# NEXT DIGITAL LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00282)**

## ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The Board of Directors (the "Board" or the "Directors") of Next Digital Limited ("Next Digital" or the "Company") announces the unaudited interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2016, as well as the comparative figures for the same period of last year.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
*For the six months ended 30 September 2016*

| | NOTES | Six months ended 30 September 2016 HK$'000 (unaudited) | 2015 HK$'000 (unaudited) |
|---|---|---|---|
| Revenue | 3 | **940,953** | 1,251,646 |
| Production costs | | | |
| Cost of raw materials consumed | | **(148,227)** | (227,902) |
| Other overheads | | **(172,077)** | (190,564) |
| Staff costs | | **(326,191)** | (398,725) |
| Personnel costs excluding direct production staff costs | | **(272,171)** | (284,713) |
| Other income | 3 | **15,726** | 20,120 |
| Net exchange (loss) gain | | **(876)** | 2,273 |
| Allowance for bad and doubtful debts | | **(8,143)** | (9,054) |
| Depreciation of property, plant and equipment | | **(47,301)** | (52,560) |
| Release of prepaid lease payments | | **(900)** | (900) |
| Other expenses | | **(115,523)** | (132,051) |
| Impairment loss recognised in respect of intangible assets | | **–** | (96,928) |
| Finance costs | 5 | **(4,795)** | (5,125) |
| Loss before tax | | **(139,525)** | (124,483) |
| Income tax (expense) credit | 6 | **(9,213)** | 1,699 |
| Loss for the period | 7 | **(148,738)** | (122,784) |
| **Other comprehensive income (expense)** | | | |
| *Item that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences on translating foreign operations | | **24,116** | (52,650) |
| Total comprehensive expense for the period | | **(124,622)** | (175,434) |
| Loss for the period attributable to: | | | |
| Owners of the Company | | **(147,476)** | (123,479) |
| Non-controlling interests | | **(1,262)** | 695 |
| | | **(148,738)** | (122,784) |
| Total comprehensive expense attributable to: | | | |
| Owners of the Company | | **(123,437)** | (174,884) |
| Non-controlling interests | | **(1,185)** | (550) |
| | | **(124,622)** | (175,434) |
| Loss per share | 9 | | |
| Basic | | **(HK6.1 cents)** | (HK5.1 cents) |
| Diluted | | **(HK6.1 cents)** | (HK5.1 cents) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 September 2016*

| | *NOTES* | **30 September 2016** | 31 March 2016 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| | | **(unaudited)** | (audited) |
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | *10* | **1,020,299** | 1,020,299 |
| Property, plant and equipment | *11* | **1,093,009** | 1,094,647 |
| Prepaid lease payments | *12* | **53,467** | 54,367 |
| Deposits for acquisition of property, plant and equipment | | **5,389** | 8,857 |
| | | **2,172,164** | 2,178,170 |
| **CURRENT ASSETS** | | | |
| Inventories | | **77,941** | 93,313 |
| Trade and other receivables | *13* | **488,630** | 539,790 |
| Prepaid lease payments | *12* | **1,797** | 1,797 |
| Tax recoverable | | **23,425** | 19,271 |
| Restricted bank balances | *14* | **1,500** | 1,500 |
| Amounts due from related parties | | **4,206** | 3,565 |
| Bank balances and cash | | **545,528** | 457,333 |
| | | **1,143,027** | 1,116,569 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | *15* | **441,602** | 445,565 |
| Deferred revenue | | **4,352** | 5,646 |
| Borrowings | *16* | **–** | 76,305 |
| Provisions | *17* | **130,646** | 123,630 |
| Tax liabilities | | **21,856** | 14,747 |
| | | **598,456** | 665,893 |
| **NET CURRENT ASSETS** | | **544,571** | 450,676 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **2,716,735** | 2,628,846 |
| **NON-CURRENT LIABILITIES** | | | |
| Borrowings | *16* | **445,104** | 222,557 |
| Retirement benefits plans | | **78,109** | 76,805 |
| Deferred tax liabilities | | **213,003** | 213,507 |
| | | **736,216** | 512,869 |
| **NET ASSETS** | | **1,980,519** | 2,115,977 |

| | NOTE | 30 September 2016 HK$'000 (unaudited) | 31 March 2016 HK$'000 (audited) |
|---|---|---|---|
| **CAPITAL AND RESERVES** | | | |
| Share capital | *18* | **2,435,345** | 2,435,010 |
| Reserves | | **(470,824)** | (358,112) |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY** | | **1,964,521** | 2,076,898 |
| **NON-CONTROLLING INTERESTS** | | **15,998** | 39,079 |
| **TOTAL EQUITY** | | **1,980,519** | 2,115,977 |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2016*

### 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").

The financial information relating to the year ended 31 March 2016 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 2016 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 Hong Kong Companies Ordinance.

### 2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2016.

In the current interim period ended 30 September 2016, 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.

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

## 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 | |
|---|---|---|
| | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Revenue | | |
| Internet advertising income, internet subscription income, content provision and development of mobile games and apps income ("Digital businesses") | **333,867** | 326,932 |
| Sales of newspapers | **179,547** | 215,561 |
| Sales of books and magazines | **28,416** | 52,383 |
| Newspapers advertising income | **243,148** | 375,744 |
| Books and magazines advertising income | **65,263** | 185,742 |
| Printing and reprographic services income | **90,712** | 95,284 |
| | **940,953** | 1,251,646 |
| Other income | | |
| Sales of waste materials | **2,674** | 4,754 |
| Interest income on bank deposits | **498** | 733 |
| Rental income | **8,420** | 10,235 |
| Others | **4,134** | 4,398 |
| | **15,726** | 20,120 |
| Total | **956,679** | 1,271,766 |

## 4. SEGMENT INFORMATION

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

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

| **Operating segments** | **Principal activities** |
|---|---|
| Digital businesses | Internet advertising, internet subscription, content provision and development of mobile games and apps in Hong Kong, Taiwan and North America |
| 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 |

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

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 2016 (unaudited)**

| | **Digital businesses** *HK$'000* | **Newspapers publication and printing** *HK$'000* | **Books and magazines publication and printing** *HK$'000* | **Eliminations** *HK$'000* | **Consolidated** *HK$'000* |
|---|---|---|---|---|---|
| REVENUE | | | | | |
| External sales | **333,867** | **474,120** | **132,966** | **–** | **940,953** |
| Inter-segment sales | **–** | **116,815** | **6,699** | **(123,514)** | **–** |
| Total | **333,867** | **590,935** | **139,665** | **(123,514)** | **940,953** |
| Segment results | **9,255** | **(60,981)** | **(87,397)** | **–** | **(139,123)** |
| Unallocated expenses | | | | | **(8,660)** |
| Unallocated income | | | | | **13,053** |
| Finance costs | | | | | **(4,795)** |
| Loss before tax | | | | | **(139,525)** |

Six months ended 30 September 2015 (unaudited)

| | Digital businesses *HK$'000* | Newspapers publication and printing *HK$'000* | Books and magazines publication and printing *HK$'000* | Eliminations *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|---|
| REVENUE | | | | | |
| External sales | 326,932 | 650,570 | 274,144 | – | 1,251,646 |
| Inter-segment sales | – | 112,299 | 3,905 | (116,204) | – |
| Total | 326,932 | 762,869 | 278,049 | (116,204) | 1,251,646 |
| Segment results | 25,456 | 19,051 | (164,879) | – | (120,372) |
| Unallocated expenses | | | | | (14,352) |
| Unallocated income | | | | | 15,366 |
| Finance costs | | | | | (5,125) |
| Loss before tax | | | | | (124,483) |

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.

**As at 30 September 2016 (unaudited)**

| | **Digital businesses** | **Newspapers publication and printing** | **Books and magazines publication and printing** | **Consolidated** |
|---|---|---|---|---|
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** |
| Segment assets | **467,327** | **1,835,609** | **438,405** | **2,741,341** |
| Unallocated assets | | | | **573,850** |
| Total assets | | | | **3,315,191** |
| Segment liabilities | **(80,324)** | **(327,773)** | **(227,323)** | **(635,420)** |
| Unallocated liabilities | | | | **(699,252)** |
| Total liabilities | | | | **(1,334,672)** |

As at 31 March 2016 (audited)

| | Digital businesses | Newspapers publication and printing | Books and magazines publication and printing | Consolidated |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Segment assets | 458,465 | 1,896,366 | 458,487 | 2,813,318 |
| Unallocated assets | | | | 481,421 |
| Total assets | | | | 3,294,739 |
| Segment liabilities | (83,384) | (310,474) | (278,533) | (672,391) |
| Unallocated liabilities | | | | (506,371) |
| Total liabilities | | | | (1,178,762) |

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.

**Other segment information**

**For the six months ended 30 September 2016 (unaudited)**

| | **Digital businesses** *HK$'000* | **Newspapers publication and printing** *HK$'000* | **Books and magazines publication and printing** *HK$'000* | **Corporate** *HK$'000* | **Consolidated** *HK$'000* |
|---|---|---|---|---|---|
| Addition to non-current assets | **8,357** | **4,319** | **3,564** | **–** | **16,240** |
| Depreciation of property, plant and equipment | **8,737** | **28,037** | **8,246** | **2,281** | **47,301** |
| Release of prepaid lease payments | **–** | **497** | **–** | **403** | **900** |
| Allowance for bad and doubtful debts | **3,280** | **3,856** | **1,007** | **–** | **8,143** |
| Share-based payment expense | **–** | **279** | **–** | **1,356** | **1,635** |
| Loss (gain) on disposal of property, plant and equipment | **89** | **6** | **(46)** | **–** | **49** |
| Redundancy payment | **784** | **18,773** | **18,206** | **–** | **37,763** |

For the six months ended 30 September 2015 (unaudited)

| | Digital businesses *HK$'000* | Newspapers publication and printing *HK$'000* | Books and magazines publication and printing *HK$'000* | Corporate *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|---|
| Addition to non-current assets | 4,737 | 4,918 | 4,056 | – | 13,711 |
| Depreciation of property, plant and equipment | 8,502 | 30,917 | 11,212 | 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 | 1,414 | 5,699 | 1,941 | – | 9,054 |
| Share-based payment expense | 3,719 | 1,281 | – | 2,960 | 7,960 |
| (Gain) loss on disposal of property, plant and equipment | (5) | 18 | 33 | – | 46 |
| Redundancy payment | 132 | 3,650 | 17,126 | – | 20,908 |

## 5. FINANCE COSTS

| | Six months ended 30 September | |
|---|---|---|
| | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Interest expenses on bank borrowings | **4,795** | 5,125 |

## 6. INCOME TAX EXPENSE (CREDIT)

| | Six months ended 30 September | |
|---|---|---|
| | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Current tax: | | |
| Hong Kong | **8,960** | 12,339 |
| Taiwan | **–** | 3,126 |
| Other jurisdictions | **529** | – |
| | **9,489** | 15,465 |
| Deferred tax: | | |
| Credit for the period | **(276)** | (17,164) |
| | **9,213** | (1,699) |

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% (2015: 16.5%) for the six months ended 30 September 2016.

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% (2015: 17%) which is the rate prevailing in the relevant jurisdiction.

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

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.

## 7. LOSS FOR THE PERIOD

| | Six months ended 30 September **2016** *HK$'000* **(unaudited)** | 2015 *HK$'000* (unaudited) |
|---|---|---|
| Loss for the period has been arrived at after charging: | | |
| Auditor's remuneration | **662** | 630 |
| Operating lease expenses on: | | |
| Properties | **1,379** | 1,841 |
| Plant and equipment | **8,192** | 8,776 |
| Loss on disposal of property, plant and equipment (included in other expenses) | **49** | 46 |
| Provision for litigation expenses (note 17) (included in other expenses) | **16,238** | 16,444 |
| Share-based payment expense (included in personnel costs) | **1,635** | 7,960 |
| Redundancy payment (included in personnel costs) | **37,763** | 20,908 |

## 8. DIVIDENDS

No interim dividend was proposed for the six months ended 30 September 2016 (six months ended 30 September 2015: nil), nor has any dividend been proposed since the end of the reporting period.

## 9. LOSS PER SHARE

The calculation of 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 **2016** *HK$'000* **(unaudited)** | 2015 *HK$'000* (unaudited) |
|---|---|---|
| Loss for the purposes of basic and diluted loss per share for the period attributable to the owners of the Company | **(147,476)** | (123,479) |

**Number of shares**

| | Six months ended 30 September | |
|---|---|---|
| | **2016** | 2015 |
| | **No. of shares** | No. of shares |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | **2,431,565,624** | 2,431,316,881 |

The computation of diluted loss per share for the six months ended 30 September 2016 and 30 September 2015 does not assume the exercise of the Company's outstanding share options and award shares since the exercise would result in a decrease in loss per share for both periods.

## 10. INTANGIBLE ASSETS

| | **Masthead and publishing rights** |
|---|---|
| | ***HK$'000*** |
| **COST** | |
| At 1 April 2016 (audited) and 30 September 2016 (unaudited) | **1,482,799** |
| **ACCUMULATED IMPAIRMENT** | |
| At 1 April 2016 (audited) and 30 September 2016 (unaudited) | **462,500** |
| **CARRYING VALUES** | |
| At 30 September 2016 (unaudited) | **1,020,299** |
| At 31 March 2016 (audited) | **1,020,299** |

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.

## 11. PROPERTY, PLANT AND EQUIPMENT

| | *HK$'000* |
|---|---|
| **COST** | |
| At 1 April 2016 (audited) | **2,744,223** |
| Exchange difference | **43,128** |
| Additions | **19,708** |
| Disposals | **(11,370)** |
| At 30 September 2016 (unaudited) | **2,795,689** |
| **ACCUMULATED DEPRECIATION AND IMPAIRMENT** | |
| At 1 April 2016 (audited) | **1,649,576** |
| Exchange difference | **16,791** |
| Charge for the period | **47,301** |
| Eliminated on disposals | **(10,988)** |
| At 30 September 2016 (unaudited) | **1,702,680** |
| **CARRYING VALUES** | |
| At 30 September 2016 (unaudited) | **1,093,009** |
| At 31 March 2016 (audited) | **1,094,647** |

## 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 2016** *HK$'000* **(unaudited)** | 31 March 2016 *HK$'000* (audited) |
|---|---|---|
| Analysed for reporting purposes as: | | |
| Current asset | **1,797** | 1,797 |
| Non-current asset | **53,467** | 54,367 |
| | **55,264** | 56,164 |

## 13. TRADE AND OTHER RECEIVABLES

| | **30 September 2016** | 31 March 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (audited) |
| Trade receivables | **429,380** | 485,405 |
| Less: allowance for doubtful debts | **(66,434)** | (58,104) |
| | **362,946** | 427,301 |
| Prepayments | **69,378** | 58,327 |
| Rental and other deposits | **12,666** | 13,603 |
| Others | **43,640** | 40,559 |
| Trade and other receivables | **488,630** | 539,790 |

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

The following is an aged analysis of the trade receivables after deducting the allowance for doubtful debts presented based on invoice dates, which approximated the respective revenue recognition dates at the end of the reporting period:

| | **30 September 2016** | 31 March 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (audited) |
| 0 – 1 month | **141,933** | 149,335 |
| 1 – 3 months | **138,537** | 162,516 |
| 3 – 4 months | **50,869** | 56,827 |
| Over 4 months | **31,607** | 58,623 |
| | **362,946** | 427,301 |

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK$31,607,000 (31 March 2016: HK$58,623,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the directors of the Company assessed that the balances will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

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

| | **30 September 2016** | 31 March 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (audited) |
| Over 4 months | **31,607** | 58,623 |

**Movement in the allowance for doubtful debts**

| | Six months ended 30 September | |
|---|---|---|
| | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* |
| At 1 April (audited) | **58,104** | 76,851 |
| Impairment loss recognised | **8,143** | 9,054 |
| Exchange difference | **204** | (563) |
| Amounts written off as uncollectible | **(17)** | (128) |
| At 30 September (unaudited) | **66,434** | 85,214 |

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$66,434,000 (31 March 2016: HK$58,104,000) 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 2016, bank balance amounting to HK$1,500,000 (31 March 2016: 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 0.25% per annum for the period (31 March 2016: 0.20% per annum for the year). The management expects that the restricted bank balances will be withdrawn within one year from 30 September 2016.

## 15. TRADE AND OTHER PAYABLES

| | **30 September 2016** | 31 March 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (audited) |
| Trade payables | **58,638** | 68,759 |
| Accrued staff costs | **185,491** | 176,285 |
| Accrued charges | **128,432** | 120,808 |
| Other payables | **69,041** | 79,713 |
| Trade and other payables | **441,602** | 445,565 |

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 2016** *HK$'000* **(unaudited)** | 31 March 2016 *HK$'000* (audited) |
|---|---|---|
| 0 – 1 month | **35,923** | 47,600 |
| 1 – 3 months | **15,774** | 16,359 |
| Over 3 months | **6,941** | 4,800 |
| | **58,638** | 68,759 |

## 16. BORROWINGS

| | **30 September 2016** *HK$'000* **(unaudited)** | 31 March 2016 *HK$'000* (audited) |
|---|---|---|
| Carrying amount repayable | | |
| – on demand or within one year | **–** | 76,305 |
| – in the second year | **–** | 76,305 |
| – in the third year | **49,456** | 76,305 |
| – in the fourth year | **98,912** | 69,947 |
| – in the fifth year | **98,912** | – |
| – more than five years | **197,824** | – |
| | **445,104** | 298,862 |
| Less: Amount due within one year or on demand shown under current liabilities | **–** | (76,305) |
| Non-current portion | **445,104** | 222,557 |

*Notes:*

(i) During the current interim period, the Group repaid bank loans amounting to HK$306,696,000 (six months ended 30 September 2015: HK$37,334,000).

(ii) At 30 September 2016, bank loans balance of HK$445,104,000 carry interests at 3 months Taipei Interbank Offered Rate plus 1.55% per annum. At 31 March 2016, bank loans balance of HK$298,862,000 carry interests at Postal Saving 2 Years Floating Rate in Taiwan plus 1.4275% per annum.

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.32% per annum for the period (31 March 2016: 2.59% per annum for the year).

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

(iii) At 30 September 2016, the Group had total unutilised bank loan facilities of HK$112,963,000 (31 March 2016: HK$100,546,000).

## 17. PROVISIONS

| | Litigations |
|---|---|
| | *HK$'000* |
| At 1 April 2016 (audited) | **123,630** |
| Additional provision during the period | **16,238** |
| Payment during the period | **(9,659)** |
| Exchange difference | **437** |
| At 30 September 2016 (unaudited) | **130,646** |

As at 30 September 2016, 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.

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 the "Plaintiffs") issued a writ against Next Magazine Publishing Limited ("NMPL") in respect of an article published in the weekly magazine – *Next Magazine* alleging, amongst other things, that certain parts of such article were defamatory and/or amounted to a malicious falsehood. NMPL filed a Defense to such claim in January 2011.

Trial commenced on 2 March 2015 and concluded on 29 August 2015. The judgment (the "Judgment") made by the High Court has been handed down on 23 May 2016. The High Court has found in favour of the Plaintiffs on certain grounds but has dismissed the Plaintiffs' claim in malicious falsehood and in conclusion has ordered, amongst other matters, NMPL to pay a total of approximately HK$3.0 million in damages and 80.0% of the Plaintiffs' legal costs. NMPL has paid the damages to the Plaintiffs on 3 June 2016. The only outstanding matter is the question of costs. NMPL is now negotiating with the Plaintiffs' solicitors in an attempt to agree the amount payable. Having taken into account the potential liability for costs, the Board considered that such liability will not have any material adverse impact on the Group's ordinary operations and financial position. All outstanding matters between NMPL and the Plaintiffs (apart from costs) have been dealt with in the Judgment.

## 18. SHARE CAPITAL

| | Number of shares | | Share capital | |
|---|---|---|---|---|
| | **30 September 2016** | 31 March 2016 | **30 September 2016** | 31 March 2016 |
| | | | ***HK$'000*** | *HK$'000* |
| Issued and fully paid: | | | | |
| At beginning of the period/year | **2,431,316,881** | 2,431,006,881 | **2,435,010** | 2,434,747 |
| Issue of ordinary shares in relation to award of new shares | **410,000** | 310,000 | **335** | 263 |
| At end of the period/year | **2,431,726,881** | 2,431,316,881 | **2,435,345** | 2,435,010 |

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL RESULTS

The revenue of Next Digital and its subsidiaries amounted to HK$941.0 million during the six months ended 30 September 2016. This was HK$310.6 million or 24.8% less than the figure of HK$1,251.6 million in the same period last year. The decline was mainly attributable to the decrease in advertising revenue, circulation income and other income of the Group's print publications.

The Group has undergone a series of consolidation exercises for its publication and printing operations in Hong Kong during the period under review. The Group ceased the publication of *FACE* and *ME!* in April and May 2016 respectively. In June 2016, *Ketchup* ceased its print version and switched its focus to solely digital on the Group's portal. *Auto Express* and *Trading Express* have been packaged with *Next Magazine* and *Eat & Travel Weekly* as a new bundle to streamline the magazine's operations and reduce operating costs.

The Group recorded an unaudited consolidated loss of HK$148.7 million for the period, representing an additional loss of 21.1% or HK$25.9 million compared with the loss of HK$122.8 million for same period of 2015. This was mainly attributable to the sluggish economy in Hong Kong and Taiwan during the first half of 2016, which led to a decline in advertising spending. Another factor driving the decrease is the expenses incurred from the consolidation of the Group's Books and Magazines Publication and Printing Division and the restructuring of *Taiwan Apple Daily*, *Taiwan Next Magazine* and *Apple Daily* and *Next Magazine* in Hong Kong. The restructuring resulted in the layoff of relevant employees of the publications which incurred the payment in lieu of notice of HK$37.8 million. Also closely associated to this decrease was the drop in circulation income of the Group's publications due to the readers' preference of free online media over printed properties. In the same period of 2015, the impairment of the masthead and publishing rights of *Sudden Weekly* of HK$96.9 million was incurred.

Accordingly, the Company recorded a basic loss per share of HK6.1 cents for the period against a basic loss per share of HK5.1 cents in the same period last year.

## OPERATIONAL REVIEW

The Group operations in Hong Kong and elsewhere accounted for about 62.0% of total revenue during the six months ended 30 September 2016, compared with 60.5% in last corresponding period while its Taiwan operations contributed 38.0% of its total revenue, against 39.5% in the same period last year.

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

## DIGITAL BUSINESSES DIVISION

The Group has continued to invest its resources to further develop the most popular digital news platforms in Hong Kong and Taiwan. As a result, the combined platforms for Hong Kong and Taiwan together have commanded an average monthly page view counts of 2.2 billion (Source: ComScore), making it one of the top news sites in the world.

One of the Group's key digital strategies is to leverage on *Apple Daily*'s user base of 4.3 million monthly unique visitors in Hong Kong and 11.9 million monthly unique visitors in Taiwan (Source: ComScore). All of the Group's magazine contents are now available on an integrated *Apple Daily* platform, so that a cross platform synergy can be realised on a "super app". As such, the number of readers and page views of the Group's magazines, *Next Plus, Eat & Travel* and *Ketchuper*, are all seeing a healthy growth that augers well for the Group's future.

The Group has always regarded the small to medium size merchants as the backbone of Hong Kong's economic success. This market has been underserved in the digital space. The e-classified division of the group has now gained a solid foothold in this segment, and close to 20,000 merchants in Hong Kong have signed up for the digital Red Page service on *Apple Daily*, paving the way for a more diversified client base for the Group.

In North America, *Apple Daily* has launched an USA version that immediately built up significant traffic. To-date, *Apple Daily* has recorded over 1.5 million monthly unique visitors in the USA, and 420 thousands in Canada (Source: *Apple Daily* Internal Server Log), showing the popularity of the paper among the overseas Chinese population.

The Group's online games business has stabilised over the reporting period, and a line-up of new games have been scheduled for launch in the second half of the year.

Overall, the Division's external revenue, which consists of subscription fees, online advertising revenue, content licensing payments, games and content sponsorship, and in-app purchase of virtual products, amounted to HK$333.9 million during the period under review, representing an increase of 2.1% or HK$7.0 million against the figure of HK$326.9 million recorded in the same months last year, 75.5% of this revenue was generated in Hong Kong during the period under review.

The Division's segment profit stood at HK$9.3 million during the period under review, compared with a segment profit of HK$25.5 million, a drop of 63.5% or HK$16.2 million. This was mainly attributed by the initial development costs incurred for the launching of "e-classified", *USA Apple Daily* and *Ketchup* digital version.

## NEWSPAPERS PUBLICATION AND PRINTING DIVISION

During the six months ended 30 September 2016, the total revenue of the Newspapers Publication and Printing Division stood at HK$474.1 million, representing a decrease of 27.1% or HK$176.5 million against the figure of HK$650.6 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$410.9 million and accounted for 43.7% of the Group's total revenue. Against the figure of HK$575.2 million for the same period last year, this represented a decrease of 28.6% or HK$164.3 million. Accordingly, the Division's segment profit decreased by 419.4% to segment loss of HK$61.0 million, compared with the segment profit of HK$19.1 million recorded in the same period of 2015. This was mainly attributable to the significant decrease in advertising revenue and circulation income derived from the Group's newspapers during the period under review.

*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 2016. *Apple Daily's* revenue stood at HK$179.3 million during the period under review, representing a decrease of 25.2% or HK$60.3 million against the figure of HK$239.6 million recorded in the same period last year. Advertising revenue accounted for HK$78.4 million of its revenue, while its circulation income was HK$100.9 million, representing a decrease of 38.2% or HK$48.4 million and 10.5% or HK$11.9 million as compared to the respective figures of HK$126.8 million and HK$112.8 million recorded in the same period last year.

*Taiwan Apple Daily*, widely known for its unbiased editorial style and vivid layout, is one of the most widely read paid-for daily newspaper on the island. Its revenue amounted to HK$231.6 million during the period under review, a decline of 31.0% or HK$104.0 million against the HK$335.6 million recorded in the last corresponding months. Advertising revenue accounted for HK$152.3 million of its revenue, while its circulation income was HK$78.6 million, representing a decrease of 34.3% or HK$79.6 million and 23.5% or HK$24.2 million as compared to the respective figures of HK$231.9 million and HK$102.8 million earned in the same period last year.

*Taiwan Sharp Daily*, the Group's free newspaper in Taipei, remains highly popular. Copies of the newspaper are distributed to commuters outside the city's metro stations every morning from Mondays to Fridays. It particularly appeals to local advertisers, especially small business operators.

**Apple Daily Printing Limited ("ADPL")**

Although the newspaper printing operation was adversely affected by the decline in print runs of *Apple Daily*, it continues to make contributions to the Group. Its revenue during the period under review amounted to HK$96.8 million, a decrease of 19.9% or HK$24.1 million over the figure of HK$120.9 million achieved in the corresponding period last year.

ADPL derived HK$50.7 million in revenue (total revenue minus transactions related to printing the Group's own publications) from external customers, including printing jobs for local and overseas newspapers, during the period under review. This was 13.2% or HK$7.7 million less than the figure of HK$58.4 million it earned in the last corresponding months.

## BOOKS AND MAGAZINES PUBLICATION AND PRINTING DIVISION

The trend of switching from print publications to digital platforms continues and as a result, 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$133.0 million, a decrease of 51.5% or HK$141.1 million against the figure of HK$274.1 million it achieved in the same period last year.

The Division recorded a segment loss of HK$87.4 million during the period under review, a decrease in loss of HK$77.5 million compared with a segment loss of HK$164.9 million in the same period last year. The decrease in loss was mainly due to the impairment of *Sudden Weekly* masthead and publishing rights amounting to HK$96.9 million in the same period last year.

The Group continued its magazine consolidation in the period under review to maintain competitiveness and enhance value to our readers. In April 2016, the Group ceased the publication of *FACE. Ketchup, Auto Express* and *Trading Express* were sold as a bundle at a selling price at HK$10.0 since 6 April 2016. In May 2016, *ME!* ceased publication and in June 2016, *Ketchup* ceased its print version and switched its focus to digital version on the Group's portal. In June 2016*, Auto Express* and *Trading Express* were bundled with *Next Magazine* and *Eat & Travel Weekly* as a new bundle to enhance the appeal of *Next Magazine* at the same selling price of HK$20.0 (the "*New Next Magazine Bundle*").

Under the depressed market conditions, the advertising revenue of the *New Next Magazine Bundle* for the period from June to September 2016 was HK$31.1 million.

*Taiwan Next Magazine*'s advertising revenue amounted to HK$29.0 million during the first half of the financial year, compared with HK$49.5 million in the same period last year, a decrease of 41.4% or HK$20.5 million.

**Commercial Printing**

Despite several daunting factors such as intense competition in the industry, the trim down of print runs of the Group's magazines and a decrease in overseas printing orders, the commercial printing operation recorded a revenue of HK$39.3 million in the six months ended 30 September 2016, which was 9.2% or HK$3.3 million more than its revenue of HK$36.0 million in the same period last year.

## FUTURE PROSPECTS AND OUTLOOK

The Group is currently maneuvering through a challenging industrial and economic landscape. There is a steep upward trend of readers opting for digital media outlets over the conventional print media, leading to a decrease in circulation and advertising space of our print publications. To accommodate this upcoming trend, the Group made strategic moves to diversify revenue sources and direct resources towards building a substantial digital business. Through a robust digital news media platform and leading news and entertainment content, Next Digital has accumulated a well-established online user base and will continue to attract users.

Although the current landscape favours digital sources, print media is still seen as irreplaceable and invaluable by many. Therefore it is necessary to safeguard the Group's print business and preserve its leading position in the industry. To secure a presence on the digital media front and maintain ownership of the print media, the Group will continue to create high quality, engaging and creative digital and print content for its audiences and readers.

In light of economic uncertainties in Hong Kong and Taiwan in the second half of 2016, the Group is now operating under leaner organization and is prepared to meet obstacles and challenges with increased agility.

## 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 2016, the Group had available banking facilities in a total of HK$563.9 million, of which HK$450.9 million had been utilised. There was no seasonality in the Group's bank borrowing requirements, and all the monies borrowed bearing interest at floating rates. The Group's bank borrowings are denominated in NT$.

As at 30 September 2016, the Group's aggregate bank balances and cash reserves amounted to HK$547.0 million. The Group's current ratio on the same date was 191.0%, compared to 167.7% as at 31 March 2016. On the same date, its gearing ratio amounted to 13.4%, compared to 9.1% as at 31 March 2016. These figures were calculated by dividing its borrowings including non-current and current portions, by total asset value.

During the current interim period, the Group obtained new term loan facilities in an aggregate amount of NT$1,800.0 million (equivalent to HK$445.1 million) from Industrial Bank of Taiwan and a revolving credit facility in an aggregate amount of NT$40.0 million (equivalent to HK$9.9 million) from KGI Bank by pledging certain properties in Taiwan as securities for general working capital purpose and replacing existing term loan facilities in Taiwan.

## ASSETS PLEDGED

As at 30 September 2016, the Group had pledged its properties situated in Taiwan with an aggregate carrying value of HK$604.9 million to various banks as security for banking facilities granted to it.

## 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 2016, the Group's net currency exposure stood at NT$3,937.2 million (equivalent to HK$973.6 million), a decrease of 7.4% on the figure of NT$4,252.4 million (equivalent to HK$1,024.7 million) as at 31 March 2016.

## SHARE CAPITAL

As at 30 September 2016, the Company's total amount of issued and fully paid share capital was HK$2,435.3 million.

As of 30 September 2016, the Company's total number of issued shares with no par value was 2,431,726,881 shares.

## CONTINGENT LIABILITIES

As at 30 September 2016, 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. Separate legal action concerning the claim was taken against ADPL and Mr. Lai Chee Ying, Jimmy ("Mr. Lai"), a controlling shareholder of the Company, in the High Court during 2007.

Pursuant to the orders issued by the High Court on 28 April 2016 and 3 May 2016 respectively, the arbitration proceedings between UDL as applicant and ADPL as respondent has been wholly dismissed with no order as to costs and the High Court action between UDL as plaintiff and ADPL as 1st defendant and Mr. Lai as 2nd defendant has been discontinued with no order as to costs. The litigation case and dispute between UDL and ADPL and Mr. Lai have been concluded as at 30 September 2016.

In July 2010, BaWang International (Group) Holding Limited (as 1st Plaintiff) and BaWang (Guangzhou) Company Limited (as 2nd Plaintiff) (collectively referred as the "Plaintiffs") issued a writ against Next Magazine Publishing Limited ("NMPL") in respect of an article published in the weekly magazine, *Next Magazine*, alleging, amongst other things, that certain parts of such article were defamatory and/or amounted to a malicious falsehood. NMPL filed a Defence to such claim in January 2011.

Trial commenced on 2 March 2015 and concluded on 29 August 2015. The judgment (the "Judgment") made by the High Court has been handed down on 23 May 2016. The High Court has found in favour of the Plaintiffs on certain grounds but has dismissed the Plaintiffs' claim in malicious falsehood and in conclusion has ordered, amongst other matters, NMPL to pay a total of approximately HK$3.0 million in damages and 80.0% of the Plaintiffs' legal costs. NMPL has paid the damages to the Plaintiffs on 3 June 2016. The only outstanding matter is the question of costs. NMPL is now negotiating with the Plaintiffs' solicitors in an attempt to agree the amount payable. Having taken into account the potential liability for costs, the Board considered that such liability will not have any material adverse impact on the Group's ordinary operations and financial position. All outstanding matters between NMPL and the Plaintiffs (apart from costs) have been dealt with in the Judgment.

The Group has accrued for HK$130.6 million (as at 31 March 2016: HK$123.6 million) as provisions. These provisions were 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 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 contents 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 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, and the guarantee was renewed on 26 October 2016 for a further term of three years up to 25 October 2019, 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 2016, the Group employed a total of 3,106 employees, of whom 1,628 were in Hong Kong, 1,471 were in Taiwan, 6 were in Canada and 1 was in USA. There were no material changes to the policies regarding employee remuneration, bonuses, share incentive schemes and staff development disclosed in the 2015/2016 annual report of the Company.

During the period under review, the total staff costs of the Group amounted to HK$598.4 million, compared to HK$683.4 million incurred for the same period last year.

## INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 30 September 2016 (2015: Nil).

## AUDIT COMMITTEE

The Audit Committee consisted solely of the Company's three Independent Non-executive Directors (the "INEDs"), and it 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. During the period under review, all the members of the Audit Committee attended the meeting held on 10 June 2016 (with the external auditor) and in the absence of the Executive Directors.

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 the review of the interim financial statements of the Company for the six months ended 30 September 2016 (the "Interim Financial Statements").

Deloitte Touche Tohmatsu 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 the HKAS 34 "Interim Financial Reporting", both of which were issued by the HKICPA.

## CORPORATE GOVERNANCE

During the six months ended 30 September 2016, the Company complied fully with the applicable provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for the CG Code provisions A.2.1, A.6.7 and E.1.2.

Following the resignation of Mr. Lai as the Chairman of the Board on 12 December 2014, Mr. Cheung Ka Sing, Cassian ("Mr. Cassian Cheung") has taken up the position of Interim Chairman as an interim arrangement in filling up the vacancy since then. The Board considered that the appointment of Mr. Cassian Cheung as the Interim Chairman will not impact the balance of power and authority between the Board and the senior management as clear guidelines have been set out for their respective powers and authorities. The Board, which comprises experienced and high-calibre individuals, also meets regularly to discuss issues and oversee the Group's operations. The management team, which consists of Executive Directors 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.

As announced on 8 June 2016, Mr. Ip Yut Kin ("Mr. Ip") has been re-designated from an Executive Director to a Non-executive Director and appointed as the Non-executive Chairman of the Group. On the same date, Mr. Cassian Cheung has relinquished the position of Interim Chairman of the Group. He will continue as an Executive Director of the Company and Chief Executive Officer of the Group.

Due to other business engagements, Mr. Fok Kwong Hang, Terry and Mr. Wong Chi Hong, Frank (all being INEDs) did not attend the Annual General Meeting held on 29 July 2016. Mr. Ip, the Non-executive Chairman, chaired the aforesaid meeting in accordance with the provisions of the Articles of Association.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (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.

## 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 2016.

## PUBLICATION OF THE INTERIM REPORT ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The interim report of the Company for the six months ended 30 September 2016 will be printed in English and Chinese and will be available in the Investor Relations section of the Company's website at www.nextdigital.com.hk. Shareholders of the Company 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 Share Registrar, Computershare Hong Kong Investor Services Limited (the "Share Registrar"), by post at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. For environmental-protection purposes, shareholders of the Company are encouraged to access the Company's corporate communications electronically via the Company's website.

Please note that the English and Chinese 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 websites of the Company at www.nextdigital.com.hk or Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

By order of the Board
**Cheung Ka Sing, Cassian**
*Executive Director and Chief Executive Officer*

Hong Kong, 14 November 2016

**FORWARD-LOOKING STATEMENTS**

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

As at the date of this announcement, the Board comprises:–

*Non-executive Director:*
Mr. Ip Yut Kin
*(Non-executive Chairman)*

*Executive Directors:*
Mr. Cheung Ka Sing, Cassian
*(Chief Executive Officer)*
Mr. Chow Tat Kuen, Royston
*(Chief Financial Officer)*

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