

NEXTTMDIGITAL

Interim Report 2020/21 | Stock Code : 00282



**多謝
香港人**

Thank You
HONGKONGERS

香港

對我實在

太好，

我需要
對香港

WE SHALL REPAY
KINDNESS AND

交代

SUPPORT
RECEIVED
FROM

Hong Kong.

— Lai Chee Ying,
Founder of *Apple Daily*
(Extracted from *Apple Daily*)

HONGKONGERS
GIVE PROFOUND

有呢班
香港人

蘋果生存意義
MEANING AND GREATER CHANCE TO OUR

Survival.
機會

— Cheung Kim Hung,
Next Digital CEO, Publisher of *Apple Daily*
(Extracted from *Apple Daily*)

多謝

THANK YOU
HONGKONGERS,

APPLE DAILY
WILL BE
PUBLISHED

as usual!

— Chan Pui Man,
Associate Publisher of *Apple Daily*

香港人，
報紙
明
常出街！

蘋果
be here!
果

APPLE
DAILY
WILL
ALWAYS

一定

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撐
落
去
!

感激 各方支持,
我哋

一定會
越
做
越好!

THANK
YOU FOR
ALL YOUR
SUPPORT.

WE
WILL
KEEP IT
UP AND

carry on!

FINANCIAL HIGHLIGHTS

Financial Results	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue	569,469	556,294
Loss for the period	(146,292)	(313,302)
Basic loss per Share	HK(5.5 cents)	HK(11.8 cents)
Diluted loss per Share	HK(5.5 cents)	HK(11.8 cents)
Statement of Financial Position	As at	As at
	30 September	31 March
	2020	2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Non-current assets	1,533,705	1,536,227
Current assets	478,136	440,710
Total assets	2,011,841	1,976,937
Current liabilities	733,436	652,764
Non-current liabilities	757,457	681,331
Total liabilities	1,490,893	1,334,095
Net assets	520,948	642,842
Ratio Analysis		
Current ratio	65.2%	67.5%
Gearing ratio	35.1%	31.5%
Debt to equity ratio	135.1%	96.9%

香港人，

你哋真係
好可愛

FELLOW
HONGKONGERS,
YOU ARE THE
SWEETEST.

Thank You.
多謝。

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Board, I would like to present the unaudited consolidated results of the Group for the six months ended 30 September 2020.

FINANCIAL RESULTS

For the six months ended 30 September 2020, the Group's overall revenue slightly increased by 2.4% to HK\$569.5 million (six months ended 30 September 2019: HK\$556.3 million) of which HK\$303.3 million and HK\$266.2 million (six months ended 30 September 2019: HK\$225.2 million and HK\$331.1 million) were attributable to the Digital Business Division and Print Business Division respectively.

The Group recorded an unaudited consolidated loss of HK\$146.3 million for the period, compared with a loss of HK\$313.3 million in the same period of the previous year, representing a decrease in the loss amount of 53.3% or HK\$167.0 million.

This was mainly attributable to a significant increase in online subscription income, which partly offset the sharp fall in digital advertising spending that took hold as the COVID-19 pandemic brought about severe economic downturns in Hong Kong and Taiwan. The Group also received pandemic-related financial support provided by the Hong Kong government to all local enterprises.

As a result, the Company recorded a basic loss per share of HK5.5 cents for the period, as compared to a basic loss per share of HK11.8 cents in the same period of 2019.

OPERATIONAL REVIEW

The Group's operations in Hong Kong and elsewhere accounted for approximately 82.0% of total revenue during the six months ended 30 September 2020, compared with 70.4% in the same period of 2019, while its Taiwan operations contributed 18.0% of total revenue, compared with 29.6% in the corresponding period last year.

The Group's paid digital subscription model gained substantial momentum during the period under review. Its Hong Kong titles recorded remarkable success and radically transformed the Group's revenue mix. Progress in Taiwan was slower, leading the Group to adjust its platform and restructure its operations while remaining committed to its core strategy.

Owing to the pandemic, the Group received support of HK\$33.0 million from the Hong Kong government's Employment Support Scheme for the period of June to August. However, it did not qualify for financial support from the Taiwanese government.

The Group's print business retains a core mainstream readership and registered exceptionally strong sales in the month of August, although the long-term trend towards declining print circulations and advertising revenues continued.

Editorial excellence is the lifeblood of the publishing industry, and the Group continued to invest in its content capabilities across both print and digital, receiving several awards for its editorial achievements during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

DIGITAL BUSINESS DIVISION

During the period under review, the Digital Business Division achieved robust growth in online subscription income by deepening the implementation of its ground-breaking paid subscriber model.

As of 30 September 2020, *Apple Daily* had approximately 630,000 paid subscribers from a registered member base of approximately 3.8 million in Hong Kong, representing clear potential for further expansion. During the period, the Group's Customer Growth and Retention ("CGR") team made judicious use of incentives to retain and attract subscribers while locking in upfront revenues, which led to healthy growth and retention levels.

Taiwan Apple Daily's digital platform faced stiff competition from free online content. The Group remained committed to its digital subscription model, but slightly adapted its platform to allow subscribers in Taiwan to enjoy an ad-free experience while offering non-subscribers the option of accessing free content with advertising.

The Group invested in enriching its content creation capabilities and expanding its reader services, including topical conferences, seminars and workshops, in order to boost subscription and advertising revenues. In June, *Apple Daily* also began to translate select articles into English, attracting approximately 800,000 unique visitors and opening the door to an entirely new readership.

The Group's innovative Data Management Platform ("DMP") and state-of-the-art ARC content management system are the twin engines of its hyper-personalisation capabilities, a source of profound competitive advantage. The DMP allows the Group to analyse fine-grained reader habits and preferences, and thus craft tailored opportunities for advertisers. These capabilities have been enhanced by the migration of the Hong Kong and Taiwan editorial operations to the new ARC system in August and September. The Group won numerous awards for its commercial innovations and achievements during the period under review.

The Group's digital versions of *Apple Daily*, featuring video and animation, are branded as *Apple Daily Digital* in Hong Kong and *Apple Online* in Taiwan. The integrated *Apple Daily* platform allows readers to access all of the Group's magazines.

During the period under review, the combined platforms for Hong Kong and Taiwan attracted an average monthly page view count of approximately 700 million*, making it one of the leading news sites in the world. *Apple Daily* had a user base of approximately 9.6 million* monthly unique visitors in Hong Kong, approximately 14.3 million* monthly unique visitors in Taiwan, approximately 1.1 million* monthly unique visitors in the USA and approximately 286,000* monthly unique visitors in Canada, which allowed the Group to pursue a variety of advertising revenue generation opportunities. (*Source: Google Analytics)

MANAGEMENT DISCUSSION AND ANALYSIS

Apple Daily's digital platform maintained its market leadership in Hong Kong. During the reporting period, the Division's external revenue, which consists of online subscription income, online advertising revenue, content licensing payments, games and content sponsorship and in-app purchase of virtual products, increased by 34.7% or HK\$78.1 million to HK\$303.3 million, compared to HK\$225.2 million for the same period of 2019. Growth in online subscription income was partially offset by a drop in digital advertising revenue, resulting in a net increase in external revenues.

The Digital Business Division's segment loss was HK\$31.7 million during the period under review, compared with a segment loss of HK\$65.0 million in the previous corresponding period, representing a decrease in loss amount of 51.2% or HK\$33.3 million. The reduction in loss amount was achieved through the abovementioned revenue growth as well as cost savings arising from the restructuring of its Taiwan operations.

PRINT BUSINESS DIVISION

During the six months ended 30 September 2020, the total revenue of the Print Business Division was HK\$266.2 million, representing a decrease of 19.6% or HK\$64.9 million compared to the figure of HK\$331.1 million for the same period of the previous year. The Division's revenue accounted for 46.7% of the Group's total revenue, with *Apple Daily* and *Taiwan Apple Daily* remaining the largest contributors to the Division.

The Division's segment loss was HK\$102.6 million during the period under review, a decrease in loss amount of 58.2% or HK\$142.7 million compared with the segment loss of HK\$245.3 million recorded in the same period of 2019. This was primarily attributable to effective cost control during the period.

Newspaper Publications

Apple Daily, known for its signature features of openness, liberalism, vibrancy and the quest for truth, retained its position as one of Hong Kong's best-selling newspapers. Its average net circulation per issue averaged 86,189 copies per day between April and September 2020, compared with 91,288 copies per day in the last corresponding period.

Apple Daily's total revenue was HK\$126.8 million during the period under review, representing an increase of 5.1% or HK\$6.1 million compared to the HK\$120.7 million recorded in the same period last year. Of this, advertising revenue accounted for HK\$31.7 million and circulation income for HK\$95.1 million, representing an increase of 48.1% or HK\$10.3 million and a decrease of 4.2% or HK\$4.2 million as compared to the respective figures of HK\$21.4 million and HK\$99.3 million for the same period of the previous year. The main revenue-contributing advertising categories during the period included the property sector, non-profit organisations, Chinese restaurants, and messages of solidarity and support from across civic society for *Apple Daily*, democracy and the people of Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

Taiwan Apple Daily is known for its dynamic style of reporting and emphasis on layout design. Its average net circulation per issue was 82,637 copies per day during the period, compared with 101,776 copies per day in the same period of 2019.

Its total revenue reached HK\$73.2 million during the period under review, a decline of 38.0% or HK\$44.9 million compared to the HK\$118.1 million recorded in the last corresponding period. Of this, advertising revenue accounted for HK\$33.7 million and circulation income for HK\$38.7 million, representing a decrease of 51.4% or HK\$35.7 million and 18.5% or HK\$8.8 million as compared to the respective figures of HK\$69.4 million and HK\$47.5 million for the same period of the previous year. The advertising categories that made the revenue contributions included the property sector, government and political parties, home decoration and furnishings, domestic appliances and the auto industry.

Printing

ADPL, the Group's newspaper printing operation, recorded revenue of HK\$38.0 million during the period under review, a decrease of 32.7% or HK\$18.5 million compared to the figure of HK\$56.5 million achieved in the last corresponding period.

ADPL realised HK\$11.0 million in revenue from external customers (total revenue minus transactions related to printing the Group's own publications), including printing assignments from local and overseas newspapers, during the period. This represents a decrease of 59.4% or HK\$16.1 million from the figure of HK\$27.1 million recorded in the same period of 2019.

The Group's commercial printing operation was adversely affected by continued price competition from Chinese mainland peers, changes to reader preferences and reduced demand stemming from the COVID-19 pandemic, which led to the cancellation of book fairs and a sharp decline in overseas travel. It recorded revenue of HK\$39.2 million for the six months ended 30 September 2020, which was 19.0% or HK\$9.2 million less than the HK\$48.4 million recorded in the same period last year.

PROSPECTS AND OUTLOOK

The shockwaves of the COVID-19 pandemic will continue to pummel the regional economy and media sector, but citizens' desire to be informed, educated and entertained will remain undimmed. One year after it took the bold step of radically reimagining its core business model, the Group has now established a solid foothold from which to push forward through uncharted terrain and forge a path to profitability.

In the second half of the year, the Group's primary focus will be to build on the early successes of its digital subscription model by leveraging its unprecedented data-driven personalisation capabilities and superior editorial content. Setting its sights higher still, it will steadily improve online subscription income and advertising revenues through the dedication and savvy of its CGR and sales teams.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will grow its online subscription income by continuing to invest in cutting-edge digital content capabilities and cementing its reputation for creating attention-grabbing content, attracting new readers and fostering customer loyalty. It will also pursue further opportunities in English-language editorial, laying the foundations of a potential future subscription model.

Hyper-personalisation technologies and data-driven insight will become an ever more important source of competitive advantage for the Group. As its cutting-edge DMP system progressively captures and analyses more audience activity, it will be able to generate reader profiles and parse audience behaviour with ever greater precision, allowing the Group to create market-beating targeted placement opportunities for advertisers. The migration to the cutting-edge ARC publishing system, meanwhile, will significantly enhance the Group's ability to produce tailor-made advertising opportunities in the second half of the year, sharpening its edge over local peers.

Traditional print remains the cornerstone of the Group's business. The Group will continue to make appropriate investments in print content while adopting a differentiated editorial strategy focused on high-profile interviews, investigations, analysis, commentary, supplements and special projects.

In the second half of the year, the economies of Hong Kong and Taiwan will continue to suffer the effects of the COVID-19 pandemic, causing further downward pressures on advertising expenditure. However, the Group has decisively aligned its strategy and operations with the contemporary demands of the digital landscape while staying true to its evergreen purpose of serving the public with compelling editorial. Buoyed by the strong momentum of *Apple Daily's* digital platform, the Group will work harder and smarter than ever before to realise the full potential of its paid digital subscription model.

FINANCIAL REVIEW

Financial Position

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 2020, the Group recorded net cash of approximately HK\$228.7 million.

During the reporting period, the Group repaid HK\$23.7 million in bank borrowings. As at 30 September 2020, it had available a shareholder's loan of HK\$756.0 million, of which HK\$500.0 million had been drawn down.

As at 30 September 2020, the Group had available banking facilities of a total of HK\$317.5 million, of which HK\$298.1 million had been utilised. The Group's bank borrowings amounted to HK\$262.3 million, with a maturity profile spread over a period of three years and approximately HK\$262.3 million repayable within three years. There was no seasonality in the Group's bank borrowing requirements, and all the monies borrowed bore interest at floating rates. The Group's bank borrowings are denominated in NT\$.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2020, restricted bank balances included in the Group's aggregate bank balances and cash reserves amounted to HK\$1.5 million (31 March 2020: HK\$1.5 million). The Group's current ratio on the same date was 65.2%, compared to 67.5% as at 31 March 2020. Its gearing ratio on the same date amounted to 35.1%, compared to 31.5% as at 31 March 2020. These figures were calculated by dividing its long-term liabilities, including current portions, by total asset value.

Assets Pledged

As at 30 September 2020, the Group had pledged its properties situated in Taiwan with an aggregate carrying value of HK\$374.6 million to various banks as security for banking facilities granted to it.

Share Capital

As at 30 September 2020, the Company's total amount of issued and fully paid share capital was HK\$2,486.6 million (31 March 2020: HK\$2,486.6 million) and the total number of issued Shares with no par value was 2,636,211,725 Shares (31 March 2020: 2,636,211,725 Shares).

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 digital and print businesses in Taiwan.

As at 30 September 2020, the Group's net currency exposure was NT\$964.9 million (equivalent to HK\$257.0 million), an increase of 16.9% on the figure of NT\$825.4 million (equivalent to HK\$211.7 million) as at 31 March 2020.

The Group's capital expenditure for the six months ended 30 September 2020 amounted to HK\$16.9 million (six months ended 30 September 2019: HK\$22.8 million). As at 30 September 2020, the Group's outstanding capital commitments were HK\$0.3 million (31 March 2020: HK\$2.8 million).

Contingent Liabilities

(a) Pending Litigations

As at 30 September 2020, the Group had contingent liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

The Group has accrued HK\$45.8 million (31 March 2020: HK\$37.0 million) as provisions. These provisions were recognised in respect of the outstanding legal proceedings based on advice obtained from the Company's legal counsel.

(b) Guarantee

The Group maintains contingent liabilities that are related to various corporate guarantees the Group has provided to financial institutions for facilities utilised by certain of its subsidiaries and fellow subsidiaries. As at 30 September 2020, these contingent liabilities amounted to HK\$317.5 million (31 March 2020: HK\$328.8 million), HK\$298.1 million (31 March 2020: HK\$310.0 million) of which has been utilised by certain of its subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, the Group had a total of 2,095 employees, of whom 1,228 were in Hong Kong, 866 were in Taiwan and one in the USA.

The Group offers a range of employee wellbeing and career development opportunities with the aim of attracting, cultivating and retaining the best talent in the market. This includes regular training seminars and exercise activities, free fruit and festive seasonal gifts. Digital collaboration tools are used to enhance communication between staff and management and promote a culture of transparency.

Save for the above, there were no material changes to the policies regarding employee remuneration, bonuses, share incentive schemes and staff development disclosed in the 2019/20 annual report of the Company.

During the period under review, the total staff costs of the Group amounted to HK\$421.1 million, compared to HK\$466.4 million incurred for the same period last year. The change was primarily attributable to a reduction in headcount in Taiwan, following the closure of *Taiwan Next Magazine* in February 2020 and the restructuring of *Taiwan Apple Daily* in June and July 2020.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: nil).

FORWARD-LOOKING STATEMENTS

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

多謝你哋，

我哋
會

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THANK YOU
FOR YOUR
SUPPORT,
WE WILL
KEEP
REPORTING

報導

the truth!

真相!

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 September 2020, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company (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, were as follows:

Long positions in Shares and underlying Shares of the Company

Name of Directors	Number of Shares held				Number of underlying Shares held under equity derivatives	Total Shares	Percentage of issued Shares
	Personal interests	Family interests	Corporate interests	Other interests			
Lai Chee Ying	1,720,594,935	-	93,124,000	64,938,230	-	1,878,657,165	71.26
Cheung Kim Hung	1,117,699	-	-	-	15,693,430	16,811,129	0.64
					(Note)		
Chow Tat Kuen, Royston	1,224,539	-	-	-	14,273,722	15,498,261	0.59
					(Note)		
Chang Yue Shing	536,480	-	-	-	-	536,480	0.02
Ip Yut Kin	10,200,377	2,630,000	-	-	-	12,830,377	0.49

Note: These interests represented options granted to the grantees as beneficial owners under the 2014 Share Option Scheme.

Save as disclosed above, 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 2020.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS

As at 30 September 2020, the interests and short positions of every person (other than Directors or the chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number of Shares held (long position)	Percentage of issued Shares
Li Wan Kam, Teresa	Interest of spouse	1,878,657,165 <i>(Note)</i>	71.26

Note: Ms. Li Wan Kam, Teresa was deemed to be interested in these Shares through the interests of her spouse, Mr. Lai.

Save as disclosed above, the Company had not been notified of any other person (other than Directors or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 30 September 2020.

SHARE INCENTIVE SCHEMES

(a) Share Option Scheme of the Company

The Company adopted the 2014 Share Option Scheme on 31 July 2014. Details of which were disclosed in the Company's circular dated 3 July 2014 and are set out in note 21 to the condensed consolidated financial statements. Movements in the share options granted under the 2014 Share Option Scheme during the six months ended 30 September 2020 were as follows:

Name of Directors	Date of grant	Exercise price per Share (HK\$)	Vesting date (%)	Exercise period	Number of Share options				
					At 01.04.2020	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	At 30.09.2020
Cheung Kim Hung	29.11.2019	0.274	29.11.2019 (50%) 29.11.2020 (100%)	29.11.2019 - 30.07.2024	15,693,430	-	-	-	15,693,430
Chow Tat Kuen, Royston	03.02.2016	0.420	03.02.2017 (30%) 03.02.2018 (60%) 03.02.2019 (100%)	04.02.2016 - 30.07.2024	1,500,000	-	-	-	1,500,000
	29.11.2019	0.274	29.11.2019 (50%) 29.11.2020 (100%)	29.11.2019 - 30.07.2024	12,773,722	-	-	-	12,773,722
					14,273,722	-	-	-	14,273,722
Total					29,967,152	-	-	-	29,967,152

DISCLOSURE OF INTERESTS

(b) Subsidiary Share Option Schemes

During the period under review, the following subsidiaries of the Company had their own respective share option schemes (collectively referred to as the "Subsidiary Share Option Schemes") with terms which are in compliance with the requirements under Chapter 17 of the Listing Rules:

Name of subsidiaries	Adoption date	Share option scheme title
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 International Limited ("NMIL")	20 March 2012	2012 NMIL 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
Apple Daily E-Classified Limited ("ADEC")	28 August 2015	2015 ADEC Share Option Scheme

Details of the Subsidiary Share Option Schemes were disclosed in note 21 to the condensed consolidated financial statements. Movements in the share options granted under the 2013 nxTomo Share Option Scheme during the six months ended 30 September 2020 were as follows:

Category of participant	Date of grant	Exercise price per share (HK\$)	Vesting date (%)	Exercise period	Number of shares options				At 30.09.2020
					At 01.04.2020	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	
Employee	03.10.2014	0.01	03.10.2015 (100%)	04.10.2015 - 14.06.2023	8,000	-	-	-	8,000

Apart from the movements as stated above, no options were granted, exercised, lapsed or cancelled under the Subsidiary Share Option Schemes during the six months ended 30 September 2020.

前路

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HOLD ONTO

越黑暗

the Light,

TO
GUIDE US
THROUGH
THE DARKEST
TIMES
AHEAD.

我們越要

守住

那點光。

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Lai Chee Ying (Chairman)
Cheung Kim Hung (CEO)
Chow Tat Kuen, Royston (COO)
Chang Yue Shing

Non-executive Director

Ip Yut Kin

Independent Non-executive Directors

Louis Gordon Crovitz
Mark Lambert Clifford
Lam Chung Yan, Elic

AUDIT COMMITTEE

Lam Chung Yan, Elic (Chairman)
Louis Gordon Crovitz
Mark Lambert Clifford

NOMINATION COMMITTEE

Mark Lambert Clifford (Chairman)
Louis Gordon Crovitz
Cheung Kim Hung

REMUNERATION COMMITTEE

Louis Gordon Crovitz (Chairman)
Lam Chung Yan, Elic
Chow Tat Kuen, Royston

AUTHORISED REPRESENTATIVES

Cheung Kim Hung
Chow Tat Kuen, Royston

COMPANY SECRETARY

Chow Tat Kuen, Royston

INDEPENDENT AUDITOR

CCTH CPA Limited

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Taichung Commercial Bank Co., Ltd.
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

Tricor Investor Services Limited
Level 54, 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>

睇住你
哋

YOUR
KIND
SUPPORT

半夜

去買報紙

BY MEANS
OF BUYING
NEWSPAPER
AT MIDNIGHT
HAS
TOUCHED
OUR

撐我哋，

hearts.
好感動。

SHARE INFORMATION

AS AT 30 SEPTEMBER 2020

Shareholders

Lai Chee Ying	71.26%
Other Directors	0.60%
Others	28.14%

Issued Shares

2,636,211,725 Shares

Market Capitalisation

at HK\$0.265 per Share (closing price on 30 September 2020)

HK\$0.70 billion

Stock Code

The Stock Exchange of Hong Kong Limited (Main Board)

00282

Board Lot Size

10,000 Shares

Outstanding Share Options granted under the 2014 Share Option Scheme

Exercise price per Share	Number of Shares
HK\$0.420	1,500,000
HK\$0.274	28,467,152
Total:	29,967,152

風抱緊 HOLD ON
雨中 TO

自由
freedom

IN THE
STORMS
AND
CARRY ON!

我哋
會

撐住!

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable provisions of the CG Code throughout the six months ended 30 September 2020.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by Directors. Specific enquiries have been made on all Directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020.

REVIEW OF INTERIM RESULTS

The Audit Committee has discussed with the management and independent auditor the accounting policies and practices adopted by the Group, and has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2020.

APPRECIATION

On behalf of the Board, I would like to express our sincere appreciation to the Group's management and staff for their invaluable services and contributions. We are also grateful to our customers, shareholders, strategic partners and bankers for their support and trust which have contributed towards the Group's success.

On behalf of the Board

Lai Chee Ying

Chairman

Hong Kong, 16 November 2020

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



CCTH CPA LIMITED
中正天恆會計師有限公司

TO THE BOARD OF DIRECTORS OF NEXT DIGITAL 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 29 to 62, which comprise the condensed consolidated statement of financial position as of 30 September 2020 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 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" ("HKSRE 2410") 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.

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.

CCTH CPA Limited

Certified Public Accountants

Ng Kam Fai

Practising certificate number: P06573

Hong Kong, 16 November 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	NOTES	Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3A	569,469	556,294
Production costs			
Cost of raw materials consumed		(55,187)	(92,162)
Other overheads		(148,188)	(176,614)
Staff costs		(234,133)	(256,504)
		(437,508)	(525,280)
Personnel costs excluding direct production staff costs		(186,957)	(209,859)
Other income	3B	42,149	12,966
Gain on disposal of property, plant and equipment		94	4,105
Impairment loss on trade receivables, net		(1,693)	(3,073)
Net exchange loss		(127)	(491)
Depreciation of property, plant and equipment		(34,048)	(30,211)
Depreciation of right-of-use assets		(5,370)	(4,785)
Other expenses	5	(76,909)	(103,932)
Finance costs	6	(14,205)	(5,545)
Loss before tax		(145,105)	(309,811)
Income tax expense	7	(1,187)	(3,491)
Loss for the period	8	(146,292)	(313,302)
Other comprehensive income (expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		8,371	(2,064)
Total comprehensive expense for the period		(137,921)	(315,366)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	NOTE	Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		(144,881)	(312,389)
Non-controlling interests		(1,411)	(913)
		(146,292)	(313,302)
Total comprehensive expense attributable to:			
Owners of the Company		(136,507)	(314,442)
Non-controlling interests		(1,414)	(924)
		(137,921)	(315,366)
Loss per share	10		
Basic		HK(5.5 cents)	HK(11.8 cents)
Diluted		HK(5.5 cents)	HK(11.8 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2020

	<i>NOTES</i>	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
NON-CURRENT ASSETS			
Intangible assets	11	658,039	658,039
Property, plant and equipment	12	770,463	769,651
Right-of-use assets		98,355	99,159
Deposit for acquisition of property, plant and equipment		6,848	9,378
		1,533,705	1,536,227
CURRENT ASSETS			
Inventories		49,398	48,574
Trade and other receivables	13	194,041	214,518
Amounts due from related parties		5,984	5,249
Tax recoverable		-	609
Restricted bank balances	15	1,500	1,500
Pledged bank deposits	15	36,565	32,566
Bank balances and cash		190,648	137,694
		478,136	440,710
CURRENT LIABILITIES			
Trade and other payables	16	407,306	400,201
Contract liabilities		104,591	47,202
Bank borrowings	17	167,619	161,427
Lease liabilities		7,606	6,967
Provisions	18	45,778	36,967
Tax liabilities		536	-
		733,436	652,764
NET CURRENT LIABILITIES		(255,300)	(212,054)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,278,405	1,324,173

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2020

	<i>NOTES</i>	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
NON-CURRENT LIABILITIES			
Bank borrowings	17	94,714	114,019
Retirement benefits plans		25,304	25,397
Loan from a shareholder	19	443,524	347,716
Lease liabilities		44,057	44,165
Deferred tax liabilities		149,858	150,034
		757,457	681,331
NET ASSETS			
		520,948	642,842
CAPITAL AND RESERVES			
Share capital	20	2,486,621	2,486,621
Reserves		(1,963,978)	(1,843,498)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		522,643	643,123
NON-CONTROLLING INTERESTS			
		(1,695)	(281)
TOTAL EQUITY			
		520,948	642,842

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Attributable to owners of the Company					Attributable to non-controlling interests				
	Share capital	Translation reserve	Capital reserve	Share-based payment reserve	Accumulated losses	Sub-total	Share-based payment reserve of subsidiaries	Share of net assets (liabilities) of subsidiaries	Sub-total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March 2020 (audited)	2,486,621	(74,211)	59,355	1,082	(1,829,724)	643,123	162	(443)	(281)	642,842
Loss for the period	-	-	-	-	(144,881)	(144,881)	-	(1,411)	(1,411)	(146,292)
Exchange differences on translating foreign operations	-	8,374	-	-	-	8,374	-	(3)	(3)	8,371
Total comprehensive income (expense) for the period	-	8,374	-	-	(144,881)	(136,507)	-	(1,414)	(1,414)	(137,921)
Recognition of equity-settled share-based payment expense	-	-	-	1,189	-	1,189	-	-	-	1,189
Excess of principal amount of loan from a shareholder over fair value (note 19)	-	-	14,838	-	-	14,838	-	-	-	14,838
At 30 September 2020 (unaudited)	2,486,621	(65,837)	74,193	2,271	(1,974,605)	522,643	162	(1,857)	(1,695)	520,948
At 31 March 2019 (audited)	2,486,621	(82,794)	-	277	(1,411,075)	993,029	162	1,564	1,726	994,755
Loss for the period	-	-	-	-	(312,389)	(312,389)	-	(913)	(913)	(313,302)
Exchange differences on translating foreign operations	-	(2,053)	-	-	-	(2,053)	-	(111)	(111)	(2,064)
Total comprehensive expense for the period	-	(2,053)	-	-	(312,389)	(314,442)	-	(924)	(924)	(315,366)
Excess of principal amount of loan from a shareholder over fair value (note 19)	-	-	29,677	-	-	29,677	-	-	-	29,677
At 30 September 2019 (unaudited)	2,486,621	(84,847)	29,677	277	(1,723,464)	708,264	162	640	802	709,066

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(153)	(207,498)
INVESTING ACTIVITIES		
Deposit for acquisition of property, plant and equipment	(6,786)	(23,640)
Purchase of property, plant and equipment	(7,501)	(9,948)
Placement of pledged bank deposits	(3,999)	(3,792)
Interest received	314	294
Proceeds from disposal of property, plant and equipment	130	77,208
Transaction costs on disposal of property, plant and equipment	-	(1,584)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(17,842)	38,538
FINANCING ACTIVITIES		
Interest paid	(2,753)	(4,223)
Payment of lease liabilities	(4,969)	(3,476)
Repayment of bank loans	(23,679)	(245,220)
Repayment of loan from a shareholder	-	(100,000)
Drawdown of loan from a shareholder	100,000	300,000
New bank loans raised	-	210,111
NET CASH FROM FINANCING ACTIVITIES	68,599	157,192
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,604	(11,768)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	137,694	175,566
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	2,350	(257)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	190,648	163,541

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 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").

The financial information relating to the year ended 31 March 2020 that is included in these condensed consolidated financial statements 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 is as follows:

The Company has delivered the financial statements for the year ended 31 March 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (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.

In preparing the condensed consolidated financial statements, the Directors have given careful consideration of the Group in light of its net current liabilities of approximately HK\$255,300,000 and HK\$212,054,000 as at 30 September 2020 and 31 March 2020 respectively. On 16 November 2020, the Company entered into a supplemental agreement with a shareholder and director of the Company, Mr. Lai Chee Ying ("Mr. Lai"), which Mr. Lai has agreed to provide an additional unsecured loan to the Company of HK\$106,000,000. Having considered the facility for unsecured shareholder's loan of an aggregate maximum amount of HK\$756,000,000 obtained on 8 November 2018, 15 November 2019, 10 June 2020 and 16 November 2020 with an aggregate unutilised amount of HK\$256,000,000 as at 30 September 2020, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements for the six months ended 30 September 2020 have been prepared on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standard ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 March 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs (Continued)

2.2 Impacts and accounting policies on application of Amendments to HKFRS 3 Definition of a Business

2.2.1 Accounting policies

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 April 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business no further assessment is needed.

2.2.2 Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group.

2.3 Accounting policies newly applied by the Group

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

2.3.1 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivables as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs and recognised in profit or loss in the period in which they become receivables. Such grants are presented under "other income".

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

3A. REVENUE

Disaggregation of revenue from contracts with customers and reconciliation of revenue from contracts with customers with segment revenue:

Segments	Six months ended 30 September 2020 (unaudited)		
	Digital business HK\$'000	Print business HK\$'000	Total HK\$'000
Type of goods or services			
Internet advertising income, content provision and development of mobile games and apps income	82,769	-	82,769
Online subscription income	220,485	-	220,485
Sales of newspapers	-	149,771	149,771
Newspapers advertising income	-	66,193	66,193
Printing and reprographic services income	-	50,251	50,251
	303,254	266,215	569,469
Geographic markets			
Hong Kong			434,556
Taiwan			102,459
Others			32,454
			569,469
Timing of revenue recognition			
Over time			
- development of mobile games and apps income			509
- online subscription income			220,485
			220,994
At a point in time			348,475
			569,469

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

3A. REVENUE (Continued)

Segments	Six months ended 30 September 2019 (unaudited)		
	Digital business HK\$'000	Print business HK\$'000	Total HK\$'000
Type of goods or services			
Internet advertising income, content provision and development of mobile games and apps income	177,763	-	177,763
Online subscription income	47,470	-	47,470
Sales of newspapers	-	163,510	163,510
Newspapers advertising income	-	91,787	91,787
Printing and reprographic services income	-	75,764	75,764
	225,233	331,061	556,294
Geographic markets			
Hong Kong			372,790
Taiwan			164,472
Others			19,032
			556,294
Timing of revenue recognition			
Over time			
- development of mobile games and apps income			319
- online subscription income			47,470
			47,789
At a point in time			508,505
			556,294

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

3B. OTHER INCOME

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Income from sales of waste materials	2,139	3,993
Interest income on bank deposits	314	294
Rental income	4,629	5,337
Government subsidies	32,966	–
Others	2,101	3,342
	42,149	12,966

4. SEGMENT INFORMATION

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

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

Operating segments	Principal activities
Digital business	Internet advertising, online subscription, content provision, development of mobile games and apps in Hong Kong, Taiwan and North America
Print business	Sales of newspapers, and provision of newspapers, books and magazines printing and advertising services in Hong Kong, Taiwan, North America, Europe and Australasia

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 2020

4. SEGMENT INFORMATION [Continued]

Segment revenue and results

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 2020 (unaudited)

	Digital business HK\$'000	Print business HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE				
External sales	303,254	266,215	-	569,469
Inter-segment sales	165	155,903	(156,068)	-
Total	303,419	422,118	(156,068)	569,469
Segment loss	(31,705)	(102,618)	-	(134,323)
Unallocated expenses				(3,621)
Unallocated income				7,044
Finance costs				(14,205)
Loss before tax				(145,105)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Six months ended 30 September 2019 (unaudited)

	Digital business HK\$'000	Print business HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE				
External sales	225,233	331,061	-	556,294
Inter-segment sales	65	59,667	(59,732)	-
Total	225,298	390,728	(59,732)	556,294
Segment loss	(65,000)	(245,314)	-	(310,314)
Unallocated expenses				(2,925)
Unallocated income				8,973
Finance costs				(5,545)
Loss before tax				(309,811)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

As at 30 September 2020 (unaudited)

	Digital business HK\$'000	Print business HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment assets	886,510	893,713	-	1,780,223
Unallocated assets				231,618
Total assets				2,011,841
Segment liabilities	(157,841)	(472,175)	-	(630,016)
Unallocated liabilities				(860,877)
Total liabilities				(1,490,893)

As at 31 March 2020 (audited)

	Digital business HK\$'000	Print business HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment assets	900,393	900,905	-	1,801,298
Unallocated assets				175,639
Total assets				1,976,937
Segment liabilities	(98,448)	(457,235)	-	(555,683)
Unallocated liabilities				(778,412)
Total liabilities				(1,334,095)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than 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, loan from a shareholder, deferred tax liabilities and corporate liabilities that are not attributable to segments.

Other segment information

Amounts included in the measure of segment results or segment assets:

For the six months ended 30 September 2020 (unaudited)

	Digital business HK\$'000	Print business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Addition to property, plant and equipment	8,332	8,547	-	16,879
Depreciation of property, plant and equipment	15,952	18,096	-	34,048
Depreciation of right-of-use assets	-	5,370	-	5,370
Impairment loss on trade receivables, net	285	1,408	-	1,693
Share-based payment expense	-	-	1,189	1,189
Gain on disposal of property, plant and equipment	(8)	(86)	-	(94)
Provision for litigation expense	900	9,126	-	10,026
Other legal and professional fees	1,953	3,112	-	5,065
Redundancy payment	1,630	15,177	-	16,807
Government subsidies	(3,840)	(29,126)	-	(32,966)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

4. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the six months ended 30 September 2019 (unaudited)

	Digital business HK\$'000	Print business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Addition to property, plant and equipment	10,047	12,782	–	22,829
Depreciation of property, plant and equipment	12,085	18,126	–	30,211
Depreciation of right-of-use assets	52	4,733	–	4,785
Impairment loss on trade receivables, net	758	2,315	–	3,073
Share-based payment expense	–	–	–	–
Loss (gain) on disposal of property, plant and equipment	108	(4,213)	–	(4,105)
Provision for litigation expense	1,655	9,020	–	10,675
Other legal and professional fees	3,107	3,533	–	6,640
Redundancy payment	518	3,064	–	3,582
Government subsidies	–	–	–	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

5. OTHER EXPENSES

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Auditor's remuneration	708	991
Provision for litigation expenses	10,026	10,675
Other legal and professional fees	5,065	6,640
Cleaning expenses	4,745	4,653
Donations	1,055	1,195
Entertainment	991	2,165
Insurance	1,940	1,596
Marketing expenses	2,168	14,724
Office supplies and reproduction expenses	1,597	2,531
Rent and rates	2,113	2,418
Repairs and maintenance	9,524	11,518
Telecommunication	4,012	4,172
Transportation	1,332	1,799
Travelling expenses	6,027	11,491
Utilities	16,606	19,491
Others	9,000	7,873
	76,909	103,932

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

6. FINANCE COSTS

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interests on bank borrowings	2,753	3,406
Interests on lease liabilities	806	817
Imputed interest on loan from a shareholder	10,646	1,322
	14,205	5,545

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong	1,187	1,449
Taiwan	-	36
	1,187	1,485
Underprovision in prior years:		
Other jurisdictions	-	2,006
	1,187	3,491

Hong Kong Profits Tax is recognised based on managements' 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% (2019: 16.5%) for the six months ended 30 September 2020.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

8. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<hr/>		
Loss for the period has been arrived at after charging:		
Auditor's remuneration	708	991
Provision for litigation expenses	10,026	10,675
Other legal and professional fees	5,065	6,640
Share-based payment expense (included in personnel costs)	1,189	–
Depreciation of property, plant and equipment	34,048	30,211
Depreciation of right-of-use assets	5,370	4,785
Redundancy payment (included in personnel costs)	16,807	3,582

9. DIVIDENDS

No interim dividend was proposed for the six months ended 30 September 2020 (six months ended 30 September 2019: nil), nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

10. LOSS PER SHARE

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

Loss

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period attributable to the owners of the Company for the purposes of basic and diluted loss per share	(144,881)	(312,389)

Number of shares

	2020	2019
Number of ordinary shares for the purpose of basic and diluted loss per share	2,636,211,725	2,636,211,725

The computation of diluted loss per share for the six months ended 30 September 2020 and 30 September 2019 does not assume the exercise of outstanding share options and award of new shares of the Company since these would result in a decrease in loss per share for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

11. INTANGIBLE ASSETS

	Masthead and publishing rights HK\$'000
COST	
At 1 April 2020 (audited) and 30 September 2020 (unaudited)	1,482,799
ACCUMULATED IMPAIRMENT	
At 1 April 2020 (audited) and 30 September 2020 (unaudited)	824,760
CARRYING AMOUNTS	
At 30 September 2020 (unaudited)	658,039
At 31 March 2020 (audited)	658,039

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

12. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
COST	
At 1 April 2020 (audited)	2,475,289
Exchange difference	39,303
Additions	16,879
Disposals	(26,479)
At 30 September 2020 (unaudited)	2,504,992
ACCUMULATED DEPRECIATION	
At 1 April 2020 (audited)	1,705,638
Exchange difference	21,286
Charge for the period	34,048
Eliminated on disposals	(26,443)
At 30 September 2020 (unaudited)	1,734,529
CARRYING AMOUNTS	
At 30 September 2020 (unaudited)	770,463
At 31 March 2020 (audited)	769,651

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

13. TRADE AND OTHER RECEIVABLES

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Trade receivables	283,578	281,411
Less: impairment loss recognised	(155,144)	(150,608)
	128,434	130,803
Prepayments <i>(Note)</i>	42,346	47,256
Rental and other deposits	11,863	18,295
Others	11,398	18,164
Trade and other receivables	194,041	214,518

Note: Included in the balance are mainly rental and utilities prepayments of HK\$178,000 (31 March 2020: HK\$446,000), value-added tax receivables of HK\$18,741,000 (31 March 2020: HK\$18,007,000) and other prepayments of HK\$23,427,000 (31 March 2020: HK\$28,803,000).

The Group allows credit terms of 7 to 120 days to its trade customers. The following is an aged analysis of the trade receivables after deducting the impairment loss presented based on invoice dates, at the end of the reporting period:

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
0 – 30 days	74,284	65,920
31 – 90 days	40,131	35,864
91 – 120 days	6,644	5,889
Over 120 days	7,375	23,130
	128,434	130,803

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

14. IMPAIRMENT ASSESSMENT OF FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS MODEL

The basis of determining the inputs and assumptions and the estimation techniques used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2020 for assessment of expected credit loss are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2020.

15. RESTRICTED BANK BALANCES/PLEDGED BANK DEPOSITS

As at 30 September 2020, bank balances amounting to HK\$1,500,000 (31 March 2020: HK\$1,500,000) were restricted for the use of settling certain potential debts and claims as stipulated in a share capital reduction exercise carried out during the year ended 31 March 2015. The restricted bank balances carry fixed interest rate at 0.1% per annum for the period (31 March 2020: 1.4% per annum for the year).

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. These bank deposits amounted to HK\$36,565,000 (31 March 2020: HK\$32,566,000) have been pledged mainly to secure bank guarantee. The pledged deposits carry fixed interest rate of 0.25% to 1.8% per annum for the period (31 March 2020: 0.35% to 1.01% per annum for the year). The pledged bank deposits will be released upon the maturity of relevant bank guarantee.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

16. TRADE AND OTHER PAYABLES

	30 September	31 March
	2020	2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade payables	33,262	37,761
Accrued staff costs	207,590	186,785
Accrued charges	123,131	137,051
Obligation on pensions – defined contribution plans	1,967	2,313
Other payables	41,356	36,291
	407,306	400,201

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	31 March
	2020	2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0 – 30 days	16,327	21,760
31 – 90 days	10,287	8,105
Over 90 days	6,648	7,896
	33,262	37,761

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

17. BANK BORROWINGS

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Carrying amount repayable		
– within one year	167,619	161,427
– in the second year	47,357	45,607
– in the third year	47,357	45,607
– in the fourth year	-	22,805
	262,333	275,446
Less: Amounts due within one year shown under current liabilities	(167,619)	(161,427)
Amounts shown under non-current liabilities	94,714	114,019

At as 30 September 2020, bank loans comprise balances of HK\$142,071,000 carrying interests at 3 months Taipei Interbank Offered Rate plus 1.55% per annum, HK\$27,028,000 carrying interests at 1 month Taipei Interbank Offered Rate plus 1% per annum, HK\$82,579,000 carrying interests at Taichung Commercial Bank's monthly deposit rate plus 0.89% to 1.94% per annum and HK\$10,655,000 carrying interests at adjustable rates for consumer loans plus 1.5% per annum.

As at 31 March 2020, bank loans comprise balances of HK\$159,626,000 carrying interest at 3 months Taipei Interbank Offered Rate plus 1.55% per annum, HK\$26,030,000 carrying interests at 1 month Taipei Interbank Offered Rate plus 1% per annum, HK\$79,528,000 carrying interests at Taichung Commercial Bank's monthly deposit rate plus 0.89% to 1.94% per annum and HK\$10,262,000 carrying interests at adjustable rates for consumer loans plus 0.73% per annum.

The ranges of effective interest rates (which are equal to contractual interest rates) of borrowings is 1.56% to 2.73% per annum for the period (31 March 2020: 1.76% to 3.0% per annum for the year).

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

As at 30 September 2020, the Group had total unutilised banking facilities of HK\$19,454,000 (31 March 2020: HK\$18,789,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

18. PROVISIONS

	Litigations HK\$'000
At 1 April 2020 (audited)	36,967
Provision during the period	10,026
Payment during the period	(1,413)
Exchange difference	198
At 30 September 2020 (unaudited)	45,778

As at 30 September 2020, the Group had provisions classified as current liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

This provision was recognised based on management's best estimate after consultation with the legal counsel on the possible outcome and liability of the Group. In cases where the actual future outcomes differ from the estimation, further provision may be required.

In addition, on 10 August 2020, the Police of Hong Kong (the "Police") undertook a search operation at the Company's headquarters. Several senior officials of the Company were arrested on, inter-alia, suspicion of collusion with a foreign country, or with external elements to endanger National Security, acting with seditious intention, and conspiracy to defraud. Investigation is still underway by the Police. Having consulted with legal counsel, management of the Group is of the view that the Group has taken sufficient effective measures to avoid violating the National Security Law from the effective date adopted by the Government of Hong Kong. Accordingly, no provision for litigation claims relating to this matter has been made by the Group in the condensed consolidated financial statements. Regarding any potential accusations against senior officials of the Company, such claims would be made against these senior officials themselves. Accordingly, these would not give rise to material impact on the Group. Up to the date of approval of these condensed consolidated financial statements, the legal proceedings of this case have not been completed. A Court hearing is scheduled to be held on 19 November 2020 between the Department of Justice and certain subsidiaries and senior officials of the Group with the Company's legal counsel in relation to the Company's claims pertaining to information/materials seized by the Police on 10 August 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

19. LOAN FROM A SHAREHOLDER

On 8 November 2018, 15 November 2019, 10 June 2020 and 16 November 2020, the Company entered into an agreement and three supplemental agreements (collectively, "the Loan Agreement") with Mr. Lai, under which Mr. Lai has agreed to provide an unsecured loan to the Company of an aggregate maximum amount of HK\$756,000,000, which is interest free, and repayable in 36 months. Pursuant to the Loan Agreement, during the current period, the Company obtained the loan totalled HK\$100,000,000 (six months ended 30 September 2019: HK\$200,000,000) from Mr. Lai.

The fair value of the loan from a shareholder during the current period with the principal amount of HK\$100,000,000 (six months ended 30 September 2019: HK\$200,000,000) at the date of its drawdown by the Company is estimated to be totalled HK\$85,162,000 (six months ended 30 September 2019: HK\$170,323,000), using the effective interest rate of 5.5% per annum. The excess of the principal amounts of the loan over the fair value at the date of drawdown, amounted to HK\$14,838,000 (six months ended 30 September 2019: HK\$29,677,000), was accumulated in equity and was included in capital reserve of the Group.

The loan from a shareholder with the aggregate principal amount of HK\$500,000,000 remained outstanding at 30 September 2020 (31 March 2020: HK\$400,000,000).

20. SHARE CAPITAL

	Number of shares		Share capital	
	30 September 2020	31 March 2020	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Issued and fully paid:				
At beginning and end of the period/year	2,636,211,725	2,636,211,725	2,486,621	2,486,621

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

21. SHARE INCENTIVE SCHEMES

(a) 2014 Share Option Scheme adopted by the Company

The Company's share option scheme (the "2014 Share Option Scheme") was adopted pursuant to resolutions passed on 31 July 2014 for the purpose of providing incentives to the participants (i.e. directors and full-time employees of the Group, as well as any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters and service providers of any members of the Group) who have contributed to the Group, and to encourage them to work towards enhancing the value of the Company and the Shares, for the benefit of the Company and all shareholders. Under the 2014 Share Option Scheme, the Board may grant options to the participants to subscribe for Shares. The maximum entitlement of each participant is not exceeding 1% of the total number of issued Shares in any 12-month period.

Options granted must be taken up within 14 days from the date of grant, upon payment of HK\$10. Subject to the respective terms of issue, options may be exercised at any time from the vesting date to the expiry date. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Shares on the date of grant; and (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant. Life of the 2014 Share Option Scheme is 10 years commencing on 31 July 2014.

The number of options outstanding pursuant to the 2014 Share Option Scheme are as follows:

	Number of options
At 1 April 2020 (audited) and 30 September 2020 (unaudited)	29,967,152

During the current interim period, no options were granted, exercised, lapsed or cancelled under the 2014 Share Option Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

21. SHARE INCENTIVE SCHEMES (Continued)

(b) Share option schemes adopted by certain subsidiaries

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 E-Shopping Limited ("Next E-Shopping"), Next Mobile International Limited ("NMIL") and Sharp Daily Limited ("Sharp Daily") adopted 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"). On 28 August 2015, Apple Daily E-Classified Limited ("ADEC") adopted a share option scheme (the "2015 ADEC Share Option Scheme"). ADEC together with AHIL, Anyplex, Next E-Shopping, NMIL, Sharp Daily and nxTomo are subsidiaries of the Company and are collectively referred to as the "Subsidiaries".

Under the 2009 AHIL Share Option Scheme, the 2012 Subsidiary Share Option Schemes, the 2013 nxTomo Share Option Scheme and the 2015 ADEC Share Option Scheme, the Subsidiaries may grant options to any of their full-time employees and directors or employees and directors of any of their subsidiaries and any eligible persons as defined therein to subscribe for the respective ordinary shares of AHIL, Anyplex, Next E-Shopping, NMIL, Sharp Daily, nxTomo and ADEC before expiry of respective share option schemes. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2009 AHIL Share Option Scheme, the 2012 Subsidiary Share Option Schemes, the 2013 nxTomo Share Option Scheme, the 2015 ADEC Share Option Scheme and any other share option schemes of the Subsidiaries is limited to 30% of the respective Subsidiaries' shares in issue from time to time.

2013 nxTomo Share Option Scheme

	Number of options
Number of options granted and outstanding at 1 April 2020 (audited) and 30 September 2020 (unaudited)	8,000

During the current interim period, no options were granted, exercised, lapsed or cancelled under the share option schemes adopted by the Subsidiaries.

The Group recognised the total expenses of HK\$1,189,000 for the six months ended 30 September 2020 (30 September 2019: nil) in relation to options granted under the share option schemes of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

22. COMMITMENT

Capital commitments

	30 September	31 March
	2020	2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	266	2,849

23. RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management during the period was as follows:

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	6,678	6,305
Retirement benefits	273	259
Share-based payments	1,189	–
	8,140	6,564

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

23. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions

Nature of transactions	Name of related company/party	Relationship with the Group	Six months ended 30 September	
			2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Animation production service charge paid by the Group <i>(Note i)</i>	Next Animation Studio Limited ("NASL")	100% beneficially owned by Mr. Lai	8,000	19,589
Rental income received by the Group <i>(Note ii)</i>	NASL	100% beneficially owned by Mr. Lai	978	865
News anchor fees paid by the Group	Tsang Mei Wa	Mr. Lai's relative	9	-

Note i: On 30 March 2020, the Company and NASL entered into (i) a new Business Framework Agreement in respect of the animation services to be rendered by NASL and its subsidiaries (collectively as "NASL Group") to the Group and the advertising services and the supporting services to be rendered by the Group to the NASL Group and (ii) a new NASL Intellectual Properties Revenue Sharing Agreement, each for a term of three years with effect from 1 April 2020. Annual caps were updated with the announcement dated on 30 March 2020 made by the Company.

Note ii: On 16 April 2019, the Taiwan Branch of Easy Finder Publishing Limited, an indirect wholly-owned subsidiary of the Company, entered into a lease agreement with the Taiwan Branch of NASL, for a term of three years with effect from 16 April 2019 in respect of leasing the properties located in Taiwan.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

24. EVENT AFTER THE REPORTING PERIOD

In addition to those disclosed elsewhere in these condensed consolidated financial statements, the following event took place subsequent to 30 September 2020.

On 8 October 2020, an additional loan of HK\$150,000,000 was obtained from Mr. Lai. The loan from Mr. Lai with the aggregate principal amount of HK\$650,000,000 remained outstanding up to the date of approval of these condensed consolidated financial statements.

GLOSSARY

2014 Share Option Scheme	the share option scheme adopted by the Company on 31 July 2014
ADPL	Apple Daily Printing Limited, an indirect wholly-owned subsidiary of the Company
Board	the board of Directors
CEO	the chief executive officer of the Group
CG Code	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
Company	Next Digital Limited
COO	the chief operating officer of the Group
COVID-19	coronavirus disease 2019
Director(s)	Director(s) of the Company
Group	the Company and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administration Region of the People's Republic of China
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix 10 to the Listing Rules
Mr. Lai	Mr. Lai Chee Ying, the controlling shareholder, Chairman and Executive Director of the Company
NT\$	New Taiwan dollars, the lawful currency of Taiwan
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	ordinary share(s) of the Company

GLOSSARY

Shareholder(s)	holder(s) of the Share(s)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Taiwan	Republic of China
USA	the United States of America

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