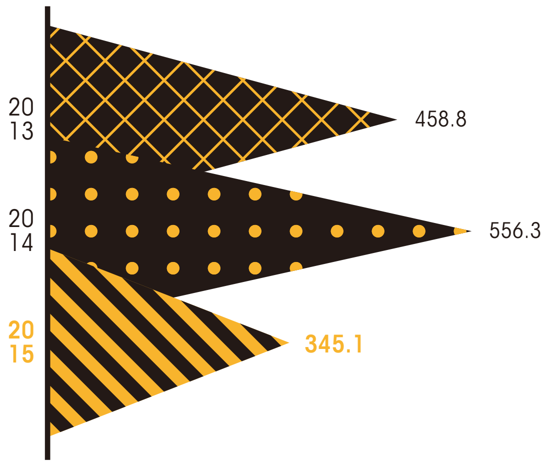
REVENUE - CONTINUING OPERATIONS

(HK$ Million)



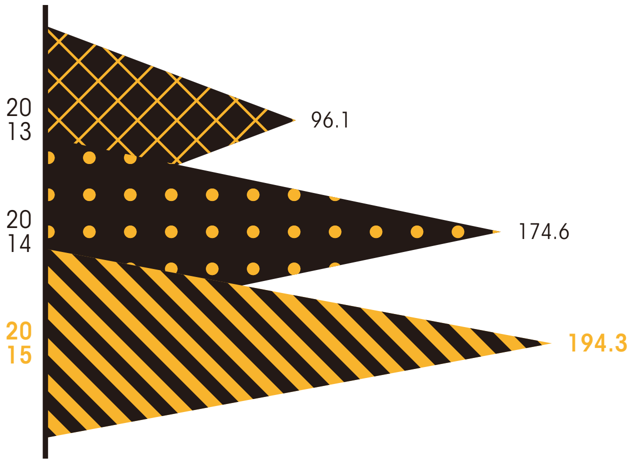
EBITDA BEFORE IMPAIRMENTS AFTER NON-CONTROLLING INTERESTS FROM CONTINUING OPERATIONS

(HK$ Million)



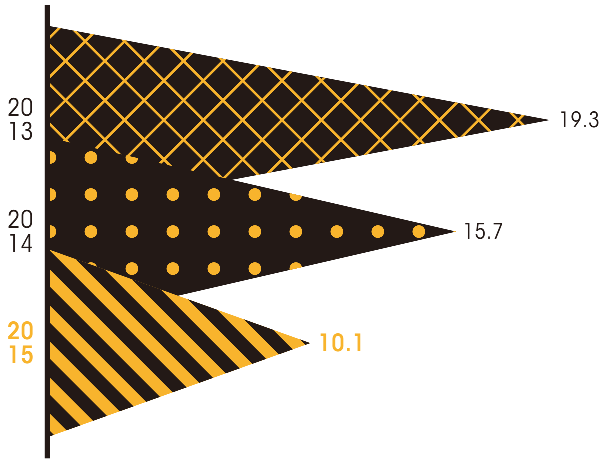
CURRENT RATIO

(%)



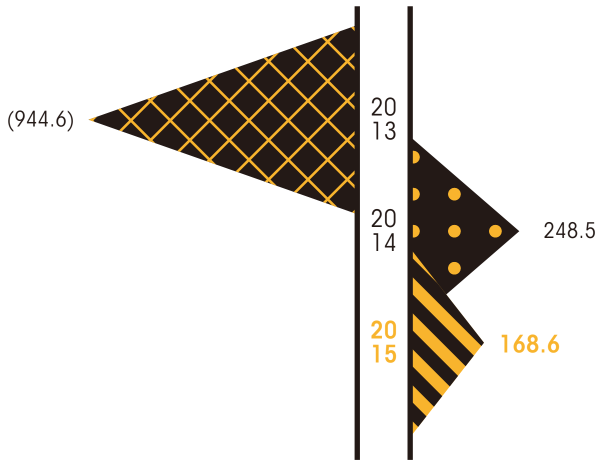
GEARING RATIO

(%)



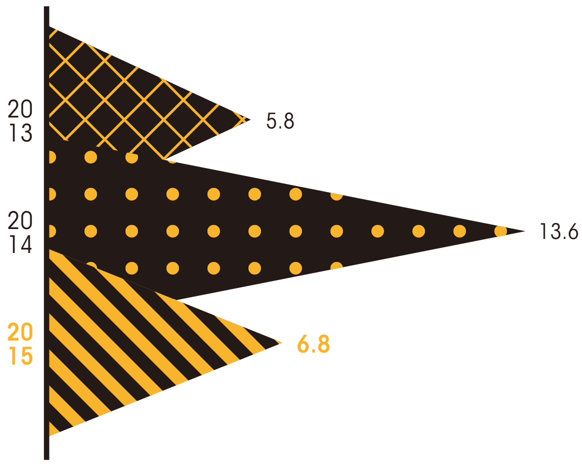
NET PROFIT (LOSS) FOR THE YEAR

(HK$ Million)



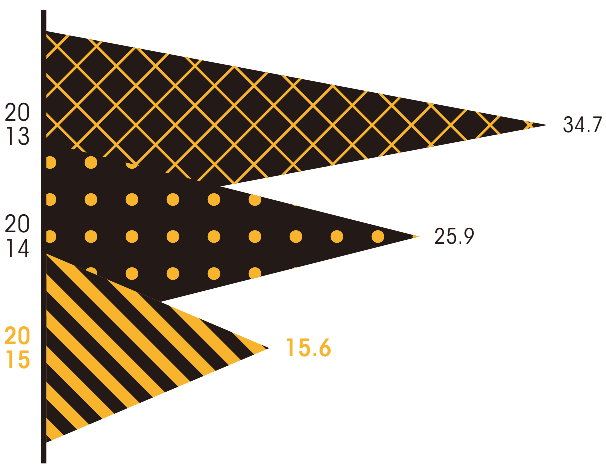
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS

(HK Cents)



DEBT TO EQUITY RATIO

(%)



INTERIM CHAIRMAN'S STATEMENT

On behalf of Next Media, I have pleasure in presenting the financial results of the Company for the year ended 31 March 2015.

During the year under review, the transformation in the media industry – shifting from print media to digital media, continued to accelerate. Inevitably, we saw a decline in readerships and the related financial performance of the printed versions of the Group's titles. Facing this challenge, and seizing the opportunity in the growth of digital media at the same time, we have embraced our digital business by leveraging our existing strengths in print publications, which are of high quality and hugely popular over the years.

In the past few years, we have consolidated our business by withdrawing the TV operations in Taiwan and free daily sector in Hong Kong; and realigned our resources behind digital, with a strong focus on mobile platforms. In acknowledging the transition taking place in the media industry, we have continuously revamped our platforms and upgraded the technology infrastructure to deliver Next Media's digitalised news and contents in a sophisticated and innovative manner to a new group of customers – they are young, dynamic and internet-savvy generation. We believe Next Media has now successfully transformed into a leading multimedia company, under a new branding and distribution strategy that has preserved our core competencies, and migrates to a new era.

Undoubtedly, 2014/15 has been a very challenging year. I would like to say my sincere thanks to all our remarkable team members in both Hong Kong and Taiwan for your hard work and dedication throughout the year. At the same time, I would also like to voice my appreciation to our readers, advertisers and shareholders for your unwavering loyalty and support. With your continued support, we will be able to go further to realise our visions and to strive for profitability in the years to come.

Last but not least, a word of thanks to our outgoing chairman, Mr. Jimmy Lai, for his dedication and leadership in building Next Media as an undisputed leader in the news industry. We wish Mr. Lai the best in his new personal endeavours.

WE BELIEVE NEXT MEDIA HAS NOW SUCCESSFULLY TRANSFORMED INTO A LEADING MULTIMEDIA COMPANY, UNDER A NEW BRANDING AND DISTRIBUTION STRATEGY THAT HAS PRESERVED OUR CORE COMPETENCIES, AND MIGRATES TO A NEW ERA.

CASSIAN CHEUNG

Interim Chairman

Hong Kong, 15 June 2015

MANAGEMENT DISCUSSION & ANALYSIS

WITH THE GROUP'S NEWS BUSINESS AS ITS ROCK-SOLID FOUNDATION, WE ARE GETTING WELL PREPARED TO KEEP ABREAST OF THE RAPID CHANGE IN MEDIA INDUSTRY AND BELIEVE THAT WE COULD GRASP THE GROWTH MOMENTUM WHEN OPPORTUNITIES ARISE.

OVERVIEW OF MAJOR MARKETS

Hong Kong

Hong Kong's economic performance indicated a steady improvement during the first half of the year, however, it dwindled during the second half, with real GDP growing by a moderate 2.5%, compared with 2.9% the previous year. The domestic consumption turned weak following the downward trend of the global economy, and the decrease in tourist spending, particularly, from Mainland China. The labour market stayed tight, with unemployment at 3.3%. The consumer prices only recorded a modest increase of 4.5% year-on-year up to 31 March 2015. Global exports remained subdued in the year under review whereas economic conditions in the Europe still showed a continuing sluggishness.

Overall, the media industry's operating environment was difficult, especially for print media, in the second half of the year. Though the city's total advertising spending rose 5.0% to reach HK$44.9 billion in 2014, as compared with HK$43.9 billion in 2013, it had noted a inevitably shift of advertising dollars to online and mobile media mainly at the expenses of the traditional print media.

Taiwan

Taiwan's economy is heavily depending on exports, and this was affected by weak demands in global markets during 2014. Its real GDP grew by 3.4% year-on-year. Meanwhile, the growth in private consumption spending was dampened during the earlier part of the year due to concerns about the global economic situation and political issues. However, it is anticipated that the business environment in Taiwan will be turnaround in upcoming months given an improved economic conditions globally and domestically.

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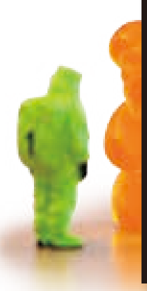
DIGITAL

Next Media has clearly established its position as a leader and trend setter in driving reading habits on digital, especially, mobile media. This is accomplished through the development of innovative contents, online games and services that it offers to a new generation of consumers in both Hong Kong and Taiwan.



OPERATIONAL REVIEW

Business Performance

The Group's performance was better in the first half of the year and able to achieve the targets as set out for the year. However, in light of the deteriorating economic conditions and market sentiments in the second half, the operating results were fallen behind the expectation of the Group.

Next Media's total revenue from the continuing operations amounted to HK$2,956.9 million during the year ended 31 March 2015. This was HK$312.0 million less than the figure of HK$3,268.9 million earned in the previous 12 months. The major contributing factor for this decrease was the drop in advertising and circulation income of the Group's publications due to the shift of reading habit from print properties to free online media. The Group's digital business, however, has entered into profitable territory for the first time since it was introduced.

Continuing Operations

Newspapers Publication and Printing Division

The Newspapers Publication and Printing Division continued to account for the largest share of the Group's revenue from all its continuing operations. However, like all their competitors in Hong Kong, the Group faced continuous contraction of the paid-for daily newspapers market, the Division's revenue for this year amounted to HK$1,586.1 million, a decrease of 21.6% against the figure of HK$2,022.3 million for the last year, which was mainly attributable to the decrease in both advertising income and sales of newspapers.

Apple Daily

The vivid presentation of *Apple Daily* together with its fearless investigation and unbiased reporting of the facts caught the eyes of the public audiences and enabled the title to retain its position as the most widely read paid-for newspaper in Hong Kong.

Between January and December 2014, *Apple Daily* had an average daily readership of 1,684,000[1] people aged 12 and above, compared with 1,411,000[1] during the previous 12 months. This was approximately 526,000 more than its nearest competitor. Its daily sales between July and December 2014 averaged 170,118[6] copies, compared with 195,941[2] in the same period of 2013.

Apple Daily's quality and uncompromising political stance earned continuous loyalty of its high calibre readers. About 57.4% of *Apple Daily* readers are aged 25 to 49, around 44.2% of them live in a household with a monthly income of HK$30,000 or more, and approximately 43.9% have a post-secondary or university education.

During the year under review, *Apple Daily*'s revenue amounted to HK$607.7 million, a 24.6% decrease on the previous year's figure of HK$806.0 million. Its advertising revenue for the year was HK$343.7 million, a 31.3% decrease on the previous year's total of HK$500.6 million. The main sources of its advertising revenue were from the apparels, automobile, personal and pharmaceutical items and travel segments. Due to the drop in sales of the newspaper, its circulation revenue decreased to HK$264.0 million, which was 13.6% lower than the previous year's figure of HK$305.4 million.

Taiwan Apple Daily

The outspoken and incisive reporting style of *Taiwan Apple Daily*, together with its lively and colourful format earned its dominant position amongst the newspapers in the island since its first debut in 2003 and attracted loyal readers with excellent demographic profiles.

Despite the island's newspaper market is facing keen competition from online media, *Taiwan Apple Daily* remained one of the most widely read paid-for newspapers in terms of its average daily readership of 2,451,000[3] people aged over 12 throughout 2014, compared with 2,758,000[3] the previous year.

The unique demographic profiles of the newspaper's readers make it a priority for advertisers seeking to reach young high-income earners. About 74.2% of *Taiwan Apple Daily* readers are aged 25 to 54, around 44.6% of them live in a household with a monthly income of NT$70,000 or more, and approximately 58.4% have a post-secondary or university or higher education. The main sources of advertising revenue generated from property, department stores, cosmetics, automobile and household electrical appliance sectors.

Taiwan Apple Daily's total revenue stood at HK$836.0 million, a decrease of 18.3% on the previous year's HK$1,023.8 million. Advertising revenue accounted for HK$601.8 million of this, 16.2% less than the figure of HK$718.1 million recorded for the preceding 12 months, whereas its circulation revenue accounted for HK$232.3 million, 23.4% less than the figure of HK$303.1 million a year earlier.

Taiwan Sharp Daily

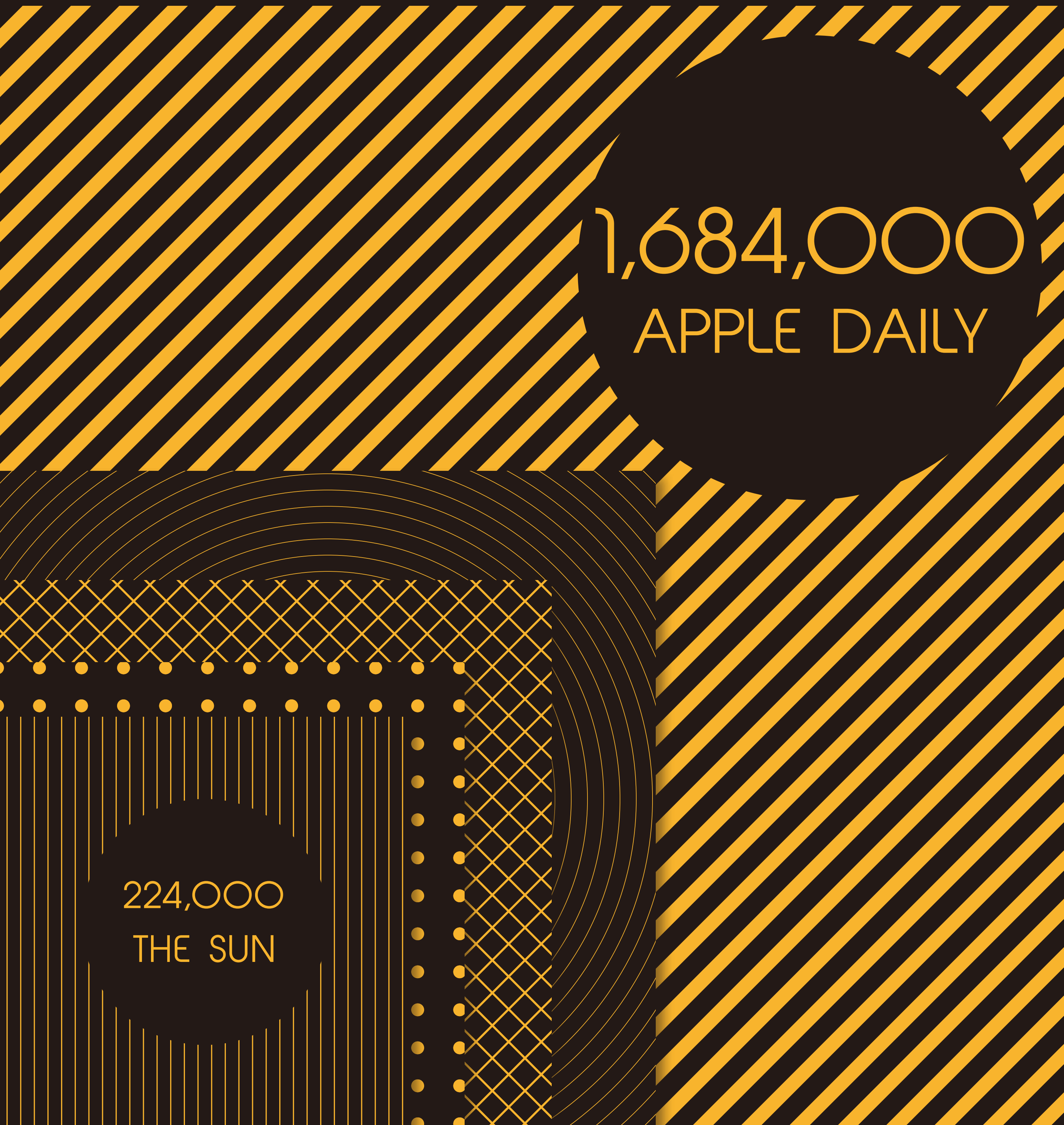
Since its launch in October 2006, *Taiwan Sharp Daily*, the Group's free daily, has been distributed to travelers with a daily mix of news, entertainment and features at Taipei Rapid Transit's subway stations every morning from Monday to Friday with a daily average of 129,819 copies. It also achieved an average readership of 195,000[3] people aged over 12 for the year of 2014.

This free daily has been proved popular with advertisers, in particularly, small local advertisers who cannot afford expensive island-wide advertising campaigns, as it offers cost-efficient access to the commuters. During the year under review, the major advertisers for *Taiwan Sharp Daily* were mainly from department stores, computer, communications, consumer electronics, banking, food and beverage industries.

• HONG KONG •

TOP FIVE PAID NEWSPAPERS' READERSHIP

for the period from Jan - Dec 2014



Source: *The 2014 Nielsen Media Index: Hong Kong Report (January – December 2014)*

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Taiwan Sharp Daily

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• HONG KONG •

TOP FIVE PAID NEWSPAPERS' READERSHIP

for the period from Jan - Dec 2014

1,684,000
APPLE DAILY

232,000
SOUTH CHINA MORNING POST

Source: *The 2014 Nielsen Media Index: Hong Kong Report (January – December 2014)*

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Taiwan Sharp

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• HONG KONG •

TOP FIVE PAID NEWSPAPERS' READERSHIP

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• HONG KONG •

TOP FIVE PAID NEWSPAPERS' READERSHIP

for the period from Jan - Dec 2014

1,684,000

APPLE DAILY

1,158,000

ORIENTAL DAILY

Source: *The 2014 Nielsen Media Index: Hong Kong Report (January – December 2014)*

Taiwan Apple Daily

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• HONG KONG •

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APPLE DAILY

Source: *The 2014 Nielsen Media Index: Hong Kong Report (January – December 2014)*

ADPL

The newspaper printing business was adversely affected by the fall in the print runs of the Group's newspaper publications. Nonetheless, ADPL continued to make positive contribution to the Group. It recorded a total revenue amounting to HK$239.7 million for the year, a decrease of 18.7% on its total revenue of HK$294.7 million during the previous year. Apart from transactions related to the Group's newspaper publications, the external revenue of ADPL amounted to HK$100.9 million for the year, an increase of HK$14.3 million or 16.5% against the figure of HK$86.6 million achieved last year.

Books and Magazines Publication and Printing Division

Due to intense competition within the global printing industry and the shift of reading habit from premium print properties to online media, the revenue for the Books and Magazines Publication and Printing Division was decreased by 18.0% or HK$159.1 million to HK$723.2 million as compared to the last year's figure of HK$882.3 million.

Next Magazine Bundle

The Group's flagship weekly, *Next Magazine Bundle*, was Hong Kong's most widely read Chinese weekly magazine during the period from January to December 2014, its average weekly readership among people aged 12 and above stood at 420,000[1], a decrease of 29.2%, as compared with the figure of 593,000[1] for the period from January to December 2013. Meanwhile, its weekly sales between July and December 2014 averaged 60,122 copies, compared with the average of 70,946[2] copies a week it sold in the same period of 2013.

Next Magazine's male and female readers have high caliber profiles, which remain very attractive to advertisers. About 76.9% of them are aged between 25 and 54, more than 53.3% have a post-secondary or university education, and about 54.1% lived in a household with a monthly income in excess of HK$30,000. This makes the magazine as an ideal choice for advertisers, especially, companies in the skincare and cosmetics, watches, fashion and jewellery sectors. *Next+ONe* – a perfect-bound magazine focusing on luxury products and smart lifestyles is bundled with *Next Magazine* – aiming to draw a substantial amount of high-end product advertising.

Due to the very difficult market conditions, the advertising revenue of the *Next Magazine Bundle* during the year under review amounted to HK$149.9 million, a decrease of 18.5% compared with the figure of HK$183.9 million for last year, whereas its total revenue was HK$196.5 million, a decrease of 17.4% on the figure of HK$238.0 million recorded in the preceding 12 months. This was mainly attributed by the significant fall in advertising revenue during the year.

Sudden Weekly Bundle

Sudden Weekly Bundle, comprising, *Sudden Weekly*, *Eat and Travel Weekly* and *ME!*, was the Hong Kong's second most widely read weekly magazine during January to December 2014.

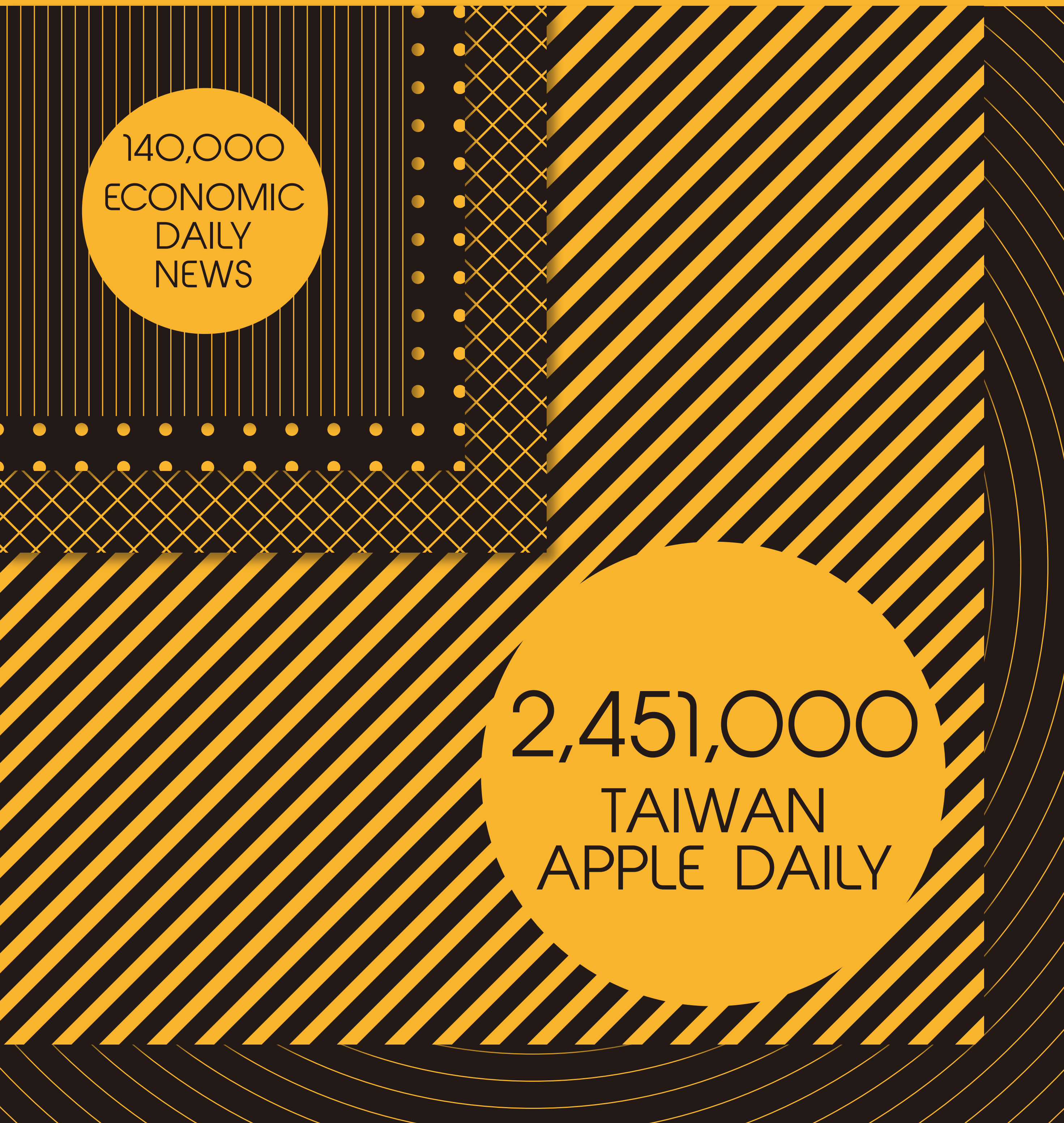
Its average weekly readership among people aged 12 and above declined by 31.4% last year, down to 419,000[1] from 611,000[1] in 2013, whereas its average weekly sales fell by 19.3% during the period from July to December 2014 to 77,588 copies, compared with 96,114[2] copies in the corresponding period of the previous year.

Sudden Weekly Bundle dominates the market segment of publications targeting female readers. Its composition of male and female readers are 24.6% and 75.4% respectively. More than 79.7% of them are in the 25-54 age group, and over 52.5% lived in households with a monthly income exceeding HK$30,000. *ME!* – a perfect-bound upmarket magazine printed on quality art paper targeting higher-income females and office ladies – has continued to be spectacularly successful in attracting advertising placements from renowned brand-name products.

• TAIWAN •

TOP FIVE NEWSPAPERS' READERSHIP

for the period from Jan - Dec 2014



Source: *Media Index (January – December 2014), Nielsen Media Research, Taiwan*

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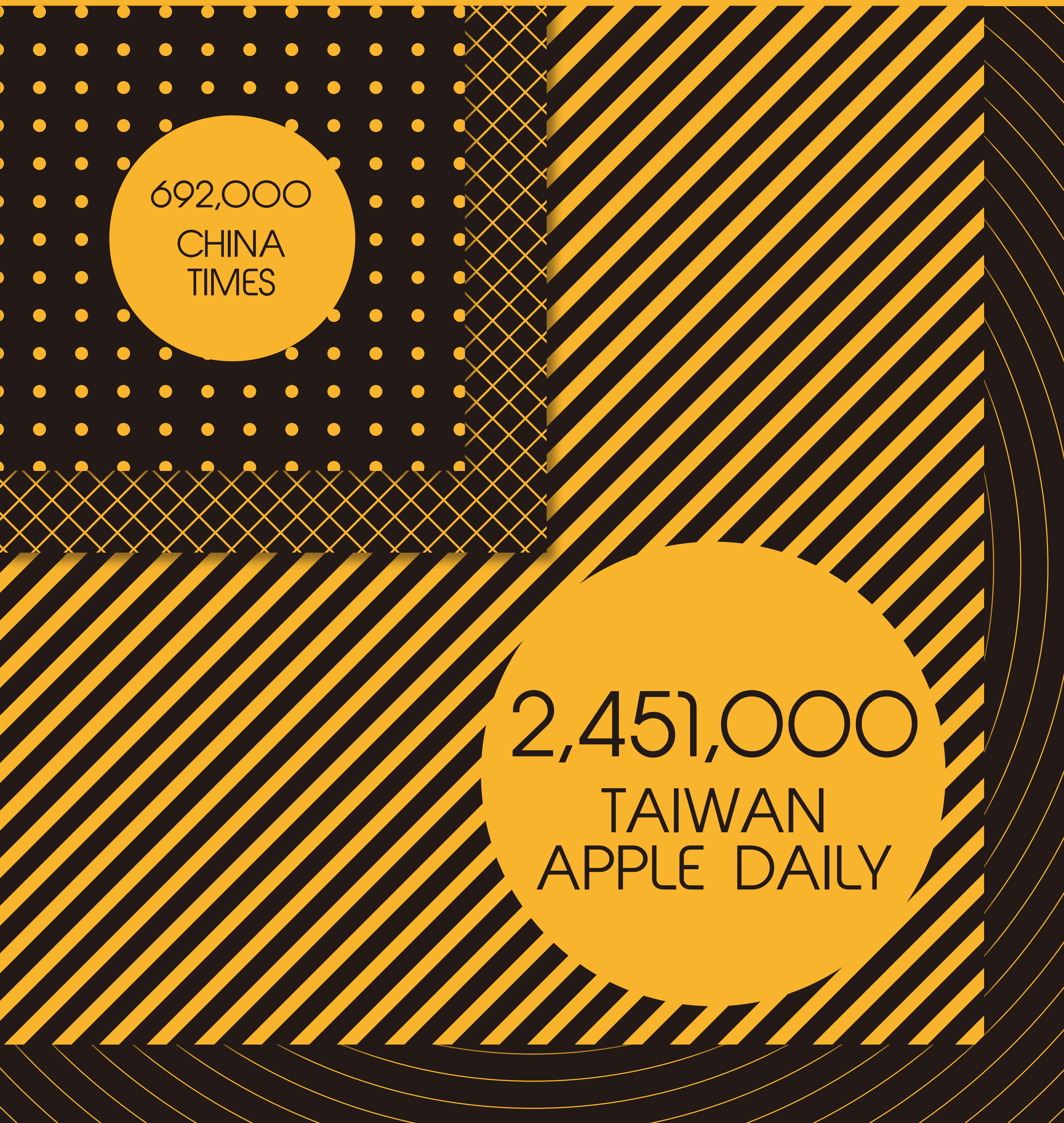
TOP FIVE NEWSPAPERS' READERSHIP

for the period from Jan - Dec 2014



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Books and Magazines Publication and Printing Division

Due to intense competition within the global printing industry and the shift of reading habit from premium print properties to online media, the revenue for the Books and Magazines Publication and Printing Division was decreased by 18.0% or HK$159.1 million to HK$723.2 million as compared to the last year's figure of HK$882.3 million.

Next Magazine Bundle

The Group's flagship weekly, *Next Magazine Bundle*, was Hong Kong's most widely read Chinese weekly magazine during the period from January to December 2014, its average weekly readership among people aged 12 and above stood at 420,000[1], a decrease of 29.2%, as compared with the figure of 593,000[1] for the period from January to December 2013. Meanwhile, its weekly sales between July and December 2014 averaged 60,122 copies, compared with the average of 70,946[2] copies a week it sold in the same period of 2013.

Next Magazine's [redacted] profiles, which [redacted] 76.9% of them [redacted] 53.3% have a p[redacted] about 54.1% liv[redacted] excess of HK$3[redacted] choice for adver[redacted] and cosmetics, [redacted] *Next+ONe* – a p[redacted] products and sm[redacted] – aiming to dra[redacted] advertising.

Due to the very [redacted] revenue of the [redacted] review amounte[redacted] compared with [redacted] whereas its tota[redacted] of 17.4% on the [redacted] preceding 12 months. This was mainly attributed by the significant fall in advertising revenue during the year.

Sudden Weekly Bundle

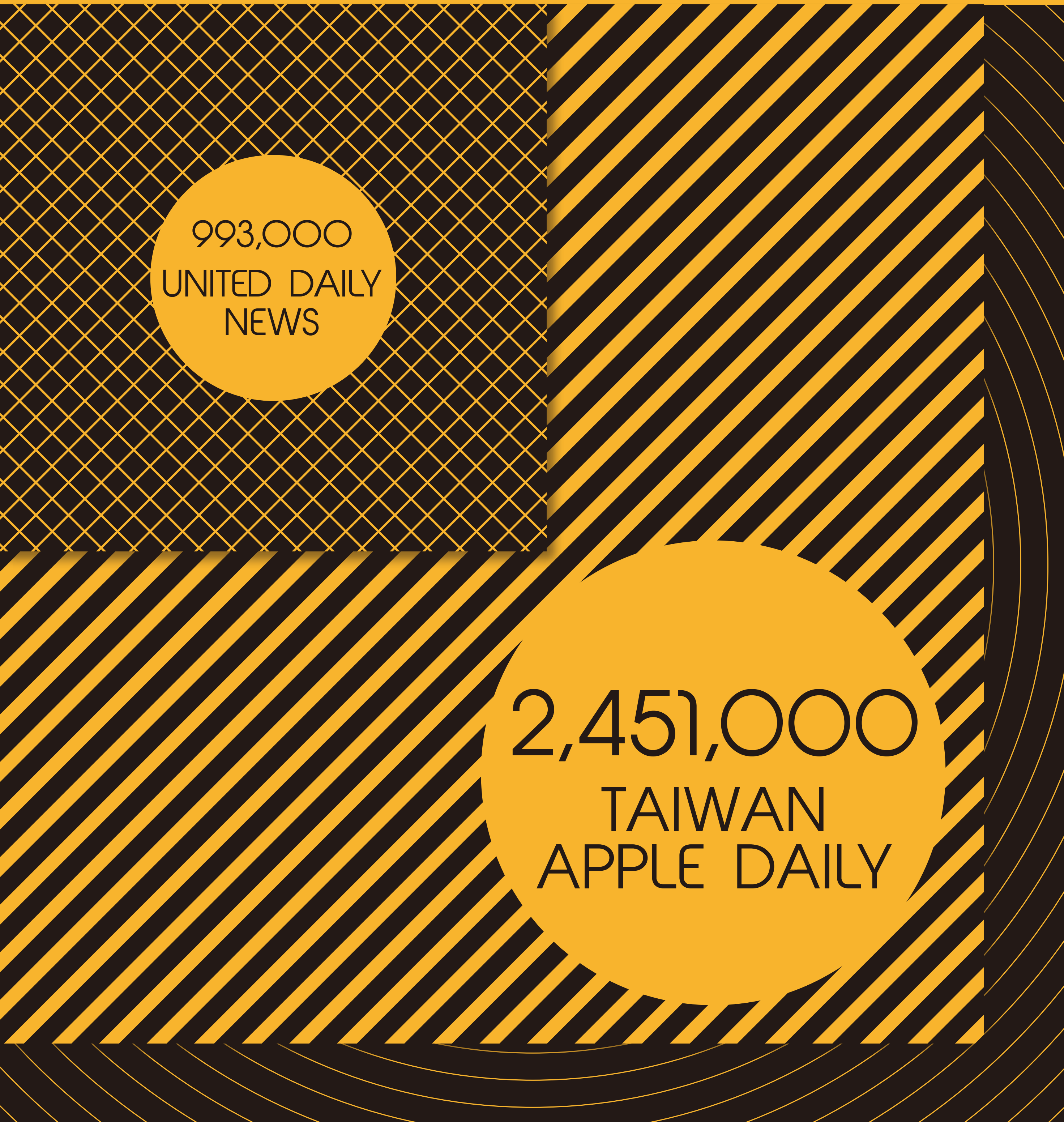
Sudden Weekly Bundle, comprising, *Sudden Weekly*, *Eat and Travel Weekly* and *ME!*, was the Hong Kong's second most widely read weekly magazine during January to December 2014.

Its average weekly readership among people aged 12 and above declined by 31.4% last year, down to 419,000[1] from 611,000[1] in 2013, whereas its average weekly sales fell by 19.3% during the period from July to December 2014 to 77,588 copies, compared with 96,114[2] copies in the corresponding period of the previous year.

Sudden Weekly Bundle dominates the market segment of publications targeting female readers. Its composition of male and female readers are 24.6% and 75.4% respectively. More than 79.7% of them are in the 25-54 age group, and over 52.5% lived in households with a monthly income exceeding HK$30,000. *ME!* – a perfect-bound upmarket magazine printed on quality art paper targeting higher-income females and office ladies – has continued to be spectacularly successful in attracting advertising placements from renowned brand-name products.

TOP FIVE NEWSPAPERS' READERSHIP

for the period from Jan - Dec 2014



Source: *Media Index (January – December 2014), Nielsen Media Research, Taiwan*

ADPL

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TOP FIVE NEWSPAPERS' READERSHIP

for the period from Jan - Dec 2014

2,451,000

TAIWAN APPLE DAILY

Source: *Media Index (January – December 2014), Nielsen Media Research, Taiwan*

ADPL

The newsp [redacted]
by the fall [redacted]
publication [redacted]
contributio [redacted]
amounting [redacted]
18.7% on [redacted]
previous ye [redacted]
newspaper [redacted]
amounted [redacted]
HK$14.3 m [redacted]
million ach [redacted]

Books [redacted]
Printing [redacted]

Due to inte [redacted]
industry an [redacted]
properties [redacted]
Magazines [redacted]
by 18.0% [redacted]
compared [redacted]

Next Mag [redacted]

The Group' [redacted]
Hong Kong [redacted]
during the [redacted]
its average [redacted]
and above [redacted]
compared [redacted]
January to [redacted]
between Ju [redacted]
compared [redacted]
in the same [redacted]

higher-income females and office ladies – has continued to be spectacularly successful in attracting advertising placements from renowned brand-name products.

• TAIWAN •

TOP FIVE NEWSPAPERS' READERSHIP

for the period from Jan - Dec 2014

2,546,000

THE LIBERTY TIMES

Source: *Media Index (January – December 2014), Nielsen Media Research, Taiwan*

During the year under review, *Sudden Weekly Bundle*'s advertising revenue amounted to HK$173.0 million, compared with the previous year's figure of HK$220.0 million, a decrease of 21.4%, whereas its total revenue amounted to HK$217.2 million, as against HK$273.1 million during the previous year, a decrease of 20.5% that was mainly attributable to a considerable decrease in advertising revenue.

FACE Bundle

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

More than 82.7% of *FACE Bundle*'s readers are aged 15-44, over 49.7% of them have a university or post-secondary education, and about 46.4% of them live in a household with a total monthly income of over HK$25,000.

The publication had an average weekly readership of 151,000[1] people, compared with 180,000[1] the previous year. The title's total revenue decreased by 10.1% to HK$82.7 million in the year under review, compared to HK$92.0 million during the previous 12 months.

Taiwan Next Magazine Bundle

Taiwan Next Magazine, the island's most widely read weekly, had an average weekly readership of 1,553,000[3] people aged 12 and above during 2014, compared to 1,661,000[3] the previous year, it was 376,000 ahead of the second most widely read weekly magazine. About 76.3% are in the 25 to 54 age range, 66.0% have a college or university or above education, and more than 47.5% live in a household with a monthly income of more than NT$70,000. The strength of its excellent demographic profile made *Taiwan Next Magazine* a preferred choice for advertisers, especially, those from the beauty and toiletries, food and beverage, watches and glasses as well as wine sectors.

Taiwan Next Magazine's advertising revenue amounted to HK$114.7 million during the year ended 31 March 2015, a decrease of 17.9% on the figure of HK$139.7 million for the previous 12 months. Its total revenue recorded a drop of HK$32.5 million or 17.9% to HK$149.5 million for the year, compared to HK$182.0 million for the last year.

Commercial Printing

Apart from complementing the printing working of the Group's magazines, Next Media's commercial printing business is facing keen competition from an increasing number of rival companies in the Mainland China and elsewhere around the world. Its operations for the year was also adversely affected by economic conditions in many parts of the world, which led to a dearth of new business and existing clients became increasingly price sensitive.

The total revenue of the commercial printing business for the year ended 31 March 2015 amounted to HK$165.2 million, which was 27.7% less than its revenue of HK$228.5 million during the previous year. Of which, revenue from external customers amounted to HK$75.7 million, a decrease of 20.1% on the preceding year's figure of HK$94.7 million. This was mainly attributable to the drop in print runs of the Group's magazines and the external orders.

TOP FIVE CHINESE WEEKLY MAGAZINES' READERSHIP

for the period from Jan - Dec 2014

272,000
WEEKEND WEEKLY

420,000
NEXT MAGAZINE

283,000
ORIENTAL SUNDAY

414,000
EAST WEEK

419,000
SUDDEN WEEKLY

Source: *The 2014 Nielsen Media Index: Hong Kong Report (January – December 2014)*

Digital Businesses Division

The media industry is undergoing an inevitable move away from traditional paid-for print publications to free online media, and the future of media companies lies in the online and mobile markets. In the past few years, Next Media has prepared well to capitalise on this opportunity by devoting resources in equipping ourselves to serve our readers better in terms of contents and new offerings with new apps and other products such as online games.

During the year, the digital (mobile and web) version of *Apple Daily* maintained its dominant position as Hong Kong's most-visited interactive news destination. It attracted more than 42.0 million[4] view counts every day from all channels and devices, and has an average of 2.0 million[4] daily unique users. As a result, *Apple Action News* has a top market readership position on mobile devices, with an average number of 2.9 million[4] monthly unique users. In addition, *Apple Daily* is the top media pages on *Facebook* and the No. 1 *YouTube* channel in Hong Kong[5].

Following the success of *Apple Daily*'s digital efforts, the Group has also introduced the mobile app version of *Next Plus*, *Eat & Travel*, *Ketchup*er, *Sudden+*, *Face Pop* and *ME!* into the market. These apps will be the main vehicles to extend the Group's leadership in magazine readerships by transforming their popular contents into videos, which are the digital language of the day.

In Taiwan, *Taiwan Apple Daily*'s portal has made further inroads digitally, continuing attracting 34.0 million[4] view counts every day from all platforms and devices with monthly unique users of 35.0 million[4].

The Division has also devoted greater resources in developing a number of mobile games with high monetisation potential. Since the launch of *Life Is Crime* in 2012, a location-based Massive Multiplayer Online (MMO) game, the Division, via its operating arm, nxTomo Games, had launched *Barcode Footballer*, a mobile football management game which had ranked among the top-grossing mobile games on *App Store* and *Google Play* respectively since its launch in 2013. In 2014, the Group further entered into collaboration arrangements with Gung Ho Online Entertainment, Inc., the largest mobile games company in Japan, as marketing agent for the world top selling game – *Puzzle & Dragons* in Hong Kong and Taiwan.

The Division's external revenue, consisting of subscription fees, online advertising revenue, content licensing payments, games and content sponsorship and in-app purchase of virtual products, amounted to HK$647.6 million during the year under review, an increase of 77.8% on the previous year's figure of HK$364.3 million, of which, around 82.7% was generated in Hong Kong and others while the remaining was from Taiwan.

During the year under review, the Division recorded a segment profit of HK$37.4 million, a remarkable improvement from a segment loss of HK$17.7 million in the previous 12 months. This was mainly due to a significant increase in online advertising revenue, especially, mobile advertising.

Following the investments made in the technology infrastructure to support more sophisticated digital advertising and games development as well as startup costs for digitalisation of the Group's magazines in the past few years, the Division has entered into profitability since the beginning of 2014. These encouraging results have undoubtedly reinforced our on-going efforts in strengthening our digital set-ups with an aim to reaching out the internet-savvy generation to further expand our customer bases and usages.

Sources:

1. *The 2014 Nielsen Media Index: Hong Kong Report (January – December 2014)*
2. *Hong Kong Audit Bureau of Circulations Ltd. (July – December 2013)*
3. *Media Index (January – December 2014), Nielsen Media Research, Taiwan*
4. *Google Analytics: 1 April 2014 to 31 March 2015*
5. *Socialbakers – February 2015*
6. *Hong Kong Audit Bureau of Circulations Ltd. (July – December 2014)*

TOP FIVE CHINESE WEEKLY MAGAZINES' READERSHIP

for the period from Jan - Dec 2014

1,553,000
TAIWAN NEXT MAGAZINE

437,000
CHINA TIMES WEEKLY

431,000
BUSINESS TODAY

1,177,000
BUSINESS WEEKLY

422,000
SUPER TASTE
(Bi-Weekly)

Source: *Media Index (January – December 2014), Nielsen Media Research, Taiwan*

FINANCIAL REVIEW

Consolidated Financial Results for Continuing Operations

Revenue

Next Media Limited's total revenue from continuing operations amounted to HK$2,956.9 million during the year ended 31 March 2015, a decrease of 9.5% or HK$312.0 million on the figure of HK$3,268.9 million recorded in the last year.

TOTAL REVENUE

2,956.9

MILLION (HK$)

EBITDA

345.1

MILLION (HK$)

NET PROFIT

168.6

MILLION (HK$)

The Group earned most of its revenue from Hong Kong, of which, its operations accounted for HK$1,722.0 million or 58.2% of its total revenue during the year. That was followed by Taiwan, which accounted for 40.4%. Taiwan's contribution decreased by 9.1% from HK$1,312.7 million recorded in last year to HK$1,193.7 million for the year under review.

Newspapers Publication and Printing Division continued to account for the larger share of the Group's revenue from continuing operations. It generated HK$1,586.1 million or 53.6% of the Group's total revenue, a decrease of HK$436.2 million or 21.6% on the figure of HK$2,022.3 million for the previous financial year.

The Books and Magazines Publication and Printing Division's revenue accounted for HK$723.2 million or 24.5% of the Group's total revenue from continuing operations, a decrease of 18.0% on the figure of HK$882.3 million in 2013/14.

During the year under review, the Digital Businesses Division generated revenue amounting to HK$647.6 million, representing an increase of HK$283.3 million or 77.8% against the figure of HK$364.3 million for the previous year.

EBITDA and Segment Results

The Group's earnings before interest, taxes, depreciation, amortisation ("EBITDA") and impairments from continuing operations for the year ended 31 March 2015 amounted to HK$345.1 million. This was HK$211.2 million or 38.0% less than the figure of HK$556.3 million in the previous year.

The Group made a segment profit from continuing operations of HK$228.1 million during the year under review, compared with the figure of HK$328.2 million in the previous year, representing a decrease of 30.5% or HK$100.1 million.

The segment profit of the Newspapers Publication and Printing Division decreased by 26.8% to HK$216.4 million, compared to the previous year's figure of HK$295.5 million.

The Books and Magazines Publication and Printing Division recorded a segment loss of HK$25.7 million, a decline of 151.0% compared with the segment profit of HK$50.4 million for the preceding 12 months.

The Digital Businesses Division recorded a segment profit of HK$37.4 million, compared with a segment loss of HK$17.7 million during the previous year, representing an improvement of 311.3% over the last year's figure.

Operating Expenses

The Group's expenses for continuing operations amounted to HK$2,740.3 million during the year under review. This was HK$230.6 million or 7.8% lower than the previous year's figure of HK$2,970.9 million. Essential production costs accounted for HK$994.4 million or 36.3% of its operating expenses during the year. Personnel costs accounted for HK$1,400.2 million or 51.1%, a decrease of HK$18.5 million or 1.3% on the previous year's figure of HK$1,418.7 million.

Taxation

The taxes levied on the Group during 2014/15 amounted to HK$48.0 million, which was 48.7% or HK$45.5 million less than the previous year's figure of HK$93.5 million.

Discontinued Operations

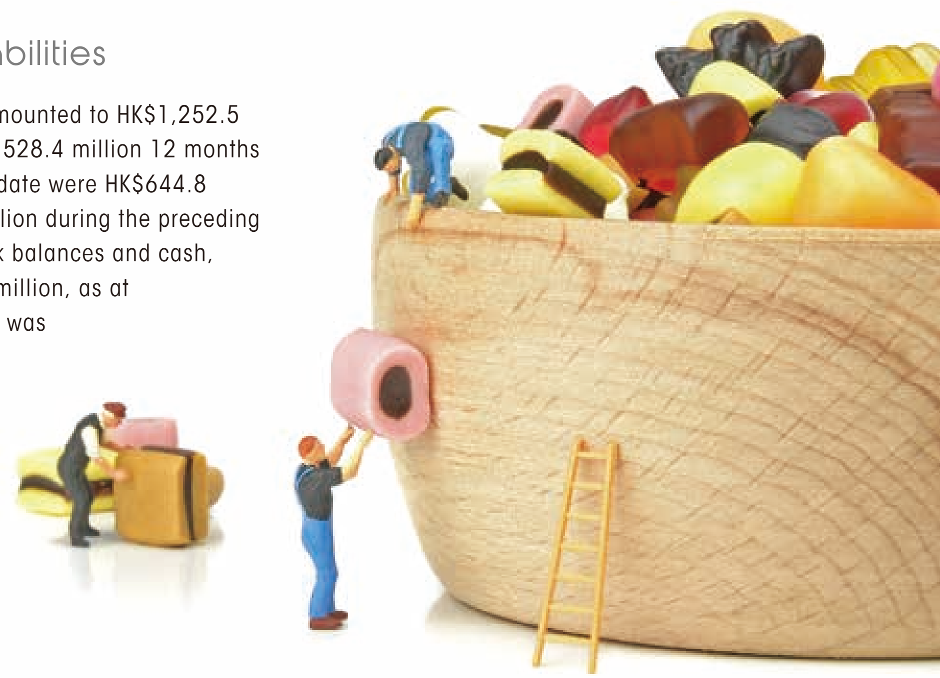
Television and Multi-media Business

On 31 October 2012, the Group ceased its multi-media operations in Taiwan. On 15 April 2013, the Group sold its entire shareholding interest in Next TV to Mr. Lien by entering into a sale and purchase agreement (the "SPA"). On 23 September 2013, the parties to the SPA further entered into a supplemental agreement, whereby, Mr. Lien assumed the right to manage, deal with and enjoy the benefits of all the issued shares in Next TV with effect from 31 May 2013 and therefore, the Group did not hold responsible for any losses and profits arising from the issued shares in Next TV. Completion of the SPA took place on 30 December 2013. The Group had, thus, recorded a loss from discontinued operations of HK$90.6 million in 2013/14.

FINANCIAL POSITION

Current Assets and Current Liabilities

As at 31 March 2015, the Group's current assets amounted to HK$1,252.5 million, a decrease of 18.1% on the figure of HK$1,528.4 million 12 months earlier. The Group's current liabilities on the same date were HK$644.8 million, 26.3% less than the figure of HK$875.3 million during the preceding 12 months. The aggregate total of the Group's bank balances and cash, including restricted bank balances, was HK$501.3 million, as at 31 March 2015. The current ratio on the same date was 194.3%, which was 11.3% higher than the figure of 174.6% a year earlier.



Trade Receivables

The Group's trade receivables amounted to HK$522.4 million as at 31 March 2015, an increase of 0.1% on the figure of HK$521.9 million 12 months earlier. As at 31 March 2015, the average revenue days for the Group's trade receivables was 64.5 days, compared to 58.7 days on the same date of the previous year.

Trade Payables

As at 31 March 2015, the Group's trade payables amounted to HK$81.6 million. This was 6.0% less than the figure of HK$86.8 million on the same date of the previous year. The average revenue days for the Group's trade payables was 51.9 days, compared to 44.4 days on the same date of the previous year.

Long-term and Short-term Borrowings

As at 31 March 2015, the Group's long-term borrowings, including current portions, stood at HK$385.8 million. This represented a decrease of 41.6% on the figure of HK$660.9 million on the same date of the previous year. As at 31 March 2015, the current portion of the Group's long-term borrowings amounted to HK$78.5 million, a decrease of 70.3% on the figure of HK$264.4 million 12 months earlier.

Borrowings and Gearing

The Group's primary source of financing for its operations during 2014/15 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 2015, the Group's available banking facilities amounting to a total of HK$395.8 million, of which HK$391.6 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 HK$ and NT$. As at 31 March 2015, the Group's total bank balances, including restricted bank balances and cash on hand, amounted to HK$501.3 million. Its gearing ratio on the same date was 10.1%, compared to 15.7% a year earlier. The Group's gearing ratio is calculated by dividing long-term borrowings, including current portions, by total assets value.

Share Capital Structure

Since the commencement of the CO on 3 March 2014, the Company's Shares have no par value. As at 31 March 2015, the Company's total amount of issued and fully paid share capital was HK$2,434.7 million and the total number of issued shares with no par value was 2,431,006,881 Shares.

Cash Flow

The Group's net cash inflow from operating activities during the year ended 31 March 2015 amounted to HK$284.4 million, compared with a net cash inflow from operating activities of HK$383.2 million the previous year.

The outflow of investment-related cash during 2014/15 was in a total of HK$45.0 million, compared to the outflow of investment–related activities of HK$9.4 million recorded during the previous year.

The Group's net cash outflow for financing activities during the year amounted to HK$471.0 million, compared to the preceding year's net cash outflow figure of HK$160.0 million. During the year, the Group has repaid bank borrowings in a total of HK$264.1 million.

Exchange Rate Exposure and Capital Expenditure

The Group's assets and liabilities are mainly denominated in HK$ and NT$. It continues to face exchange rate exposure, due to its newspapers and magazines publishing and digital businesses operations in Taiwan. It aims to reduce this exposure by arranging bank loans in NT$, as and when appropriate.

As at 31 March 2015, the Group's net currency exposure stood at NT$3,915.7 million (the equivalent of HK$970.2 million) an increase of 15.2% on the figure of NT$3,399.2 million (the equivalent of HK$865.6 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 2014/15 was in total of HK$48.0 million. It has committed to further capital expenditure of HK$5.6 million for its continuing operations.

Pledge of Assets

As at 31 March 2015, 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$455.7 million.

Contingent Liabilities and Guarantees

(a) Pending litigations

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

In addition, the Group had a dispute with UDL Contracting Limited ("UDL") as the contractor for the construction of a printing facility of a subsidiary of the Company, ADPL, over amounts payable in respect of the construction of the facility. Separate legal action concerning the claim was taken against ADPL and Mr. Lai, a controlling shareholder of the Company, in the High Court during 2007.

Pursuant to a judgement issued by the High Court on 18 January 2008, the default judgement against ADPL was set aside and the proceedings against ADPL were referred to arbitration. UDL was ordered to pay 20.0% of ADPL's costs for the application to set aside the default judgement. ADPL also obtained an order for the payment of all of its costs relating to an application for a stay of proceedings to arbitration from UDL. This amount was received in July 2008. This litigation case has no further development since then.

In July 2010, BaWang International (Group) Holdings Limited (as 1st Plaintiff) and BaWang (Guangzhou) Company Limited (as 2nd Plaintiff) (collectively referred as "BaWang") issued a writ against Next Magazine Publishing Limited ("Next Magazine") in respect of an article published by Next Magazine alleging, amongst other things, that certain parts of such article were defamatory and/or amounted to a malicious falsehood. Next Magazine filed a Defence to such claim in January 2011. Trial commenced on 2 March 2015. On 10 April 2015, trial was adjourned part heard. The second section of trial concluded on 13 May 2015. Further trial dates have been fixed in June and August 2015. In the event that trial concludes in August 2015, it is then anticipated that the Trial Judge will reserve the judgement. It is not known when the judgement will be given.

The Group has accrued for HK$105.8 million (31 March 2014: HK$114.0 million) in legal expenses under trade and other payables. This provision was recognised in respect of the outstanding legal proceedings based on advice from legal counsel.

(b) Contingent liabilities arising from the acquisition of Database Gateway Limited

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the "Acquired Group") on 26 October 2001, the Group may subject to contingent liabilities including all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or connected with (1) any third-party claims made against the Acquired Group on or before 26 October 2001; (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazines published by the Acquired Group on and at any time before 26 October 2001; and (3) the contractor dispute with UDL.

Mr. Lai, a controlling shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all contingent liabilities (the "Indemnity"). In relation to the Indemnity, Mr. Lai has also procured a bank guarantee of HK$60.0 million for a term of three years up to 25 October 2016 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

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

(c) Guarantees

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 2015, these contingent liabilities amounted to HK$395.8 million (31 March 2014: HK$697.8 million), HK$391.6 million (31 March 2014: HK$664.4 million) of which has been utilised by certain of its subsidiaries.

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 mastheads and publishing rights as at 31 March 2015, based on the value-in-use approach.

According to the valuation report, the value of the Group's mastheads and publishing rights was HK$2,830.3 million as at 31 March 2015 (31 March 2014: HK$2,289.7 million) against the corresponding carrying value of HK$1,300.9 million as at 31 March 2015 (31 March 2014: HK$1,300.9 million). Therefore, a revaluation surplus of HK$1,529.4 million arose on a Group basis as at 31 March 2015 (31 March 2014: HK$988.8 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

In view of the lackluster economy outlook resulting from weak external demand, austere global economy environment as well as the slower pace in economic growth in Mainland China, the Group will act prudently and exercise strict control on its finances during the coming year.

Following the consolidation of certain business operations in the past two years, the Group has re-focused on its core brands, the most widely-read paid-for daily newspapers and weekly magazines in both Hong Kong and Taiwan, by upholding our high standard journalistic professionalism in its publications. Next Media has anticipated the fundamental shift from print media towards digital media and placed more emphasis on further development of its digital operations in order to actualize its vision in the online media market and leverage the popularity of the Group's contents in the digital world. We will continue with our focus on delivering more targeted advertising with digital media, and more innovative and entertaining features for our readers. With the Group's news business as its rock-solid foundation, we are getting well prepared to keep abreast of the rapid change in media industry and believe that we could grasp the growth momentum when opportunities arise.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK2.0 cents per Share for the year (2013/14: Nil) to those Shareholders whose names appear on the register of members of the Company on 7 August 2015.

BOOK CLOSURE PERIODS

For Attending the 2015 AGM

The Register of Members of the Company will be closed from Tuesday, 28 July 2015 to Friday, 31 July 2015, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2015 AGM of the Company, all transfers of Shares accompanied by relevant Share certificates must be lodged with the Company's share registrar, Computershare, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 27 July 2015.

For Ascertaining Entitlement to the Final Dividend

The Register of Members of the Company will be closed from Thursday, 6 August 2015 to Friday, 7 August 2015, both days inclusive, during which period no transfer of Shares will be registered in order to ascertain the entitlement to the final dividend. To qualify for the final dividend for the year ended 31 March 2015 of the Company, all transfers of Shares accompanied by relevant share certificates must be lodged with the Company's share registrar, Computershare, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 5 August 2015. Subject to the approval of the Shareholders at the 2015 AGM, the final dividend will be paid on 13 August 2015. Dividend warrants will be dispatched to the Shareholders of the Company on or around 13 August 2015.

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.

CORPORATE GOVERNANCE

NEXT MEDIA IS COMMITTED TO MAINTAINING HIGH STANDARDS OF CORPORATE GOVERNANCE. WE STRONGLY BELIEVE THAT SOUND AND EFFECTIVE CORPORATE GOVERNANCE PRACTICES WILL ENSURE THE COMPANY'S LONG-TERM SUCCESS, AND ULTIMATELY ENHANCE OUR SHAREHOLDER VALUE.

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

CORPORATE GOVERNANCE PRACTICES

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

- Code Provisions, which issuers are expected to comply with or provide reasons for any deviation therefrom; and
- Recommended Best Practices, which issuers are encouraged to comply with, but which are provided for guidance only.

The Company has complied with all the applicable provisions of the Code throughout the year ended 31 March 2015, except for Code provisions E.1.2 and A.6.7. Due to other business engagements, Mr. Lai, the ex-chairman; Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank; and Dr. Lee Ka Yam, Danny, did not attend the 2014 AGM held on 31 July 2014. Instead, Mr. Cassian Cheung, the Interim Chairman, an ED and CEO, chaired the 2014 AGM in accordance with the provisions of Next Media's Articles of Association. Also, during the year under review, the ex-chairman, Mr. Lai or the Interim Chairman, Mr. Cassian Cheung, did not hold any meetings with the INEDs of the Company pursuant to Code provision A.2.7.

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PUBLISHING

Next Media publishes most popular and highly regarded newspapers and magazines in both Hong Kong and Taiwan, and operates most-visited internet portals delivering news and contents of all its publications.

BOARD OF DIRECTORS

As of 31 March 2015, it consisted of seven members, of whom three were EDs and four 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. Following the resignation of Mr. Lai as the Chairman of the Group on 12 December 2014, the Board is now chaired by Mr. Cassian Cheung, the Interim Chairman.

Role of the Board

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

- Formulating the Group's strategic objectives;
- Directing and monitoring the management in pursuit of the Group's strategic objectives;
- Ensuring a sound risk-management control system; and
- Approving the Group's major financial decisions and other significant issues.

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

Strategic Direction

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

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

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

Corporate Governance Policy

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

Board Diversity Policy

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

Board Composition

As of 31 March 2015, the Board's three EDs were Mr. Cassian Cheung (Interim Chairman and CEO); Mr. Ting Ka Yu, Stephen (COO and CFO); and Mr. Ip Yut Kin. Its four INEDs were Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank; Dr. Lee Ka Yam, Danny and Dr. Bradley Jay Hamm.

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

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

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

Chairman and Chief Executive Officer

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

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

Following the resignation of Mr. Lai as the Chairman of the Group on 12 December 2014, Mr. Cassian Cheung has taken up the position of the Interim Chairman as an interim arrangement in filling up the vacancy. The Board is now identifying suitable candidate to take up the role of Chairman of the Group and will make necessary announcement as and when appropriate once the appointment can be finalised.

The Board considers that the appointment of Mr. Cassian Cheung as the Interim Chairman will not impact the balance of power and authority between the Board and the senior management as clear guidelines have been set out for their respective powers and authorities. The Board, which comprises experienced and high-calibre individuals, also meets regularly to discuss issues and oversee the Group's operations. The management team, which consists of EDs and members of senior management, is responsible for implementing the Group's strategic directions, setting its objectives, monitoring the performance of its operating units and ensuring effective risk-management controls.

Appointment, Re-election and Removal of Directors

Articles 84 and 85 of the Articles of Association require 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 2015, Mr. Ting Ka Yu, Stephen and Mr. Ip Yut Kin, retired and were re-elected as Directors at the 2014 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. During the year under review, the terms of appointment of three INEDs, namely, Mr. Fok Kwong Hang, Terry, Mr. Wong Chi Hong, Frank and Dr. Lee Ka Yam, Danny, have been renewed for a fixed term of two years from their respective dates of renewal. On 1 March 2015, Dr. Bradley Jay Hamm has been appointed as an INED for a fixed term of two years up to 28 February 2017. The terms of appointment of the respective INEDs are as follows:

Name	Term of Appointment
Mr. Fok Kwong Hang, Terry	01.04.2015 to 31.03.2017
Mr. Wong Chi Hong, Frank	30.01.2015 to 29.01.2017
Dr. Lee Ka Yam, Danny	09.03.2015 to 08.03.2017
Dr. Bradley Jay Hamm	01.03.2015 to 28.02.2017

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

Board Activities

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

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

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

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

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

	Numbers of Meetings Attended/Held					
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting (Note 1)	Nomination Committee Meeting	Annual General Meeting (Note 3)	Extraordinary General Meeting
EDs						
Lai Chee Ying, Jimmy (Ex-chairman) (Note 4)	0/4 (0%)	N/A	N/A	N/A	0/1 (0%)	0/1 (0%)
Cheung Ka Sing, Cassian (Interim Chairman and CEO)	4/4 (100%)	N/A	N/A	1/1 (100%)	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	4/4 (100%)	N/A	N/A	N/A	0/1 (0%)	0/1 (0%)
INEDs						
Fok Kwong Hang, Terry	4/4 (100%)	2/2 (100%)	N/A	1/1 (100%)	0/1 (0%)	0/1 (0%)
Wong Chi Hong, Frank	4/4 (100%)	2/2 (100%)	N/A	1/1 (100%)	0/1 (0%)	0/1 (0%)
Lee Ka Yam, Danny	4/4 (100%)	2/2 (100%)	N/A	N/A	0/1 (0%)	0/1 (0%)
Bradley Jay Hamm (Note 5)	1/4 (25%)	N/A	N/A	0/1 (0%)	N/A	N/A
Dates of Meetings	16.06.2014 22.09.2014 17.11.2014 30.03.2015	13.06.2014 14.11.2014	N/A	11.02.2015	31.07.2014	31.07.2014

Notes:

1. *The Remuneration Committee did not hold any physical meetings during the year ended 31 March 2015. Instead, it considered and approved relevant issues by way of written resolutions of all members, details of which are set out in the section below headed "Board Committees".*
2. *The Directors may attend Board and/or committee meetings in person or by means of telephonic communication or similar communications equipment in accordance with the Articles of Association of the Company. Any Director taking part in the meeting via such means of electronic communication shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in the quorum accordingly.*
3. *The Company's external auditor attended the 2014 AGM to answer questions from the Shareholders.*
4. *Mr. Lai resigned as an ED of the Company and the Chairman of the Group on 12 December 2014.*
5. *Dr. Hamm has been appointed as an INED of the Company and a member of the Nomination Committee on 1 March 2015.*

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 2015, 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 its two meetings in the absence of the EDs. The meetings held on 13 June and 14 November 2014 were also attended by the Company's external auditor.

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

- The Group's audited consolidated financial statements for the year ended 31 March 2014;
- The continuing connected transactions of the Group for the year ended 31 March 2014;
- Valuation of mastheads and publishing rights of the Group for the year ended 31 March 2014;
- The valuation reports in respect of the share options granted under the Group's various share option schemes during the year ended 31 March 2014 and the six months ended 30 September 2014;
- The internal control review report of the Group for the year ended 31 March 2014 and the internal control review progress report (November 2014);

- The Group's unaudited interim financial statements for the six months ended 30 September 2014; and
- The audit-related and non-audit-related services proposal for the financial year ended 31 March 2015.

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 RSM, 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 2015, 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 (ED). Mr. Fok Kwong Hang, Terry (INED) was the chairman of the Remuneration Committee.

(ii) Remuneration Committee's Functions

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

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

(iii) Remuneration Committee's Activities

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

- The 2013/14 Extra Special Bonus to all employees of the Group;
- The Directors' fee for the year ended 31 March 2015.

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 2015, the Nomination Committee consisted of four members with a majority of INEDs, namely, Mr. Wong Chi Hong, Frank; Mr. Fok Kwong Hang, Terry; Dr. Bradley Jay Hamm; and Mr. Cheung Ka Sing, Cassian (ED). Mr. Wong Chi Hong, Frank (INED) was the Chairman of the Nomination Committee.

(ii) Nomination Committee's Functions

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

(iii) Nomination Committee's Activities

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

- Renewal of terms of appointment of three INEDs, namely, Mr. Fok Kwong Hang, Terry, Mr. Wong Chi Hong, Frank and Dr. Lee Ka Yam, Danny respectively; and

- Proposed appointment of Dr. Bradley Jay Hamm as an INED.

The Nomination Committee also assessed the independence of INEDs in respect of the year ended 31 March 2015, and opined that all four of the Company's INEDs complied with Rule 3.13 of the Listing Rules.

Other Committees

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

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

TRANSPARENCY AND FAIRNESS

Material Interests

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

Time Commitment

Each Board member is required to make a disclosure to Next Media every six months regarding the number and nature of the offices they hold in other public companies or organisations. They are also required to declare all their other significant commitments, including the identity of the public companies or organisations concerned. During the year under review, apart from Mr. Cassian Cheung, none of the Directors held any directorships or offices in any other public companies or organisations. Mr. Cheung is currently an INED, a nomination committee member, an audit committee member and chairman of the remuneration committee of Trinity Limited, a company listed on the main board of the Stock Exchange.

Securities Transactions

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

The Model Code requires the Directors to notify Mr. Cassian Cheung, and receive a dated written acknowledgement from him, before they deal in the Company's securities and derivatives. Mr. Cassian Cheung was required to notify Mr. Lai, the ex-chairman, of his intention to deal in any securities and derivatives of the Company. However, after the resignation of Mr. Lai as the Chairman of the Group on 12 December 2014 and the appointment of Mr. Cassian Cheung as the Interim Chairman on the same date, Mr. Cassian Cheung is required to notify Mr. Ting Ka Yu, Stephen (CFO and COO), and receive a dated written acknowledgement from him, before he deals in any securities and derivatives of Next Media until otherwise resolved.

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 2015.

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. At the 2014 AGM and the 2014 EGM both held on 31 July 2014, the Chairman of the meetings likewise demanded voting by poll on all the resolutions put to the meetings. The Shareholders' rights and procedures for demanding a poll were set out in the relevant circulars sent to the Shareholders within the stipulated timeframe, and they were explained to those present at the start of the general meetings.

To ensure the votes were counted correctly, Computershare, the Company's share registrar, was appointed as the scrutiniser for the voting by poll at the 2014 AGM and the 2014 EGM as mentioned above. The poll results were announced and posted on both the websites of the Stock Exchange and the Company immediately after the respective general meetings.

Directors' Training and Continuous Development

The Company has a policy of providing all newly appointed Directors with a comprehensive, formal and tailored induction to the Company. An induction package containing information in respect of the duties and responsibilities of the 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/ex-Director, for the year ended 31 March 2015. These were as follows:

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

Company Secretary

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

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

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

Independent and Professional Advice

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

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

AUDIT, CONTROL AND RISK MANAGEMENT

External Auditor

Deloitte has been the Company's external auditor for ten consecutive years since 2004. For the year ended 31 March 2015, the total fees paid and payable to the external auditor for non-audit-related services amounted to HK$1,080,000. This sum included HK$450,000 for taxation services and HK$630,000 for a review of the Group's interim results for the six months ended 30 September 2014.

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 Organisations) framework covering control environment, risk assessment, control activities, information and communication and monitoring. During the year ended 31 March 2015, the Board engaged RSM to conduct a review of controls over Next Media's financial, operational, compliance and risk management, in order to identify and prioritise significant risk areas that required further improvement or rectification. Overall, the assessment indicated that a high level of awareness about these controls exists within the Group's business units. Its findings and recommendations concerning improvements to controls have been reported to the Audit Committee and the Board.

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

COMMUNICATIONS WITH SHAREHOLDERS

AGM

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

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

Investor Relations

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

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

Shareholders and interested members of the public are welcome to communicate directly with Next Media by sending correspondence marked "for the attention of the Company Secretary" to the Company's registered office address, or via its designated investor relations e-mail account at ir@nextmedia.com.

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

Shareholder Rights

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

It contains the following information:

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

(ii) Procedures for election of Directors; and

(iii) Procedures for convening an EGM on requisition.

DIRECTORS' AND OFFICERS' INSURANCE

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

ADOPTION OF A NEW SET OF ARTICLES OF ASSOCIATION

The CO governing companies incorporated in Hong Kong, which came into effect on 3 March 2014, brought a number of statutory changes. The Directors therefore have sought approval of Shareholders for the adoption of a new set of Articles of Association by way of passing a special resolution at the 2014 AGM, in order to bring it in line with the relevant provisions stipulated in the CO. The new Articles of Association can be found on the respective websites of the Company and the Stock Exchange.

GROUP COMMITMENTS

STRENGTHENING INVESTOR RELATIONS

As a leading multimedia company in Hong Kong and Taiwan, Next Media constantly strives to strengthen its relationships with its investors. We believe that open, transparent and timely communication with them is one of our ongoing missions, 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.

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 to the Group.

In addition, we encourage our employees to increase their professional and personal capabilities and advancement in their careers by providing them with opportunities for professional growth and personal development, such as, 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.

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

As of 31 March 2015, Next Media employed a total of 3,922 people in Hong Kong, Taiwan and Canada (2014: 4,044). The decrease of 122 people on the previous year's headcounts was mainly attributable to closure of certain operating units resulted from digitalisation of newspapers and magazines publications during the year.

During the year under review, Next Media's staff-related costs from continuing operations, including retirement benefits, totalled HK$1,400.2 million, a decrease of 1.3% on the previous year's figure of HK$1,418.7 million. This was mainly due to the decrease in headcounts during the year.

Total
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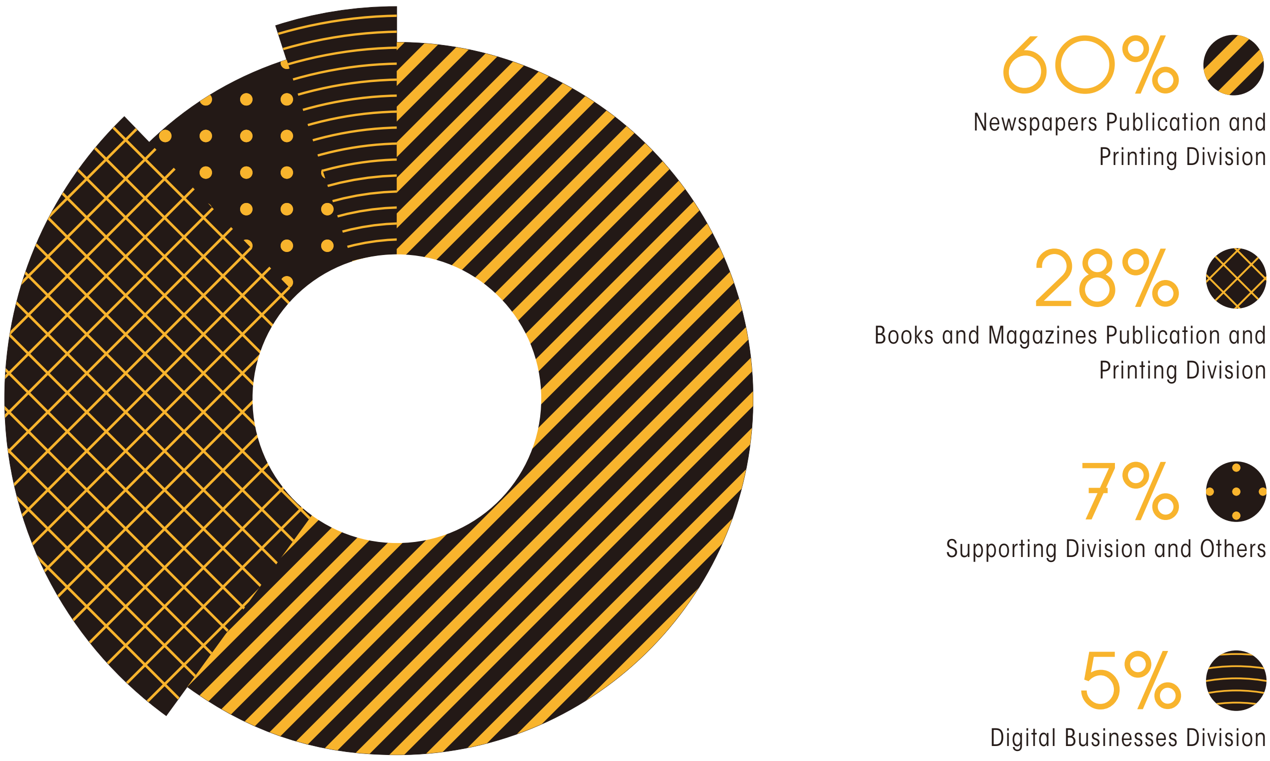
PRINTING

Next Media provides printing services to complement the Group's newspapers and magazines as well as its external customers.

Headcount as at 31 March 2015

Division	%	Hong Kong	Taiwan	Canada	Total
Newspapers Publication and Printing Division	60%	966	1,396	–	2,362
Books and Magazines Publication and Printing Division	28%	825	275	6	1,106
Supporting Division and Others	7%	253	16	–	269
Digital Businesses Division	5%	185	–	–	185
Total:	100%	2,229	1,687	6	3,922



Fostering Work Life Balance

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

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

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

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

To make the working environment even safer, in 2009 we installed automated external defibrillators, and arranged for members of our Security Department to be properly trained and qualified to operate them. These portable devices can diagnose potentially life-threatening cardiac arrhythmias, and treat them by applying an electrical current to help the heart re-establish an effective rhythm. We also aligned with reputable insurance companies to organise health talks and influenza vaccination programmes during influenza seasons. These 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 multi-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 is equally important to us.

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

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

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

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

During the year, the Foundation donated more than HK$2.2 million to support 53 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$2.7 million to 1,082 primary and secondary school students as well as undergraduates during the year ended 31 March 2015.

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$3.6 million to the Fund.

In the year ended 31 March 2015, the Apple Daily Charity Fund donated more than NT$230.9 million to support 1,123 needy families; 86.0% of its disbursements were for urgent or medical support, while the remainder were for charitable programmes.

Serving the Communities

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

Hong Kong - Apple Daily Charitable Foundation

- In line with "Caring for the underprivileged and sharing festive joy with them", another guiding principle of its community service, the Foundation donated more than HK$1.0 million to the "Big Festive Meals" project. This delivered meals during traditional Chinese festivals to more than 30,000 disadvantaged elderly people via 107 community service organisations.
- The Foundation continued to assist the underprivileged by donating around HK$1.1 million to the "Warm Action" programme, which last winter distributed recycle bags and food parcels to 13,000 elderly and disabled people as well as low-income families via 138 community service organisations.
- The Foundation donated HK$1.0 million to distribute rice dumplings to needy people and low-income families during the Tuen Ng Festival, moon cakes during the Mid-Autumn Festival, and other goods and materials during other festivals.
- During the year, the Foundation received donations from readers for needy people suffering from serious illnesses that required immediate or special medical treatment. They included:
  - HK$3,700,000 for a 3-year-old kid (秀一) suffering from a rare decease – pinealocytoma;
  - HK$740,000 for a single father suffering from lung cancer (final stage) who has two young daughters; and
  - HK$410,000 for a 45-year-old father who had cured his gastric cancer five years ago but the cancer relapsed last year.

Apart from donations, the Group is also committed to supporting the communities it serves via volunteering services. In March 2014, the Foundation established the Next Media Volunteer Team by inviting employees and their families to participate actively as volunteers in the social service activities it subsidises or organises. During the year, the Foundation has organised 8 voluntary activities, including festival celebration with needy people and the elderly and home visits for the underprivileged families.

Taiwan - Apple Daily Charity Fund

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

- Social Welfare Projects – the Fund contributed more than NT$23.1 million to support 55 social service organisations to carry out 95 projects for the underprivileged families;
- Educational Support – the Fund provided bursaries worth a total of nearly NT$42.8 million to 926 students who were in need of financial assistance, 144 of whom have since graduated; and
- "Good Festivals" – the Fund donated NT$2.29 million to various social service organisations towards the cost of organising events and projects to allow underprivileged people to celebrate traditional Chinese festivals, such as the Lunar New Year Festival, Tuen Ng Festival and Mid-Autumn Festival.

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

CARING ABOUT THE ENVIRONMENT

Eco-friendly Initiatives

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

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

Next Media used 77,500 metric tonnes of newsprint for our newspapers and a further 9,900 metric tonnes of paper for our magazines during the year. This was supplied by reputable major manufacturers in Australia, Austria, Belgium, Canada, Germany, Japan, Korea, New Zealand, Sweden, UK and USA. All of them adhere strictly to manufacturing processes that create minimal impact on the environment and comply with the ISO14000 Environmental Management System Standard.

We also used 956 tonnes of organic-based printing ink for our newspapers and 331 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%. 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

Hong Kong Association of Interactive Marketing

Media Convergence Awards 2014

香港互動市務商會 傳媒轉型大獎2014

Magazine Category
周刊類別

- Mobile | 流動程式

  Bronze Award: Next Magazine
  銅獎：《壹週刊》

Newspaper Category
報紙類別

- Mobile | 流動程式

  Gold Award: Apple Daily
  金獎：《蘋果日報》

- Overall | 整體

  Gold Award: Apple Daily
  金獎：《蘋果日報》

- Social Media | 社交媒體

  Gold Award: Apple Daily
  金獎：《蘋果日報》

- Website | 網站

  Gold Award: Apple Daily
  金獎：《蘋果日報》

- Media (Mobile) | 傳媒轉型大獎：流動程式

  Gold Award: Apple Daily
  金獎：《蘋果日報》

- Media (Overall) | 傳媒轉型大獎：整體

  Gold Award: Apple Daily
  金獎：《蘋果日報》

- Media (Social Media) | 傳媒轉型大獎：社交媒體

  Gold Award: Apple Daily
  金獎：《蘋果日報》

- Media (Website) | 傳媒轉型大獎：網站

  Gold Award: Apple Daily
  金獎：《蘋果日報》

- Media (Top 10 Media) | 傳媒轉型大獎：10大傑出傳媒

  Prize: Apple Daily
  得獎：《蘋果日報》

- Media (Top 10 Popular Websites) | 傳媒轉型大獎：十大最喜愛網站

  Prize: Nextmedia.com
  得獎：Nextmedia.com

Hong Kong Press Photographers Association

Focus at the Frontline 2014

香港攝影記者協會 《前線・焦點2014》

- News | 一般新聞組

  Winner: Next Magazine
  冠軍：《壹週刊》
  主題：促吳亮星辭職

Marketing Magazine
The Spark Awards 2014

2014年度Spark大獎

- Best App | 最佳應用程式

Gold Award: Next Media Limited
金獎：壹傳動有限公司
Project：Apple Daily Mobile App
主題：蘋果日報手機應用程式

People of Fortitude International Mutual-aid Association for the Disabled

堅毅忍者障殘人士國際互助協會
第七屆最積極會員暨堅毅忍者
愛心大使頒獎典禮

Media with the Most Sense of Mission Award: Apple Daily
最具使命感傳媒大獎：《蘋果日報》

The 14th
Consumer Right Press Awards

第十四屆消費權益新聞報道獎

- Category: Feature | 組別：特寫

Silver Award: Apple Daily
銀獎：《蘋果日報》
主題：社交Apps濫索權限盲Click失私隱

- Category: Press Photo | 組別：新聞攝影

Gold Award: Apple Daily
金獎：《蘋果日報》
主題：揀樓

Honorable Mention: Apple Daily
優異獎：《蘋果日報》
主題：價值36萬的工作平台

The 19th Annual Human Rights Press Awards

第十九屆人權新聞獎

- **Spot News Photography | 突發新聞圖片**

  Merit: Apple Daily
  優異獎：《蘋果日報》
  主題：多道閃電劃破政總上的夜空

  Merit: Apple Daily
  優異獎：《蘋果日報》
  主題：「開閘」

The Pacific Area Newspaper Publishers' Association (PANPA) 2014 Newspaper of the Year Awards

太平洋地區報紙出版者協會
2014年度新聞大獎

- **Technical Excellence in Print and Production (Single Width Press: National/Metropolitan) | 印刷技術卓越獎（單幅機：全國性／都會性）**

  Winner: Apple Daily
  得獎：《蘋果日報》

World Association of Newspapers and Publishers (WAN-IFRA) Asian Digital Media Awards 2014

世界報業及新聞出版組織
2014亞洲數碼媒體大獎

- **Best Mobile Service | 最佳手機服務**

  Gold Award: Apple Daily Limited
  金獎：蘋果日報有限公司
  主題：Apple Daily NGA (Next Generation App)

- **Best Multimedia Campaign | 最佳多媒體宣傳活動**

  Silver Award: Next Mobile Limited
  銀獎：壹傳動有限公司
  主題：Sony Australia Trip

  Bronze Award: Next Mobile Limited
  銅獎：壹傳動有限公司
  主題：Estee Lauder Micro Essence Skin Activating Treatment Lotion Launch Campaign

- **Best Reader Engagement | 最佳讀者參與度**

  Bronze Award: Apple Daily Limited
  金獎：蘋果日報有限公司
  主題：Defending Democracy Summer Campaign

The Hong Kong Management Association

香港管理專業協會

2014 Annual Reports Awards

2014最佳年報比賽

- **Citation for Design 2014 | 優秀設計獎**

  Award: Next Media Limited
  Publication: Annual Report 2013/2014
  得獎：壹傳媒有限公司
  作品：年報2013/2014

2014 Galaxy Awards – The 25th Annual International Competition

2014年度第25屆Galaxy Awards國際賽

- **Annual Report – Overall Presentation Media Company | 年報－整體：傳媒公司**

  Honors Award: Next Media Limited
  Publication: Interim Report 2013/2014
  優異獎：壹傳媒有限公司
  作品：中期報告2013/2014

- **Design Annual Reports – Non-Traditional Asia/Pacific | 設計：年報-非傳統：亞洲／太平洋**

  Sliver Winner: Next Media Limited
  Publication: Annual Report 2013/2014
  銀獎：壹傳媒有限公司
  作品：年報2013/2014

- **Annual Report – Overall Presentation Mobile App | 年報－整體：手機應用程式**

  Honors: Next Media Limited
  Publication: Annual Report 2013/2014
  優異獎：壹傳媒有限公司
  作品：年報2013/2014

2015 Astrid Awards – The 25th Annual Competition

2015年度第25屆Astrid Awards大賽

- **Annual Reports – Specialized Interim Report | 年報－特別組別：中期報告**

  Gold Winner: Next Media Limited
  Publication: Interim Report 2014/2015
  金獎：壹傳媒有限公司
  作品：中期報告2014/2015

2014/15 Mercury Excellence Awards
2014/15年度Mercury Excellence大獎

- Annual Report – Overall Presentation: Media | 年報—整體：傳媒

Gold Award: Next Media Limited
Publication: Annual Report 2013/2014
金獎：壹傳媒有限公司
作品：年報2013/2014

- Apps: Annual Report | 應用程式：年報

Silver Award: Next Media Limited
Publication: Interim Report 2013/2014
銀獎：壹傳媒有限公司
作品：中期報告2013/2014

2014 ARC Awards
2014 ARC大獎

- Cover Photo/Design: Media Company | 封面圖片／設計：傳媒公司

Silver Award: Next Media Limited
Publication: Annual Report 2012/2013
銀獎：壹傳媒有限公司
作品：年報2012/2013

- Illustrations: Media Company | 插圖：傳媒公司

Honors: Next Media Limited
Publication: Annual Report 2012/2013
優異獎：壹傳媒有限公司
作品：年報2012/2013

- Interior Design: Media Company | 內頁設計：傳媒公司

Gold Award: Next Media Limited
Publication: Annual Report 2012/2013
金獎：壹傳媒有限公司
作品：年報2012/2013

- Non-Traditional Annual Report: Media Company | 非傳統年報：傳媒公司

Gold Award: Next Media Limited
Publication: Annual Report 2012/2013
金獎：壹傳媒有限公司
作品：年報2012/2013

- Printing & Production：Media Company |
  印刷及生產：傳媒公司

Bronze Award: Next Media Limited
Publication: Annual Report 2012/2013
銅獎：壹傳媒有限公司
作品：年報2012/2013

- Specialized A.R.：Interim Report |
  特別年報：中期報告

Silver Award: Next Media Limited
Publication: Interim Report 2012/2013
銀獎：壹傳媒有限公司
作品：中期報告2012/2013

TAIWAN 台灣

National Press Council

2014 Customer Protection Rights Reporting Awards

中華民國新聞媒體自律協會

2014年度消費者權益報導獎

- 平面媒體專題報導獎

  特優：《台灣蘋果日報》
  主題：《灌水牛肉真相追蹤報導》

- 平面媒體平日報導獎

  特優：《台灣蘋果日報》
  主題：《黑心宅配車32.8°C運冷凍水餃》

  佳作：《台灣蘋果日報》
  主題：《賣場藏危機推車撞斷腳筋》

- 平面媒體熱心報導獎

  得獎：《台灣蘋果日報》
  主題：《1月漲2次鬍鬚張貴5元》等100則報導

The Pacific Area Newspaper Publishers' Association (PANPA)

2014 Newspaper of the Year Awards

太平洋地區報紙出版者協會

2014年度新聞大獎

- News Site of the Year | 年度新聞網站

  Winner: Taiwan Apple Daily, appledaily.com.tw
  得獎：《台灣蘋果日報》，appledaily.com.tw

- Digital Publishing Innovation of the Year | 年度數位媒體創新獎

  Highly Commended: Taiwan Apple Daily, Eat and Travel
  高度讚揚：《台灣蘋果日報，飲食男女》

World Association of Newspapers and Publishers (WAN-IFRA)

Asian Digital Media Awards 2014

世界報業及新聞出版組織

2014亞洲數碼媒體大獎

- ### Best Mobile Service | 最佳手機服務

  Silver Award: Apple Daily Publication Development Limited, Taiwan Branch
  銀獎：蘋果日報出版發展有限公司台灣分公司
  主題：《飲食男女》App

- ### Best in Tablet Publishing | 最佳平板電腦出版

  Bronze Award: Apple Daily Publication Development Limited, Taiwan Branch
  銅獎：蘋果日報出版發展有限公司台灣分公司
  主題：《Apple Fashion》-Tablet App

- ### Best Reader Engagement | 最佳讀者參與度

  Gold Award: Apple Daily Publication Development Limited, Taiwan Branch
  金獎：蘋果日報出版發展有限公司台灣分公司
  主題：Taiwan Apple Daily

吳舜文新聞獎助基金會

第二十八屆吳舜文新聞獎

- ### 新聞即時報導獎

  Prize: Taiwan Apple Daily
  得獎：《台灣蘋果日報》
  主題：《灌水牛肉真相追蹤報導》

- ### 即時新聞攝影獎

  Prize：Taiwan Apple Daily
  得獎：《台灣蘋果日報》
  主題：《男大生血洗捷運》

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Cheung Ka Sing, Cassian, aged 60, has been a Director of the Company since November 2008. He has been re-designated as Chief Executive Officer 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. He has also been appointed as the Interim Chairman of the Group with effect from 12 December 2014.

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 Global Advisory Board of the Kellogg School of Management of Northwestern University, U.S.A., 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 and a degree of Doctor of Humane Letters from Saint Joseph's College, Indiana, U.S.A.

Mr. Ting Ka Yu, Stephen, aged 56, has been a Director of the Company since October 1999. He is currently the Group's Chief Operating Officer and Chief Financial Officer 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 63, 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. Mr. Ip has further been appointed as the Publisher of *Apple Daily* with effect from 12 December 2014. 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 60, 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 30 years' experience in the securities industry, and he is currently the owner of T & F Equities Limited.

Mr. Wong Chi Hong, Frank, aged 60, 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 53, 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.

Dr. Bradley Jay Hamm, aged 50, is currently the dean of Medill School of Journalism, Media, Integrated Marketing Communications of Northwestern University in the U.S.A. Previously, he was the dean for seven years of the Indiana University School of Journalism. Dr. Hamm has obtained his doctor of philosophy in mass communication research from the University of North Carolina, a master's degree in journalism from the University of South Carolina and an undergraduate degree from Catawba College in North Carolina. He was the associate dean of the School of Communications at Elon University in North Carolina. Dr. Hamm has taught study-abroad programs in Japan, China and Great Britain and started his career as a newspaper reporter. His teaching and research interests are in journalism history and media theory, particularly agenda setting theory.

He was selected for the Distinguished Alumni Award from the University of South Carolina's College of Mass Communications and Information Studies in 2009 and the Distinguished Alumni Award from Catawba College in 2011. He is a member of the Poynter Institute's Board of Trustees and a judge for the annual Scripps Howard Journalism Awards.

SENIOR MANAGEMENT

Mr. Cheung Kim Hung, aged 53, is currently the Associate Publisher of *Apple Daily*. Mr. Cheung worked in the Group from 1991 to 2005, he left the Group and rejoined in 2010. He has over 25 years of journalist experience. Mr. Cheung graduated from the Chinese University of Hong Kong and he holds a Bachelor's degree in Social Science (Journalism).

Ms. Chan Pui Man, aged 45, is currently the Editor-In-Chief of *Apple Daily*. She joined the Group in 1996 as a senior reporter of *Apple Daily*. She graduated from the Chinese University of Hong Kong and holds a Bachelor's degree in Business Administration.

Mr. Chen Yu Hsin, Eric, aged 54, is currently the Publisher of *Taiwan Apple Daily*. He joined the Group in 2003 and has been Editor-in-Chief of *Taiwan Apple Daily* and Editor-in-Chief and Co-President of Next TV. Prior to joining the Group, Mr. Chen has been Editor-in-Chief of *The Journalist, 明日報* and *Power News* respectively. Mr. Chen graduated from National Taiwan University with a Bachelor's degree in Political Science.

Mr. Ma Wei Min, Jesse, aged 57, is currently the Editor-in-Chief of *Taiwan Apple Daily*. Prior to joining the Group in 2008, he was a Deputy Editor in *China Times Express* and *China Times* respectively and a Deputy Publisher of *China Times Weekly*. Mr. Ma graduated from Fu Jen Catholic University, Taiwan with a Bachelor's degree in Mass Communication.

Mr. Peir Woei, aged 55, 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 49, 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 54, 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.

Ms. Sit Tsz Ching, aged 47, has been the Publisher of *ME!* since September 2006. Ms. Sit joined *Next Magazine* as a reporter in 1990 and has over 20 years of experience in the media industry. She graduated from the Chinese University of Hong Kong with a Bachelor's degree in Arts in 1989 and obtained a Master of Science degree in New Media (School of Journalism and Communication) in 2002.

Mr. Yan Ming Wai, Daniel, aged 46, is currently the Publisher of *FACE*. He joined the Group in 1992 and he has worked in several of its departments, including website development and the editorial department of *Next Magazine*. Mr. Yan has over 20 years of experience in the media industry. He graduated from the University of Hong Kong with a Bachelor of Arts degree, and he was awarded a scholarship from The Japan Society of Hong Kong to study Japanese in Japan.

Mr. Chow Tat Kuen, Royston, aged 57, is currently the Group's Deputy Chief Financial Officer, 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.

Ms. Cheung Mai Wah, aged 54, is the Group Chief Information Officer and Chief Technology Officer of Digital Business. She has over 30 years of experience in software development and technology innovation in the media & entertainment industry, and has spent her last 20 years in IT executive positions leading major broadcast companies to use technology for business transformation and process improvement. Before joining Next Media, she worked at Univision Communication Inc. ("Univision") for 17 years where she held various positions. Her last position at Univision was Senior Vice President of Digital Operations and Services when she spearheaded the Digital Supply Chain Optimisation program to transform Univision from a TV broadcast centric operations to cross-platform digital media entertainment network operations. She was also a founding member of Univision Interactive Division where she led Univision.com from a start-up operation to perform and grow into a profit-making business division. Prior to Univision, she worked at American Broadcasting Company ("ABC") for 3 years where she was the director of Application Engineering, responsible for the software development of various sales, broadcasting, network affiliates applications as well as website development of abc.com. Prior to ABC, she spent over 9 years at National Broadcasting Company responsible for software development for the TV network. Ms. Cheung graduated from the State University of New York in Albany, U.S.A. with a Bachelor's degree in Science at 4.0 GPA, majored in Management Information Science and Marketing.

Mr. Lam Wing Kwan, Ringo, aged 44, is currently the Chief Development Officer of nxTomo Ltd. Mr. Lam has over 20 years of experience in Internet and new media business in Greater China region. He graduated from the University of Hong Kong with a Bachelor's degree in Electrical and Electronic Engineering and also obtained a Master of Philosophy in Information Engineering from the Chinese University of Hong Kong.

Mr. Tsui Chun Man, Vincent aged 38, is currently the Chief Marketing Officer of Next Mobile Limited and the Executive Editor-In-Chief of *Apple Daily*. Mr. Tsui has over 16 years of marketing and sales experience. Prior to joining the Group in 2014, he was the Marketing Director of Mentholatum, and responsible for marketing function in multinational companies including Unilever & British American Tobacco. Mr. Tsui graduated from the Chinese University of Hong Kong with a Bachelor's degree in Business Administration and also obtained a Bachelor of Law degree from the University of London. He was also a part time lecturer of the Chinese University of Hong Kong and Hong Kong Polytechnic University, teaching marketing courses. He published marketing & business management related articles and books under the pen name "Tsui Yuen".

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Cheung Ka Sing, Cassian (Interim Chairman and 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
Bradley Jay Hamm

AUTHORISED REPRESENTATIVES

Cheung Ka Sing, Cassian
Ting Ka Yu, Stephen

COMPANY SECRETARY

Wong Shuk Ha, Cat

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

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

LEGAL ADVISORS

Reed Smith Richards Butler
Deacons

REGISTERED OFFICE

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

SHARE REGISTRAR AND TRANSFER OFFICE

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

SHAREHOLDERS' ENQUIRIES

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

FINANCIAL REPORTS APPS

Financial apps icon

QR code

WEBSITE

http://www.nextmedia.com

COMPANY PROFILE

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

Readers know they can rely on Next Media publications for comprehensive, in-depth, forthright and factual coverage of the issues that have an impact on their lives. The journalists at Next Media deliver the facts – without fear or favour, without compromise, 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 growing selection of online portals and mobile apps. Their combined readerships, circulations and advertising revenues place us at the forefront of the local media scene.

In 2001, the Group launched *Taiwan Next Magazine*, followed by *Taiwan Apple Daily* in 2003. These two titles have quickly seized the top position in the island's weekly magazine and daily newspaper markets, respectively. In 2006, we launched *Taiwan Sharp Daily*, our free newspaper, in Taipei. This has succeeded in capturing the interest of younger readers in the city and attracting smaller local advertisers.

Next Media is committed to pursuing new opportunities that constantly create added value for our Shareholders. The Group has successfully transformed itself into a key player in the digital space, while the digital versions of all its newspapers and magazines have achieved a dominant readership position, and have made substantial impact to the industry with *Apple Actionnews* and other content innovations.

Since 2012, Next Media has entered into creative collaborations to develop online games and animation contents, our first location based online game – *Life is Crime* – was launched on mobile platform. In 2013, the Group launched a line-up of animation titles under the "nxTomo" brand, including *Oddbods*, *Mad Box Zombies* and *Spy Penguins*. *TomoToon*, an innovative treatment of Japanese *manga* in animated form received widespread viewerships on *Apple Daily* websites and apps. In 2014, Next Media further expanded its presence in mobile and online games platform by entering into collaboration arrangements with Gung Ho Online Entertainment, Inc., the largest mobile games company in Japan, as marketing agent for the top selling game *Puzzle & Dragons* in Hong Kong and Taiwan. The online game *Barcode Footballer*, which was launched in collaboration with the Japanese company Cybird, has achieved the top-grossing rank on *Apple App Store* and *Google Play* respectively, and has made a significant contribution to the Group's financial results in 2014.

CORPORATE STRUCTURE

DIGITAL BUSINESSES DIVISION

Internet Portals
Mobile & Online Games
Apps Development

NEWSPAPERS PUBLICATION AND PRINTING DIVISION

Apple Daily
Taiwan Apple 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

SHARE INFORMATION

As at 31 March 2015

Shareholders

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

Issued Shares

2,431,006,881 Ordinary Shares

Market Capitalisation

at HK$0.73 per Share (closing price on 31 March 2015)	HK$1.77 billion

Stock Code

The Stock Exchange of Hong Kong Limited Main Board	00282

Board Lot

2,000 Ordinary Shares

Outstanding Share Options granted under the 2007 Share Option Scheme

Exercise price per Share	Number of Shares
HK$1.000	49,800,000
HK$1.050	12,284,000
HK$1.420	5,000,000
Total	67,084,000

Outstanding Share Options granted under the 2014 Share Option Scheme

Exercise price per Share	Number of Shares
HK$0.690	500,000
HK$0.710	5,000,000
HK$0.760	510,000
HK$0.860	1,500,000
Total	7,510,000

DIRECTORS' REPORT

The Directors present their report and Financial Statements for the year ended 31 March 2015.

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 41 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 8 to 23 describes the material factors underlying the Group's performance and its financial position.

RESULTS AND APPROPRIATIONS

The Group's results for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 84.

The Directors declared an interim dividend of HK1.5 cents per Share, amounting to HK$36.5 million (for the year ended 31 March 2014: Nil). It was paid to the Shareholders on 19 December 2014.

The Directors have also resolved to recommend the payment of a final dividend of HK2.0 cents per Share, amounting to HK$48.6 million (for the year ended 31 March 2014: Nil). Subject to the approval by the Shareholders at the 2015 AGM, it will be payable to the Shareholders whose names appear on the Register of Members of the Company on Friday, 7 August 2015.

In addition to the special dividend of HK6.6 cents per Share (for the year ended 31 March 2014: Nil) declared by the Directors on 14 July 2014 and paid to the Shareholders on 14 August 2014, and the interim dividend of HK$1.5 cents per Share declared by the Directors on 17 November 2014 and paid to the Shareholders on 19 December 2014, as well as the final dividend of HK2.0 cents per Share as aforesaid. The total dividends paid and payable for the year ended 31 March 2015 will be HK10.1 cents per Share, amounting to a total of HK$245.5 million (for the year ended 31 March 2014: 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 193.

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.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's five largest customers accounted for 28.1% of its revenue, and its five largest suppliers accounted for 23.0% of its total purchases during the year. The Group's largest customer accounted for 20.9% of its revenue, and its largest supplier accounted for 7.4% 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$3,124,000 (2014: HK$3,106,000).

SHARE INCENTIVE SCHEMES

(a) Next Media Share Option Schemes

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.

SHARE INCENTIVE SCHEMES (continued)

(a) Next Media Share Option Schemes (continued)

2007 Share Option Scheme (continued)

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 higher 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; or (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.

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

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

SHARE INCENTIVE SCHEMES (continued)

(a) Next Media Share Option Schemes (continued)

2007 Share Option Scheme (continued)

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

Name or category of participant	Date of grant	Exercise price per Share	Vesting date (%)	Exercisable period	Balance as at 01.04.2014	Granted during the year	Cancelled during the year	Lapsed during the year	Balance as at 31.03.2015
Directors									
Cheung Ka Sing, Cassian	01.02.2012	HK$1.000	01.02.2013 (100%)	02.02.2012 – 29.07.2017	9,000,000	–	–	–	9,000,000
	01.02.2013	HK$1.420	01.02.2014 (100%)	02.02.2013 – 29.07.2017	5,000,000	–	–	–	5,000,000
	04.02.2014	HK$1.000	04.02.2015 (100%)	05.02.2014 – 29.07.2017	5,000,000	–	–	–	5,000,000
Ting Ka Yu, Stephen	10.12.2010	HK$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010 – 29.07.2017	1,618,000	–	–	–	1,618,000
	24.01.2014	HK$1.000	25.01.2015 (30%) 25.01.2016 (60%) 25.01.2017 (100%)	25.01.2014 – 29.07.2017	1,500,000	–	–	–	1,500,000
Ip Yut Kin	24.01.2014	HK$1.000	25.01.2015 (30%) 25.01.2016 (60%) 25.01.2017 (100%)	25.01.2014 – 29.07.2017	2,500,000	–	–	–	2,500,000
Fok Kwong Hang, Terry	10.12.2010	HK$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010 – 29.07.2017	510,000	–	–	–	510,000
Wong Chi Hong, Frank	10.12.2010	HK$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010 – 29.07.2017	510,000	–	–	–	510,000
Lee Ka Yam, Danny	10.12.2010	HK$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010 – 29.07.2017	510,000	–	–	–	510,000

SHARE INCENTIVE SCHEMES (continued)

(a) Next Media Share Option Schemes (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 01.04.2014	Granted during the year	Cancelled during the year	Lapsed during the year	Balance as at 31.03.2015
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	8,376,000	–	–	(240,000)	8,136,000
	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	–	–	(480,000)	200,000
	01.02.2012	HK$1.050	01.02.2013 (60%) 01.02.2014 (100%)	02.02.2012 – 29.07.2017	1,000,000	–	–	–	1,000,000
	26.09.2012	HK$1.000	26.09.2013 (30%) 26.09.2014 (60%) 26.09.2015 (100%)	27.09.2012 – 29.07.2017	5,000,000	–	(2,000,000)	–	3,000,000
	24.01.2014	HK$1.000	25.01.2015 (30%) 25.01.2016 (60%) 25.01.2017 (100%)	25.01.2014 – 29.07.2017	33,400,000	–	–	(4,800,000)	28,600,000
Total outstanding					75,254,000	–	(2,000,000)	(6,170,000)	67,084,000

Notes:

1. *Apart from the abovementioned movements, no options were granted and exercised under the 2007 Share Option Scheme during the year ended 31 March 2015.*
2. *Upon adoption of the 2014 Share Option Scheme on 31 July 2014, no further options will be granted under the 2007 Share Option Scheme.*

SHARE INCENTIVE SCHEMES (continued)

(a) Next Media Share Option Schemes (continued)

2014 Share Option Scheme

The 2007 Share Option Scheme is due to expire on 29 July 2017. In order to provide the Company with the flexibility of granting share options to selected persons including but not limited to Directors and employees as incentives or reward for their contribution or potential contribution to the Group. On 31 July 2014, the Company adopted the 2014 Share Option Scheme. Its terms complied with the requirements of Chapter 17 of the Listing Rules and are broadly similar as those set out in the 2007 Share Option Scheme.

The table below sets out the movements in options under the 2014 Share Option Scheme during the year:

Name or category of participant	Date of grant	Exercise price per Share	Vesting date (%)	Exercisable period	Balance as at 01.04.2014	Granted during the year	Cancelled during the year	Lapsed during the year	Balance as at 31.03.2015
Directors									
Cheung Ka Sing, Cassian	02.02.2015	HK$0.710	02.02.2016 (100%)	03.02.2015 – 30.07.2024	–	5,000,000	–	–	5,000,000
Bradley Jay Hamm	02.03.2015	HK$0.760	02.03.2016 (30%) 02.03.2017 (60%) 02.03.2018 (100%)	03.03.2015 – 30.07.2024	–	510,000	–	–	510,000
Employees									
In aggregate	06.10.2014	HK$0.860	06.10.2015 (33.3%) 06.10.2016 (66.6%) 06.10.2016 (100%)	07.10.2014 – 30.07.2024	–	1,500,000	–	–	1,500,000
	27.01.2015	HK$0.690	27.01.2016 (30%) 27.01.2017 (60%) 27.01.2018 (100%)	28.01.2015 – 30.07.2024	–	500,000	–	–	500,000
Total outstanding					–	7,510,000	–	–	7,510,000

Apart from the abovementioned movements, no options were exercised and cancelled under the 2014 Share Option Scheme during the year ended 31 March 2015.

SHARE INCENTIVE SCHEMES (continued)

(a) Next Media Share Option Schemes (continued)

2014 Share Option Scheme (continued)

The Company has used the Binomial Model for assessing the fair values of the options granted under the 2014 Share Option Scheme during the year ended 31 March 2015. 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 2015 were calculated as follows:

Date of grant	No. of options granted	Closing price per Share as at the date of grant (HK$)	Risk-free Rate	Expected life (years)	Expected volatility	Expected dividend yield	Fair value per option (HK$)	Remarks
06.10.2014	1,500,000	0.80	2.065%	9.82	49.725%	0%	0.397 – 0.419	–
27.01.2015	500,000	0.69	1.484%	9.51	49.658%	1.879%	0.310 – 0.321	–
02.02.2015	5,000,000	0.71	1.291%	9.50	49.682%	1.879%	0.316	–
02.03.2015	510,000	0.76	1.586%	9.42	49.830%	1.879%	0.342 – 0.355	–

An amount of HK$7,949,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2015 (2014: HK$4,264,000).

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 Share Incentive Schemes of the Company are also set out in note 33 to the Financial Statements.

SHARE INCENTIVE SCHEMES (continued)

(b) Subsidiary Share Option Schemes

(i) Hong Kong Subsidiary Share Option Schemes

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

Name of subsidiary	Adoption date	Share option scheme title
Apple Daily Publication Development Limited (ADPDL)	30 July 2007	2007 ADPDL Share Option Scheme
Next Media Publishing Limited (NMPL)	30 July 2007	2007 NMPL Share Option Scheme
Next Media Distribution Limited (NMDL) (formerly known as "Apple Community Infonet Limited")	20 February 2008	2008 NMDL Share Option Scheme
nxTomo Games Limited (nxTomo Games)	20 February 2008	2008 nxTomo Games Share Option Scheme
Aim High Investments Limited (AHIL)	12 June 2009	2009 AHIL Share Option Scheme
Anyplex Company Limited (Anyplex)	20 March 2012	2012 Anyplex Share Option Scheme
Next E-Shopping Limited (Next E-Shopping)	20 March 2012	2012 Next E-Shopping Share Option Scheme
Next Mobile Limited (Next Mobile)	20 March 2012	2012 Next Mobile Share Option Scheme
Sharp Daily Limited (Sharp Daily)	20 March 2012	2012 Sharp Daily Share Option Scheme
nxTomo Ltd. (nxTomo)	14 June 2013	2013 nxTomo Share Option Scheme

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

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

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

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

SHARE INCENTIVE SCHEMES (continued)

(b) Subsidiary Share Option Schemes (continued)

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

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

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

6. The exercise price per share of the respective Hong Kong Subsidiary Share Option Schemes shall be determined solely by the board of directors of the subsidiary concerned. The subscription price for a share under any option that is granted after a subsidiary has resolved to seek a listing or within six months prior to the lodgment of an application for a listing with the relevant stock exchange shall not be less than the issue price of a share in the listing.

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 shares 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)

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

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

2007 ADPDL Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2014	Granted during the year	Lapsed during the year	Balance as at 31.03.2015
Employees	16.04.2014	HK$0.01	16.04.2015 (30%) 16.04.2016 (60%) 16.04.2017 (100%)	17.04.20215 – 30.07.2017	–	105,000	–	105,000
Total outstanding					–	105,000	–	105,000

2008 nxTomo Games Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2014	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 31.03.2015
Director	23.09.2013	HK$0.01	23.09.2014 (100%)	24.09.2014 – 20.02.2018	50,000	–		–	50,000
Employees	23.09.2013	HK$0.01	23.09.2014 (100%)	24.09.2014 – 20.02.2018	500,000	–	(20,000)	(40,000)	440,000
	03.10.2014	HK$0.01	03.10.2015 (100%)	04.10.2015 – 20.02.2018	–	205,000	–	–	205,000
	15.12.2014	HK$0.01	15.12.2015 (100%)	16.12.2015 – 20.02.2018	–	10,000	–	–	10,000
Total outstanding					550,000	215,000	(20,000)	(40,000)	705,000

(b) Subsidiary Share Option Schemes (continued)

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

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 01.04.2014	Granted during the year	Lapsed during the year	Balance as at 31.03.2015
Employee	11.06.2012	HK$0.01	11.06.2013 (30%) 11.06.2014 (60%) 11.06.2015 (100%)	12.06.2013 – 20.03.2022	100,000	–	100,000	–
	11.06.2013	HK$0.01	11.06.2014 (30%) 11.06.2015 (60%) 11.06.2016 (100%)	12.06.2014 – 20.03.2022	100,000	–	100,000	–
Total outstanding					200,000	–	200,000	–

Note: *Sharp Daily Limited has ceased its operations on 21 October 2013.*

2013 nxTomo Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2014	Granted during the year	Lapsed during the year	Balance as at 31.03.2015
Director	23.09.2013	HK$0.01	23.09.2014 (100%)	24.09.2014 – 14.06.2023	50,000	–	–	50,000
Employees	23.09.2013	HK$0.01	23.09.2014 (100%)	24.09.2014 – 14.06.2023	510,000	–	(155,000)	355,000
	03.10.2014	HK$0.01	03.10.2015 (100%)	04.10.2015 – 14.06.2023	–	108,000	(10,000)	98,000
	27.01.2015	HK$0.01	27.01.2016 (100%)	28.01.2016 – 14.06.2023	–	50,000	–	50,000
Total outstanding					560,000	158,000	(165,000)	553,000

Apart from the movements as stated above, no options were granted, exercised, lapsed or cancelled under the other Hong Kong Subsidiary Share Option Schemes during the year ended 31 March 2015.

SHARE INCENTIVE SCHEMES (continued)

(b) Subsidiary Share Option Schemes (continued)

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

The Company has used the Binomial Model to assess the respective fair values of options granted under the 2007 ADPDL Share Option Scheme, 2008 nxTomo Games Share Option Scheme and 2013 nxTomo Share Option Scheme for the year ended 31 March 2015. 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 2015 was calculated as follows:

Date of Grant	No. of options granted	Risk-free Rate	Expected life (years)	Expected Volatility	Expected dividend yield	Fair value per option (HK$)	Remarks
2007 ADPDL Share Option Scheme							
16.04.2014	105,000	0.52%-0.59%	1-3	22.75%-46.52%	0%	79.06	–
2008 nxTomo Games Share Option Scheme							
03.10.2014	205,000	1.070%	3.386	86.79%	0%	18.34	–
15.12.2014	10,000	0.888%	3.186	86.89%	0%	19.01	–
2013 nxTomo Share Option Scheme							
03.10.2014	108,000	1.953%	8.701	46.49%	0%	32.05	–
27.01.2015	50,000	1.407%	8.384	46.10%	0%	37.38	–

The fair value per option granted under the 2007 ADPDL Share Option Scheme, 2008 nxTomo Games Share Option Scheme and 2013 nxTomo Share Option Scheme respectively is an averaged fair value of such options. The Group recognised an expense of HK$4,643,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2015 in respect of the aggregate value of the options granted during the year under the Hong Kong Subsidiary Share Option Schemes.

(c) Next Media Share Subscription and Financing Plan

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

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

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

SHARE INCENTIVE SCHEMES (continued)

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

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

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

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

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

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

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 Shares as at 29 October 2007 (i.e. the date of adoption of the Subscription Plan). These Shares shall be issued under the general mandate to issue shares available on the relevant date. Part of the general mandate may therefore be reserved each year for the issue of Shares under the Subscription Plan.

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

Invitations for subscription under the Subscription Plan were all lapsed during the year ended 31 March 2013 and no further invitations for subscription were issued, subscribed for or cancelled during the years ended 31 March 2014 and 2015. As at 31 March 2015, there were no outstanding invitations for subscription under the Subscription Plan.

SHARE INCENTIVE SCHEMES (continued)

(d) Share Award to Directors of the Company

The Company has on 30 June 2014 (the "Award Date") conditionally awarded a total of 930,000 new Shares (the "Award Shares") to the three INEDs subject to the vesting conditions below:

Name of INED	No. of Award Shares	Vesting Date/ No. of Award Shares
Fok Kwong Hang, Terry	330,000	30 June 2015/110,000
		30 June 2016/110,000
		30 June 2017/110,000
Wong Chi Hong, Frank	300,000	30 June 2015/100,000
		30 June 2016/100,000
		30 June 2017/100,000
Lee Ka Yam, Danny	300,000	30 June 2015/100,000
		30 June 2016/100,000
		30 June 2017/100,000

Subject to the payment of nominal amount of subscription price by the INEDs and the INEDs remaining as Directors of the Company, the Company will allot and issue the Award Shares to each of the INEDs on the respective vesting dates as stated above.

Since the INEDs are connected persons of the Company, the issue of the Award Shares is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The ordinary resolutions approving the issue of the Award Shares to each of the INEDs have been approved by the independent shareholders at the 2014 EGM. The Stock Exchange has also granted the listing of and permission to deal in the Award Shares.

The Company has used the Binomial Model to assess the fair value of the Award Shares. For the year ended 31 March 2015, the Group recognised a total expense of HK$364,000 (for the year ended 31 March 2014: Nil) in relation to the Award Shares.

DIRECTORS

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

Executive Directors:
Mr. Lai Chee Ying, Jimmy (resigned on 12 December 2014)
Mr. Cheung Ka Sing, Cassian (Interim Chairman and 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
Dr. Bradley Jay Hamm (appointed on 1 March 2015)

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. Cheung Ka Sing, Cassian and Mr. Wong Chi Hong, Frank will retire at the 2015 AGM and, being eligible, offer themselves for re-election.

Pursuant to Article 79 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taking into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting. Accordingly, Mr. Bradley Jay Hamm, who was appointed as an INED on 1 March 2015, will retire at the 2015 AGM and, being eligible, offer himself for re-election.

Mr. Lai resigned as an ED of the Company and the Chairman of the Group on 12 December 2014 for pursuing his personal endeavours.

Biographical details of the Directors as at 31 March 2015 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 any of the Directors has a service contract that cannot be terminated by the Group within one year without payment of compensation (other than statutory compensation).

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

As at 31 March 2015, the interests and short positions of the Directors (including ex-Director) 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 (including ex-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 Company's issued share capital
Lai Chee Ying, Jimmy (ex-Director)	1,720,594,935	–	1,000,000	64,938,230	–	1,786,533,165	73.49
Cheung Ka Sing, Cassian	18,172,000	–	–	–	19,000,000 (Note 1) 5,000,000 (Note 2)	42,172,000	1.73
Ting Ka Yu, Stephen	90,314	–	–	–	3,118,000 (Note 1)	3,208,314	0.13
Ip Yut Kin	10,200,377	2,630,000	–	–	2,500,000 (Note 1)	15,330,377	0.63
Fok Kwong Hang, Terry	2,130,000 (Note 3)	–	–	–	510,000 (Note 1)	2,640,000	0.11
Wong Chi Hong, Frank	300,000 (Note 3)	–	–	–	510,000 (Note 1)	810,000	0.03
Lee Ka Yam, Danny	300,000 (Note 3)	–	–	–	510,000 (Note 1)	810,000	0.03
Bradley Jay Hamm	300,000 (Note 4)				510,000 (Note 2)	810,000	0.03

(b) Interests in Associated Corporations (continued)

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

ADPDL

Name of Director/ Chief Executive	Number of shares Personal Interests	Family interests	Corporate interests	Other interests	Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
Ting Ka Yu, Stephen	108,344 (Note 5)	–	–	–	–	108,344	1.00
Ip Yut Kin	216,688 (Note 5)	–	–	–	–	216,688	2.00

nxTomo Ltd.

Name of Director/ Chief Executive	Number of shares Personal Interests	Family interests	Corporate interests	Other interests	Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
Cheung Ka Sing, Cassian	–	–	–	–	50,000 (Note 6)	–	0.50

nxTomo Games Limited

Name of Director/ Chief Executive	Number of shares Personal Interests	Family interests	Corporate interests	Other interests	Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
Cheung Ka Sing, Cassian	–	–	–	–	50,000 (Note 7)	–	0.50

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

(b) Interests in Associated Corporations (continued)

Notes:

(1) *These interests represent options granted to the Directors as beneficial owners under the 2007 Share Option Scheme.*

(2) *These interests represent options granted to the Directors as beneficial owner under the 2014 Share Option Scheme.*

(3) *These interests include award shares granted subject to vesting conditions to 3 INEDs as beneficial owners on 30 June 2014.*

(4) *These interests represent award shares granted subject to vesting conditions to an INED as beneficial owner on 13 April 2015.*

(5) *These interests represent the shares of ADPDL issued to the Directors upon the exercise of options granted under the 2007 ADPDL Share Option Scheme.*

(6) *These interests represent options granted to a Director as a beneficial owner under the 2013 nxTomo Share Option Scheme.*

(7) *These interests represent options granted to a Director as a beneficial owner under the 2008 nxTomo Games Share Option Scheme.*

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 (including ex-Director) 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 2015.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 31 March 2015, the following person (other than a Director or ex-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
Lai Chee Ying, Jimmy	1,786,533,165	73.49
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, an ex-Director, 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 ex-Director 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 2015.

CONNECTED TRANSACTIONS

During the year, the Company conducted the following transactions which constituted connected transactions for the Company under Chapter 14A of the Listing Rules:

On 30 June 2014, the Company announced that it has conditionally awarded the Shares award to Mr. Fok (as to 330,000 Shares), Mr. Wong (as to 300,000 Shares) and Dr. Lee (as to 300,000 Shares), all being INEDs, subject to vesting conditions and compliance with the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Independent Shareholders' approval on the Shares award has been sought from the 2014 EGM.

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 Chapter 14A of the Listing Rules:

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

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

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

   The total rental of NT$18,443,000 (equivalent to HK$4,682,000) was received from the Taiwan Branch of NMA in respect of the year ended 31 March 2015.

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

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

CONTINUING CONNECTED TRANSACTIONS (continued)

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

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

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

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

During the year, the Group has paid HK$45,916,000 as animation service charge and received HK$36,000 as advertising service charge and HK$1,610,000 as supporting service fee under the 2014 Business Framework Agreement. It has also paid HK$254,000 under the IPRS Agreement.

3. On 18 December 2014, the Company entered into a marketing services agreement ("MSA") with Fog City Digital Limited ("Fog City") (a company of which 99% and 1.0% of the total issued shares were beneficially owned by Mr. Lai and Mr. Cassian Cheung respectively as at 18 December 2014) for the period from 1 October 2014 to 31 March 2015, both days inclusive, in relation to the provision of marketing services by the Company and its subsidiaries to Fog City and its subsidiaries, and subject to an aggregate cap on the marketing services charges of not exceeding HK$1,000,000.00 and the terms and conditions as set out in the MSA. Mr. Lai, a controlling shareholder of both Fog City and the Company, has resigned as a Director of the Company with effect from 12 December 2014 but is regarded as a connected person of the Company under Rule 14A.06(8) of the Listing Rules, being a person who was a Director of the Company in the last 12 months. As such, Fog City is an associate of Mr. Lai and therefore a connected person of the Company. Since the aggregate cap on the marketing services charge payable by Fog City to the Group during the period as stipulated in the MSA fell under the category of de minimis transaction and is fully exempt from independent Shareholders' approval, annual review and all disclosure requirements under the Listing Rules. During the period from 1 October 2014 to 31 March 2015, the Group has received HK$668,000 as marketing service fee under the MSA. The MSA expired on 31 March 2015.

Details of the continuing connected transactions are set out in the note 39(b) 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 2015.

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 2015 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. The Auditor has issued an unqualified letter containing the findings and conclusions in respect of the group's CCTs in pages 77 to 78 of the Annual Report in accordance with Rule 14A.56 of the Listing Rules. A copy of the Auditor's letter has been provided by the Company to the Stock Exchange.

RELATED PARTY TRANSACTIONS

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

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

Reference is made to an announcement issued by the Company dated 12 November 2012, ADPL, as borrower, executed a facility agreement and the security and finance documents for a term loan facility in an aggregate amount of HK$210,000,000 (the "2012 Facility") offered by a syndicate of four banks (the "Syndicated Banks"). The 2012 Facility had been fully utilised for the working capital requirement of ADPL and ADL with a final maturity date falls in the 36th month from its first utilisation date. Pursuant to a term of the 2012 Facility, each of ADPL and the guarantors to the 2012 Facility (including the Company, ADL, Apple Daily I.P. Limited ("ADIP") and Next Media I.P. Limited ("NMIP"), all three are indirect wholly owned subsidiaries of the Company) had undertaken to ensure that Mr. Lai, a controlling shareholder of the Company (i) is and will continue to be the Chairman of the Company; and (ii) holds and will continue to hold directly or indirectly at least 51% of the total issued shares in the Company. Such undertaking should remain in force from the date of the facility agreement for so long as any liability is outstanding or any commitment is in force under the 2012 Facility. The Syndicated Banks may declare any commitments under the 2012 Facility to be cancelled and/or declare all outstanding amounts together with interests thereon to be immediately due and payable upon occurrence of any breach of this term.

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES (continued)

Based on the Company's audited consolidated annual results for the year ended 31 March 2013 announced on 7 June 2013, the Company failed to fulfill the required financial covenants of the 2012 Facility. The Company formally applied to the agent bank to the 2012 Facility, which acted on behalf of all the lending banks, for the relevant waiver. Through the agent bank, the Company obtained the consents from all lending banks to waive the breach of certain financial covenants for the year ended 31 March 2013 pursuant to the terms of the 2012 Facility and issued an announcement on 2 July 2013.

On 11 June 2014, the Company fully repaid the outstanding principal amount and the interest accrued under the 2012 Facility to the Syndicated Banks.

REDUCTION OF SHARE PREMIUM ACCOUNT

Reference is made to an announcement dated 26 November 2013 and the circular dated 11 December 2013 issued by the Company proposing reduction of the share premium account of the Company by HK$924,962,000 (the "Reduction of Share Premium Account") and the application for the credit arising therefrom to set off against the accumulated losses of the Company for the purpose of placing the Company in a position to legally pay dividends. The Reduction of Share Premium Account was subject to the approval from the Shareholders at an EGM, confirmation from the High Court and registration of the order issued by the High Court (the "Order") with the Companies Registry in Hong Kong.

At an EGM held on 15 January 2014, the special resolution approving the Reduction of Share Premium Account was duly approved by the Shareholders. On 9 May 2014, the Company announced that the High Court made the Order confirming the Reduction of Share Premium Account and the Order was duly registered with the Companies Registry in Hong Kong on 22 May 2014.

SPECIAL DIVIDEND

Following the Reduction of Share Premium Account becoming effective on 22 May 2014, the Company is in a position to legally pay dividends to the Shareholders. On 14 July 2014, the Board announced the declaration of a special dividend of HK6.6 cents per Share and paid the special dividend to the Shareholders on 14 August 2014.

ADOPTION OF A NEW SET OF ARTICLES OF ASSOCIATION

A new set of Articles of Association ("AOA") of the Company was adopted by passing a special resolution at the 2014 AGM in order to bring the AOA of the Company in line with certain statutory changes as a result of the implementation of the Companies Ordinance which commenced operation on 3 March 2014.

BUSINESS REVIEW

Details on the assessment and analysis of the Group's performance during the year under review and the material factors underlying its results and financial position as well as the Group's environmental policies and performance are set out in the sections headed "Management Discussion & Analysis" and "Group Commitments" in this 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 30 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 15 June 2015, 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 2015 AGM to re-appoint the auditor, Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board
Cassian Cheung
Interim Chairman

Hong Kong, 15 June 2015

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 84 to 192, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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 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 Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 March 2015, and of its financial performance 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
15 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	**2015 HK$'000**	2014 HK$'000
Continuing operations			
Revenue	7	**2,956,934**	3,268,892
Production costs			
Cost of raw materials consumed		**(592,279)**	(805,455)
Other overheads		**(402,114)**	(276,449)
Staff costs	16	**(822,643)**	(838,197)
		(1,817,036)	(1,920,101)
Personnel costs excluding direct production staff costs	16	**(577,556)**	(580,525)
Other income	7	**45,614**	43,136
Net exchange gain		**18,008**	12,174
Depreciation of property, plant and equipment		**(117,840)**	(129,040)
Release of prepaid lease payments		**(1,797)**	(1,797)
Other expenses		**(295,318)**	(394,414)
Reversal of allowance for bad and doubtful debts, net		**18,828**	17,780
Reversal of impairment loss recognised in respect of property, plant and equipment	20	**–**	16,892
Finance costs	9	**(13,249)**	(18,125)
Gain on disposal of associates	23	**–**	117,680
Profit before tax		**216,588**	432,552
Income tax expense	10	**(47,950)**	(93,454)
Profit for the year from continuing operations	11	**168,638**	339,098
Discontinued operations			
Loss for the year from discontinued operations	12	**–**	(90,622)
Profit for the year		**168,638**	248,476
Other comprehensive income (expense)			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial (loss) gain from remeasurement of defined benefit obligations, net of tax	30(b)	**(22,498)**	21,713
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(43,869)**	(27,875)
Total comprehensive income for the year		**102,271**	242,314

	Note	2015 HK$'000	2014 HK$'000
Profit for the year attributable to:			
Owners of the Company			
– Profit for the year from continuing operations		**164,300**	330,768
– Loss for the year from discontinued operations		**–**	(90,622)
		164,300	240,146
Non-controlling interests			
– Profit for the year from continuing operations		**4,338**	8,330
		168,638	248,476
Total comprehensive income attributable to:			
Owners of the Company		**99,872**	235,095
Non-controlling interests		**2,399**	7,219
		102,271	242,314
Earnings per share	17		
From continuing and discontinued operations			
– Basic		**HK6.8 cents**	HK9.9 cents
– Diluted		**HK6.8 cents**	HK9.9 cents
From continuing operations			
– Basic		**HK6.8 cents**	HK13.6 cents
– Diluted		**HK6.8 cents**	HK13.6 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Intangible assets	18	**1,300,881**	1,300,881
Property, plant and equipment	20	**1,211,520**	1,304,241
Prepaid lease payments	21	**56,164**	57,961
Deposit for acquisition of property, plant and equipment		**3,568**	12,857
		2,572,133	2,675,940
CURRENT ASSETS			
Inventories	25	**115,444**	127,955
Trade and other receivables	26	**610,226**	623,230
Prepaid lease payments	21	**1,797**	1,797
Tax recoverable		**21,139**	14,322
Restricted bank balances	27	**1,500**	4,815
Amounts due from related parties	24	**2,565**	799
Bank balances and cash	27	**499,846**	755,442
		1,252,517	1,528,360
CURRENT LIABILITIES			
Trade and other payables	28	**436,223**	460,258
Deferred revenue	31	**11,680**	11,274
Borrowings	29	**78,461**	264,388
Provisions	36	**105,844**	113,959
Tax liabilities		**12,562**	25,397
		644,770	875,276
NET CURRENT ASSETS		**607,747**	653,084
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,179,880**	3,329,024

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT LIABILITIES			
Borrowings	29	**307,303**	396,472
Retirement benefits plans	30	**85,429**	66,862
Deferred tax liabilities	35	**272,917**	275,509
		665,649	738,843
NET ASSETS		**2,514,231**	2,590,181
CAPITAL AND RESERVES			
Share capital	32	**2,434,747**	3,359,709
Reserves		**33,252**	(803,309)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**2,467,999**	2,556,400
NON-CONTROLLING INTERESTS		**46,232**	33,781
TOTAL EQUITY		**2,514,231**	2,590,181

The consolidated financial statements on pages 84 to 192 were approved and authorised for issue by the Board of Directors on 15 June 2015 and are signed on its behalf by:

Cheung Ka Sing, Cassian
DIRECTOR

Ting Ka Yu, Stephen
DIRECTOR

STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	20	**117,033**	120,317
Prepaid lease payments	21	**25,174**	25,980
Interests in subsidiaries	22	**2,106,735**	2,106,735
		2,248,942	2,253,032
CURRENT ASSETS			
Other receivables	26	**3,525**	3,619
Prepaid lease payments	21	**806**	806
Amounts due from subsidiaries	22	**332,317**	240,042
Restricted bank balances	27	**1,500**	4,815
Bank balances and cash	27	**1,001**	59,844
		339,149	309,126
CURRENT LIABILITIES			
Other payables	28	**20,368**	18,280
Amounts due to subsidiaries	22	**539**	75,591
Tax liabilities		**373**	988
		21,280	94,859
NET CURRENT ASSETS		**317,869**	214,267
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,566,811**	2,467,299
NON-CURRENT LIABILITY			
Deferred tax liabilities	35	**17,754**	17,087
NET ASSETS		**2,549,057**	2,450,212
CAPITAL AND RESERVES			
Share capital	32	**2,434,747**	3,359,709
Reserves	34	**114,310**	(909,497)
TOTAL EQUITY		**2,549,057**	2,450,212

Cheung Ka Sing, Cassian
DIRECTOR

Ting Ka Yu, Stephen
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	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 2013	2,431,007	928,702	(17,578)	7,058	(1,031,660)	2,317,529	–	27,472	27,472	2,345,001
Exchange differences on translating foreign operations	–	–	(26,764)	–	–	(26,764)	–	(1,111)	(1,111)	(27,875)
Profit for the year	–	–	–	–	240,146	240,146	–	8,330	8,330	248,476
Actuarial gain on defined benefit liabilities, net of tax	–	–	–	–	21,713	21,713	–	–	–	21,713
Total comprehensive (expense) income for the year	–	–	(26,764)	–	261,859	235,095	–	7,219	7,219	242,314
Recognition of equity-settled share-based payments	–	–	–	4,264	–	4,264	1,470	–	1,470	5,734
Lapse of share options	–	–	–	(389)	389	–	–	–	–	–
Acquisition of additional interest in a subsidiary *(Note a)*	–	–	–	–	(488)	(488)	–	(2,380)	(2,380)	(2,868)
Transfer upon abolition of par value under the Hong Kong Companies Ordinance *(Note c)*	928,702	(928,702)	–	–	–	–	–	–	–	–
At 31 March 2014	3,359,709	–	(44,342)	10,933	(769,900)	2,556,400	1,470	32,311	33,781	2,590,181
Exchange differences on translating foreign operations	–	–	(42,837)	–	–	(42,837)	–	(1,032)	(1,032)	(43,869)
Profit for the year	–	–	–	–	164,300	164,300	–	4,338	4,338	168,638
Actuarial loss on defined benefit liabilities, net of tax	–	–	–	–	(21,591)	(21,591)	–	(907)	(907)	(22,498)
Total comprehensive (expense) income for the year	–	–	(42,837)	–	142,709	99,872	–	2,399	2,399	102,271
Payment of dividends (note 15)	–	–	–	–	(196,912)	(196,912)	–	–	–	(196,912)
Recognition of equity-settled share-based payments	–	–	–	8,313	–	8,313	10,405	–	10,405	18,718
Exercise of share options *(Note b)*	–	–	–	–	–	–	(60)	60	–	–
Lapse of share options	–	–	–	(1,726)	2,019	293	(293)	–	(293)	–
Acquisition of additional interest in a subsidiary *(Note b)*	–	–	–	–	33	33	–	(60)	(60)	(27)
Capital reduction *(Note d)*	(924,962)	–	–	–	924,962	–	–	–	–	–
At 31 March 2015	2,434,747	–	(87,179)	17,520	102,911	2,467,999	11,522	34,710	46,232	2,514,231

Notes:

(a) During the year ended 31 March 2014, the equity ownership of the Group in non wholly-owned subsidiaries, ADPDL and Next Media Publishing Limited ("Next Media Publishing"), increased from 94.90% to 95.05% and from 97.50% to 97.87%, respectively (see note 41).

(b) During the year ended 31 March 2015, 20,000 shares were exercised under the 2008 Share Option Scheme of nxTomo Games Limited, with fair value of HK$3.01 per option at the grant date (see note 33d (ii)). As a result, the Group's equity interest in nxTomo Games Limited was changed from 100% to 99.8%. On the same date, Max Grand Investments Limited, a wholly owned subsidiary of the Company, purchased 20,000 shares of nxTomo Games Limited from a minority shareholder. As a result, the Group holds 100% equity interest of nxTomo Games Limited.

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

(d) On 9 May 2014, the Hong Kong High Court made an order confirming the reduction of the share premium account of the Company by HK$924,962,000 which has become effective upon the registration of such order with the Companies Registry on 22 May 2014. The Company reduced its share capital account by HK$924,962,000 to set off against the Company's total accumulated losses during the year ended 31 March 2015.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES			
Profit for the year		**168,638**	248,476
Adjustments for:			
Income tax expense		**47,950**	93,598
Finance costs		**13,249**	24,133
Reversal of allowance for bad and doubtful debts, net		**(18,828)**	(15,626)
Depreciation of property, plant and equipment		**117,840**	155,497
Release of prepaid lease payments to profit or loss		**1,797**	1,797
Loss on disposal of property, plant and equipment		**729**	12,478
Share-based payment expense		**18,718**	5,734
Gain on disposal of associates	23	**–**	(117,680)
Loss on disposal of a subsidiary	12	**–**	7,986
Reversal of impairment loss recognised in respect of property, plant and equipment		**–**	(16,892)
Impairment loss recognised in respect of programmes and film rights		**–**	7,235
Interest income		**(2,148)**	(2,204)
Operating cash flows before movements in working capital		**347,945**	404,532
Decrease in inventories		**10,790**	51,506
Decrease (increase) in trade and other receivables		**15,411**	(12,595)
Increase in amounts due from related parties		**(1,766)**	(799)
(Decrease) increase in trade and other payables		**(9,531)**	24,533
Increase in deferred revenue		**406**	11,274
(Decrease) increase in provisions		**(7,164)**	12,096
(Decrease) increase in retirement benefits plans		**(6,941)**	334
Net cash generated from operations		**349,150**	490,881
Income tax paid		**(64,745)**	(107,705)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**284,405**	383,176

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Proceeds from disposal of a subsidiary	12	–	326,849
Proceeds from disposal of associates	23	–	154,495
Interest received		**2,148**	2,204
Proceeds from disposal of property, plant and equipment		**887**	10,559
Purchases of property, plant and equipment		**(44,425)**	(46,943)
Deposit for acquisition of property, plant and equipment		**(3,582)**	(12,980)
Refund of deposit received for potential disposal of Taiwan business		–	(455,373)
Repayment from related parties		–	11,821
NET CASH USED IN INVESTING ACTIVITIES		**(44,972)**	(9,368)
FINANCING ACTIVITIES			
Proceeds from bank borrowings		–	150,000
Repayment of bank borrowings		**(264,102)**	(282,971)
Withdrawal of restricted bank balances		**3,315**	–
Interest paid		**(13,249)**	(24,133)
Acquisition of additional interests in subsidiaries		**(27)**	(2,868)
Dividends paid		**(196,912)**	–
NET CASH USED IN FINANCING ACTIVITIES		**(470,975)**	(159,972)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(231,542)**	213,836
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**755,442**	545,838
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(24,054)**	(4,232)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**499,846**	755,442

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 41.

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

(a) Application of new and revised HKFRSs

The Group has applied for the first time in current year the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRS 10, HKFRS12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

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

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

(b) New and revised HKFRSs in issue 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:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements [5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[5]

[1] *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

[2] *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.*

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

[4] *Effective for annual periods beginning on or after 1 July 2014, with early application permitted.*

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

[6] *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.*

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

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

HKFRS 9 Financial Instruments (continued)

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

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

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Except as described above, the Directors anticipate that the application of the other new and revised standards, amendments and interpretation issued but not yet effective will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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.

Basis of preparation

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

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

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries (continued)

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

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost, less any identified impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable during the year.

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.

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 and 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; 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost established at the date of acquisition of the business (see the accounting policy above) less any accumulated impairment losses, if any.

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 whenever there is indication that the unit may be impaired. 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 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 associates

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates (continued)

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

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

When a group entity transacts with an associate of the Group, 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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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

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

Service income is recognised when services are provided.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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

(vi) Internet subscription income is recognised upon the provision of the services.

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(x) (continued)

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Masthead and publishing rights

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

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

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

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

Property, plant and equipment

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(i) 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.

(ii) The Group as lessee

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

(iii) 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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each 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 at 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting 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 rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the 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).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(iii) Retirement benefits obligations (continued)

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

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

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

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

The Group has applied HKFRS 2 *Share-based Payment* to share options granted on or after 1 April 2005 and those granted after 7 November 2002 that vested after 1 April 2005, share subscription rights granted on 29 October 2008 and shares award granted on 30 June 2014.

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

For share options and share subscription rights that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. When share options and share subscription rights are exercised, the amount previously recognised in share-based payment reserve will be transferred to share capital. 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).

At the end of reporting period, the Group and the Company 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

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

If the modification 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.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's 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 bases 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 differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of 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, and interests in joint ventures, 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 and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (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.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) 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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amounts due from subsidiaries, amounts due from related parties, restricted bank balances and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate.

Impairment of loans and receivables

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

Objective evidence of impairment could include:

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

For certain categories of financial asset, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. 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 past the credit period of 7 to 120 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (continued)

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 receivables where the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in 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.

Financial liabilities and equity instruments

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

Equity instrument

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

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

Financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

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.

Derecognition

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

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

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

Inventories

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

3. SIGNIFICANT ACCOUNTING POLICIES (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 immediately in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Revenue recognition

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

Income taxes

As at 31 March 2015, the Group had estimated unused tax losses from continuing operations of approximately HK$1,416,764,000 (2014: HK$1,308,569,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately nil (2014: HK$8,247,000) of such losses. No deferred tax assets has been recognised on the tax losses of approximately HK$1,416,764,000 (2014: HK$1,300,322,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more than expected, a further recognition of deferred tax assets may arise. Details are set out in note 35.

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 2015, an amount of approximately HK$105,844,000 (2014: HK$113,959,000) 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. As at 31 March 2015, the carrying amount of trade receivables was HK$522,417,000 (2014: HK$521,912,000), net of allowance for doubtful debts of HK$76,851,000 (2014: HK$96,667,000). Details are set out in note 26.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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 2015 and 2014, 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.

Retirement benefit obligations

Obligations for retirement benefit and related net periodic pension costs are determined in accordance with actuarial valuations. These valuations rely on key assumptions including discount rates and expected rate of salary growth. The discount rates assumptions are determined by reference to yield on high-quality corporate bonds of appropriate duration and currency at the end of the reporting period. In case such yields are not available, discount rates are based on government bonds yields. Due to changing marketing and economic conditions, the underlying key assumptions may differ from actual developments and may lead to significant changes in retirement benefit obligations. During the year ended 31 March 2015, actuarial loss from remeasurement of defined benefit obligations before tax effect amounting to HK$27,107,000 (2014: actuarial gain of HK$26,160,000) are recognised directly in equity in the period in which they occur. Details are set out in note 30.

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 29, and equity attributable to owners of the Company, comprising share capital and reserves.

The Directors 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

	2015 HK$'000	2014 HK$'000
THE GROUP		
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,040,175**	1,313,530
Financial liabilities		
Liabilities at amortised cost	**500,103**	781,551
THE COMPANY		
Financial assets		
Loans and receivables (including cash and cash equivalents)	**338,032**	305,287
Financial liabilities		
Liabilities at amortised cost	**539**	75,591

6b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from related parties, restricted bank balances, bank balances and cash, trade and other payables and borrowings.

The Company's major financial instruments include other receivables, amounts due from/to subsidiaries, restricted bank balances and bank balances and cash.

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 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 New Taiwan Dollar ("NT$"), the functional currency to the relevant group entities.

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk (continued)

Currency risk (continued)

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	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Continuing operations				
United States Dollar ("USD")	**17,982**	19,099	**40,515**	133,959
Australian Dollar ("AUD")	**–**	–	**728**	782
Renminbi ("RMB")	**–**	–	**55**	12
Euro ("EUR")	**–**	–	**367**	688
Pound Sterling ("GBP")	**–**	–	**4**	215
NT$ – inter-company balances	**–**	605,332	**590,485**	600,938

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% (2014: 5%) increase and decrease in the entity's respective functional currency against its relevant foreign currencies. 5% (2014: 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% (2014: 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% (2014: 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.

	AUD Impact		RMB Impact		EUR Impact		GBP Impact		NT$ Impact	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Loss	**(30)**	(33)	**(2)**	-	**(15)**	(29)	**-**	(9)	**23,479**	(175)

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.

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk (continued)

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 27), and variable rate bank borrowings (see note 29 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 Postal Savings 2 Years Floating Rate (2014: Hong Kong Interbank Offered Rate Hong Kong Dollar Prime Rate and Postal Savings 2 Years Floating Rate). The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Fair value interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits (see note 27 for details).

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to market interest rates for bank borrowings at the end of the reporting period. In relation to bank deposits, the Group considers the interest rate risk is insignificant. For variable-rate bank borrowings, the analysis is prepared assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points (2014: 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 (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year would decrease/increase by approximately HK$1,611,000 (2014: HK$2,759,000) while the Company's loss for the year would decrease/increase by approximately nil (2014: HK$250,000).

Credit risk

The Company

As at 31 March 2015, 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.

6. FINANCIAL INSTRUMENTS (continued)

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

Credit risk (continued)

The Group

As at 31 March 2015, 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 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 40% (2014: 33%) of the total trade receivables was due from the Group's largest customer who is the sole distributor for the newspapers and magazines publication. This customer operates in Hong Kong and Taiwan.

Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As at 31 March 2015, the Group has total available unutilised short-term bank loan facilities of approximately HK$4,160,000 (2014: HK$32,970,000).

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

6. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk (continued)

Liquidity and interest risk tables

THE GROUP	Weighted average interest rate %	Less than 1 month HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2015 HK$'000
2015								
Non-derivative financial liabilities								
Trade payables	–	62,758	16,484	2,393	–	–	81,635	81,635
Other payables	–	32,704	–	–	–	–	32,704	32,704
Borrowings – variable rate	2.80	7,439	14,879	66,954	328,559	–	417,831	385,764
		102,901	31,363	69,347	328,559	–	532,170	500,103

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 2015 HK$'000
2015								
Non-derivative financial liabilities								
Amounts due to subsidiaries	–	539	–	–	–	–	539	539
Financial guarantee contracts	–	7,263	14,525	65,365	308,611	–	395,764	–
		7,802	14,525	65,365	308,611	–	396,303	539

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 2014 HK$'000
2014								
Non-derivative financial liabilities								
Trade payables	–	67,503	15,918	3,413	–	–	86,834	86,834
Other payables	–	33,857	–	–	–	–	33,857	33,857
Borrowings – variable rate	2.85	23,600	47,200	212,399	353,921	76,022	713,142	660,860
		124,960	63,118	215,812	353,921	76,022	833,833	781,551

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

6. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk (continued)

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 2015 and 2014, the Company considers that it is unlikely that any amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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

6c. Fair value

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

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

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

7. REVENUE AND OTHER INCOME

The Group's continuing operations comprise the publication of newspapers, books and magazines, the sales of advertising space in newspapers, books and magazines, the provision of printing and reprographic services, the sales of advertising space on its web portals, as well as subscription to the web portals, delivery of internet content and development of mobile games and apps.

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

	2015 HK$'000	2014 HK$'000
Continuing operations		
Revenue		
Sales of newspapers	**496,324**	608,463
Sales of books and magazines	**134,136**	160,740
Newspapers advertising income	**986,927**	1,324,701
Books and magazines advertising income	**513,433**	626,852
Printing and reprographic services income	**178,511**	183,847
Internet advertising income, internet subscription, content provision and development of mobile games and apps ("Digital businesses")	**647,603**	364,289
	2,956,934	3,268,892
Other income		
Sales of waste materials	**13,000**	17,403
Interest income on bank deposits	**2,148**	1,194
Interest income on loans to associates	**–**	740
Rental income	**20,874**	11,934
Others	**9,592**	11,865
	45,614	43,136

8. SEGMENT INFORMATION

Information reported to the Company's chief operating officer (who is the Group's chief operating decision maker, "CODM") for the purposes of resource allocation and assessment of performance focuses on types of goods delivered and services rendered. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

Operating segments	Principal activities
Newspapers publication and printing	Sales of newspapers and provision of newspapers printing and advertising services in Hong Kong and Taiwan
Books and magazines publication and printing	Sales of books and magazines and provision of books and magazines printing and advertising services in Hong Kong, Taiwan, North America, Europe and Australasia
Digital businesses	Advertising income, internet subscription, content provision and development of mobile games and apps in Hong Kong and Taiwan

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

The reportable and operating segment regarding the television broadcasting, programme production, advertising income, subscription income, and other related activities in Taiwan (i.e. "television and multi-media") were discontinued for the year ended 31 March 2014.

The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 12.

8. SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by operating segments.

For the year ended 31 March 2015

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Digital businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE					
External sales	1,586,104	723,227	647,603	–	2,956,934
Inter-segment sales	191,202	9,035	–	(200,237)	–
	1,777,306	732,262	647,603	(200,237)	2,956,934
Segment results	216,357	(25,733)	37,427	–	228,051
Unallocated expenses					(30,828)
Unallocated incomes					32,614
Finance costs					(13,249)
Profit before tax from continuing operations					216,588

8. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 31 March 2014

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Digital businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE					
External sales	2,022,315	882,288	364,289	–	3,268,892
Inter-segment sales	92,703	18,689	65	(111,457)	–
	2,115,018	900,977	364,354	(111,457)	3,268,892
Segment results	295,508	50,404	(17,722)	–	328,190
Unallocated expenses					(20,925)
Unallocated incomes					25,732
Gain on disposal of associates					117,680
Finance costs					(18,125)
Profit before tax from continuing operations					432,552

Segment results represent the profit earned (loss incurred) by each segment without the allocation of incomes or expenses resulted from interest income, certain rental and other income, finance costs and certain corporate and administrative expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities

As at 31 March 2015

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Digital businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment assets	**2,037,382**	**814,260**	**446,998**	**–**	**3,298,640**
Unallocated assets					**526,010**
Total assets					**3,824,650**
Segment liabilities	**(306,408)**	**(226,811)**	**(82,970)**	**–**	**(616,189)**
Unallocated liabilities					**(694,230)**
Total liabilities					**(1,310,419)**

As at 31 March 2014

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Digital businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment assets	2,129,798	860,277	436,026	–	3,426,101
Unallocated assets					778,199
Total assets					4,204,300
Segment liabilities	(299,841)	(245,622)	(311,991)	–	(857,454)
Unallocated liabilities					(756,665)
Total liabilities					(1,614,119)

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

- all assets are allocated to operating segments other than amounts due from related parties, tax recoverable, certain bank balances and cash and corporate assets that are not attributable to segments; and
- all liabilities are allocated to operating segments other than certain other payables, tax liabilities, certain bank borrowings, deferred tax liabilities and corporate liabilities that are not attributable to segments.

8. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 March 2015

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Digital businesses HK$'000	Corporate HK$'000	Consolidated HK$'000
Addition to non-current assets	**17,740**	**9,717**	**19,970**	**566**	**47,993**
Depreciation of property, plant and equipment	**75,646**	**24,466**	**13,878**	**3,850**	**117,840**
Release of prepaid lease payments	**991**	**–**	**–**	**806**	**1,797**
(Reversal of) allowance for bad and doubtful debts	**(16,078)**	**(4,282)**	**1,532**	**–**	**(18,828)**
Share-based payment expense	**4,643**	**–**	**5,762**	**8,313**	**18,718**
Loss (gain) on disposal of property, plant and equipment	**1,151**	**(447)**	**25**	**–**	**729**

For the year ended 31 March 2014

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Digital businesses HK$'000	Corporate HK$'000	Consolidated HK$'000
Addition to non-current assets	27,438	19,715	11,992	655	59,800
Depreciation of property, plant and equipment	80,509	26,580	18,278	3,673	129,040
Release of prepaid lease payments	991	–	–	806	1,797
Reversal of impairment loss recognised in respect of property, plant and equipment	–	–	(16,892)	–	(16,892)
(Reversal of) allowance for bad and doubtful debts	(11,272)	(7,304)	796	–	(17,780)
Share-based payment expense	–	–	1,470	4,264	5,734
Loss (gain) on disposal of property, plant and equipment	683	(169)	7,615	–	8,129

8. SEGMENT INFORMATION (continued)

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)	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (country of domicile)	**1,721,980**	1,904,976	**1,800,731**	1,827,138
Taiwan	**1,193,667**	1,312,679	**770,669**	847,948
North America	**19,107**	33,722	**733**	854
Europe	**9,998**	9,290	**–**	–
Australasia	**7,071**	8,122	**–**	–
Others	**5,111**	103	**–**	–
	2,956,934	3,268,892	**2,572,133**	2,675,940

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 contributing over 10% of total sales of the Group are as follows:

	2015	2014
	HK$'000	HK$'000
Customer A *(Note)*	**618,735**	769,203

Note: *Revenue from this customer comprised revenue earned in newspapers and magazines publication amounting to HK$496,324,000 (2014: HK$608,463,000) and HK$122,411,000 (2014: HK$160,740,000), respectively.*

9. FINANCE COSTS

Continuing operations

	2015 HK$'000	2014 HK$'000
Interest expense on bank borrowings wholly repayable within five years	**13,249**	10,832
Interest expense on bank borrowings not wholly repayable within five years	**–**	7,293
	13,249	18,125

10. INCOME TAX EXPENSE

Continuing operations

	2015 HK$'000	2014 HK$'000
Current tax:		
Hong Kong	**31,276**	54,355
Taiwan	**12,802**	38,226
Under (over) provision in prior years:		
Hong Kong	**2,594**	1,017
Taiwan	**(1,011)**	–
Other jurisdictions	**399**	–
	46,060	93,598
Deferred tax (note 35):		
Current year	**1,890**	(144)
	47,950	93,454

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

(b) Taiwan Income Tax is calculated at 17.0% of the estimated assessable profit for both years.

(c) Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

10. INCOME TAX EXPENSE (continued)

The tax charge for the year can be reconciled to the profit before tax from continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 **HK$'000**	2014 HK$'000
Profit before tax from continuing operations	**216,588**	432,552
Tax at Hong Kong Profits Tax rate of 16.5%	**35,737**	71,371
Tax effect of expenses not deductible for tax purpose	**8,199**	26,835
Tax effect of income not taxable for tax purpose	**(14,937)**	(6,520)
Tax effect of gain on disposal of associates not taxable for tax purpose	**–**	(19,417)
Underprovision in prior years	**1,982**	1,017
Tax effect of estimated tax losses not recognised for Hong Kong subsidiaries	**19,432**	21,309
Tax effect of estimated tax losses not recognised for Taiwan subsidiaries	**1,257**	653
Utilisation of tax losses previously not recognised	**(23)**	(1,738)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**485**	791
Others	**(4,182)**	(847)
Income tax expense for the year	**47,950**	93,454

11. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2015 **HK$'000**	2014 HK$'000
Profit for the year from continuing operations has been arrived at after charging:		
Auditor's remuneration	**3,114**	3,999
Operating lease expenses on:		
Properties	**6,020**	6,734
Plant and equipment	**17,641**	19,216
Provision for litigation expenses, net of reversal, included in other expenses (note 36)	**23,355**	34,560
Loss on disposal of property, plant and equipment	**729**	8,129

12. DISCONTINUED OPERATIONS AND DISPOSAL OF A SUBSIDIARY

As at 31 March 2013, the management of the Group finalised and committed themselves to a plan for the disposal of the operations of the Group's television and multi-media business in Taiwan to an independent third party.

On 15 April 2013, Next Media Broadcasting Limited ("NMBL") and Max Growth B.V. ("Max Growth"), subsidiaries of the Company, entered into a sale and purchase agreement (the "S&P Agreement") with an independent third party, Mr. Lien Tai-sheng ("Mr. Lien", or the "Purchaser"), to dispose of 100% equity interest in Next TV Broadcasting Limited ("Next TV"), a then wholly owned subsidiary of the Company. On the same date, NMBL, Max Growth and Mr. Lien entered into a shareholders' loan assignment agreement in respect of the assignment of the shareholders' loan, pursuant to which, NMBL and Max Growth agreed to sell, and Mr. Lien agreed to purchase the shareholders' loan owed by Next TV to NMBL and Max Growth (the "Shareholders' Loan"). The total consideration for the sale of the entire issued share capital of Next TV and the assignment of the Shareholders' Loan amounted to NT$1,400,000,000 (equivalent to approximately HK$363,165,000).

On 31 May 2013, the Group completed (i) the transfer of 55% of the issued share capital of Next TV to persons designated by the Purchaser whereas the transfer of the remaining 45% was awaiting the approval from the Investment Commission of The Ministry of Economic Affairs of Taiwan ("ICTW"); and (ii) the assignment of the Shareholder's Loan to NMBL and Max Growth to the Purchaser.

All consideration in respect of the transfer of 100% of the issued share capital of Next TV and the Shareholders' Loan assignment had been received by the Group on 31 May 2013. In addition, the Purchaser had already fully accessed and utilised the assets of Next TV for generating economic benefits on the same date. In view of the pending approval of the remaining 45% interest in Next TV from ICTW, on 23 September 2013, the Group and the Purchaser had commercially agreed under a supplemental agreement (the "Supplemental Agreement") that with effect from 31 May 2013 the Purchaser had the right to manage, deal with and enjoy the benefits of all shares in Next TV and that the Group would not be responsible for any losses or profits arising from the shares in Next TV. In addition, the consideration paid by the Purchaser was non-refundable. Hence, the remaining 45% of the issued share capital of Next TV was held by the Group on behalf of the Purchaser on 31 May 2013.

After consultation of a legal counsel for legal advice, the Directors were of the opinion that 100% risks and rewards of ownership of Next TV had been transferred to the Purchaser and the Group had lost its control and all its shareholding voting rights and powers over Next TV as at the date of transfer of the 55% of the issued share capital of Next TV (i.e. 31 May 2013), which is considered as the date of completion of the S&P Agreement.

On 30 December 2013, the Company received the formal approval letter from ICTW confirming its approval on the transfer of the remaining 45% of the issued share capital of Next TV and the transfer was completed on 30 December 2013. Upon the transfer, the Group ceased to hold any shares in Next TV.

The loss for the year ended 31 March 2014 from the discontinued television and multi-media business were as follows:

	HK$'000
Loss of television and multi-media business for the year ended 31 March 2014 *(Note i)*	(82,636)
Loss on disposal of Next TV *(Note ii)*	(7,986)
	(90,622)

12. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY (continued)

(i) Discontinued operations on the television and multi-media business

The loss of the television and multi-media business for the year end 31 March 2014 (previously reported as the television and multi-media reportable segment), which has been included in the consolidated statement of profit or loss and other comprehensive income, was as follows:

	2014 HK$'000
Revenue	21,410
Productions costs	
Film production costs	(49,366)
Other overheads	(3,381)
Staff costs *(Note a)*	(12,791)
	(65,538)
Personnel costs excluding direct production staff costs *(Note a)*	5,669
Depreciation of property, plant and equipment	(26,457)
Other income *(Note b)*	13,823
Other expenses	(16,002)
Allowance for bad and doubtful debts	(2,154)
Impairment loss recognised in respect of programmes and film rights *(Note c)*	(7,235)
Finance costs *(Note d)*	(6,008)
Loss before tax	(82,492)
Income tax expense	(144)
Loss for the year ended 31 March 2014 from television and multi-media business	(82,636)

Note a: *The balance comprises reversal of overprovision of staff termination cost upon cessation of television and multi-media business of HK$14,777,000, wages, salaries and other benefits of HK$20,978,000 and pension costs for defined contribution plans of HK$921,000 for the year ended 31 March 2014.*

Note b: *The balance comprises rental income of HK$6,079,000, bank interest income of HK$270,000 and others of HK$7,474,000 for the year ended 31 March 2014.*

Note c: *For the year ended 31 March 2014, in view that the operations of the television and multi-media business had been ceased, an impairment loss of HK$7,235,000 was made in respect of programme and film rights and recognised in profit or loss.*

Note d: *The balance comprises interest expense on bank borrowings not wholly repayable within five years of HK$6,008,000 for the year ended 31 March 2014.*

12. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY (continued)

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

Loss for the year ended 31 March 2014 from television and multi-media business included the following:

	2014 HK$'000
Auditor's remuneration	363
Operating lease expense on plant and equipment	58
Legal and professional fees included in other expenses	4,143
Net exchange loss	5,777
Loss on disposal of property, plant and equipment	4,349

Cash flows for the year ended 31 March 2014 from television and multi-media business were as follows:

	HK$'000
Net cash outflows from operating activities	(457,254)
Net cash inflows from investing activities	371,338
Net cash inflows from financing activities	242,648
Net cash inflows	156,732

(ii) Disposal of a subsidiary

An analysis of the assets of Next TV at the date when the Group lost control (i.e. 31 May 2013) were as follows:

	2014 HK$'000
Property, plant and equipment	245,387
Deposit for acquisition of property, plant and equipment	1,460
Programmes and films rights	87,988
Net assets disposed of	334,835
Loss on disposal of a subsidiary:	
Cash consideration received	363,165
Penalty charged by the Purchaser *(Note a)*	(36,316)
Less: net assets disposed of	(334,835)
Loss on disposal of Next TV *(Note b)*	(7,986)
Net cash inflows arising on disposal:	
Cash consideration	326,849

Note a: *Amount represented penalty paid to Mr. Lien for putting him on hold for the transaction, as other potential purchasers emerged in October 2012.*

Note b: *The loss represented the disposal of 100% of the assets and liabilities of Next TV.*

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

(a) Directors' emoluments

The emoluments paid or payable to each of the 8 (2014: 7) Directors were as follows:

2015

	Lai Chee Ying, Jimmy HK$'000 *(Note b)*	Cheung Ka Sing, Cassian HK$'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$'000	Bradley Jay Hamm HK$'000	Total HK$'000
Fees	145	230	230	200	330	300	300	20	1,755
Other emoluments:									
Salaries and other benefits	4,394	4,541	3,193	4,264	–	–	–	–	16,392
Discretionary bonus payments *(Note c)*	–	817	499	464	–	–	–	–	1,780
Share-based payments	–	1,349	262	437	129	117	117	–	2,411
Pension costs – defined contribution plans	–	178	134	135	–	–	–	–	447
Total emoluments	4,539	7,115	4,318	5,500	459	417	417	20	22,785

2014

	Lai Che Ying, Jimmy HK$'000	Cheung Ka Sing, Cassian HK$'000	Ting Ka Yu, Stephen HK$'000	Ip Yut Kin HK$'000	Fok Kwong Hang, Terry HK$'000	Wong Chi Hong, Frank HK$'000	Lee Ka Yam, Danny HK$'000	Total HK$'000
Fees	200	230	230	200	330	300	300	1,790
Other emoluments:								
Salaries and other benefits	5,646	4,445	3,069	4,505	–	–	–	17,665
Performance related incentive payments *(Note a)*	–	2,301	1,276	580	–	–	–	4,157
Share-based payments	–	2,154	91	88	12	12	12	2,369
Pension costs – defined contribution plans	–	173	130	131	–	–	–	434
Total emoluments	5,846	9,303	4,796	5,504	342	312	312	26,415

Notes:

(a) *The performance related incentive payments are determined as a percentage of profit for the year of the respective business units for the year ended 31 March 2014.*

(b) *Mr. Lai Chee Ying, Jimmy, resigned as a Director with effect from 12 December 2014.*

(c) *The discretionary bonus payments are endorsed by the Remuneration Committee of the Company as one-off bonus payments in recognition of the contribution of the recipients made for the year ended 31 March 2015.*

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$3,991,000 (2014: HK$4,675,000) paid by the Group under four operating leases (2014: three) in respect of residential accommodation provided to three (2014: two) Executive Directors.

During the years ended 31 March 2015 and 2014, 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 the Directors as set out in the Directors' Report, is within the following bands:

	Number of individuals	
Emoluments Bands	**2015**	2014
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	**–**	–
HK$2,500,001 to HK$3,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**3**	2
HK$1,500,001 to HK$2,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**7**	3

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2014: four) were Directors whose emoluments are included in the disclosure in note 13(a) above. The emoluments of the remaining individual were as follows:

	2015 HK$'000	2014 HK$'000
Salaries and other benefits	**2,876**	3,222
Performance related incentive payments	**214**	1,007
Share-based payments	**155**	109
	3,245	4,338

15. DIVIDENDS

The Directors have declared an interim dividend of HK1.5 cents per share for the six months ended 30 September 2014 and paid to the shareholders on 19 December 2014, amounted to HK$36.5 million. In addition, a special dividend of HK6.6 cents per share was declared by the Directors on 14 July 2014 and paid to the shareholders on 14 August 2014, amounted to HK$160.4 million. The aggregate amount of the dividends paid or declared for the year ended 31 March 2015 amounted HK$196.9 million (2014: nil).

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 March 2015 of HK2.0 cents per share (2014: nil) has been proposed by the Directors and is subject to approval by the Shareholders at the 2015 AGM, it will be payable to the shareholders whose names appear on the Register of Members of the Company on 7 August 2015.

16. STAFF COSTS

Continuing operations

	2015 **HK$'000**	2014 HK$'000
Wages, salaries and other benefits	**1,316,281**	1,352,640
Pension costs – defined contribution plans, net of forfeited contributions	**56,319**	57,550
Pension costs – defined benefits plans (note 30(b))	**8,881**	2,798
Share-based payment	**18,718**	5,734
	1,400,199	1,418,722

The staff costs for the year ended 31 March 2015 included Directors' emoluments of HK$22,785,000 (2014: HK$26,415,000) as set out in note 13(a).

17. EARNINGS PER SHARE

(i) 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:

	2015 HK$'000	2014 HK$'000
Profit figures are calculated as follows:		
Profit for the year attributable to the owners of the Company	**164,300**	240,146
Less: loss for the year from discontinued operations	**–**	(90,622)
Profit for the purposes of basic and diluted earnings per share from continuing operations	**164,300**	330,768

Number of shares	2015	2014
Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	**2,431,006,881**	2,431,006,881
Effect of dilutive potential ordinary shares:		
Share options and award of new shares *(Note)*	**238,689**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,431,245,570**	2,431,006,881

Note: *The computation of diluted earnings per share for the year ended 31 March 2014 does not assume the exercise of the Company's outstanding share options as their exercise price exceeds the average market price of the shares during the year ended 31 March 2014.*

(ii) From continuing and discontinued operations

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

	2015 HK$'000	2014 HK$'000
Profit for the year attributable to owners of the Company and earnings for the purposes of basic and diluted loss per share	**164,300**	240,146

The denominators used are the same as those detailed in note 17(i) above for both basic and diluted loss per share.

17. EARNINGS PER SHARE (continued)

(iii) From discontinued operations

For the year ended 31 March 2014, basic loss per share and diluted loss per share for the discontinued operations were HK3.7 cents per share, based on loss for the year from discontinued operations of HK$90,622,000 and the denominators detailed in note 17(i) above for both basic and diluted loss per share.

18. INTANGIBLE ASSETS

	Masthead and publishing rights HK$'000
THE GROUP	
COST	
At 1 April 2013, 31 March 2014 and 31 March 2015	1,482,799
ACCUMULATED IMPAIRMENT	
At 1 April 2013, 31 March 2014 and 31 March 2015	181,918
CARRYING VALUES	
At 31 March 2014 and 31 March 2015	1,300,881

The masthead and publishing rights are considered by the management of the Group as having an indefinite useful life because they are expected to contribute net cash inflows to the Group indefinitely. It has been tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in note 19.

19. IMPAIRMENT TESTING ON INTANGIBLE ASSETS WITH INDEFINITE-USEFUL LIVES

For the purposes of impairment testing, the carrying amounts of masthead and publishing rights with indefinite useful lives set out in note 18 have been allocated to two individual cash-generating units ("CGUs"), represented by one subsidiary in newspapers publication and printing segment and the other one in books and magazines publication and printing segment. The carrying amounts of masthead and publishing rights (net of accumulated impairment losses) allocated to these units are as follows:

	Masthead and publishing rights	
	2015	2014
	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 average annual growth rate of 7.8% (2014: 4.4%) for Next Media and 11.5% (2014: 6.8%) for Apple Daily, and a pre-tax discount rate of 9.7% (2014: 11.4%). Cash flow projections beyond the 5-year period are extrapolated using a steady growth rate of 3% (2014: 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$'000	Computer software HK$'000	Motor vehicles HK$'000	Total HK$'000
THE GROUP								
COST								
At 1 April 2013	298,751	868,795	73,054	1,264,714	330,253	509	6,637	2,842,713
Exchange difference	(10,783)	(12,063)	(307)	(11,898)	(3,142)	(175)	(21)	(38,389)
Additions	–	–	4,753	638	42,104	1,154	160	48,809
Disposals	–	–	(582)	(27,060)	(35,542)	(3)	(539)	(63,726)
At 31 March 2014	287,968	856,732	76,918	1,226,394	333,673	1,485	6,237	2,789,407
Exchange difference	(13,323)	(14,934)	(407)	(14,192)	(4,232)	–	(31)	(47,119)
Additions	–	–	3,716	12,973	25,418	15,175	–	57,282
Disposals	–	–	(1,133)	(5,221)	(13,683)	–	(732)	(20,769)
At 31 March 2015	274,645	841,798	79,094	1,219,954	341,176	16,660	5,474	2,778,801
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 April 2013	–	144,556	37,856	968,768	273,439	116	6,033	1,430,768
Exchange difference	–	(1,035)	214	(10,939)	(908)	(24)	(20)	(12,712)
Charge for the year	–	22,300	3,277	60,415	42,333	334	381	129,040
Eliminated on disposals	–	–	(193)	(9,880)	(34,475)	(2)	(488)	(45,038)
Reversal of impairment loss recognised in profit or loss *(Note)*	–	–	–	(16,892)	–	–	–	(16,892)
At 31 March 2014	–	165,821	41,154	991,472	280,389	424	5,906	1,485,166
Exchange difference	–	(1,601)	(185)	(10,724)	(4,035)	–	(27)	(16,572)
Charge for the year	–	22,003	3,586	54,876	33,255	4,033	87	117,840
Eliminated on disposals	–	–	(1,076)	(4,121)	(13,224)	–	(732)	(19,153)
At 31 March 2015	–	186,223	43,479	1,031,503	296,385	4,457	5,234	1,567,281
CARRYING VALUES								
At 31 March 2015	274,645	655,575	35,615	188,451	44,791	12,203	240	1,211,520
At 31 March 2014	287,968	690,911	35,764	234,922	53,284	1,061	331	1,304,241

Note:

For the year ended 31 March 2014, a portion of plant and machinery impaired in previous years were subsequently disposed of to certain third parties. Hence, a reversal of impairment in respect of plant and machinery were recognised in profit or loss.

20. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
THE COMPANY				
COST				
At 1 April 2013	145,032	14,925	67	160,024
Additions	–	653	3	656
At 31 March 2014	145,032	15,578	70	160,680
Additions	–	560	6	566
At 31 March 2015	145,032	16,138	76	161,246
ACCUMULATED DEPRECIATION				
At 1 April 2013	30,197	6,473	19	36,689
Charge for the year	3,353	304	17	3,674
At 31 March 2014	33,550	6,777	36	40,363
Charge for the year	3,353	480	17	3,850
At 31 March 2015	36,903	7,257	53	44,213
CARRYING VALUES				
At 31 March 2015	108,129	8,881	23	117,033
At 31 March 2014	111,482	8,801	34	120,317

As at 31 March 2015, the carrying value of the Group's and the Company's land and buildings comprised the following:

	THE GROUP		THE COMPANY	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Buildings situated in Hong Kong under medium-term lease	**320,568**	330,454	**108,129**	111,482
Buildings situated outside Hong Kong on freehold land	**335,007**	360,457	**–**	–
Freehold land situated outside Hong Kong	**274,645**	287,968	**–**	–
	930,220	978,879	**108,129**	111,482

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%
Computer software	33.33% – 50%
Furniture, fixtures and equipment	20% – 33.33%
Motor vehicles	20%

Note:

As at 31 March 2015, certain of the Group's freehold land, buildings and plant and machinery with carrying values of HK$226,961,000 (2014: HK$287,968,000), HK$228,710,000 (2014: HK$591,816,000) and nil (2014: HK$224,000), respectively were pledged as security for the Group's banking facilities (note 29).

21. PREPAID LEASE PAYMENTS

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
The prepaid lease payments comprise medium-term leasehold land in Hong Kong	**57,961**	59,758	**25,980**	26,786
Analysed for reporting purposes as:				
Current asset	**1,797**	1,797	**806**	806
Non-current asset	**56,164**	57,961	**25,174**	25,980
	57,961	59,758	**25,980**	26,786

As at 31 March 2015, the prepaid lease payments of the Group with a carrying value of nil (2014: HK$32,971,000) were pledged as security for the Group's banking facilities (note 29).

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

	THE COMPANY	
	2015	2014
	HK$'000	HK$'000
Unlisted shares, at cost	**2,620,000**	2,620,000
Deemed capital contribution *(Note a)*	**18,596**	18,596
Less: impairment loss recognised	**(531,861)**	(531,861)
	2,106,735	2,106,735
Amounts due from subsidiaries *(Note b)*	**2,368,153**	2,175,878
Less: allowance for amounts due from subsidiaries	**(2,035,836)**	(1,935,836)
	332,317	240,042
Amounts due to subsidiaries *(Note b)*	**(539)**	(75,591)

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 impairment loss recognised on interests in subsidiaries

	HK$'000
At 1 April 2013, 31 March 2014 and 31 March 2015	531,861

Movement in the allowance for amounts due from subsidiaries

	2015	2014
	HK$'000	HK$'000
Balance at beginning of the year	**1,935,836**	1,585,836
Allowance for bad and doubtful debts	**100,000**	350,000
Balance at end of the year	**2,035,836**	1,935,836

23. DISPOSAL OF ASSOCIATES

On 27 September 2013, AtNext Limited ("AtNext"), a wholly owned subsidiary of the Company, as the vendor entered into a sale and purchase agreement with Sum Tat Ventures Limited ("STV"), a company 100% beneficially owned by Mr. Lai, as the purchaser and Mr. Lai, as guarantor for the obligations of STV, pursuant to which, AtNext had conditionally agreed to sell and STV had conditionally agreed to purchase the 30 shares, which represented the Group's remaining 30% equity interest in Colored World Holdings Limited and its subsidiaries (the "Colored World Group") and the loans to associates at a total cash consideration of US$20.0 million (equivalent to HK$155.1 million) (the "Transaction"). The Transaction was completed on 18 November 2013, AtNext ceased to hold any shares in Colored World Holdings Limited and thus, members of the Colored World Group ceased to be associates of the Group.

The gain on disposal of associates for the year ended 31 March 2014 was analysed as follows:

	HK$'000
Gain on disposal of associates:	
Cash consideration received	155,050
Less: Net assets disposed of *(Note a)*	–
Loans to associates (*Note b* & note 39(b))	(34,626)
Interest receivable for the loans to associates (note 39(b))	(2,189)
Expenses in relation to the Transaction	(555)
Gain on disposal	117,680
Net cash inflow arising on disposal:	
Cash consideration	155,050
Less: Expenses paid in relation to the Transaction	(555)
	154,495

Notes:

(a) The interests in associates had been fully impaired as at 31 March 2013.

(b) The loans to associates with principal amount of HK$46,447,000 as at 31 March 2013 were unsecured, carried interest at Hong Kong Interbank Offered Rate plus 2.584% per annum and repayable on demand. During the year ended 31 March 2014, the Group disposed of all the interests in associates. A portion of the loans to associates amounting to HK$34,626,000 was settled through the disposal of associates while the remaining balance of approximately HK$11,821,000 was directly settled by the associates.

24. AMOUNTS DUE FROM RELATED PARTIES

The amounts due from the Colored World Group are related to the office rental and supporting services fee receivable by the Group (note 39(b)). Mr. Lai has controlling interest in the Colored World Group. The amounts are unsecured, non-interest bearing and aged within a credit period of 30 days.

25. INVENTORIES

	THE GROUP 2015 HK$'000	2014 HK$'000
Raw materials	**110,336**	122,742
Work in progress	**2,254**	2,325
Finished goods	**2,854**	2,888
	115,444	127,955

26. TRADE AND OTHER RECEIVABLES

	THE GROUP 2015 HK$'000	2014 HK$'000	THE COMPANY 2015 HK$'000	2014 HK$'000
Trade receivables	**599,268**	618,579	**–**	–
Less: allowance for doubtful debts	**(76,851)**	(96,667)	**–**	–
	522,417	521,912	**–**	–
Prepayments *(Note)*	**58,678**	49,481	**69**	–
Rental and other deposits	**15,284**	21,275	**242**	334
Others	**13,847**	30,562	**3,214**	3,285
Trade and other receivables	**610,226**	623,230	**3,525**	3,619

Note: *Included in the balance are mainly rental and utilities prepayments of HK$5,215,000 (2014: HK$7,158,000), value-added tax receivables of HK$16,876,000 (2014: HK$15,288,000) and other prepayments of HK$36,587,000 (2014: HK$27,035,000).*

The Group allows credit terms of 7 to 120 days to its trade customers. The following is an aged analysis of the trade receivables after deducting the allowance for doubtful debts presented based on invoice dates, which approximated the respective revenue recognition dates, at the end of the reporting period:

	THE GROUP 2015 HK$'000	2014 HK$'000
0 – 1 month	**280,821**	257,140
1 – 3 months	**174,407**	182,053
3 – 4 months	**39,899**	45,437
Over 4 months	**27,290**	37,282
	522,417	521,912

26. TRADE AND OTHER RECEIVABLES (continued)

Before accepting any new customer, the management of the Group estimates the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed twice a year. Trade receivables that are neither past due nor impaired have no default payment record.

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK$27,290,000 (2014: HK$37,282,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the Directors assessed that the balances will be recovered based on their settlement records. 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	
	2015	2014
	HK$'000	HK$'000
Over 4 months	**27,290**	37,282

Movement in the allowance for doubtful debts

	THE GROUP	
	2015	2014
	HK$'000	HK$'000
Balance at beginning of the year	**96,667**	113,445
Impairment loss recognised	**4,526**	3,194
Reversal of allowance for bad and doubtful debts	**(23,354)**	(20,974)
Exchange difference	**(583)**	1,563
Amounts written off as uncollectible	**(405)**	(561)
Balance at end of the year	**76,851**	96,667

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$76,851,000 (2014: HK$96,667,000) 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 assessed that the balances will be recovered based on their settlement records.

26. TRADE AND OTHER RECEIVABLES (continued)

The Group's trade receivables that are denominated in currencies other than functional currencies of the respective group companies are set out below:

	THE GROUP			
	2015		2014	
	Denominated currency $'000	**Equivalent to HK$'000**	Denominated currency $'000	Equivalent to HK$'000
USD	**602**	**4,665**	1,090	8,460
AUD	**110**	**646**	105	757
GBP	**–**	**–**	16	211

27. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

THE GROUP AND THE COMPANY

As at 31 March 2015, bank balances amounting to HK$1,500,000 (2014: HK$4,815,000) 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 2015. The restricted bank balances carry fixed interest rate at 0.60% (2014: 0.50%) per annum for the year.

Included in bank balances and cash is an amount of approximately HK$200,362,000 (2014: HK$236,151,000) placed in time deposits for periods from 2 weeks to 12 months. Such deposits bear fixed interest between 0.35% to 1.31% (2014: 0.01% to 1.31%) per annum.

The remaining bank balances are placed in current and savings accounts, the former bear no interest and the latter bear prevailing market interest rate of 0.10% (2014: 0.10%) per annum.

28. TRADE AND OTHER PAYABLES

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

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**81,635**	86,834	**–**	–
Accrued staff costs	**187,766**	157,682	**1,958**	1,922
Accrued charges *(Note a)*	**83,652**	78,980	**15,751**	13,699
Other payables *(Note b)*	**83,170**	136,762	**2,659**	2,659
Trade and other payables	**436,223**	460,258	**20,368**	18,280

Note a: *The balance includes accrual for repair and maintenance expenses of HK$38,994,000 (2014: HK$35,902,000), accrual for utilities of HK$13,451,000 (2014: HK$9,043,000) and other miscellaneous accrual of HK$31,207,000 (2014: HK$34,035,000).*

Note b: *The balance includes deposit received for subscription of and advertisement in newspapers, magazines and internet of HK$5,713,000 (2014: HK$10,109,000) and temporary receipt from customers of newspaper publication of HK$19,729,000 (2014: HK$22,031,000) and other operating expenses payables of HK$57,728,000 (2014: HK$104,622,000).*

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

	THE GROUP	
	2015	2014
	HK$'000	HK$'000
0 – 1 month	**56,228**	59,332
1 – 3 months	**22,105**	20,152
Over 3 months	**3,302**	7,350
	81,635	86,834

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	
	2015	2014
	Denominated currency	Denominated currency
	$'000	$'000
USD	**2,320**	2,462
Equivalent to	**HK$17,982**	HK$19,099

29. BORROWINGS

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

	THE GROUP	
	2015	2014
	HK$'000	HK$'000
Carrying amount repayable		
– on demand or within one year	**78,461**	264,388
– in the second year	**78,461**	80,638
– in the third year	**78,461**	80,638
– in the fourth year	**78,461**	80,638
– in the fifth year	**71,920**	80,638
– more than five years	**–**	73,920
	385,764	660,860
Less: Amount due within one year or on demand shown under current liabilities	**(78,461)**	(264,388)
Non-current portion	**307,303**	396,472

Bank loans comprise balances of HK$385,764,000 carrying interests at Post Office 2 – year Deposit rate in Taiwan plus 1.4275% per annum (2014: bank loans of HK$477,110,000 carrying interests at Post Office 2-year deposit rate in Taiwan plus 1.4275% per annum and balances of HK$183,750,000 carrying interest at HIBOR plus 2.75%).

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.80% (2014: 2.85%) per annum.

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

As at 31 March 2014, the Group was unable to fulfil the required financial covenants for the syndicated bank loans of HK$183,750,000, hence the syndicated bank loans were classified as current liabilities before being settled subsequently after the year-end.

30. RETIREMENT BENEFITS PLANS

	THE GROUP	
	2015	2014
	HK$'000	HK$'000
Obligations on:		
Pensions – defined contribution plans, include in other payables under current liabilities *(Notes (a))*	**3,344**	3,514
Defined benefit plans obligations *(Note (b))*	**85,429**	66,862
	88,773	70,376

Notes:

(a) Defined contribution plan

Hong Kong

The Group operates two (2014: 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, HK$1,250 since 1 June 2012 per employee per month and HK$1,500 since 1 June 2014 per employee per month. The Group's contributions to the MPF Scheme are fully and immediately vested to the employees once they are paid.

The Group's and the employees' contributions to the HK Scheme are each set at 5% after deducting the MPF contribution of the employees' salaries including basic salaries, commission and certain bonuses.

The HK Scheme and the MPF Scheme were established under trust with the assets of the funds held separately from those of the Group by independent trustees.

During the year ended 31 March 2015, forfeited contributions totalling HK$1,990,000 were utilised (2014: HK$1,292,000). At 31 March 2015 and 2014, the Group has no balance available to reduce future contributions in respect of the HK Scheme.

As at 31 March 2015, the Group had contributions payable under the HK Scheme and the MPF Scheme totalling nil (2014: HK$10,000), which is included in trade and other payables under current liabilities in the consolidated statement of financial position.

30. RETIREMENT BENEFITS PLANS (continued)

Notes: (continued)

(a) *Defined contribution plan* (continued)

Taiwan

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 2015 and 2014.

As at 31 March 2015, the Group had contributions payable under the Taiwan defined contribution scheme totalling HK$3,344,000 (2014: HK$3,504,000) which is included in trade and other payables under current liabilities in the consolidated statement of financial position.

(b) *Defined benefit plans*

Taiwan

The Group also operates three (2014: four) defined benefit retirement schemes for its eligible employees in Taiwan (the "Taiwan Schemes"). Under the Taiwan Schemes, the employees are entitled to retirement benefits varying between 50% and 75% of their 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 2015, 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 obligations and the related current service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2015 **%**	2014 %
Discount rate	**2.00**	2.00
Expected rate of future salary increases	**4.50**	3.00

The actuarial valuation showed that the market value of plan assets was HK$11,404,000 (2014: HK$17,061,000) and that the actuarial value of these assets represented 11.8% (2014: 20.3%) of the benefits that had accrued to members. The shortfall of HK$85,429,000 (2014: HK$66,862,000) is to be cleared over the estimated remaining service period of the expected working lives of the employees of 18.5 years (2014: 19 years).

30. RETIREMENT BENEFITS PLANS (continued)

Notes: (continued)

(b) *Defined benefit plans* (continued)

Taiwan (continued)

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

	2015 HK$'000	2014 HK$'000
Service cost:		
Current service cost	**982**	1,419
Past service cost	**6,607**	–
Net interest expense	**1,292**	1,379
Components of defined benefit cost recognised in profit or loss (note 16)	**8,881**	2,798
Actuarial loss (gain) from remeasurement of defined benefit obligations	**27,107**	(26,160)
Income tax related to actuarial loss (gain) from remeasurement of defined benefit obligations (note 35)	**(4,609)**	4,447
Components of defined benefit cost recognised in other comprehensive income	**22,498**	(21,713)
Total	**31,379**	(18,915)

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:

	2015 HK$'000	2014 HK$'000
Present value of funded defined benefit obligations	**96,833**	83,923
Fair value of plan assets	**(11,404)**	(17,061)
Net liability arising from defined benefit obligations	**85,429**	66,862

30. RETIREMENT BENEFITS PLANS (continued)

Notes: (continued)

(b) *Defined benefit plans* (continued)

Taiwan (continued)

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

	2015	2014
	HK$'000	HK$'000
At 1 April	**83,923**	109,686
Current service cost	**982**	1,419
Interest cost	**1,603**	1,625
Actuarial loss (gain)	**27,107**	(26,160)
Past service cost	**6,607**	–
Exchange differences on foreign plans	**(2,060)**	(2,647)
Benefits paid	**(19,092)**	–
Others	**(2,237)**	–
At 31 March	**96,833**	83,923

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

	2015	2014
	HK$'000	HK$'000
At 1 April	**17,061**	16,998
Interest income	**311**	246
Return on plan assets (excluding amounts included in net interest expense)	**77**	(33)
Contributions from the employer	**13,508**	214
Exchange differences on foreign plans	**(461)**	(364)
Benefits paid	**(19,092)**	–
At 31 March	**11,404**	17,061

The major categories of plan assets and the respective expected rates of return at the end of the reporting period, are as follows:

	Expected return		**Fair value of plan assets**	
	2015	2014	**2015**	2014
	%	%	**HK$'000**	HK$'000
Equity instruments	**7.90**	11.60	**3,417**	5,105
Debt instruments	**1.50**	1.50	**5,940**	8,283
Bank deposits	**1.40**	1.40	**2,047**	3,673
Weighted average expected return	**3.40**	4.50	**11,404**	17,061

30. RETIREMENT BENEFITS PLANS (continued)

Notes: (continued)

(b) *Defined benefit plans* (continued)

Taiwan (continued)

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The Directors' assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset in the next twelve months.

The actual return on plan assets was HK$388,000 (2014: HK$213,000).

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- *If the discount rate is 25 basis points higher (lower), the defined benefit obligations would decrease by HK$3,883,000 (increase by HK$4,089,000) (2014: decrease by HK$3,337,000 (increase by HK$3,512,000)).*
- *If the expected salary growth increases (decreases) by 0.25%, the defined benefit obligations would increase by HK$3,979,000 (decrease by HK$3,802,000) (2014: increase by HK$3,468,000 (decrease by HK$3,313,000).*

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The history of experience adjustments is as follows:

	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
Present value of defined benefit obligations	**(96,833)**	(83,923)	(109,686)	(99,871)	(65,365)
Fair value of plan assets	**11,404**	17,061	16,998	16,792	15,722
Deficit	**(85,429)**	(66,862)	(92,688)	(83,079)	(49,643)

The Group expects to make a contribution of HK$1,041,000 (2014: HK$214,000) to the deferred benefit plans during the next financial year.

31. DEFERRED REVENUE

Deferred revenue represents service fee paid by the Paying Players, for which the related services had not been rendered as at 31 March 2015 and 2014.

32. SHARE CAPITAL

	Number of shares		Share capital	
	31 March 2015	31 March 2014	**31 March 2015 HK$'000**	31 March 2014 HK$'000
Authorised:				
Ordinary shares of HK$1 each *(Note a)*	**N/A**	4,600,000,000	**N/A**	4,600,000
Issued and fully paid:				
At beginning of year	**2,431,006,881**	2,431,006,881	**3,359,709**	2,431,007
Transfer of share premium reserve upon abolition of par value *(Note b)*	**–**	–	**–**	928,702
Capital reduction *(Note c)*	**–**	–	**(924,962)**	–
At end of the year	**2,431,006,881**	2,431,006,881	**2,434,747**	3,359,709

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

Note b: *Under Chapter 622 of the Hong Kong Companies Ordinance effective on 3 March 2014, the concept of "authorised share capital" had been abolished.*

Note c: *On 9 May 2014, the Hong Kong High Court made an order confirming the reduction of the share premium account of the Company by HK$924,962,000 which has become effective upon the registration of such order with the Companies Registry on 22 May 2014. The Company reduced its share capital account by HK$924,962,000 to set off against the Company's total accumulated losses during the year ended 31 March 2015.*

33. SHARE INCENTIVE SCHEMES

The Company's share option scheme (the "2007 Share Option Scheme") was adopted pursuant to resolutions passed on 30 July 2007. On 31 July 2014, a share option scheme (the "2014 Share Option Scheme") was adopted by the Company (see note 33(b), no further options will be granted under the 2007 Share Option Scheme thereunder but in all other respects, the provisions of the 2007 Share Option Scheme shall remain in force and all share options granted shall continue to be valid and exercisable in accordance therewith.

At 31 March 2015, the number of shares in respect of which options had been granted and remained outstanding under the 2007 Share Option Scheme and the 2014 Share Option Scheme were 67,084,000 and 7,510,000, respectively, totalling 74,594,000 (2014: 75,254,000 of the 2007 Share Option Scheme), representing 3.1% (2014: 3.1%) 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 and the 2014 Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at the time of adoption of the respective share option schemes, 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.

33. SHARE INCENTIVE SCHEMES (continued)

(a) 2007 Share Option Scheme adopted by the Company

The 2007 Share Option Scheme was adopted for the primary purpose of providing incentives to the Directors, 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.

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, and will not be less than the higher of (i) the closing price of the shares on the date of grant; and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant.

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

2015

				Number of options				
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 01.04.2014	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Balance as at 31.03.2015
Directors	10.12.2010	HK$1.050	29.07.2017	3,148,000	–	–	–	3,148,000
	01.02.2012	HK$1.000	29.07.2017	9,000,000	–	–	–	9,000,000
	01.02.2013	HK$1.420	29.07.2017	5,000,000	–	–	–	5,000,000
	24.01.2014	HK$1.000	29.07.2017	4,000,000	–	–	–	4,000,000
	04.02.2014	HK$1.000	29.07.2017	5,000,000	–	–	–	5,000,000
Employees	15.04.2010	HK$1.370	29.07.2017	650,000	–	–	(650,000)	–
	10.12.2010	HK$1.050	29.07.2017	8,376,000	–	–	(240,000)	8,136,000
	08.07.2011	HK$1.000	29.07.2017	680,000	–	–	(480,000)	200,000
	01.02.2012	HK$1.050	29.07.2017	1,000,000	–	–	–	1,000,000
	26.09.2012	HK$1.000	29.07.2017	5,000,000	–	–	(2,000,000)	3,000,000
	24.01.2014	HK$1.000	29.07.2017	33,400,000	–	–	(4,800,000)	28,600,000
				75,254,000	–	–	(8,170,000)	67,084,000
Exercisable at the end of the year								37,564,000
Weighted average exercise price				HK$1.039	–	–	HK$1.031	HK$1.040

33. SHARE INCENTIVE SCHEMES (continued)

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

2014

Category of grantee	Date of grant	Exercise price per share	Expiry date	Number of options: Balance as at 01.04.2013	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Balance as at 31.03.2014
Directors	10.12.2010	HK$1.050	29.07.2017	3,148,000	–	–	–	3,148,000
	01.02.2012	HK$1.000	29.07.2017	9,000,000	–	–	–	9,000,000
	01.02.2013	HK$1.420	29.07.2017	5,000,000	–	–	–	5,000,000
	24.01.2014	HK$1.000	29.07.2017	–	4,000,000	–	–	4,000,000
	04.02.2014	HK$1.000	29.07.2017	–	5,000,000	–	–	5,000,000
Employees	15.04.2010	HK$1.370	29.07.2017	650,000	–	–	–	650,000
	10.12.2010	HK$1.050	29.07.2017	9,676,000	–	–	(1,300,000)	8,376,000
	08.07.2011	HK$1.000	29.07.2017	680,000	–	–	–	680,000
	01.02.2012	HK$1.050	29.07.2017	1,000,000	–	–	–	1,000,000
	26.09.2012	HK$1.000	29.07.2017	5,000,000	–	–	–	5,000,000
	24.01.2014	HK$1.000	29.07.2017	–	33,700,000	–	(300,000)	33,400,000
				34,154,000	42,700,000	–	(1,600,000)	75,254,000
Exercisable at the end of the year								19,982,000
Weighted average exercise price				HK$1.089	HK$1.000	–	HK$1.041	HK$1.039

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:

(i) The 420,000 options granted to an employee on 1 February 2012 fully vested immediately.

(ii) The 1,000,000 options granted to an 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

(iii) The 650,000 Options granted to an employee on 15 April 2010, the 12,824,000 options granted to Directors and employees on 10 December 2010, the 680,000 options granted to employees on 8 July 2011, the 5,000,000 options granted to an employee on 26 September 2012, the 37,700,000 options granted to Directors and employees on 24 January 2014 vest as follows:

On 1st anniversary of the date of grant	30% vest
On 2nd anniversary of the date of grant	further 30% vest
On 3rd anniversary of the date of grant	remaining 40% vest

The 5,000,000 options granted to a Director on 4 February 2014 fully vested on 4 February 2015.

During the year ended 31 March 2014, share options were granted on 24 January 2014 and 4 February 2014 and their estimated fair value were HK$12,844,000 and HK$1,154,000, respectively. No options were granted under 2007 Share Option Scheme during the year ended 31 March 2015.

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	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 to 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 to 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

33. SHARE INCENTIVE SCHEMES (continued)

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

Grant date	26 September 2012	1 February 2013	24 January 2014	4 February 2014
Valuation date	26 September 2012	1 February 2013	24 January 2014	4 February 2014
Share price	HK$0.72	HK$1.42	HK$0.99	HK$0.87
Exercise price	HK$1.00	HK$1.42	HK$1.00	HK$1.00
Expected volatility	52.97%	58.21%	52.21%	52.58%
Risk-free rate	0.35%	0.57%	0.87%	0.57%
Expected dividend yield	0%	0%	0%	0%
Exercisable period	4.84 years	4.49 years	3.51 years	3.49 years
Vesting period	1 to 3 years	1 year	1 to 3 years	1 year
Fair value per option	HK$0.2489	HK$0.4400	HK$0.2960 to HK$0.3730	HK$0.2310

Expected volatilities are determined by using the historical volatility of the Company's share price over the previous 5 years as of the respective valuation dates of the options.

Note a: *On 3 October 2011, the Company modified its 9,000,000 outstanding options which were granted on 1 February 2010 with one year vesting period. The terms of the options granted remained unchanged, except the exercisable period was extended to July 2017 from January 2013. The Company measures the fair value of the share options before and after modification, with an incremental fair value of HK$1,578,000. As the modification occurred after vesting date of the option (i.e. 1 February 2011), the incremental fair value of HK$1,578,000 was recognised immediately in profit or loss in that year.*

Note b: *On 3 October 2011, the Company modified the 6,000,000 outstanding options granted on 1 February 2011 with an one year vesting period. The terms of the option granted remained constant, except for the exercisable period which was extended to July 2017 from January 2013. The Company measured the fair value of the share options before and after modification, with an incremental fair value of was calculated to have HK$811,000. The modification occurred before vesting date of these options (i.e. 1 February 2012), however, the incremental fair value of HK$811,000 was considered insignificant and has been fully recognised in that year.*

33. SHARE INCENTIVE SCHEMES (continued)

(b) 2014 Share Option Scheme adopted by the Company

The 2014 Share Option Scheme was adopted by the Company for the purpose of providing incentives to the participants (i.e. Directors and full-time employees of the Group, as well as any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint-venture business partners, promoters and service providers of any members of the Group). Under the 2014 Share Option Scheme, the Board may grant options to the participants to subscribe for shares in the Company.

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, and will not be less than the higher of (i) the closing price of the shares on the date of grant; and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant.

Details of the terms and movements of the options granted pursuant to the 2014 Share Option Scheme are as follows:

2015

				Number of options				
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 01.04.2014	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Balance as at 31.03.2015
Directors	02.02.2015	HK$0.710	30.07.2024	–	5,000,000	–	–	5,000,000
	02.03.2015	HK$0.760	30.07.2024	–	510,000	–	–	510,000
Employees	06.10.2014	HK$0.860	30.07.2024	–	1,500,000	–	–	1,500,000
	27.01.2015	HK$0.690	30.07.2024	–	500,000	–	–	500,000
				–	7,510,000	–	–	7,510,000
Exercisable at the end of the year								–
Weighted average exercise price				–	HK$0.742	–	–	–

33. SHARE INCENTIVE SCHEMES (continued)

(b) 2014 Share Option Scheme adopted by the Company (continued)

(i) The 1,500,000 options granted to an employee on 6 October 2014 vest as follows:

On 1st anniversary of the date of grant	33.3% vest
On 2nd anniversary of the date of grant	further 33.3% vest
On 3rd anniversary of the date of grant	remaining 33.4% vest

(ii) The 5,000,000 options granted to a Director on 2 February 2015 will vest on 2 February 2016.

(iii) The 500,000 options granted to an employee on 27 January 2015 and the 510,000 options granted to a Director on 2 March 2015 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

During the year ended 31 March 2015, share options were granted on 6 October 2014, 27 January 2015, 2 February 2015 and 2 March 2015 and their estimated fair value were HK$611,000, HK$158,000, HK$1,579,000 and HK$178,000, respectively.

These fair values were calculated by using the binomial model based on each tranche of the 2014 Share Option Scheme with reference to the vesting period respectively. The inputs into the model with different issue dates were as follows:

Grant date	6 October 2014	27 January 2015	2 February 2015	2 March 2015
Valuation date	6 October 2014	27 January 2015	2 February 2015	2 March 2015
Share price	HK$0.800	HK$0.690	HK$0.710	HK$0.760
Exercise price	HK$0.860	HK$0.690	HK$0.710	HK$0.760
Expected volatility	49.75%	49.66%	49.68%	49.83%
Risk-free rate	2.07%	1.48%	1.29%	1.59%
Expected dividend yield	0%	1.88%	1.88%	1.88%
Exercisable period	9.82 years	9.51 years	9.50 years	9.42 years
Vesting period	1 to 3 years	1 to 3 years	1 year	1 to 3 years
Fair value per option	HK$0.3970 to HK$0.4190	HK$0.310 to HK$0.321	HK$0.316	HK$0.342 to HK$0.355

33. SHARE INCENTIVE SCHEMES (continued)

(c) 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.

All the invitations for subscriptions under the Share Subscription Plan were lapsed during the year ended 31 March 2013 and no further invitations for subscriptions were issued, subscribed for or cancelled for the years ended 31 March 2015 and 2014.

No expense in relation to the Share Subscription Plan was recognised for the years ended 31 March 2015 and 2014.

(d) Share option schemes adopted by certain subsidiaries

On 30 July 2007, both Apple Daily Publication Development Limited ("ADPDL") and Next Media Publishing Limited ("NMPL") adopted share option schemes (the "2007 Subsidiary Share Option Schemes"). On 20 February 2008, both Next Media Distribution Limited ("NMDL", formerly known as Apple Community Infonet Limited) and nxTomo Games Limited ("nxTomo Games", formerly known as "Next Media Webcast Limited") adopted share option schemes (the "2008 Subsidiary Share Option Schemes"). On 12 June 2009, Aim High Investments Limited ("AHIL") adopted a share option scheme (the "2009 AHIL Share Option Scheme"). On 20 March 2012, each of Anyplex Company Limited ("Anyplex"), Next Mobile Limited ("Next Mobile"), Next E-Shopping Limited ("Next E-Shopping") and Sharp Daily Limited ("Sharp Daily") adopted share option schemes (the "2012 Subsidiary Share Option Schemes"). On 14 June 2013, nxTomo Ltd. ("nxTomo") adopted a share option scheme (the "2013 nxTomo Share Option Scheme"). nxTomo together with ADPDL, NMPL, NMDL, nxTomo Games, AHIL, Anyplex, Next Mobile, Next E-Shopping and Sharp Daily are, collectively referred to as the "Hong Kong Subsidiaries".

Under the 2007 Subsidiary Share Option Schemes, the 2008 Subsidiary Share Option Schemes, the 2009 AHIL Share Option Scheme, the 2012 Subsidiary Share Option Schemes and the 2013 nxTomo Share Option Scheme, the Hong Kong Subsidiaries may grant options to any of their full-time employees and Directors or employees and Directors of any of their subsidiaries and any eligible persons as defined therein to subscribe for the respective ordinary shares of ADPDL, NMPL, NMDL, nxTomo Games, AHIL, Anyplex, Next Mobile, Next E-Shopping,Sharp Daily and nxTomo. The number of shares which may be issued upon exercise of all outstanding options granted under the 2007 Subsidiary Share Option Schemes, the 2008 Subsidiary Share Option Schemes, the 2009 AHIL Share Option Scheme, the 2012 Subsidiary Option Schemes and the 2013 nxTomo Share Option Scheme and any other share option scheme of the Hong Kong Subsidiaries is limited to 30% of the respective subsidiaries' shares in issue from time to time.

33. SHARE INCENTIVE SCHEMES (continued)

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

(i) 2007 Subsidiary Share Option Schemes

During the years ended 31 March 2015 and 2014, no options were granted, exercised, lapsed or cancelled under the 2007 Subsidiary Share Option Scheme of NMPL.

During the year ended 31 March 2014, no options were granted, exercised, lapsed or cancelled under the 2007 Subsidiary Share Option Scheme of ADPDL.

Details of the terms and movements of the share options granted pursuant to the 2007 Subsidiary Share Option Scheme of ADPDL for the year ended 31 March 2015 are as follows:

2015

				Number of options				
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 01.04.2014	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Balance as at 31.03.2015
ADPDL Employees	16.04.2014	HK$0.01	30.07.2017	–	105,000	–	–	105,000
Exercisable at the end of the year								–
Weighted average exercise price				–	HK$0.01	–	–	–

The options granted under the 2007 Subsidiary Share Option Scheme of ADPDL 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)

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

(ii) 2008 Subsidiary Share Option Schemes

During the years ended 31 March 2015 and 2014, no options were granted, exercised, lapsed or cancelled under the 2008 Share Option Scheme of NMDL.

Details of the terms and movements of the share options granted pursuant to the 2008 Subsidiary Share Option Scheme of nxTomo Games for the years ended 31 March 2015 and 2014 are as follows:

2015

				Number of options				
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 01.04.2014	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Balance as at 31.03.2015
nxTomo Games								
Directors	23.09.2013	HK$0.01	20.02.2018	50,000	–	–	–	50,000
Employees	23.09.2013	HK$0.01	20.02.2018	500,000	–	(20,000)	(40,000)	440,000
	03.10.2014	HK$0.01	20.02.2018	–	205,000	–	–	205,000
	15.12.2014	HK$0.01	20.02.2018	–	10,000	–	–	10,000
				550,000	215,000	(20,000)	(40,000)	705,000
Exercisable at the end of the year								490,000
Weighted average exercise price				–	HK$0.01	HK$0.01	HK$0.01	HK$0.01

33. SHARE INCENTIVE SCHEMES (continued)

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

(ii) 2008 Subsidiary Share Option Schemes (continued)

2014

				Number of options				
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 01.04.2013	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Balance as at 31.03.2014
nxTomo Games								
Directors	23.09.2013	HK$0.01	20.02.2018	–	50,000	–	–	50,000
Employees	23.09.2013	HK$0.01	20.02.2018	–	500,000	–	–	500,000
				–	550,000	–	–	550,000
Exercisable at the end of the year								–
Weighted average exercise price				–	HK$0.01	–	–	–

The 50,000 options granted to a Director and the 500,000 options granted to employees of the nxTomo Games under 2008 Subsidiary Share Option Scheme fully vested on 23 September 2014.

The 205,000 options granted to employees on 3 October 2014 will vest on 3 October 2015 and the 10,000 options granted to an employee on 15 December 2014 will vest on 15 December 2015.

(iii) 2009 AHIL Share Option Scheme

No options were granted, exercised, lapsed, cancelled or outstanding under the 2009 AHIL Subsidiary Share Option Scheme during the years ended 31 March 2015 and 2014.

33. SHARE INCENTIVE SCHEMES (continued)

(d) 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:

2015

				Number of options				
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 01.04.2014	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Balance as at 31.03.2015
Sharp Daily Employees	11.06.2012	HK$0.01	20.03.2022	100,000	–	–	(100,000)	–
	11.06.2013	HK$0.01	20.03.2022	100,000	–	–	(100,000)	–
				200,000	–	–	(200,000)	–
Exercisable at the end of the year								–
Weighted average exercise price				HK$0.01	–	–	HK$0.01	–

33. SHARE INCENTIVE SCHEMES (continued)

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

(iv) 2012 Subsidiary Share Option Schemes (continued)

2014

				Number of options				
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 01.04.2013	Granted during the year (note)	Exercised during the year	Lapsed/ cancelled during the year	Balance as at 31.03.2014
Sharp Daily Employees	11.06.2012	HK$0.01	20.03.2022	100,000	–	–	–	100,000
	11.06.2013	HK$0.01	20.03.2022	–	100,000	–	–	100,000
				100,000	100,000	–	–	200,000
Exercisable at the end of the year								30,000
Weighted average exercise price				HK$0.01	HK$0.01	–	–	HK$0.01

Note: *Since Sharp Daily had ceased its operations on 21 October 2013 and it was anticipated that the fair value of options granted under the 2012 Subsidiary Share Option Scheme of Sharp Daily during the year ended 31 March 2014 was minimal, the Company had not carried out any valuation to assess the fair value of such options.*

During the year ended 31 March 2015 and 2014, 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

33. SHARE INCENTIVE SCHEMES (continued)

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

(v) 2013 nxTomo Share Option Scheme

Details of the terms and movements of the share options granted pursuant to the 2013 nxTomo Share Option Scheme are as follows:

2015

				Number of options				
Category of grantee	Date of grant	Exercise price per share	Expiry date	Balance as at 01.04.2014	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Balance as at 31.03.2015
nxTomo								
Directors	23.09.2013	HK$0.01	14.06.2023	50,000	–	–	–	50,000
Employees	23.09.2013	HK$0.01	14.06.2023	510,000	–	–	(155,000)	355,000
	03.10.2014	HK$0.01	14.06.2023	–	108,000	–	(10,000)	98,000
	27.01.2015	HK$0.01	14.06.2023	–	50,000	–	–	50,000
				560,000	158,000	–	(165,000)	553,000
Exercisable at the end of the year								405,000
Weighted average exercise price				HK$0.01	HK$0.01	HK$0.01	HK$0.01	HK$0.01

33. SHARE INCENTIVE SCHEMES (continued)

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

(v) 2013 nxTomo Share Option Scheme (continued)

2014

Category of grantee	Date of grant	Exercise price per share	Expiry date	Number of options				
				Balance as at 01.04.2013	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Balance as at 31.03.2014
nxTomo								
Directors	23.09.2013	HK$0.01	14.06.2023	–	50,000	–	–	50,000
Employees	23.09.2013	HK$0.01	14.06.2023	–	510,000	–	–	510,000
				–	560,000	–	–	560,000
Exercisable at the end of the year								–
Weighted average exercise price				–	HK$0.01	–	–	HK$0.01

The 50,000 options granted to a Director and the 510,000 options granted to employees of the nxTomo under 2013 nxTomo Share Option Scheme fully vested on 23 September 2014.

The 108,000 options granted to employees on 3 October 2014 will vest on 3 October 2015 and the 50,000 options granted to an employee on 27 January 2015 will vest on 27 January 2016.

During the year ended 31 March 2015, share options were granted on 16 April 2014, 3 October 2014, 15 December 2014 and 27 January 2015 and their estimated fair value on those dates were HK$8,300,000 HK$7,223,000, HK$190,000 and HK$1,869,000, respectively.

The Binomial Model has been used for assessing the fair values of the options granted under the 2007 Subsidiary Share Option Scheme of ADPDL, the 2008 Subsidiary Share Option Scheme of nxTomo Games, and the 2013 nxTomo Share Option Scheme for the year ended 31 March 2015 (2014: the 2008 Subsidiary Share Option Schemes of nxTomo Games, 2012 Subsidiary Share Option Scheme of Sharp Daily and 2013 nxTomo Share Option Scheme).

33. SHARE INCENTIVE SCHEMES (continued)

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

Grant date	11 June 2012	23 September 2013	23 September 2013
Subsidiary scheme	Sharp Daily	nxTomo Games	nxTomo
Valuation date	11 June 2012	23 September 2013	23 September 2013
Share price	HK$0.01	HK$3.02	HK$2.09
Exercise price	HK$0.01	HK$0.01	HK$0.01
Expected volatility	25.92%	116.31%	42.61%
Risk-free rate	1.11%	0.93%	1.73%
Expected dividend yield	0%	0%	0%
Exercisable period	9.81 years	4.41 years	9.73 years
Vesting period	1 to 3 years	1 year	1 year
Fair value per option	HK$0.003	HK$3.010	HK$2.080

Grant date	16 April 2014	3 October 2014	3 October 2014
Subsidiary scheme	ADPDL	nxTomo Games	nxTomo
Valuation date	16 April 2014	3 October 2014	3 October 2014
Share price	HK$79.06	HK$18.35	HK$32.06
Exercise price	HK$0.01	HK$0.01	HK$0.01
Expected volatility	22.75% to 46.52%	86.79%	46.49%
Risk-free rate	0.52% to 0.59%	1.07%	1.95%
Expected dividend yield	0%	0%	0%
Exercisable period	0 to 1 year	3.39 years	8.70 years
Vesting period	1 to 3 years	1 year	1 year
Fair value per option	HK$79.060	HK$18.340	HK$32.050

33. SHARE INCENTIVE SCHEMES (continued)

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

Grant date	15 December 2014	27 January 2015
Subsidiary scheme	nxTomo Games	nxTomo
Valuation date	15 December 2014	27 January 2015
Share price	HK$19.02	HK$37.39
Exercise price	HK$0.01	HK$0.01
Expected volatility	86.89%	46.10%
Risk-free rate	0.89%	1.41%
Expected dividend yield	0%	0%
Exercisable period	3.19 years	8.38 years
Vesting period	1 year	1 year
Fair value per option	HK$19.010	HK$37.380

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.

33. SHARE INCENTIVE SCHEMES (continued)

(e) Award of new shares to Directors

The Company has on 30 June 2014 (the "Award Date") conditionally awarded a total of 930,000 new Shares of the Company (the "Award Shares") to the three independent non-executive directors ("INEDs") subject to the vesting conditions below:

Name of INED	No. of Award Shares	Vesting Date/ No. of Award Shares
Fok Kwong Hang, Terry	330,000	30 June 2015/110,000
		30 June 2016/110,000
		30 June 2017/110,000
Wong Chi Hong, Frank	300,000	30 June 2015/100,000
		30 June 2016/100,000
		30 June 2017/100,000
Lee Ka Yam, Danny	300,000	30 June 2015/100,000
		30 June 2016/100,000
		30 June 2017/100,000

Subject to the payment of nominal amount of subscription price by the INEDs and the INEDs remaining as Directors, the Company will allot and issue the Award Shares to each of the INEDs on the respective vesting dates as stated above.

Since the INEDs are connected persons of the Company, the issue of the Award Shares is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The ordinary resolutions approving the issue of the Award Shares to each of the INEDs have been approved by the independent shareholders at an extraordinary general meeting duly held on 31 July 2014. The Stock Exchange has also granted the listing of and permission to deal in the Award Shares.

During the year ended 31 March 2015, the estimated fair value on the Award Date was HK$790,000.

The Group and the Company recognised the total expense of HK$18,718,000 and HK$8,313,000 respectively, for the year ended 31 March 2015 (2014: HK$5,734,000 and HK$4,264,000 respectively) in relation to options granted under the share option schemes and the Award Shares of the Group.

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 2013	928,702	7,058	(568,287)	367,473
Loss and total comprehensive expense for the year	–	–	(352,532)	(352,532)
Recognition of equity-settled share-based payments	–	4,264	–	4,264
Lapse of share options	–	(389)	389	–
Transfer upon abolition of par value under the Hong Kong Companies Ordinance *(Note a)*	(928,702)	–	–	(928,702)
At 31 March 2014	–	10,933	(920,430)	(909,497)
Profit and total comprehensive income for the year	–	–	287,444	287,444
Recognition of equity-settled share-based payments	–	8,313	–	8,313
Lapse of share options	–	(1,726)	1,726	–
Payment of dividends (note 15)	–	–	(196,912)	(196,912)
Capital reduction *(Note b)*	–	–	924,962	924,962
At 31 March 2015	–	17,520	96,790	114,310

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

Note b: *On 9 May 2014, the Hong Kong High Court made an order confirming the reduction of the share premium account of the Company by HK$924,962,000 which has become effective upon the registration of such order with the Companies Registry on 22 May 2014. The Company reduced its share capital account by HK$924,962,000 to set off against the Company's total accumulated losses during the year ended 31 March 2015.*

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

	Retirement benefit obligations		Accelerated tax depreciation		Intangible assets		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At beginning of the year	**(5,474)**	(9,921)	**58,958**	60,469	**223,386**	223,386	**276,870**	273,934
Exchange difference	**–**	–	**127**	247	**–**	–	**127**	247
Charge (credit) to profit or loss	**–**	–	**529**	(1,758)	**–**	–	**529**	(1,758)
(Credit) charge to other comprehensive income (note 30)	**(4,609)**	4,447	**–**	–	**–**	–	**(4,609)**	4,447
At end of the year	**(10,083)**	(5,474)	**59,614**	58,958	**223,386**	223,386	**272,917**	276,870

Deferred tax assets

	Tax losses	
	2015	2014
	HK$'000	HK$'000
At beginning of the year	**(1,361)**	(2,975)
Charge to profit or loss	**1,361**	1,614
At end of the year	**–**	(1,361)

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

35. DEFERRED TAX (continued)

THE GROUP (continued)

Deferred tax assets (continued)

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

	THE GROUP	
	2015	2014
	HK$'000	HK$'000
At beginning of the year	**275,509**	270,959
Exchange difference	**127**	247
Charge (credit) to profit or loss	**1,890**	(144)
(Credit) charge to other comprehensive income	**(4,609)**	4,447
At end of the year (shown as non-current liabilities)	**272,917**	275,509

As at 31 March 2015, the Group has estimated unused tax losses from continuing operations of approximately HK$1,416,764,000 (2014: HK$1,308,569,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately nil (2014: HK$8,247,000) of such loss. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$1,416,764,000 (2014: HK$1,300,322,000) due to the unpredictability of future profits streams. In addition, tax losses from continuing operations of HK$6,263,000 (2014: HK$14,015,000) have not yet been approved by Taiwan tax authority and no deferred tax assets have been recognised. Unrecognised tax losses of approximately HK$6,263,000 will expire from 2016 to 2024 and HK$1,410,501,000 may be carried forward indefinitely.

THE COMPANY

Deferred tax liabilities

	Accelerated tax depreciation	
	2015	2014
	HK$'000	HK$'000
At beginning of the year	**17,087**	14,708
Charge to profit or loss	**667**	2,379
At end of the year	**17,754**	17,087

As at 31 March 2014 and 2015, the Company had no unused tax losses available for offset against future profits.

36. PROVISIONS

THE GROUP

	Litigations	
	2015	2014
	HK$'000	HK$'000
At beginning of the year	**113,959**	101,863
Additional provision during the year	**24,178**	52,424
Payment during the year	**(30,519)**	(21,832)
Reversal during the year	**(823)**	(17,864)
Exchange difference	**(951)**	(632)
At end of the year	**105,844**	113,959

As at 31 March 2015 and 2014, the Group had provisions classified as current liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

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

Included in the Group's total provision is a litigation with BaWang International (Group) Holdings Limited ("BaWang International") and BaWang (Guangzhou) Company Limited ("BaWang Guangzhou"). In July 2010, BaWang International (as 1st Plaintiff) and BaWang Guangzhou (as 2nd Plaintiff) (collectively referred to as "BaWang") issued a writ against Next Magazine Publishing Limited ("Next Magazine") in respect of an article published by Next Magazine alleging, amongst other things, that certain parts of such article were defamatory and/or amounted to a malicious falsehood. Next Magazine filed a Defense to such claim in January 2011. Trial commenced on 2 March 2015. On 10 April 2015 trial was adjourned part heard. The second section of trial concluded on 13 May 2015. Further trial dates have been fixed in June and August 2015. In the event that trial concludes in August 2015, it is then anticipated that the Trial Judge will reserve the judgment. It is not known when judgment will be given.

37. CONTINGENT LIABILITIES

THE GROUP

(a) Pending litigations

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 ("ADPL"), over amounts payable in respect of the construction of the facility. Separate legal action concerning the claim was taken against ADPL and Mr. Lai, the ex-chairman and substantial shareholder of the Company, in the High Court during 2007.

Pursuant to a judgement issued by the High Court on 18 January 2008, the default judgement against ADPL was set aside and the proceedings against ADPL were referred to arbitration. UDL was ordered to pay 20.0% of ADPL's costs for the application to set aside the default judgement. ADPL also obtained an order for the payment of all of its costs relating to an application for a stay of proceedings to arbitration from UDL. This amount was received in July 2008. This litigation case has no further development since then.

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

The Directors are of the opinion that the provision made at the end of the reporting period is based on the opinion of the legal advisers on the possible outcome and liability of the Group.

(b) Contingent liabilities arising from the acquisition of Database Gateway Limited

In connection with the acquisition of Database Gateway Limited ("DGL") and its subsidiaries (the "Acquired Group") on 26 October 2001, the Group may subject to contingent liabilities including all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or in connection with (1) any third-party claims made against the Acquired Group on and before 26 October 2001, (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazines published by the Acquired Group on and at any time before 26 October 2001 and (3) the contractor dispute with UDL.

Mr. Lai, a controlling shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all contingent liabilities (the Indemnity). In relation to the Indemnity, Mr. Lai also procured a bank guarantee of HK$60,000,000 for a term of three years up to 25 October 2016 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

(c) Guarantees given

As at 31 March 2015, the Company provided various corporate guarantees to financial institutions for facilities granted to its subsidiaries. The aggregate amounts of these guarantees amounted to HK$395,764,000 (2014: HK$697,830,000), HK$391,604,000 (2014: HK$664,380,000) of which has been utilised by its subsidiaries. The Directors consider that the fair value of the financial guarantees at date of inception and at the end of the reporting period is insignificant.

38. COMMITMENTS

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

	THE GROUP	
	2015	2014
	HK$'000	HK$'000
Authorised but not contracted for	**56**	135
Contracted but not provided for	**5,539**	13,432
	5,595	13,567

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:

	2015			2014		
	Properties	**Plant and equipment**	**Total**	Properties	Plant and equipment	Total
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Within one year	**2,363**	**10,298**	**12,661**	5,729	15,689	21,418
In the second to fifth years inclusive	**983**	**2,964**	**3,947**	3,134	8,659	11,793
	3,346	**13,262**	**16,608**	8,863	24,348	33,211

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$20,874,000 (2014: HK$11,934,000).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	THE GROUP	
	2015	2014
	HK$'000	HK$'000
Within one year	**19,664**	19,523
In the second to fifth years inclusive	**54,568**	60,342
	74,232	79,865

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	
	2015	2014
	HK$'000	HK$'000
Short-term benefits	**22,817**	30,851
Share-based payments	**2,567**	2,508
Post-employment benefits	**645**	805
	26,029	34,164

39. RELATED PARTY DISCLOSURE (continued)

(b) Related party transactions

Nature of transaction	Name of related company/person	Relationship with the Group	2015 HK$'000	2014 HK$'000
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 i)*	Best Combo Limited – Taiwan Branch	100% beneficially owned by Mr. Lai	**–**	100
Office rental paid by the Group in Taiwan – Next TV Broadcasting Limited *(Note ii)*	Best Combo Limited – Taiwan Branch	100% beneficially owned by Mr. Lai	**–**	1,983
Marketing service income received by the Group *(Note vi)*	Fog City Digital Ltd and its subsidiary	99% and 1% beneficially owned by Mr. Lai and Mr. Cheung, Chief Executive of the Company	**(668)**	–
Purchase of fixed assets by the Group *(Note iii)*	Net Media Animation Limited	100% beneficially owned by Mr. Lai	**–**	3,409
Office rental received by the Group (*Note iv* & note 24)	Next Media Animation Limited – Taiwan Branch	100% beneficially owned by Mr. Lai	**(4,682)**	(3,901)
Animation production service charge paid by the Group *(Note v)*	Next Media Animation Limited	100% beneficially owned by Mr. Lai	**45,916**	31,357
Revenue sharing paid by the Group *(Note v)*	Next Media Animation Limited	100% beneficially owned by Mr. Lai	**254**	–

39. RELATED PARTY DISCLOSURE (continued)

(b) Related party transactions (continued)

Nature of transaction	Name of related company/person	Relationship with the Group	2015 HK$'000	2014 HK$'000
Supporting services fee received by the Group (*Note v* & note 24)	Next Media Animation Limited	100% beneficially owned by Mr. Lai	**(1,610)**	(4,301)
Advertising income received by the Group *(Note v)*	Next Media Animation Limited	100% beneficially owned by Mr. Lai	**(36)**	–
Interest for Shareholder's Loans for the loan assignment (note 23)	Colored World Holdings Limited	100% beneficially owned by Mr. Lai	**–**	2,189
Loan assignment (note 23)	Next Media Animation Limited	100% beneficially owned by Mr. Lai	**–**	34,626

Notes:

(i) On 28 December 2012, the Taiwan Branch of ADPDL, the Taiwan Branch of Next Media Publishing Limited ("NMPL"), both of which are indirect wholly owned subsidiaries, and Next TV Broadcasting Limited ("Next TV"), a former indirectly wholly owned subsidiary of the Company, entered into a lease agreement with the Taiwan Branch of Best Combo Limited ("BCL"), a company 100% beneficially owned by Mr. Lai, a controlling shareholder of the Company, in respect of lease of car parking spaces to Taiwan Branch of ADPDL, the Taiwan Branch of NMPL and Next TV for a term of two years from 28 December 2012 to 27 December 2014. This agreement was terminated on 31 May 2013.

The extent of these continuing connected transactions did not exceed the limit as set out in the Directors' Report of this annual report.

(ii) On 29 April 2011, Next TV, a former indirectly wholly owned subsidiary of the Company, entered into a lease agreement with the Taiwan Branch of BCL in respect of lease of office premises to Next TV for a term of 35 months from 1 May 2011 to 31 March 2014. This lease agreement was terminated with effect from 1 June 2013.

The extent of these continuing connected transactions did not exceed the limit as set out in the announcement of the Company dated 29 April 2011.

On 7 June 2011, Next TV entered into an agreement with the Taiwan Branch of BCL in respect of lease of office premises to Next TV for a term of 30 months from 1 October 2011 to 31 March 2014. On 30 September 2011, an addendum to the aforesaid lease agreement has been entered into between Next TV and Taiwan Branch of BCL, the commencement date of the lease term was amended from 17 November 2011, the date on which the occupation permit 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 nil for the year ended 31 March 2015 (2014: HK$1,983,000) is charged to profit or loss. This agreement was terminated on 1 June 2013 following the disposal of Next TV on 31 May 2013.

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

39. RELATED PARTY DISCLOSURE (continued)

(b) Related party transactions (continued)

Notes: (continued)

(iii) *On 15 August 2013, nxTomo Games Limited ("nxTomo"), an indirectly wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Next Media Animation Limited ("NMAL"), pursuant to which nxTomo has agreed to purchase and NMAL has agreed to sell certain assets at a consideration of nil (2014: HK$3,409,000).*

The transaction constituted a connected transaction for the Company under Chapter 14A of the Listing Rules, details of which are set out in the announcement of the Company dated 15 August 2013.

(iv) *As disclosed in the circular dated on 25 January 2013 of the Company in relation to the very substantial disposal (the "VSD circular"), the lease agreement entered into between Next TV as landlord and Taiwan branch of NMAL was terminated and a new lease agreement was entered into between Next Media Broadcasting Limited ("NMBL") and Taiwan Branch of NMAL for a term of 28 months from 29 November 2012 to 31 March 2015. This agreement was terminated on 1 August 2013.*

The extent of the continuing connected transactions did not exceed the limit as set out in the VSD circular of the Company dated 25 January 2013.

On 31 July 2013, the Taiwan Branch of NMAL entered into an agreement with NMBL in respect of lease of office premises to the Taiwan Branch of NMAL for a term of 32 months from 1 August 2013 to 31 March 2016. Rental of HK$4,682,000 for the year ended 31 March 2015 (2014: HK$3,195,000) is charged to profit or loss. As at 31 March 2015, total commitment for rental amounted to approximately NT$19,365,000 (2014: NT$36,800,000), out of which approximately NT$19,365,000 (2014: NT$18,400,000) is payable in the next twelve months, in second to third years nil (2014: NT$18,400,000).

The extent of the continuing connected transactions did not exceed the limit as set out in the announcement of the Group on 31 July 2013.

(v) *On 10 June 2011, the Group entered into a Business Framework Agreement with NMAL, a company formerly 70% beneficially owned by Mr. Lai, a controlling shareholder of the Company, in respect of the animation services to be rendered by NMAL and its subsidiaries (collectively as "NMAL Group") to the Group and the advertising services and the supporting services to be rendered by the Group to the NMAL Group for a term of 29 months from 31 October 2011 to 31 March 2014. On 31 December 2012, an announcement was made by the Group for revising the annual caps of the supporting services under the Business Framework Agreement. On 31 March 2014, the Company and NMAL entered into 2014 Business Framework Agreement and the NMAL Intellectual Properties Revenue Sharing Agreement for a term of three years with effect from 1 April 2014. Annual Cap is also updated with the announcement made on 31 March 2014.*

The extent of these continuing connected transactions did not exceed the limit as set out in the announcement of the Company dated 31 December 2012.

(vi) *On 18 December 2014, the Group entered into a Marketing Services Agreement with Fog City Digital Limited, a company of which 99% and 1% of the total issued shares are beneficially owned by Mr. Lai, a controlling shareholder of the Company, and Mr. Cheung Ka Sing, Cassian, Chief Executive of the Company respectively, in respect of the provision of marketing services by the Group to Fog City Digital Limited and its subsidiaries (collectively as "Fog City Group") for the period from 1 October 2014 to 31 March 2015.*

The extent of these continuing connected transactions did not exceed the limit as set out in the Directors' Report of this annual report.

40. MAJOR NON CASH TRANSACTIONS

During the year ended 31 March 2015, a deposit for acquisition of property, plant and equipment amounting to HK$12,857,000 (2014: HK$1,866,000) was transferred to plant and machinery.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) Particulars of the principal subsidiaries of the Company as at 31 March 2015 and 2014 are as follows:

Name	Place of incorporation	Paid up issued share capital	Proportion of nominal value of issued capital held by the Company 2015 %	2014 %	Proportion of voting power held by the Company 2015 %	2014 %	Principal activities
Apple Daily I. P. Limited	British Virgin Islands	1 ordinary share of US$1 each	**100**	100	**100**	100	Holding of masthead and publishing rights of newspaper *(Note e)*
ADL	Hong Kong	200,000,000 ordinary shares of HK$0.01 each *(Note f)*	**100**	100	**100**	100	Publication and selling of newspaper and selling of newspaper advertising space *(Note c)*
ADPL	Hong Kong	100,000,000 ordinary shares of HK$1 each *(Note f)*	**100**	100	**100**	100	Printing of newspaper *(Note c)*
ADPDL	Hong Kong	10,834,250 ordinary shares of HK$0.01 each *(Note f)*	**95.05**	95.05 *(Note a)*	**95.05**	95.05	Publication and selling of newspaper and selling of newspaper advertising space *(Note d)*
Database Gateway Limited	British Virgin Islands	739,001,531 ordinary shares of HK$1 each	**100**	100 *(Note e)*	**100**	100	Investment holding *(Note c)*
Easy Finder I.P. Limited	British Virgin Islands	11,000 ordinary shares of US$1 each	**100**	100	**100**	100	Holding of masthead and publishing rights of magazines *(Note c)*
FACE Magazine Limited	Hong Kong	10,000 ordinary shares of HK$1 each *(Note f)*	**100**	100	**100**	100	Publication and selling of magazines *(Note c)*

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

(a) (continued)

Name	Place of incorporation	Paid up issued share capital	Proportion of nominal value of issued capital held by the Company 2015 %	2014 %	Proportion of voting power held by the Company 2015 %	2014 %	Principal activities
FACE Magazine Marketing Limited	Hong Kong	20,000,000 ordinary shares of HK$1 each and 4,000,000,000 ordinary shares of HK$0.01 each *(Note f)*	**95.17**	95.17	**99.93**	99.93	Selling of magazines advertising spaces *(Note c)*
Eat and Travel Weekly Company Limited	Hong Kong	2 ordinary shares of HK$1 each *(Note f)*	**100**	100	**100**	100	Publication and selling of magazines and selling of magazines advertising space *(Note c)*
ME! Publishing Limited	Hong Kong	1 ordinary share of HK$1 each *(Note f)*	**100**	100	**100**	100	Publication and selling of magazines and selling of magazines advertising space *(Note c)*
Next Magazine Advertising Limited	Hong Kong	1,000 ordinary shares of HK$1 each *(Note f)*	**100**	100	**100**	100	Selling of magazines advertising space *(Note c)*
Next Magazine	Hong Kong	1,000 ordinary shares of HK$1 each *(Note f)*	**100**	100	**100**	100	Publication and selling of magazines *(Note c)*
Next Media I. P. Limited	British Virgin Islands	1,000 ordinary shares of HK$1 each	**100**	100	**100**	100	Holding of masthead and publishing rights of magazines *(Note c)*
Next Media Management Services Limited	Hong Kong	2 ordinary shares of HK$1 each *(Note f)*	**100**	100	**100**	100	Provision of management services *(Note c)*

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

(a) (continued)

Name	Place of incorporation	Paid up issued share capital	Proportion of nominal value of issued capital held by the Company 2015 %	2014 %	Proportion of voting power held by the Company 2015 %	2014 %	Principal activities
Next Media Publishing Limited	Hong Kong	10,282,778 ordinary shares of HK$0.01 each *(Note f)*	**97.87**	97.87 *(Note b)*	**97.87**	97.87	Publication and selling of magazines and selling of magazines advertising space *(Note d)*
Next Mobile Limited	Hong Kong	10,000,000 ordinary shares of HK$0.01 each *(Note f)*	**100**	100	**100**	100	Mobile business and platform development, mobile commerce, mobile games and advertising *(Note d)*
nxTomo Games Limited	Hong Kong	10,000,000 ordinary shares of HK$0.01 each *(Note f)*	**100**	100	**100**	100	Mobile games design and development *(Note d)*
nxTomo Ltd.	British Virgin Islands	10,000,000 ordinary shares of HK$0.01 each	**100**	100	**100**	100	Investment holding *(Note c)*
Paramount Printing Company Limited	Hong Kong	15,000 ordinary shares of HK$100 each *(Note f)*	**100**	100	**100**	100	Provision of printing services *(Note c)*
Sudden Weekly Limited	Hong Kong	2 ordinary shares of HK$1 each *(Note f)*	**100**	100	**100**	100	Publication and selling of magazines and selling of magazines advertising space *(Note c)*

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

(a) (continued)

The above table includes the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

Note a: *The Group acquired additional interest of 0.15% equity interest of the subsidiary during the year ended 31 March 2014.*

Note b: *The Group acquired additional interest of 0.37% equity interest of the subsidiary during the year ended 31 March 2014.*

Note c: *The subsidiary operates in Hong Kong.*

Note d: *The subsidiary operates in both Hong Kong and Taiwan.*

Note e: *The subsidiary is directly held by the Company. Other subsidiaries are indirectly held by the Company.*

Note f: *The Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) abolished the concept of par value for shares with effect from 3 March 2014. However, since the subsidiaries do not have share premium, the nominal value per share of each of the subsidiaries remains unchanged for both financial years.*

(b) Composition of other subsidiaries

At the end of the reporting period, the Group has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place(s) of businesses	Number of subsidiaries 2015	2014
Newspapers Publication and Printing	Hong Kong	**5**	6
	Hong Kong & Taiwan	**2**	2
	Taiwan	**2**	2
		9	10
Books and Magazines Publication and Printing	Hong Kong	**12**	12
	Hong Kong & Taiwan	**6**	6
	Canada	**2**	2
		20	20
Digital Businesses	Hong Kong	**14**	13
	Hong Kong & Taiwan	**3**	3
	Taiwan	**6**	6
	Netherlands	**2**	2
		25	24
Supporting and Others	Hong Kong	**7**	7

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	**2015**	2014	**2015**	2014
		%	%	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ADPDL	Hong Kong	**4.95**	4.95	**4,378**	6,622	**28,782**	25,996
Individually immaterial subsidiaries with non-controlling interests						**17,450**	7,785
						46,232	33,781

Summarised financial information in respect of each of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

ADPDL

	2015	2014
	HK$'000	HK$'000
Current assets	**478,310**	550,938
Non-current assets	**311,872**	353,243
Current liabilities	**(248,468)**	(439,849)
Non-current liabilities	**(62,561)**	(43,554)
Equity attributable to owners of ADPDL	**450,371**	394,782
Non-controlling interests	**28,782**	25,996

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

ADPDL (continued)

	2015 HK$'000	2014 HK$'000
Revenue	**955,192**	1,087,371
Expenses	**(866,744)**	(953,601)
Profit for the year	**88,448**	133,770
Profit attributable to owners of the ADPDL	**84,070**	127,148
Profit attributable to the non-controlling interests	**4,378**	6,622
Profit for the year	**88,448**	133,770
Other comprehensive expense attributable to owners of the ADPDL	**(32,998)**	(9,251)
Other comprehensive expense attributable to the non-controlling interests	**(1,718)**	(482)
Other comprehensive expense for the year	**(34,716)**	(9,733)
Total comprehensive income attributable to owners of the ADPDL	**51,072**	117,897
Total comprehensive income attributable to the non-controlling interests	**2,660**	6,140
Total comprehensive income for the year	**53,732**	124,037
Net cash inflow from operating activities	**173,228**	205,334
Net cash outflow from investing activities	**(11,502)**	(6,714)
Net cash outflow from financing activities	**(172,877)**	(180,528)
Net cash (outflow) inflow	**(11,151)**	18,092

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 March 2015

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Continuing operations					
Revenue	**2,956,934**	3,268,892	3,474,096	3,602,561	3,472,171
Profit from continuing operations	**168,638**	339,098	163,256	208,534	472,969
Discontinued operations					
Loss for the year from discontinued operations	**–**	(90,622)	(1,107,858)	(388,726)	(491,977)
Profit (loss) for the year	**168,638**	248,476	(944,602)	(180,192)	(19,008)
Profit (loss) attributable to owners of the Company	**164,300**	240,146	(968,004)	(188,006)	(19,194)
Non-controlling interests	**4,338**	8,330	23,402	7,814	186
Profit (loss) for the year	**168,638**	248,476	(944,602)	(180,192)	(19,008)

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**3,824,650**	4,204,300	4,649,774	5,515,323	5,489,084
Total liabilities	**(1,310,419)**	(1,614,119)	(2,304,773)	(2,162,788)	(1,894,117)
	2,514,231	2,590,181	2,345,001	3,352,535	3,594,967
Equity attributable to owners of the Company	**2,467,999**	2,556,400	2,317,529	3,341,582	3,590,577
Non-controlling interests	**46,232**	33,781	27,472	10,953	4,390
	2,514,231	2,590,181	2,345,001	3,352,535	3,594,967

GLOSSARY

2013 AGM	The Company's Annual General Meeting held on 22 July 2013
2014 AGM	The Company's Annual General Meeting held on 31 July 2014
2015 AGM	The Company's Annual General Meeting to be held on 31 July 2015
2014 EGM	The Company's Extraordinary General Meeting held on 31 July 2014
2007 ADPDL Share Option Scheme	The share option scheme of ADPDL approved by the Company on 30 July 2007
2007 Share Option Scheme	The share option scheme adopted by the Company on 30 July 2007
2014 Share Option Scheme	The share option scheme adopted by the Company on 31 July 2014
ADL	Apple Daily Limited, an indirect wholly owned subsidiary of the Company
ADPDL	Apple Daily Publication Development Limited, an indirect non-wholly owned subsidiary of the Company
ADPL	Apple Daily Printing Limited, an indirect wholly owned subsidiary of the Company
Annual General Meeting or AGM	The Company's annual general meeting
Articles of Association	The Company's Articles of Association as amended, supplemented or modified from time to time
Best Combo	Best Combo Limited, a company incorporated in Hong Kong with limited liability and is 100% beneficially owned by Mr. Lai
Board	The Board of Directors of the Company
CEO	The Chief Executive Officer of the Group
CFO	The Chief Financial Officer of the Group
CG Code	The Corporate Governance Code and Corporate Governance Report, Appendix 14 to the Listing Rules
Colored World	Colored World Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, is the intermediate holding company of NMA
Colored World Group	Colored World and its subsidiaries
Companies Ordinance or CO	The Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Company or Next Media	Next Media Limited
Computershare	Computershare Hong Kong Investor Services Limited, the share registrar of the Company
COO	The Chief Operating Officer of the Group
Deloitte	Deloitte Touche Tohmatsu, the external auditor of the Group

Director(s)	Director(s) of the Company
EDs	Executive director(s) of the Company
EGM	The Company's extraordinary general meeting
Financial Statements	The audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2015
Group	Next Media Limited and its subsidiaries
HKAS(s)	Hong Kong Accounting Standard(s)
HKFRS(s)	Hong Kong Financial Reporting Standard(s)
HKICPA	Hong Kong Institute of Certified Public Accountants
HK$	Hong Kong dollars
Hong Kong Subsidiary Share Option Schemes	The respective share option schemes adopted by Aim High Investments Limited, Anyplex Company Limited, Next Media Distribution Limited (formerly known as "Apple Community Infonet Limited'), Apple Daily Publication Development Limited, Next E-Shopping Limited, Next Media Publishing Limited, Next Mobile Limited, nxTomo Ltd., nxTomo Games Limited and Sharp Daily Limited
INEDs	Independent non-executive Director(s) of the Company
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange
Max Growth	Max Growth B.V., a private company incorporated in the Netherlands with limited liability and is an indirect wholly owned subsidiary of the Company
Model Code	The Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules
Mr. Cassian Cheung	Mr. Cheung Ka Sing, Cassian, the Interim Chairman of the Group, an ED of the Company and the CEO
Mr. Lai	Mr. Lai Chee Ying, Jimmy, the controlling shareholder of the Company, who had resigned as an ED of the Company and the Chairman of the Board on 12 December 2014
Mr. Lien	Mr. Lien Tai-sheng
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
NMA	Next Media Animation Limited, a company incorporated in Hong Kong with limited liability, is a wholly owned subsidiary of Colored World
NMA Group	NMA and its subsidiaries

GLOSSARY

NMBL	壹傳媒傳訊播放股份有限公司 (Next Media Broadcasting Limited)*, a private company incorporated in Taiwan with limited liability and is an indirect wholly owned subsidiary of the Company
NT$	New Taiwanese dollars
RSM	RSM Nelson Wheeler Consulting Limited, an independent professional firm engaged by the Group to carry out internal audit services for the Group
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	Ordinary share(s) of the Company
Shareholder(s)	Holder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
STV	Sum Tat Ventures Limited, a company incorporated in the British Virgin Islands with limited liability and is 100% beneficially owned by Mr. Lai, which is also the holding company of Colored World
Taiwan	Republic of China

* *Company's English name is for identification only*

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