







NEXT DIGITAL

INTERIM REPORT 2015/16

Stock Code: 00282





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CONTENTS

Financial Highlights	2
Management Discussion and Analysis	6
Corporate Governance	18
Corporate Information	28
Share Information	32
Other Information	36
Report on Review of Condensed Consolidated Financial Statements	53
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	55
Condensed Consolidated Statement of Financial Position	57
Condensed Consolidated Statement of Changes in Equity	59
Condensed Consolidated Statement of Cash Flows	61
Notes to the Condensed Consolidated Financial Statements	63
Glossary	96



FINANCIAL
HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	(Unaudited)	
	Six months ended 30 September	
Financial Results	2015	2014
	HK\$000	HK\$000
Revenue	1,251,646	1,570,498
Earnings before interest, tax, depreciation, impairment and amortisation but after non-controlling interests	30,335	201,232
(Loss) profit for the period	(122,784)	106,492
Basic (loss) earnings per share	(HK5.1 cents)	HK4.3 cents
Diluted (loss) earnings per share	(HK5.1 cents)	HK4.3 cents
	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
Statement of Financial Position	2015	2015
	HK\$000	HK\$000
Non-current assets	2,383,130	2,572,133
Current assets	1,154,878	1,252,517
Total assets	3,538,008	3,824,650
Current liabilities	646,867	644,770
Non-current liabilities	593,037	665,649
Total liabilities	1,239,904	1,310,419
Net assets	2,298,104	2,514,231
Ratio Analysis		
Current ratio	178.5%	194.3%
Gearing ratio	9.3%	10.1%
Debt to equity ratio	14.7%	15.6%

▶ NEWS



MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Next Digital announces the Group's unaudited consolidated interim results for the six months ended 30 September 2015, as well as comparative figures for the same period in 2014.

BUSINESSES

The Group's main business activities during this period were the publication of newspapers, magazines and books in Hong Kong and Taiwan in digital and printed forms. It also sold advertising space in those formats and received subscriptions on the web versions. Furthermore, it provided printing and reprographic services, and developed mobile and online games and apps.

FINANCIAL RESULTS

The revenue of Next Digital and its subsidiaries amounted to HK\$1,251.6 million during the six months ended 30 September 2015. This was HK\$318.9 million or 20.3% less than the figure of HK\$1,570.5 million in the same period last year. The decline was mainly attributable to the decrease of 25.3% in advertising revenue, circulation income and other income of the Group's print publications during the period under review.

The Group recorded earnings of HK\$30.3 million during the period under review, before interest, tax, depreciation, impairment and amortisation, but after non-controlling interests, representing a decrease of 84.9% or HK\$170.9 million on the earnings of HK\$201.2 million for the corresponding period of 2014.

The Group has undergone a series of consolidation exercises for its publication and printing operations in Hong Kong during the period under review. In August 2015, *Sudden Weekly* and *Next+ONE* have ceased their publication and *Next Magazine* has been restructured to streamline its operations with an aim to reducing its operating costs.

The Group has capitalised on the inevitable growth of the digital market by further strengthening its mobile platform, and accelerated its penetration into the youth segment, so as to broaden its readership base and capture new news.

During the period under review, the Company has changed its name from "Next Media Limited" to "Next Digital Limited" in order to reflect the strategic move of the Group's focus towards digital businesses and align with its business nature and growth objectives.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded an unaudited consolidated loss of HK\$122.8 million, representing a decrease of 215.3% or HK\$229.3 million, compared with the profit of HK\$106.5 million for same period of 2014. This was mainly attributable to the sluggish economy in Hong Kong and Taiwan during the first half of 2015 which led to a decline in advertising spending in both markets; the expenses incurred for the consolidation of the Group's Books and Magazines Publication and Printing Division resulting from the cessation of publication of *Sudden Weekly* and *Next+ONe* and the restructuring of *Next Magazine* in Hong Kong in August 2015; and the impairment of the masthead and publishing right of *Sudden Weekly* during the period under review.

Accordingly, the Company recorded a basic loss per share of HK5.1 cents for the period against a basic earnings per share of HK4.3 cents in the same period last year.

OPERATIONAL REVIEW

The Group operations in Hong Kong and elsewhere accounted for about 60.5% of its total revenue during the six months ended 30 September 2015, compared with 60.3% in the same months of 2014 whilst its Taiwan operations contributed 39.5% of its total revenue, against 39.7% in last corresponding period.

Given the transition from traditional print publications to digital media, performance of the Group's print operations was adversely affected, in particular, in Hong Kong, whilst the Group's digital businesses was able to maintain its leading position in this fast growing segment and made significant contribution to the Group in terms of revenue.

NEWSPAPERS PUBLICATION AND PRINTING DIVISION

During the six months ended 30 September 2015, the total revenue of the Newspapers Publication and Printing Division stood at HK\$650.6 million, representing a decrease of 23.7% or HK\$201.8 million against the figure of HK\$852.4 million for the last corresponding period.

Apple Daily and *Taiwan Apple Daily* remained as the largest contributors to the Division's revenue, which amounted to HK\$575.2 million and accounted for 46.0% of the Group's total revenue. Against the figure of HK\$795.1 million for the same period last year, this represented a decrease of 27.7% or HK\$219.9 million. Accordingly, the Division's segment profit decreased by 82.3% to HK\$19.1 million, compared with the figure of HK\$108.2 million recorded in the same period of 2014. This was mainly attributable to the significant decrease in advertising revenue and circulation income derived from the Group's print publications during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Apple Daily maintained its position as Hong Kong's most widely read paid-for daily and one of its best-selling newspapers during the first half of 2015. Its sales averaged 163,186¹ copies per day between January and June 2015, compared with 190,123¹ in the same period last year. It was read by an average of 1,767,000² people aged 12+ daily during the 12 months ended 30 June 2015, an increase of 419,000 people on the figure of 1,348,000² for the same months a year earlier. In addition, this was almost 488,000² people ahead of its closest competitor. *Apple Daily's* revenue stood at HK\$239.6 million during the period under review, representing a decrease of 27.1% or HK\$89.0 million against the figure of HK\$328.6 million recorded in the same period last year. Advertising revenue accounted for HK\$126.8 million of its revenue, whilst its circulation income was HK\$112.8 million, representing a decrease of 34.2% or HK\$65.8 million and 17.1% or HK\$23.2 million as compared to the respective figures of HK\$192.6 million and HK\$136.0 million recorded in the same period last year. The major advertisers contributing the largest shares of its advertising revenue came from the sectors of automobiles, pharmaceuticals, clothing, finance companies and overseas real estate.

Taiwan Apple Daily's unbiased editorial style and vivid layout kept it as the island's best-selling and one of the most widely read paid-for daily, it recorded an increase in its readership from 2,453,000³ people during the six-month period a year earlier to 2,788,000³ people during the 6 months ended 30 June 2015. Its sales averaged 306,382¹ copies a day in the period, compared with 343,638¹ copies a day in the last corresponding period. Its revenue amounted to HK\$335.6 million during the period under review, a decline of 28.1% or HK\$130.9 million against the HK\$466.5 million recorded in the last corresponding months. The advertising revenue accounted for HK\$231.9 million of the *Taiwan Apple Daily's* revenue, whilst its circulation income was HK\$102.8 million, representing a decrease of 29.6% or HK\$97.5 million and 24.5% or HK\$33.4 million as compared to the respective figures of HK\$329.4 million and HK\$136.2 million earned in the same period last year. The major contributors to *Taiwan Apple Daily's* advertising revenue during the period were arrayed in the order of the property, departmental stores and chains, cosmetics, automobiles and computer/communication/consumer electronics sectors.

Taiwan Sharp Daily, the Group's free newspaper in Taipei, remained highly popular. Copies of the newspaper are distributed to commuters outside the city's Metro stations every morning from Mondays to Fridays. Its print run was around 120,212¹ copies daily during the period under review with a readership of an average of 187,000³ people every day. *Taiwan Sharp Daily* particularly appeals to local advertisers, especially small business operators in the departmental stores and chains, restaurants, computer/communication/consumer electronic and beverage and drink sectors.

MANAGEMENT DISCUSSION AND ANALYSIS

ADPL

Although the newspaper printing operation was affected by the decline in print runs of *Apple Daily*, it continued to make positive contribution to the Group. Its revenue during the period under review amounted to HK\$120.9 million, an increase of 13.2% or HK\$14.1 million over the figure of HK\$106.8 million achieved in the corresponding period last year.

ADPL derived HK\$58.4 million in revenue (total revenue minus transactions related to printing the Group's own publications) from external customers, including printing works for local and overseas newspapers, during the period under review. This was 67.8% or HK\$23.6 million more than the figure of HK\$34.8 million it earned in the last corresponding months.

BOOKS AND MAGAZINES PUBLICATION AND PRINTING DIVISION

In view of the adverse business environment and shift of advertising placements from print publications to digital platforms, the Books and Magazines Publication and Printing Division suffered a substantial decline in its revenue during the period under review. Its revenue amounted to HK\$274.1 million, a decrease of 28.8% or HK\$110.8 million against the figure of HK\$384.9 million it achieved in the same period last year.

The Division recorded a segment loss of HK\$164.9 million during the period under review, compared with a segment loss of HK\$4.6 million, a substantial increase in loss of HK\$160.3 million. This loss mainly resulted from the increase in expenses, including the redundancy payment of HK\$19.0 million, incurred for the consolidation of the Division resulting from the cessation of publication of *Sudden Weekly* and *Next+ONE* and the restructuring of *Next Magazine* in Hong Kong as well as the impairment of the masthead and publishing right of *Sudden Weekly* in an amount of HK\$96.9 million during the period.

During the period under review, *Next Magazine Bundle* has undergone a restructuring exercise and ceased the publication of *Next+ONE* in August 2015. Following the cessation of publication of *Sudden Weekly*, the two weekly magazines, *Eat & Travel Weekly* and *ME!*, have been bundled with *Next Magazine* as a new bundle so as to enhance the appeal of *Next Magazine* and offer our readers better value at the selling price of HK\$20.0 with effect from 13 August 2015.

Being one of the best-selling and the most widely read magazine in Hong Kong, the revenue of *Next Magazine Bundle*, amounted to HK\$73.4 million in the six months ended 30 September 2015, a decline of 28.6% or HK\$29.4 million compared with the figure of HK\$102.8 million for the corresponding period last year. Its major advertisers came from the sectors of skincare and cosmetics, watches, pharmaceuticals, fashion and health equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

Meanwhile, *Next Magazine's* readership aged 12+ slightly dropped to 460,000² people during the 12 months ended 30 June 2015, compared with 472,000² people in the same period of 2014. Its circulation averaged 51,803 copies a week in the first six months of 2015, compared with 67,381 copies in the same period last year.

Sudden Weekly Bundle, which consists of *Sudden Weekly*, *Eat & Travel Weekly* and *ME!*, recorded a decline in circulation, which averaged 66,054 copies a week in the first six months of 2015, compared with 82,730 copies in the corresponding period last year as well as the drop in its average weekly readership to 393,000² people in the year up to 30 June 2015 against 450,000² people during the same period last year. In August 2015, the Group has made a strategic decision to cease the publication of *Sudden Weekly* and bundle the two weekly magazines, *Eat & Travel Weekly* and *ME!* with *Next Magazine* as a new bundle.

FACE Bundle — which incorporates *FACE*, *Ketchup*, *Auto Express* and *Trading Express* — an upmarket infotainment weekly for younger Hong Kong readers, its total revenue stood at HK\$34.4 million for the six months ended 30 September 2015, compared with HK\$42.8 million for the same period last year, a decrease of 19.6% or HK\$8.4 million. The *FACE Bundle's* weekly sales averaged 12,375 copies between January and June 2015, compared with 19,751 copies in the same months of 2014; whereas it has an average weekly readership of 220,000² people during the 12 months ended 30 June 2015, compared with 91,000² in the corresponding 12 months last year. The major contributors to its advertising revenue came from the sectors of beauty and hair salons, toiletries, telecom/mobile phone, computer/internet and electrical appliance.

Taiwan Next Magazine's advertising revenue amounted to HK\$49.5 million during the first half of the financial year, compared with HK\$61.3 million in the same period last year, a decrease of 19.2% or HK\$11.8 million. Beauty and perfume, food and beverages, automobiles, watches and eyeglasses and wines accounted for the major share of its advertising revenue.

Due to the declining trend in print publications market, *Taiwan Next Magazine's* circulation continued to drop from an average sale of 48,108 copies per week in the last corresponding period to 39,629 copies as recorded in the period under review. However, it was still able to retain its long-held lead in the island's weekly magazine market in terms of readership. Its average weekly readership was 1,747,000³ people during the six months ended 30 June 2015, an increase of 253,000 people as compared with 1,494,000³ people in the corresponding period of 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Commercial Printing

Against the backdrop of intense competition in the industry and the trim down of print runs of the Group's magazines as well as drop in external printing orders, the commercial printing operation recorded a revenue of HK\$36.0 million in the six months ended 30 September 2015, which was 16.5% or HK\$7.1 million less than its revenue of HK\$43.1 million in the same period last year.

DIGITAL BUSINESSES DIVISION

The Group has maintained its leading position and is a trend setter in driving reading habits on digital, especially, mobile platform, in both Hong Kong and Taiwan, during the period under review. The Division also engaged in development of mobile and online games as well as apps through its direct subsidiary – nxTomo Games.

12

During the period, the digital version of *Apple Daily* maintained its No.1 position as the most-visited interactive news portal in Hong Kong. It attracted more than 30.0 million⁴ daily view counts and 2.4 million⁴ Average Daily Unique Users. *Taiwan Apple Daily* achieved a daily page view number of 20.0 million⁴ with Average Daily Unique Users reaching 5.0 million⁴.

Advertising and other revenues of the digital platform of *Apple Daily* in both Hong Kong and Taiwan experienced a healthy growth of 17.0%, amounted to HK\$257.0 million, against a figure of HK\$219.7 million in the same period last year. As a result, the digital paper's segment profit grew from HK\$24.5 million to HK\$31.0 million representing an increase of 26.5%.

The Group's digital games business suffered a setback as planned introduction of new games was delayed. This resulted in a drop in revenue from HK\$113.5 million to HK\$69.9 million, and incurred a segment loss of HK\$5.5 million, as compared to a segment profit of HK\$15.7 million in the same months of last year.

As a result, the Division's external revenue, which consisted of online advertising revenue, content licensing payments and publishing of mobile games and apps, amounted to HK\$326.9 million during the period under review, representing a dip of 1.9% or HK\$6.3 million against the figure of HK\$333.2 million recorded in the same months last year, 75.8% of this revenue was generated in Hong Kong.

The Division's segment profit stood at HK\$25.5 million during the period under review, compared with a segment profit of HK\$40.2 million, a drop of 36.6% or HK\$14.7 million. This was mainly attributed by the decrease in digital games revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS AND OUTLOOK

During the period under review, the Group has made strategic move to focus resources towards building a substantial digital business and consolidated its print operations. Next Digital will continue to leverage the wide user base of the digital versions of its news media and leading magazine titles to offer our audiences and readers a new experience in the mobile world in terms of news and entertainment.

As the most popular digital news brand outside of Mainland China, *Apple Daily* has recently set up a North American operation to offer overseas Chinese the same interesting news experience as those offered in Hong Kong and Taiwan. This strategic expansion is a natural extension of *Apple Daily* in a borderless digital world of the future.

The Group will also be introducing an “e-classified” service to provide location based and highly targeted advertising opportunities for small and medium enterprises in Hong Kong, and create a new revenue stream by giving these companies access to the millions of readers who are loyal fans of *Apple Daily* digital news on mobile devices.

In light of economic uncertainties in Hong Kong and Taiwan in the second half of 2015, the Group will act prudently and consciously in monitoring its costs, and get well prepared to grasp the growth momentum in the digital industry when the opportunities arise.

Sources:

1. *Hong Kong Audit Bureau of Circulations Limited (January — June 2015)*
2. *2015 Nielsen Media Index: Hong Kong Report (July 2014 — June 2015)*
3. *Media Index (January — June 2015), Nielsen Media Research, Taiwan*
4. *Apple Daily Internal Server Log*

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2015, the Group had available banking facilities in a total of HK\$339.8 million, of which HK\$335.6 million had been utilised. There was no seasonality in the Group’s bank borrowing requirements, and all the monies borrowed bearing interest at floating rates. The Group’s bank borrowings are denominated in HK\$ and NT\$.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2015, the Group's aggregate bank balances and cash reserves amounted to HK\$442.1 million. The Group's current ratio on the same date was 178.5%, compared to 194.3% as at 31 March 2015. On the same date, its gearing ratio amounted to 9.3%, compared to 10.1% as at 31 March 2015. These figures were calculated by dividing its long-term liabilities, including current portions, by total asset value.

On 12 November 2015, ADPDL Taiwan Branch has obtained a revolving credit facility in an aggregate amount of NT\$400.0 million (equivalent to HK\$94.3 million) from Taichung Commercial Bank Co., Ltd. by pledging certain printing plants in Taiwan as securities for general working capital purpose.

ASSETS PLEDGED

As at 30 September 2015, the Group had pledged its properties and printing equipment situated in Taiwan with an aggregate carrying value of HK\$413.6 million to various banks as security for banking facilities granted to it.

14

EXCHANGE EXPOSURE AND CAPITAL EXPENDITURE

The Group's assets and liabilities are mainly denominated in HK\$ or NT\$. Its exchange exposure to NT\$ is due to its existing magazines and newspapers publishing and digital businesses in Taiwan.

As at 30 September 2015, the Group's net currency exposure stood at NT\$4,205.8 million (equivalent to HK\$991.7 million), an increase of 7.4% on the figure of NT\$3,915.7 million (equivalent to HK\$970.2 million) as at 31 March 2015.

SHARE CAPITAL

As at 30 September 2015, the Company's total amount of issued and fully paid share capital was HK\$2,435.0 million.

As of 30 September 2015, the Company's total number of issued Shares with no par value was 2,431,316,881 Shares.

CONTINGENT LIABILITIES

As at 30 September 2015, the Group had contingent liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has accrued for HK\$98.2 million (as at 31 March 2015: HK\$105.8 million) in legal expenses in trade and other payables. This provision was recognised in respect of the outstanding legal proceedings based on advice obtained from the Company's legal counsel.

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2015, the Group employed a total of 3,624 employees, of whom 1,921 were in Hong Kong, 1,697 were in Taiwan and 6 were in Canada. There were no material changes to the policies regarding employee remuneration, bonuses, share incentive schemes and staff development disclosed in the 2014/2015 annual report of the Company.

During the period under review, the total staff costs of the Group amounted to HK\$683.4 million, compared to HK\$715.6 million incurred for the same period last year. This decrease was mainly attributable to the consolidation of the Group's Books and Magazines Publication and Printing Division and other related operations during the period.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 30 September 2015 (for the six months ended 30 September 2014: HK1.5 cents per Share).

FORWARD-LOOKING STATEMENTS

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



▶ ENTERTAINMENT



CORPORATE
GOVERNANCE

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

As of 30 September 2015, the Board consisted of seven Directors, three of whom were EDs and four were INEDs. The EDs were Mr. Cheung Ka Sing, Cassian, the Interim Chairman and CEO; Mr. Ting Ka Yu, Stephen, COO and CFO; and Mr. Ip Yut Kin. The INEDs were Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank; Dr. Lee Ka Yam, Danny; and Dr. Bradley Jay Hamm.

Detailed profiles of the current Directors are posted on the Company's website at www.nextdigital.com.hk and disclosed in the Company's 2014/2015 annual report.

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

CORPORATE GOVERNANCE POLICY

The Board's mandate is to oversee the management of the Group's business and affairs and to ensure that good governance practices and procedures are in place. The Board established a corporate governance policy that sets out the Company's basic approach to these. Details of this can be found on the Company's website at www.nextdigital.com.hk.

CORPORATE DISCLOSURE POLICY

The Company is committed to promoting consistent disclosure practices aiming at timely, accurate, complete, and broadly disseminated disclosure of inside information about the Group to the public in compliance with the continuous disclosure obligations under the Listing Rules and the SFO. The Board established a corporate disclosure policy on 21 September 2015, which applies to all employees and management of the Group and the Company's Directors, setting out the framework for the release and control of inside information to ensure that the Company is able to meet with the statutory and regulatory requirements from time to time. Details of this policy can be found on the Company's website at www.nextdigital.com.hk.

BOARD DIVERSITY POLICY

The Company 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. The Board adopted a board diversity policy that sets out the Company's approach to achieve diversity on board of directors of the Company. Selection of candidates 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 based on its own business model and specific needs from time to time. At any given time the Board may seek to improve one or more aspects of its diversity and measure progress accordingly. Details of this can be found on the Company's website at www.nextdigital.com.hk.

CORPORATE GOVERNANCE

BOARD ACTIVITIES

Below is an overview of the dates of the various Board/committee meetings and general meetings as well as a record of the attendance of its members during the six months ended 30 September 2015:

	Numbers of Meetings Attended/Held				Annual General Meeting ("AGM") (Note 2)	Extraordinary General Meeting ("EGM")
	Board Meetings	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting		
EDs						
Cheung Ka Sing, Cassian (Interim Chairman and CEO)	2/2 (100%)	N/A	N/A	1/1 (100%)	1/1 (100%)	1/1 (100%)
Ting Ka Yu, Stephen (COO and CFO)	2/2 (100%)	N/A	1/2 (50%)	N/A	1/1 (100%)	1/1 (100%)
Ip Yut Kin	2/2 (100%)	N/A	N/A	N/A	0/1 (0%)	0/1 (0%)
INEDs						
Fok Kwong Hang, Terry	2/2 (100%)	1/1 (100%)	2/2 (100%)	1/1 (100%)	0/1 (0%)	0/1 (0%)
Wong Chi Hong, Frank	2/2 (100%)	1/1 (100%)	N/A	1/1 (100%)	0/1 (0%)	0/1 (0%)
Lee Ka Yam, Danny	2/2 (100%)	1/1 (100%)	2/2 (100%)	N/A	0/1 (0%)	0/1 (0%)
Bradley Jay Hamm	2/2 (100%)	N/A	N/A	1/1 (100%)	0/1 (0%)	0/1 (0%)
Dates of Meetings						
	15.06.2015 21.09.2015	12.06.2015	28.04.2015 21.09.2015	21.09.2015	31.07.2015	31.07.2015

Notes:

- In accordance with the Articles of Association, the Directors may attend the Board and/or committee(s) meetings in person or by means of telephonic communication or similar communications equipment. Any Director taking part in the meeting via such means of electronic communication shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in the quorum accordingly.
- The Company's external auditor, Deloitte, attended the AGM to answer questions from the Shareholders.

CORPORATE GOVERNANCE

AUDIT COMMITTEE

The Audit Committee consisted solely of the Company's three INEDs. It was chaired by Dr. Lee Ka Yam, Danny. Full details of the Audit Committee, including its role and terms of reference, can be found on the Company's website at www.nextdigital.com.hk. All the members of the Audit Committee attended the meeting held on 12 June 2015 with the presence of the external auditor, Deloitte, and in the absence of the EDs. On 12 June 2015, the Audit Committee reviewed the following matters at its meeting before submitting them to the Board for its consideration:

- The Group's audited consolidated financial statements for the year ended 31 March 2015;
- The Group's continuing connected transactions for the year ended 31 March 2015;
- The internal control review report for the year ended 31 March 2015;
- The valuation report of the Group's mastheads and publishing rights for the year ended 31 March 2015; and
- The valuation reports of share options granted under the respective share option schemes of the Company, nxTomo Games and nxTomo during the year ended 31 March 2015.

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

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

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

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

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE

The Remuneration Committee consisted of a majority of INEDs. Its members were Mr. Fok Kwong Hang, Terry; Dr. Lee Ka Yam, Danny; and Mr. Ting Ka Yu, Stephen. Mr. Fok, an INED, was its chairman. Full details of the Remuneration Committee, including its role and terms of reference, can be found on the Company's website at www.nextdigital.com.hk.

During the period under review, the Remuneration Committee held two meetings on 28 April and 21 September 2015 respectively to consider and endorse/approve the following matters:

- The proposal for incentive payments to senior executives as an one-off discretionary bonus in respect of their contribution to the Group for the year ended 31 March 2015.
- The proposal in relation to separation payment payable to Mr. Ting Ka Yu, Stephen in respect of his resignation as an ED of the Company as well as COO and CFO with effect from 1 January 2016.

At the meeting held on 28 April 2015, all members of the Remuneration Committee were present, at which, Mr. Fok and Dr. Lee participated the meeting via teleconference whilst Mr. Cheung Ka Sing, Cassian also attended the meeting to give a brief to the Remuneration Committee on the proposal for incentive payments.

Save for Mr. Ting, who was regarded as having material interest in the separation payment proposal and absent from attending the meeting, the other two members, Mr. Fok and Dr. Lee attended the meeting held on 21 September 2015. Mr. Cheung Ka Sing, Cassian also attended the meeting to give a brief on the separation payment proposal to the Remuneration Committee for consideration.

NOMINATION COMMITTEE

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. Mr. Wong, an INED, was its Chairman. Full details of the Nomination Committee, including its role and terms of reference, can be found on the Company's website at www.nextdigital.com.hk.

On 21 September 2015, the Nomination Committee held a meeting with all members present to consider and approve the resignation of Mr. Ting Ka Yu, Stephen as an ED of the Company as well as COO and CFO and the nomination of Mr. Chow Tat Kuen, Royston as an ED of the Company and CFO with effect from 1 January 2016.

CORPORATE GOVERNANCE

DIRECTORS' TRAINING AND CONTINUOUS DEVELOPMENT

Pursuant to CG Code provision A.6.5, Directors should participate in continuous professional development to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remained informed and relevant. As and when necessary, the Company will arrange and fund the seminar(s) for the Directors, placing an appropriate emphasis on the roles, functions and duties of a listed company director.

Details of training record for the Directors will be disclosed in the upcoming Company's 2015/2016 Annual Report.

INTERNAL CONTROLS

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

The audit for each control unit was completed in accordance with the internal audit plan during the six months ended 30 September 2015. RSM will issue a preliminary internal audit report to the Audit Committee and the Board for their consideration and comments in due course. This will include details of the findings that it identified and their possible impact, as well as recommendations to the management. The management's feedback, including action plans, will also be incorporated into the report's final version. Follow-up reviews of each control unit audit will also be conducted, and a report on these will review and summarise the status of the implementation of their action plans.

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

CORPORATE GOVERNANCE

INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS

The Company has established various channels for communicating with its Shareholders and investors. It disseminates information in a timely manner through the publication of press releases, formal announcements and corporate documents. The Company's general meetings also provide a forum for Board members and Shareholders to exchange opinions and ideas. The Company's AGM and EGM were held on 31 July 2015. All the resolutions tabled at the meetings were voted on by poll, and the result of each poll was published on the respective websites of the Stock Exchange and the Company after the closure of the respective general meetings.

Investors and Shareholders of the Company can obtain updated information about the Group via the Company's website at www.nextdigital.com.hk. They can also communicate directly with the Company by sending correspondence marked "For the attention of the Company Secretary" to the Company's registered office address, or via its designated investor relations e-mail account: ir@nextdigital.com.hk.

24

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

Please note that the Chinese and English versions of all future corporate communications will be available on request in printed form from the Company or the Share Registrar, as well as on the respective websites of the Company at www.nextdigital.com.hk or the Stock Exchange at www.hkexnews.hk.

SHAREHOLDER COMMUNICATION POLICY

In compliance with the CG Code, the Board established a shareholder communication policy to maintain an ongoing dialogue with the Shareholders and to review the policy regularly in order to ensure its effectiveness. Details of the policy can be found on the Company's website at www.nextdigital.com.hk.

CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS

The Shareholders' Guide has been posted on the Company's website at www.nextdigital.com.hk. It contains the following information:

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

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2015, the Company complied fully with the applicable provisions of the CG Code, except for Code provisions A.2.1, and A.6.7.

Following the resignation of Mr. Lai as the Chairman of the Group on 12 December 2014, Mr. Cheung Ka Sing, Cassian ("Mr. 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. 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.

Due to other business engagements, Mr. Ip Yut Kin, an ED; Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank; Dr. Lee Ka Yam, Danny and Dr. Bradley Jay Hamm (all being INEDs) did not attend both the AGM and EGM held on 31 July 2015. Mr. Cheung, the Interim Chairman, chaired the aforesaid meetings in accordance with the provisions of the Articles of Association of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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



LIFESTYLE





CORPORATE
INFORMATION

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@nextdigital.com.hk

WEBSITE

<http://www.nextdigital.com.hk>

▶ SPORTS



SHARE
INFORMATION



SHARE INFORMATION

As at 30 September 2015

Shareholders

Mr. Lai Chee Ying, Jimmy	73.48%
Directors other than Mr. Lai Chee Ying, Jimmy	1.37%
Others	25.15%

Issued Shares

2,431,316,881 Shares

Market Capitalisation

at HK\$0.55 per Share (closing price on 30 September 2015) HK\$1.34 billion

Stock Code

The Stock Exchange of Hong Kong Limited
Main Board 00282

Board Lot

2,000 Shares

Outstanding Share Options granted under the 2007 Share Option Scheme

Exercise price per Share	Number of Shares
HK\$1.000	45,000,000
HK\$1.050	9,284,000
HK\$1.420	5,000,000
Total	59,284,000

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

▶ FINANCE &
ECONOMICS





OTHER
INFORMATION



OTHER INFORMATION

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

As of 30 September 2015, the Directors and Chief Executive of the Company and their associates had the following interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (with the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Listing Rules:-

(a) Interests in the Company

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

Name of Director/ Chief Executive	Number of Shares				Interests in underlying Shares/equity derivatives	Total Shares	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
Cheung Ka Sing, Cassian	18,172,000	–	–	–	19,000,000 <i>(Note 1)</i> 5,000,000 <i>(Note 2)</i>	42,172,000	1.73
Ting Ka Yu, Stephen	90,314	–	–	–	3,118,000 <i>(Note 1)</i>	3,208,314	0.13
Ip Yut Kin	10,200,377	2,630,000	–	–	2,500,000 <i>(Note 1)</i>	15,330,377	0.63
Fok Kwong Hang, Terry	2,130,000 <i>(Note 3)</i>	–	–	–	510,000 <i>(Note 1)</i>	2,640,000	0.11
Wong Chi Hong, Frank	300,000 <i>(Note 4)</i>	–	–	–	510,000 <i>(Note 1)</i>	810,000	0.03
Lee Ka Yam, Danny	300,000 <i>(Note 4)</i>	–	–	–	510,000 <i>(Note 1)</i>	810,000	0.03
Bradley Jay Hamm	300,000 <i>(Note 5)</i>	–	–	–	510,000 <i>(Note 2)</i>	810,000	0.03

OTHER INFORMATION

(b) Interests in Associated Corporations

The table 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 of the Company:

ADPDL

Name of Director/ Chief Executive	Number of shares				Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
Ting Ka Yu, Stephen	108,344 <i>(Note 6)</i>	–	–	–	–	108,344	1.00
Ip Yut Kin	216,688 <i>(Note 6)</i>	–	–	–	–	216,688	2.00

nxTomo Ltd. (“nxTomo”)

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

OTHER INFORMATION

nxTomo Games Limited (“nxTomo Games”)

Name of Director/ Chief Executive	Number of shares				Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
Cheung Ka Sing, Cassian	–	–	–	–	50,000 (Note 8)	50,000	0.50

Notes:

- (1) These interests represented options granted under the 2007 Share Option Scheme of the Company to the Directors as beneficial owners.
- (2) These interests represented options granted under the 2014 Share Option Scheme of the Company to the Directors as beneficial owners.
- (3) These interests represent Shares of the Company beneficially held by the INED and the award shares subject to vesting conditions granted on 30 June 2014.
- (4) These interests represent the award shares subject to vesting conditions granted to the INEDs on 30 June 2014.
- (5) These interests represent the award shares subject to vesting conditions granted to the INED on 13 April 2015.
- (6) These interests represent shares of ADPDL issued upon the exercise of options granted under the 2007 ADPDL Share Option Scheme.
- (7) These interests represent options granted to under the 2013 nxTomo Share Option Scheme to the Director as a beneficial owner.
- (8) These interests represent options granted to under the 2008 nxTomo Games Share Option Scheme to the Director as a beneficial owner.

Apart from the details disclosed above and in the section headed “Discloseable Interests and Short Positions of Shareholders under the SFO” below, none of the Directors or the Chief Executive of the Company or their associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2015.

OTHER INFORMATION

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As of 30 September 2015, the following persons (other than a person who is a Director or Chief Executive of the Company) had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and so far as is known to any of the Directors or Chief Executives of the Company:

Name of Shareholder	Number of Shares/ underlying Shares held	Percentage of issued share capital
Lai Chee Ying, Jimmy	1,786,533,165	73.48
Li Wan Kam, Teresa	1,786,533,165 (Note)	73.48

Note:

These Shares represent the same total number of Shares held by Mr. Lai, Ms. Li Wan Kam, Teresa, is the spouse of Mr. Lai, and is deemed to be interested in these Shares.

Save as disclosed above, the Company had not been notified of any other person (other than the Directors or Chief Executives of the Company) who had an interest or a short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO and so far as is known to any of the Directors or Chief Executives of the Company as at 30 September 2015.

OTHER INFORMATION

SHARE INCENTIVE SCHEMES

(a) Share Option Schemes of the Company

(1) 2007 Share Option Scheme

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

Details of outstanding options granted under the 2007 Share Option Scheme as at 30 September 2015 are as follows:–

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2015	Granted during the period	Exercised during the period	Lapsed during the period	Balance as at 30.09.2015
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%)	11.12.2010 – 29.07.2017	1,618,000	–	–	–	1,618,000
			10.12.2012 (60%)						
			10.12.2013 (100%)						
24.01.2014	HK\$1.000	25.01.2015 (30%)	25.01.2014 – 29.07.2017	1,500,000	–	–	–	1,500,000	
		25.01.2016 (60%)							
		25.01.2017 (100%)							
Ip Yut Kin	24.01.2014	HK\$1.000	25.01.2015 (30%)	25.01.2014 – 29.07.2017	2,500,000	–	–	–	2,500,000
			25.01.2016 (60%)						
			25.01.2017 (100%)						
Fok Kwong Hang, Terry	10.12.2010	HK\$1.050	10.12.2011 (30%)	11.12.2010 – 29.07.2017	510,000	–	–	–	510,000
			10.12.2012 (60%)						
			10.12.2013 (100%)						
Wong Chi Hong, Frank	10.12.2010	HK\$1.050	10.12.2011 (30%)	11.12.2010 – 29.07.2017	510,000	–	–	–	510,000
			10.12.2012 (60%)						
			10.12.2013 (100%)						
Lee Ka Yam, Danny	10.12.2010	HK\$1.050	10.12.2011 (30%)	11.12.2010 – 29.07.2017	510,000	–	–	–	510,000
			10.12.2012 (60%)						
			10.12.2013 (100%)						

OTHER INFORMATION

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2015	Granted during the period	Exercised during the period	Lapsed during the period	Balance as at 30.09.2015
Employees									
In aggregate	10.12.2010	HK\$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010 – 29.07.2017	8,136,000	–	–	(3,000,000)	5,136,000
	08.07.2011	HK\$1.000	08.07.2012 (30%) 08.07.2013 (60%) 08.07.2014 (100%)	09.07.2011 – 29.07.2017	200,000	–	–	–	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	3,000,000	–	–	–	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	28,600,000	–	–	(4,800,000)	23,800,000
Total outstanding					67,084,000	–	–	(7,800,000)	59,284,000

Notes:

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

OTHER INFORMATION

(2) 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 with terms which are in compliance with the requirements under Chapter 17 of the Listing Rules.

The table below sets out the movements in options under the 2014 Share Option Scheme as at 30 September 2015:

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2015	Granted during the period	Cancelled during the period	Lapsed during the period	Balance as at 30.09.2015
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%) 06.10.2017 (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 granted, exercised, cancelled or lapsed under the 2014 Share Option Scheme during the six months ended 30 September 2015.

OTHER INFORMATION

(b) Hong Kong Subsidiary Share Option Schemes

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

Name of Hong Kong 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)	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 tables below set out movements in options granted under the Hong Kong Subsidiary Share Option Schemes during the six months ended 30 September 2015:

2007 ADPDL Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2015	Granted during the period	Lapsed during the period	Balance as at 30.09.2015
Employees	16.04.2014	HK\$0.01	16.04.2015 (30%) 16.04.2016 (60%) 16.04.2017 (100%)	17.04.2015 – 30.07.2017	105,000	–	–	105,000
Total outstanding					105,000	–	–	105,000

OTHER INFORMATION

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 01.04.2015	Granted during the period	Exercised during the period	Lapsed during the period	Balance as at 30.09.2015
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	440,000	–	(20,000)	–	420,000
	03.10.2014	HK\$0.01	03.10.2015 (100%)		04.10.2015 – 20.02.2018	205,000	–	–	(25,000)	180,000
	15.12.2014	HK\$0.01	15.12.2015 (100%)		16.12.2015 – 20.02.2018	10,000	–	–	–	10,000
Total outstanding						705,000	–	(20,000)	(25,000)	660,000

2013 nxTomo Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share		Vesting date (%)	Exercisable period	Balance as at 01.04.2015	Granted during the period	Lapsed during the period	Balance as at 30.09.2015
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	355,000	–	–	355,000
	03.10.2014	HK\$0.01	03.10.2015 (100%)		04.10.2015 – 14.06.2023	98,000	–	(50,000)	48,000
	27.01.2015	HK\$0.01	27.01.2016 (100%)		28.01.2016 – 14.06.2023	50,000	–	–	50,000
Total outstanding						553,000	–	(50,000)	503,000

Apart from the above movements in the abovementioned Hong Kong Subsidiary Share Option Schemes, no options were granted, exercised, lapsed or cancelled under the other Hong Kong Subsidiary Share Option Schemes during the six months ended 30 September 2015.

OTHER INFORMATION

The Company has used the Binomial Model to assess the fair values of the options granted under the Hong Kong Subsidiary Share Option Schemes and 2014 Share Option Scheme of the Company. This is an appropriate method for assessing the fair value of the options that can be exercised before the expiry of the option period. The fair value of the options granted under the aforesaid share option schemes was calculated as follows respectively:

Date of Grant	No. of options granted	Risk-free Rate	Expected life (years)	Expected Volatility	Expected dividend yield	Fair value per option (HK\$)
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
2014 Share Option Scheme						
06.10.2014	1,500,000	2.065%	9.82	49.745%	0%	0.397 – 0.419
27.01.2015	500,000	1.484%	9.51	49.658%	1.879%	0.310 – 0.321
02.02.2015	5,000,000	1.291%	9.50	49.682%	1.879%	0.316
02.03.2015	510,000	1.586%	9.42	49.830%	1.879%	0.342 – 0.355

The fair value per option granted under the aforesaid respective Hong Kong Subsidiary Share Option Schemes and 2007 and 2014 Share Option Schemes of the Company is an averaged fair value of such option. The Group recognised an expense of HK\$7,726,000 in the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2015 in respect of the aggregate fair value of the options granted under the above Share Option Schemes.

OTHER INFORMATION

SHARE SUBSCRIPTION AND FINANCING PLAN

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

Invitations for subscription issued under the Subscription Plan were all lapsed during the year ended 31 March 2013. No invitations for subscriptions under the Subscription Plan were issued, subscribed for or cancelled during the period ended 30 September 2015. As at 30 September 2015, there were no outstanding invitations for subscription under the Subscription Plan.

SHARES AWARD TO DIRECTORS

The Company on 30 June 2014 has conditionally awarded a total of 930,000 new Shares (the “2014 Award Shares”) to the three INEDs, namely, Mr. Fok Kwong Hang, Terry (“Mr. Fok”) as to 330,000 Shares, Mr. Wong Chi Hong, Frank (“Mr. Wong”) as to 300,000 Shares and Dr. Lee Ka Yam, Danny (“Dr. Lee”) as to 300,000 Shares subject to the issuing terms and vesting conditions as stipulated in the offer letters dated 30 June 2014 issued to them, the 2014 Award Shares constituted connected transactions for the Company which were approved by the independent Shareholders at the EGM duly held on 31 July 2014. The Stock Exchange has granted the listing of and permission to deal in the 2014 Award Shares. Pursuant to the terms and vesting conditions, the first tranche of the 2014 Award Shares in a total of 310,000 Shares have been allotted to the three INEDs on 30 June 2015, Mr. Fok as to 110,000 Shares, Mr. Wong as to 100,000 Shares and Dr. Lee as to 100,000 Shares.

On 13 April 2015, the Company has awarded 300,000 new Shares (the “2015 Award Shares”) to Dr. Bradley Jay Hamm (“Dr. Hamm”), an INED, subject to the issuing terms and vesting conditions as stipulated in the offer letter dated 13 April 2015 issued to him.

OTHER INFORMATION

The vesting dates of the 2015 Award Shares are as follows:

No. of Award Shares to be vested	Vesting Date
100,000	13 April 2016
100,000	13 April 2017
100,000	13 April 2018

Since Dr. Hamm is a connected person of the Company, the 2015 Award Shares is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The ordinary resolution approving the 2015 Award Shares to Dr. Hamm has been approved by the independent Shareholders at the EGM duly held on 31 July 2015. The Stock Exchange has also granted the listing of and permission to deal in the 2015 Award Shares.

48

The Company has used the Binomial Model to assess the fair value of such Award Shares granted to the INEDs as aforesaid. For the period ended 30 September 2015, the Group recognised a total expense of HK\$234,000 (for the period ended 30 September 2014: HK\$123,000) for such Award Shares.

Details of such Award Shares are disclosed in note 19c to the Interim Financial Statements.

CONNECTED TRANSACTION

On 13 April 2015, the Company announced that it has conditionally awarded the 2015 Award Shares, being 300,000 Shares, to Dr. Hamm, an INED, 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 2015 Award Shares has been sought from the EGM duly held on 31 July 2015.

OTHER INFORMATION

CONTINUING CONNECTED TRANSACTIONS

During the period, subsidiaries of the Company have entered into transactions which constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

On 15 September 2015, NMBL entered into the Termination Agreement to terminate the existing lease agreement dated 31 July 2013 with the Taiwan Branch of NMA, with effect from 16 September 2015. NMBL, on the same date, has also entered into the new lease agreement with the Taiwan Branch of NMA, pursuant to which, NMBL agreed to lease the properties located at 3/F., 4/F., 5/F., 6/F. and 9/F., No. 39, Lane 141, Xingai Road, Neihu District, Taipei City, Taiwan at a monthly rental of NT\$1,428,000 (inclusive of tax) (equivalent to HK\$340,000) to the Taiwan Branch of NMA for a term commencing from 16 September 2015 to 31 March 2018 (both days inclusive). The Taiwan Branch of NMA has paid a deposit of NT\$4,284,000 (inclusive of tax) (equivalent to HK\$1,020,000) as guarantee of its performance of obligations under the new lease agreement. Such deposit will be refunded to the Taiwan Branch of NMA without interest upon expiry or termination of the new lease agreement.

The table below sets out the maximum cap for the annual rental payable by the Taiwan Branch of NMA for each of the periods of the new lease agreement:

Period	Annual Cap
From 16 September 2015 to 31 March 2016 (both days inclusive)	NT\$9,282,000 (equivalent to HK\$2,210,000)
From 1 April 2016 to 31 March 2017 (both days inclusive)	NT\$17,136,000 (equivalent to HK\$4,081,000)
From 1 April 2017 to 31 March 2018 (both days inclusive)	NT\$17,136,000 (equivalent to HK\$4,081,000)

OTHER INFORMATION

The total rental of NT\$714,000 (equivalent to HK\$170,000) was paid by the Taiwan Branch of NMA in respect of the period from 16 September 2015 to 30 September 2015 (both days inclusive) to NMBL under the new lease agreement.

On 22 September 2015, Next Mobile Limited, a wholly owned subsidiary of the Company, has entered into a consultancy agreement with Mr. Lai, the controlling Shareholder and a former ED of the Company, for a period of three years commencing from 1 October 2015 in respect of the engagement of Mr. Lai as a corporate strategic advisor to the Group to give advice on the overall strategic direction of the Group with a particular focus on digital business at a nominal fee of HK\$1.00 for the entire consultancy period. Each party may terminate the consultancy agreement at any time during the consultancy period by giving three month's written notice to the other party. Mr. Lai, a controlling Shareholder of the Company and a former ED, who has resigned on 12 December 2014, 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. Since the consideration for the consultancy agreement fell under the category of de minimis transaction and it is fully exempt from independent Shareholders' approval, annual review and all disclosure requirements under the Listing Rules.

50

Details of the continuing connected transactions are set out in the note 22 to the Interim Financial Statements.

RELATED-PARTY TRANSACTIONS

During the period, the Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles, details of which are set out in note 22 to the Interim Financial Statements. These mainly concerned contracts entered into by the Group in the ordinary course of business. These contracts were negotiated on normal commercial terms and on an arm's length basis with reference to prevailing market conditions.

Save as disclosed above and note 22 to the Interim Financial Statements, no other contract of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries were entered into or existed during the period.

OTHER INFORMATION

CHANGE OF COMPANY NAME, STOCK SHORT NAME AND WEBSITE

As announced on 29 July 2015, the Company has proposed to change its English name from “Next Media Limited ” to “Next Digital Limited” whilst its Chinese name “壹傳媒有限公司” remained unchanged in order to reflect the strategic move of the Group’s business focus towards digital business and align with its business nature and growth objectives. The proposed change of the Company name is subject to the following conditions:

- (i) The passing of a special resolution by the Shareholders of the Company at the EGM to approve the change of the Company name; and
- (ii) The Registrar of Companies of Hong Kong granting the approval for the change of the Company name.

At the EGM duly held on 5 October 2015, the Shareholders of the Company approved the special resolution on the change of the Company name and the Registrar of Companies of Hong Kong issued the Certificate of Change of Name on 20 October 2015. Accordingly, the name of the Company has been changed from “Next Media Limited” to “Next Digital Limited” with effect from 20 October 2015.

With effect from 9:00 a.m. on 29 October 2015, the stock short name for trading in the Shares on the Stock Exchange has changed from “Next Media” to “Next Digital” in English and remained unchanged as “壹傳媒” in Chinese.

The website of the Company has also changed from www.nextmedia.com to www.nextdigital.com.hk with effect from 29 October 2015.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the percentage of the Shares in the public’s hands exceed 25.0% as at 30 September 2015, the latest practicable date to ascertain such information prior to the issue of this interim report.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 September 2015.

On behalf of the Board

Cassian Cheung

Interim Chairman

Hong Kong, 16 November 2015

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF NEXT DIGITAL LIMITED

壹傳媒有限公司

(FORMERLY KNOWN AS NEXT MEDIA LIMITED

壹傳媒有限公司)

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Next Digital Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 55 to 95, which comprise the condensed consolidated statement of financial position as of 30 September 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

16 November 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	NOTES	Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	3	1,251,646	1,570,498
Production costs			
Cost of raw materials consumed		(227,902)	(307,401)
Other overheads		(190,564)	(200,541)
Staff costs		(398,725)	(419,247)
Personnel costs excluding direct production staff costs		(284,713)	(296,320)
Other income	3	20,120	24,007
Net exchange gain		2,273	11,041
Allowance for bad and doubtful debts		(9,054)	(7,508)
Depreciation of property, plant and equipment		(52,560)	(59,457)
Release of prepaid lease payments		(900)	(899)
Other expenses		(132,051)	(171,105)
Impairment loss recognised in respect of intangible assets	10	(96,928)	–
Finance costs	5	(5,125)	(7,310)
(Loss) profit before tax		(124,483)	135,758
Income tax credit (expense)	6	1,699	(29,266)
(Loss) profit for the period	7	(122,784)	106,492
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		(52,650)	(6,820)
Total comprehensive (loss) income for the period		(175,434)	99,672

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

		Six months ended 30 September	
		2015	2014
	NOTE	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
<hr/>			
(Loss) profit for the period attributable to:			
Owners of the Company		(123,479)	104,300
Non-controlling interests		695	2,192
		(122,784)	106,492
<hr/>			
Total comprehensive (loss) income attributable to:			
Owners of the Company		(174,884)	97,749
Non-controlling interests		(550)	1,923
		(175,434)	99,672
<hr/>			
(Loss) earnings per share			
Basic	9	(HK5.1 cents)	HK4.3 cents
Diluted		(HK5.1 cents)	HK4.3 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	NOTES	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
NON-CURRENT ASSETS			
Intangible assets	10	1,203,953	1,300,881
Property, plant and equipment	11	1,118,197	1,211,520
Prepaid lease payments	12	55,264	56,164
Deposit for acquisition of property, plant and equipment		5,716	3,568
		2,383,130	2,572,133
CURRENT ASSETS			
Inventories		110,940	115,444
Trade and other receivables	13	579,972	610,226
Prepaid lease payments	12	1,797	1,797
Tax recoverable		18,062	21,139
Restricted bank balances	14	1,500	1,500
Amounts due from related parties		2,000	2,565
Bank balances and cash		440,607	499,846
		1,154,878	1,252,517
CURRENT LIABILITIES			
Trade and other payables	15	466,165	436,223
Deferred revenue		4,218	11,680
Borrowings	16	74,668	78,461
Provisions	17	98,202	105,844
Tax liabilities		3,614	12,562
		646,867	644,770
NET CURRENT ASSETS		508,011	607,747
TOTAL ASSETS LESS CURRENT LIABILITIES		2,891,141	3,179,880

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	NOTES	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
NON-CURRENT LIABILITIES			
Borrowings	16	255,115	307,303
Retirement benefits plans		81,700	85,429
Deferred tax liabilities		256,222	272,917
		593,037	665,649
NET ASSETS			
		2,298,104	2,514,231
CAPITAL AND RESERVES			
Share capital	18	2,435,010	2,434,747
Reserves		(185,478)	33,252
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
NON-CONTROLLING INTERESTS		48,572	46,232
TOTAL EQUITY			
		2,298,104	2,514,231

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to owners of the Company				Attributable to non-controlling interests				Total HK\$'000
	Share capital HK\$'000	Translation reserve HK\$'000	Share-based payment reserve HK\$'000	Accumulated (losses) profits HK\$'000	Subtotal HK\$'000	Share-based payment reserve of subsidiaries HK\$'000	Share of net assets of subsidiaries HK\$'000	Subtotal HK\$'000	
At 31 March 2014 (audited)	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	-	(6,551)	-	-	(6,551)	-	(269)	(269)	(6,820)
Profit for the period	-	-	-	104,300	104,300	-	2,192	2,192	106,492
Total comprehensive (expenses) income for the period	-	(6,551)	-	104,300	97,749	-	1,923	1,923	99,672
Recognition of equity-settled share-based payments	-	-	4,323	-	4,323	3,253	-	3,253	7,576
Lapse of share options	-	-	(579)	872	293	(293)	-	(293)	-
Payment of dividend (note 8)	-	-	-	(160,446)	(160,446)	-	-	-	(160,446)
Capital reduction (note 18)	(924,962)	-	-	924,962	-	-	-	-	-
At 30 September 2014 (unaudited)	2,434,747	(50,893)	14,677	99,788	2,498,319	4,430	34,234	38,664	2,536,983
Exchange differences on translating foreign operations	-	(36,286)	-	-	(36,286)	-	(763)	(763)	(37,049)
Profit for the period	-	-	-	60,000	60,000	-	2,146	2,146	62,146
Actuarial loss on deferred benefits liabilities, net of tax	-	-	-	(21,591)	(21,591)	-	(907)	(907)	(22,498)
Total comprehensive (expenses) income for the period	-	(36,286)	-	38,409	2,123	-	476	476	2,599
Payment of dividend (note 8)	-	-	-	(36,466)	(36,466)	-	-	-	(36,466)
Exercise of share options	-	-	3,990	-	3,990	7,152	-	7,152	11,142
Recognition of equity-settled share-based payments	-	-	-	-	-	(60)	60	-	-
Lapse of share options	-	-	(1,147)	1,147	-	-	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-	33	33	-	(60)	(60)	(27)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to owners of the Company				Attributable to non-controlling interests				
	Share capital	Translation reserve	Share-based payment reserve	Accumulated (losses) profits	Subtotal	Share-based payment reserve of subsidiaries	Share of net assets of subsidiaries	Subtotal	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March 2015 (audited)	2,434,747	(87,179)	17,520	102,911	2,467,999	11,522	34,710	46,232	2,514,231
Exchange differences on translating foreign operations	-	(51,405)	-	-	(51,405)	-	(1,245)	(1,245)	(52,650)
(Loss) profit for the period	-	-	-	(123,479)	(123,479)	-	695	695	(122,784)
Total comprehensive expenses for the period	-	(51,405)	-	(123,479)	(174,884)	-	(550)	(550)	(175,434)
Payment of dividend (note 8)	-	-	-	(48,626)	(48,626)	-	-	-	(48,626)
Recognition of equity-settled share-based payments	-	-	2,960	-	2,960	5,000	-	5,000	7,960
Issue of ordinary shares in relation to award of new shares (note 18)	263	-	(263)	-	-	-	-	-	-
Lapse of share options	-	-	(2,161)	4,211	2,050	(2,050)	-	(2,050)	-
Exercise of share options (Note)	-	-	-	-	-	(60)	60	-	-
Acquisition of additional interest in a subsidiary (Note)	-	-	-	33	33	-	(60)	(60)	(27)
At 30 September 2015 (unaudited)	2,435,010	(138,584)	18,056	(64,950)	2,249,532	14,412	34,160	48,572	2,298,104

Note: During the current interim period, 20,000 shares were exercised under the 2008 Share Option Scheme of nxTomo Games Limited (note 19b), with fair value of HK\$3.01 per option at the grant date. As a result, the Group's equity interest in nxTomo Games Limited was changed from 100% to 99.8%. On 7 August 2015, 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
OPERATING ACTIVITIES		
(Loss) profit for the period	(122,784)	106,492
Adjustments for:		
Income tax (credit) expense	(1,699)	29,266
Finance costs	5,125	7,310
Interest income	(733)	(996)
Impairment loss recognised in respect of intangible assets (note 10)	96,928	–
Allowance for bad and doubtful debts	9,054	7,508
Share-based payment expense	7,960	7,576
Depreciation of property, plant and equipment	52,560	59,457
Release of prepaid lease payments	900	899
Loss on disposal of property, plant and equipment	46	775
Operating cash flows before movements in working capital	47,357	218,287
Decrease in inventories	1,586	2,214
Decrease (increase) in trade and other receivables	9,769	(98,795)
Decrease (increase) in amounts due from related parties	565	(738)
Increase in trade and other payables	36,669	82,697
Increase (decrease) in retirement benefits plans	400	(531)
(Decrease) increase in provision for litigation	(6,603)	7,887
(Decrease) increase in deferred revenue	(7,462)	3,543
Net cash from operations	82,281	214,564
Income tax paid	(20,698)	(34,208)
NET CASH FROM OPERATING ACTIVITIES	61,583	180,356

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
INVESTING ACTIVITIES		
Deposit for acquisition of property, plant and equipment	(5,802)	(12,054)
Purchases of property, plant and equipment	(7,995)	(16,134)
Interest received	733	996
Proceeds from disposal of property, plant and equipment	336	630
NET CASH USED IN INVESTING ACTIVITIES	(12,728)	(26,562)
FINANCING ACTIVITIES		
Repayments of bank borrowings	(37,334)	(224,162)
Dividends paid	(48,626)	(160,446)
Interest paid	(5,125)	(7,310)
Acquisition of additional interest in a subsidiary	(27)	–
Withdrawal of restricted bank balance	–	3,315
NET CASH USED IN FINANCING ACTIVITIES	(91,112)	(388,603)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(42,257)	(234,809)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	499,846	755,442
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(16,982)	(8,221)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	440,607	512,412

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

1. BASIS OF PREPARATION

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

Pursuant to a special resolution passed on 5 October 2015 and the Certificate of Change of Name issued by the Registrar of Companies of Hong Kong on 20 October 2015, the Company changed its name to Next Digital Limited (壹傳媒有限公司) with effect from 20 October 2015.

The financial information relating to the year ended 31 March 2015 that is included in the Half-year Interim Report 2015 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2015.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

64

Amendments to HKAS 19
Amendments to HKFRSs
Amendments to HKFRSs

Defined Benefit Plans: Employee Contributions
Annual Improvements to HKFRSs 2010 – 2012 Cycle
Annual Improvements to HKFRSs 2011 – 2013 Cycle

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

3. REVENUE AND OTHER INCOME

The Group's 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 contents and development of mobile games and apps.

Revenue recognised during the period is as follows:

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue		
Sales of newspapers	215,561	272,165
Sales of books and magazines	52,383	73,085
Newspapers advertising income	375,744	544,428
Books and magazines advertising income	185,742	268,799
Printing and reprographic services income	95,284	78,889
Internet advertising income, content provision and development of mobile games and apps ("Digital businesses")	326,932	333,132
	1,251,646	1,570,498
Other income		
Sales of waste materials	4,754	7,021
Interest income on bank deposits	733	996
Rental income	10,235	10,545
Others	4,398	5,445
	20,120	24,007
Total	1,271,766	1,594,505

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. SEGMENT INFORMATION

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

Specifically, the Group's reportable and operating segments 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, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. SEGMENT INFORMATION (CONTINUED)

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

Six months ended 30 September 2015 (unaudited)

	Newsletters 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	650,570	274,144	326,932	–	1,251,646
Inter-segment sales	112,299	3,905	–	(116,204)	–
Total	762,869	278,049	326,932	(116,204)	1,251,646
Segment results	19,051	(164,879)	25,456	–	(120,372)
Unallocated expenses					(14,352)
Unallocated income					15,366
Finance costs					(5,125)
Loss before tax					(124,483)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 September 2014 (unaudited)

	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	852,429	384,937	333,132	–	1,570,498
Inter-segment sales	94,561	4,453	39	(99,053)	–
Total	946,990	389,390	333,171	(99,053)	1,570,498
Segment results	108,171	(4,567)	40,246	–	143,850
Unallocated expenses					(17,769)
Unallocated income					16,987
Finance costs					(7,310)
Profit before tax					135,758

Segment result represents the profit earned (loss incurred) by each segment without the allocation of income 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 the CODM for the purpose of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. SEGMENT INFORMATION (CONTINUED)

As at 30 September 2015 (unaudited)

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Digital businesses HK\$'000	Consolidated HK\$'000
Segment assets	1,956,089	671,464	446,081	3,073,634
Unallocated assets				464,374
Total assets				3,538,008
Segment liabilities	(338,040)	(254,581)	(75,471)	(668,092)
Unallocated liabilities				(571,812)
Total liabilities				(1,239,904)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. SEGMENT INFORMATION (CONTINUED)

As at 31 March 2015 (audited)

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Digital businesses 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)

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

- all assets are allocated to operating segments other than 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. SEGMENT INFORMATION (CONTINUED)

Other segment information

For the six months ended 30 September 2015 (unaudited)

	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	4,918	4,056	4,737	–	13,711
Depreciation of property, plant and equipment	30,917	11,212	8,502	1,929	52,560
Impairment loss recognised in respect of intangible assets	–	96,928	–	–	96,928
Release of prepaid lease payments	497	–	–	403	900
Allowance for bad and doubtful debts	5,699	1,941	1,414	–	9,054
Share-based payment expense	1,281	–	3,719	2,960	7,960
Loss (gain) on disposal of property, plant and equipment	18	33	(5)	–	46

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. SEGMENT INFORMATION (CONTINUED)

Other segment information (continued)

For the six months ended 30 September 2014 (unaudited)

	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	9,757	5,499	12,368	567	28,191
Depreciation of property, plant and equipment	38,592	12,752	6,193	1,920	59,457
Release of prepaid lease payments	496	–	–	403	899
Allowance for bad and doubtful debts	3,872	2,441	1,195	–	7,508
Share-based payment expense	2,050	–	1,203	4,323	7,576
Loss (gain) on disposal of property, plant and equipment	1,130	(368)	13	–	775

72

5. FINANCE COSTS

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expenses on bank borrowings:		
– wholly repayable within five years	5,125	1,063
– not wholly repayable within five years	–	6,247
	5,125	7,310

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

6. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Current tax:		
Hong Kong	12,339	13,547
Taiwan	3,126	11,881
Underprovision in prior period	–	3,074
	15,465	28,502
Deferred tax:		
(Credit) charge for the period	(17,164)	764
	(1,699)	29,266

Hong Kong Profits Tax is recognised based on management's best estimate of the average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% (2014: 16.5%) for the six months ended 30 September 2015.

Taiwan Income Tax is recognised based on management's best estimate of the average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 17% (2014: 17%) which is the rate prevailing in the relevant jurisdiction.

The deferred tax credit mainly related to the tax effect of temporary difference between the tax base of certain assets and liabilities and the carrying value of the assets and liabilities. During the current interim period, a deferred tax credit of approximately HK\$16,644,000 was credited to profit or loss as a result of the impairment of intangible asset (see note 10).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

7. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit for the period has been arrived at after charging:		
Auditor's remuneration	630	630
Operating lease expenses on:		
Properties	1,841	3,247
Plant and equipment	8,776	9,161
Loss on disposal of property, plant and equipment (included in other expenses)	46	775
Provision for litigation expenses (<i>note 17</i>) (included in other expenses)	16,444	20,044
Share-based payment expense (included in personnel costs)	7,960	7,576

8. DIVIDENDS

No interim dividend was proposed during the current interim period, nor has any dividend been proposed since the end of the reporting period.

The directors of the Company have declared an interim dividend of HK1.5 cents per share for the six months ended 30 September 2014, a special dividend of HK6.6 cents per share and a final dividend of HK2.0 cents per share for the year ended 31 March 2015, amounting to HK\$36.5 million, HK\$160.4 million and HK\$48.6 million, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

9. (LOSS) EARNINGS PER SHARE

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

(Loss) earnings

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit for the purposes of basic and diluted (loss) earnings per share for the period attributable to the owners of the Company	(123,479)	104,300

Number of shares

	Six months ended 30 September	
	2015	2014
	No. of shares	No. of shares
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	2,431,316,881	2,431,006,881

The computation of diluted loss per share for the six months ended 30 September 2015 does not assume the exercise of the Company's outstanding share options and award shares (the "Award Shares") since the exercise would result in a decrease in loss per share for the period ended 30 September 2015.

The computation of diluted earnings per share for the six months ended 30 September 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 period ended 30 September 2014.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

10. INTANGIBLE ASSETS

	Masthead and publishing rights
	HK\$'000
<hr/>	
COST	
1 April 2015 (audited) and 30 September 2015 (unaudited)	1,482,799
<hr/>	
ACCUMULATED IMPAIRMENT	
At 1 April 2015 (audited)	181,918
Impairment loss recognised for the period (<i>Note</i>)	96,928
<hr/>	
At 30 September 2015 (unaudited)	278,846
<hr/>	
CARRYING VALUES	
At 30 September 2015 (unaudited)	1,203,953
<hr/>	
At 31 March 2015 (audited)	1,300,881
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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.

Note: On 8 August 2015, the magazine, *Sudden Weekly*, ceased to be published. The directors of the Company considered that no future economic benefits was expected to be generated by the masthead of *Sudden Weekly* with carrying amount of HK\$96,928,000, therefore such intangible asset was fully impaired.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

11. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
COST	
At 1 April 2015 (audited)	2,778,801
Exchange difference	(81,582)
Additions	11,563
Disposals	(13,056)
At 30 September 2015 (unaudited)	2,695,726
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
At 1 April 2015 (audited)	1,567,281
Exchange difference	(29,638)
Charge for the period	52,560
Eliminated on disposals	(12,674)
At 30 September 2015 (unaudited)	1,577,529
CARRYING VALUES	
At 30 September 2015 (unaudited)	1,118,197
At 31 March 2015 (audited)	1,211,520

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

12. PREPAID LEASE PAYMENTS

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

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Analysed for reporting purposes as:		
Current asset	1,797	1,797
Non-current asset	55,264	56,164
	57,061	57,961

78

13. TRADE AND OTHER RECEIVABLES

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Trade receivables	562,546	599,268
Less: allowance for doubtful debts	(85,214)	(76,851)
	477,332	522,417
Prepayments	56,548	58,678
Rental and other deposits	16,274	15,284
Others	29,818	13,847
Total trade and other receivables	579,972	610,226

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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:

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
0 – 1 month	195,824	280,821
1 – 3 months	162,535	174,407
3 – 4 months	56,722	39,899
Over 4 months	62,251	27,290
	477,332	522,417

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK\$62,251,000 (31 March 2015: HK\$27,290,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the directors of the Company assessed that the balances will be recovered based on their settlement records.

The following is an aged analysis of trade receivables which are past due but not impaired:

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Over 4 months	62,251	27,290

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
At 1 April (audited)	76,851	96,667
Impairment loss recognised	9,054	7,508
Exchange difference	(563)	48
Amounts written off as uncollectible	(128)	(116)
At 30 September (unaudited)	85,214	104,107

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$85,214,000 (31 March 2015: HK\$76,851,000) which have delayed payments with poor settlement record. The Group does not hold any collateral over these balances.

14. RESTRICTED BANK BALANCES

As at 30 September 2015, bank balance amounting to HK\$1,500,000 (31 March 2015: HK\$1,500,000) 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 0.20% per annum for the period (31 March 2015: 0.60% per annum for the year).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

15. TRADE AND OTHER PAYABLES

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Trade payables	70,903	81,635
Accrued staff costs	223,222	187,766
Accrued charges	92,686	83,652
Other payables	79,354	83,170
	466,165	436,223

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

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
0 – 1 month	41,256	56,228
1 – 3 months	25,915	22,105
Over 3 months	3,732	3,302
	70,903	81,635

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

16. BORROWINGS

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
An analysis of the secured bank loans of the Group is as follows:		
Carrying amount repayable		
– on demand or within one year	74,668	78,461
– in the second year	74,668	78,461
– in the third year	74,668	78,461
– in the fourth year	74,668	78,461
– in the fifth year	31,111	71,920
	329,783	385,764
Less: Amount due within one year or on demand shown under current liabilities	(74,668)	(78,461)
Non-current portion	255,115	307,303

Notes:

- (i) During the current interim period, the Group repaid bank loans amounting to HK\$37,334,000 (six months ended 30 September 2014: HK\$224,162,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

16. BORROWINGS (CONTINUED)

Notes: (continued)

- (ii) At 30 September 2015, bank loans balance of HK\$329,783,000 carry interest at Post Office 2-year Deposit rate in Taiwan plus 1.4275% per annum. At 31 March 2015, bank loans balance of HK\$385,764,000 carry interests at Post Office 2-year Deposit rate in Taiwan plus 1.4275% per annum.

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.80% per annum for the period (31 March 2015: 2.80% per annum for the year).

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

- (iii) At 30 September 2015, the Group's utilised and unutilised banking facilities were secured by certain of the Group's freehold land and buildings with an aggregate carrying value of HK\$413,620,000 (31 March 2015: HK\$455,671,000).

17. PROVISIONS

	Litigations
	HK\$'000
At 1 April 2015 (audited)	105,844
Additional provision during the period	16,444
Payment during the period	(23,047)
Exchange difference	(1,039)
At 30 September 2015 (unaudited)	98,202

As at 30 September 2015, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

17. PROVISIONS (CONTINUED)

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 and concluded on 29 August 2015, however the Trial Judge reserved the judgment. It is not known when judgment will be given.

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

84

18. SHARE CAPITAL

	Number of shares		Share capital	
	30 September 2015	31 March 2015	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Issued and fully paid:				
At beginning of period/year	2,431,006,881	2,431,006,881	2,434,747	3,359,709
Issue of ordinary shares in relation to award of new shares (<i>note 19c</i>)	310,000	–	263	–
Capital reduction (<i>Note</i>)	–	–	–	(924,962)
At end of the period/year	2,431,316,881	2,431,006,881	2,435,010	2,434,747

Note: 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

19. 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, 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.

(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.

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

	Number of options
At 1 April 2015	67,084,000
Lapsed during the period	(7,800,000)
At 30 September 2015	59,284,000

Except for the above, during the current interim period, no options were granted, exercised, lapsed or cancelled under the share option schemes adopted by the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

19. SHARE INCENTIVE SCHEMES (CONTINUED)

(b) Share Option Schemes adopted by certain subsidiaries

On 30 July 2007, each of Apple Daily Publication Development Limited (“ADPDL”) and Next Media Publishing Limited (“NMPL”) adopted a share option scheme (the “2007 Subsidiary Share Option Schemes”). On 20 February 2008, each of Next Media Distribution Limited (“NMDL”) and nxTomo Games Limited (“nxTomo Games”) adopted a share option scheme (the “2008 Subsidiary Share Option Schemes”). On 12 June 2009, Aim High Investments Limited (“AHIL”) adopted a share option scheme (the “2009 AHIL Share Option Scheme”). On 20 March 2012, each of Anyplex Company Limited (“Anyplex”), Next Mobile Limited (“Next Mobile”), Next E-Shopping Limited (“Next E-Shopping”) and Sharp Daily Limited (“Sharp Daily”) adopted a share option scheme (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 full-time 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, 2009 AHIL Share Option Scheme, the 2012 Subsidiary Share Option Schemes and the 2013 nxTomo Share Option Scheme and any other share option schemes of the Hong Kong Subsidiaries is limited to 30% of the respective subsidiaries’ shares in issue from time to time.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

19. SHARE INCENTIVE SCHEMES (CONTINUED)

(b) Share Option Schemes adopted by certain subsidiaries (continued)

- (i) Movements in the number of options granted pursuant to the 2008 Subsidiary Share Option Schemes during the period are as follows:

	Number of options nxTomo Games
At 1 April 2015	705,000
Exercised during the period	(20,000)
Lapsed during the period	(25,000)
At 30 September 2015	660,000

- (ii) Movements in the number of options granted pursuant to the 2013 nxTomo Share Option Scheme during the period are as follows:

	Number of options nxTomo
At 1 April 2015	553,000
Lapsed during the period	(50,000)
At 30 September 2015	503,000

Except for the above, during the current interim period, no options were granted, exercised, lapsed or cancelled under the share option schemes adopted by the subsidiaries of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

19. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Award of new shares to directors of the Company

The Company has on 30 June 2014 and 13 April 2015 (the "Award Dates") conditionally awarded a total of 930,000 Award Shares and 300,000 new Award Shares to the three independent non-executive directors and one independent non-executive director ("INEDs") respectively subject to the vesting conditions below:

Name of INED	Award Dates	No. of Award Shares	Vesting Date/ No. of Award Shares
Fok Kwong Hang, Terry ("Mr. Fok")	30 June 2014	330,000	30 June 2015/110,000 30 June 2016/110,000 30 June 2017/110,000
Wong Chi Hong, Frank ("Mr. Wong")	30 June 2014	300,000	30 June 2015/100,000 30 June 2016/100,000 30 June 2017/100,000
Lee Ka Yam, Danny ("Dr. Lee")	30 June 2014	300,000	30 June 2015/100,000 30 June 2016/100,000 30 June 2017/100,000
Bradley Jay Hamm ("Dr. Hamm")	13 April 2015	300,000	13 April 2016/100,000 13 April 2017/100,000 13 April 2018/100,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

19. SHARE INCENTIVE SCHEMES (CONTINUED)

(c) Award of new shares to directors of the Company (continued)

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. On 30 June 2015, the first tranche of 310,000 Shares has been allotted to the three INEDs, Mr. Fok as to 110,000 Shares, Mr. Wong as to 100,000 Shares and Dr. Lee as to 100,000 Shares.

On 13 April 2015, the Company has awarded 300,000 new Shares to Dr. Hamm, an INED, subject to the issuing terms and vesting conditions as stipulated in the offer letter dated 13 April 2015 issued to him.

Since Dr. Hamm is a connected person 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 resolution approving the issue of the Award Shares to Dr. Hamm has been approved by the independent shareholders at an extraordinary general meeting duly held on 31 July 2015. The Hong Kong Stock Exchange has also granted the listing of and permission to deal in the Award Shares.

During the current interim period, the estimated fair value of the 300,000 Award Shares on the 13 April 2015 was HK\$203,000.

The Group recognised a total expenses of HK\$7,960,000 for the six months ended 30 September 2015 (30 September 2014: HK\$7,576,000) in relation to options granted under the share option schemes and the Award Shares of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

20. CONTINGENT LIABILITIES AND GUARANTEES

(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 Chee Ying, Jimmy (“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 of the Company are of the opinion that it is unlikely that the Group would have any liability if UDL pursues its various claims to their ultimate conclusion.

The directors of the Company 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 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 newspapers 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

20. CONTINGENT LIABILITIES AND GUARANTEES (CONTINUED)

(c) Guarantees given

As at 30 September 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\$339,783,000 (31 March 2015: HK\$395,764,000), HK\$335,623,000 (31 March 2015: HK\$391,604,000) 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.

21. COMMITMENTS

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

	30 September	31 March
	2015	2015
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Authorised but not contracted for	908	56
Contracted but not provided for	19,589	5,539
	20,497	5,595

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

21. COMMITMENTS (CONTINUED)

(b) Commitments under operating leases

The Group as lessee

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

	30 September 2015			31 March 2015		
	Properties HK\$'000 (unaudited)	Plant and equipment HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	Properties HK\$'000 (audited)	Plant and equipment HK\$'000 (audited)	Total HK\$'000 (audited)
Within one year	2,079	14,630	16,709	2,363	10,298	12,661
In the second to fifth years inclusive	803	14,671	15,474	983	2,964	3,947
	2,882	29,301	32,183	3,346	13,262	16,608

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

21. COMMITMENTS (CONTINUED)

(b) Commitments under operating leases (continued)

The Group as lessor

Rental income earned during the period was HK\$10,235,000 (2014: HK\$10,545,000).

At the end of reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	30 September 2015 HK\$'000 (unaudited)	31 March 2015 HK\$'000 (audited)
Within one year	17,698	19,664
In the second to fifth years inclusive	57,480	54,568
	75,178	74,232

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

22. RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel

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

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Short-term benefits	12,540	12,583
Share-based payments	1,936	1,564
	14,476	14,147

(b) Related party transactions

Nature of transaction	Name of related company/person	Relationship with the Group	Six months ended 30 September	
			2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Office rental received by the Group (note i)	Next Media Animation Limited – Taiwan Branch	100% beneficially owned by Mr. Lai	(2,267)	(2,382)
Animation production service charge paid by the Group (note ii)	Next Media Animation Limited	100% beneficially owned by Mr. Lai	26,935	21,999
Revenue sharing paid by the Group (note ii)	Next Media Animation Limited	100% beneficially owned by Mr. Lai	75	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

22. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party transactions (continued)

Notes:

- (i) 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 Broadcasting Limited ("Next TV") as landlord and Taiwan branch of Next Media Animation Limited ("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.

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. This agreement was terminated on 15 September 2015 and subsequently a new lease agreement was entered into between the two parties commencing from 16 September 2015 to 31 March 2018. Rental of HK\$2,267,000 for the period ended 30 September 2015 (30 September 2014: HK\$2,382,000) is charged to profit or loss.

- (ii) 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.

On 22 September 2015, Next Mobile Limited, a wholly owned subsidiary of the Company, has entered into a consultancy agreement with Mr. Lai, for a period of three years commencing from 1 October 2015 in respect of the engagement of Mr. Lai as a corporate strategic advisor to the Group to give advice on the overall strategic direction of the Group with a particular focus on digital business at a nominal fee of HK\$1.00 for the entire consultancy period. Each party may terminate the consultancy agreement at any time during the consultancy period by giving three month's written notice to the other party.

GLOSSARY

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
2015 AGM	The Company's Annual General Meeting held on 31 July 2015
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	Annual general meeting of the Company
Articles of Association	Articles of Association of the Company as amended, supplemented or modified from time to time
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
CO	The Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
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
Company or Next Digital	Next Digital Limited (Formerly known as Next Media Limited)

GLOSSARY

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
ED(s)	Executive director(s) of the Company
EGM	Extraordinary general meeting of the Company
Group	Next Digital together with its subsidiaries
HKAS(s)	Hong Kong Accounting Standard(s)
HKFRS(s)	Hong Kong Financial Reporting Standard(s)
HKICPA	Hong Kong Institute of Certified Public Accountants
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong Subsidiary Share Option Schemes	The respective share option schemes adopted by ADPDL, Aim High Investments Limited, Anyplex Company Limited, Next Media Distribution Limited, Next E-Shopping Limited, Next Media Publishing Limited, Next Mobile Limited, nxTomo Ltd., nxTomo Games Limited and Sharp Daily Limited
INED(s)	Independent Non-executive director(s) of the Company
Interim Financial Statements	The unaudited interim financial statements of the Company and its subsidiaries for the six months ended 30 September 2015
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange

GLOSSARY

Model Code	The Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules
Mr. Lai	Mr. Lai Chee Ying, Jimmy, the controlling shareholder of the Company, who had resigned as an ED of the Company and the Chairman of the Group on 12 December 2014
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
NMBL	壹傳媒傳訊播放股份有限公司 (Next Media Broadcasting Limited*), a private company incorporated in Taiwan with limited liability and is an indirect wholly owned subsidiary of the Company
NT\$	New Taiwan dollars, the lawful currency of Taiwan
RSM	RSM Consulting (Hong Kong) 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 Share(s)
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
Subscription Plan	The share subscription and financing plan adopted by the Company on 29 October 2007
Taiwan	Republic of China

* *Company's English name is for identification only.*



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