NEXT DIGITAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2019

The board of directors (the "Board" or the "Director") of Next Digital Limited ("Next Digital" or the "Company") announces the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2019, together with the comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Revenue	4	**1,304,275**	1,495,521
Production costs			
Cost of raw materials consumed		**(233,749)**	(230,948)
Other overheads		**(307,495)**	(329,783)
Staff costs		**(530,987)**	(577,773)
		(1,072,231)	(1,138,504)
Personnel costs excluding direct production staff costs		**(470,586)**	(464,279)
Other income	4	**27,561**	28,114
Net exchange gain		**2,473**	9,525
Depreciation of property, plant and equipment		**(55,156)**	(85,117)
Release of prepaid lease payments		**(1,797)**	(1,797)
Other expenses		**(220,060)**	(141,737)
Impairment loss recognised in respect of intangible assets		**-**	(159,886)
Impairment loss on trade receivables, net		**(102,462)**	(15,294)
Gain (Loss) on disposal of property, plant and equipment		**259,903**	(270)
Finance costs	6	**(11,083)**	(10,998)
Loss before tax		**(339,163)**	(484,722)
Income tax (expense) credit	7	**(1,022)**	7,803
Loss for the year	8	**(340,185)**	(476,919)
Other comprehensive income (expense)			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial gain (loss) from remeasurement of defined benefit obligations, net of tax		**630**	(451)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(40,499)**	27,506
Total comprehensive expense for the year		**(380,054)**	(449,864)

	NOTE	**2019**	2018
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(338,478)**	(475,991)
Non-controlling interests		**(1,707)**	(928)
		(340,185)	(476,919)
Total comprehensive expense attributable to:			
Owners of the Company		**(378,294)**	(449,098)
Non-controlling interests		**(1,760)**	(766)
		(380,054)	(449,864)
Loss per share	*10*		
– Basic		**HK (13.1 cents)**	HK (19.6 cents)
– Diluted		**HK (13.1 cents)**	HK (19.6 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Intangible assets	*11*	**658,039**	658,039
Property, plant and equipment	*12*	**754,067**	1,076,915
Prepaid lease payments	*13*	**48,974**	50,773
Deposit for acquisition of property, plant and equipment		**12,881**	16,237
		1,473,961	1,801,964
CURRENT ASSETS			
Inventories		**62,822**	82,307
Trade and other receivables	*14*	**268,336**	385,724
Prepaid lease payments	*13*	**1,797**	1,797
Tax recoverable		**12,269**	15,761
Restricted bank balances	*15*	**1,500**	1,500
Pledged bank deposits	*15*	**33,485**	-
Amounts due from related parties		**6,532**	7,705
Time deposits with original maturity over three months	*15*	**2,878**	-
Bank balances and cash	*15*	**175,566**	303,506
		565,185	798,300
Assets classified as held for sale		**73,258**	-
		638,443	798,300
CURRENT LIABILITIES			
Trade and other payables	*16*	**523,233**	541,564
Deferred revenue		**-**	1,902
Contract liabilities		**23,768**	-
Borrowings	*17*	**179,125**	-
Provisions	*19*	**50,884**	40,480
Tax liabilities		**39**	13,620
		777,049	597,566
NET CURRENT (LIABILITIES) ASSETS		**(138,606)**	200,734
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,335,355**	2,002,698

	NOTES	2019 HK$'000	2018 HK$'000
NON-CURRENT LIABILITIES			
Borrowings	*17*	**158,489**	485,437
Retirement benefits plans		**31,339**	41,837
Deferred tax liabilities		**150,772**	151,623
		340,600	678,897
NET ASSETS		**994,755**	1,323,801
CAPITAL AND RESERVES			
Share capital	*18*	**2,486,621**	2,435,582
Reserves		**(1,493,592)**	(1,115,756)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**993,029**	1,319,826
NON-CONTROLLING INTERESTS		**1,726**	3,975
TOTAL EQUITY		**994,755**	1,323,801

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. BASIS OF PREPARATION

In preparing the consolidated financial statements of the Group, the Directors have given careful consideration of the Group in light of its net current liabilities of approximately HK$138,606,000 as at 31 March 2019. Having considered the facility for unsecured shareholder's loan of an aggregate maximum amount of HK$500,000,000 for a period of 36 months were obtained on 8 November 2018 which remains unutilised at the date of approval of the consolidated financial statements and total available unutilised bank loan facilities of approximately HK$13,967,000, 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 consolidated financial statements for the year ended 31 March 2019 have been prepared on a going concern basis.

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

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15")

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Internet advertising income and development of mobile games and apps income ("Digital business")
- Sales of newspapers
- Newspapers advertising income
- Books and magazines advertising income
- Printing and reprographic services income

Summary of effects arising from initial application of HKFRS 15

At the date of initial application, 1 April 2018, there is no difference recognised in the opening accumulated losses.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included:

	Carrying amounts previously reported at 31 March 2018	Reclassification	Carrying amounts under HKFRS 15 at 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Trade and other payables	541,564	(22,329)	519,235
Deferred revenue	1,902	(1,902)	-
Contract liabilities	-	24,231	24,231

As at 1 April 2018, deferred revenue of HK$1,902,000 in respect of unused consumables game items and unamortised durable game items from customers and deposit received for subscription of and advertisement in newspaper, magazines and internet of HK$3,203,000 and receipt in advance from customers of newspaper publication of HK$19,126,000 previously included in trade and other payables are reclassified to contract liabilities.

The following table summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Reclassification	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Trade and other payables	523,233	22,334	545,567
Deferred revenue	-	1,434	1,434
Contract liabilities	23,768	(23,768)	-

HKFRS 9 *Financial Instruments* ("HKFRS 9")

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018, if any, are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement* ("HKAS 39").

Summary of effects arising from initial application of HKFRS 9

Classification and measurement of financial instruments

Upon application of HKFRS 9 on 1 April 2018, all financial assets are held within a business model whose objective is to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and are measured at amortised cost.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Except for those which had been determined as credit impaired under HKAS 39, trade receivables have been assessed individually with outstanding significant balances, the remaining balances are grouped based on internal credit rating.

ECL for other financial assets at amortised cost, including other receivables, restricted bank balances, pledged bank deposits, amounts due from related parties, time deposits with original maturity over three months and bank balances, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

The application of HFKRS 9 on 1 April 2018 has no material impact on the consolidated financial statements of the Group with regards to impairment under ECL model as the amounts involved are not material.

New and amendments to HFKRS in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and an interpretation that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs and the interpretation will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 *Leases* ("HKFRS 16")

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* ("HKAS 17") and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold land for own use and other operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group, upfront prepaid lease payments will continue to be presented as investing cash flows.

Under HKAS 17, the Group has already recognised prepaid lease payments for leasehold land where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$69,525,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$491,000 and refundable rental deposits received of HK$4,268,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 *Determining whether an Arrangement contains a Lease* ("HK(IFRIC) - Int 4") and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) - Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated losses without restating comparative information.

Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

<u>Key sources of estimation uncertainty</u>

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

Impairment on intangible assets

Determining whether intangible asset is impaired requires an estimation of the recoverable amounts of the intangible assets. The impairment on intangible assets is determined by comparing the carrying amounts with the recoverable amounts which are estimated with reference to the value in use calculation based on the cash flow projections prepared by management. The impairment model is sensitive to changes in the key assumptions including growth rates, discount rates and the forecast performance based on management's view of future business prospects. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2019, the carrying amount of intangible assets is HK$658,039,000 (2018: HK$658,039,000). For the year ended 31 March 2019, no impairment loss has been recognised (2018: impairment loss of HK$159,886,000 has been recognised).

Provisions for legal cases

The management estimates the outcome of the claims and legal proceedings, taking into account the risks and uncertainties surrounding the legal cases. Provisions which is the management's best estimate of the consideration required to settle the obligation, after consultation with the legal counsel on the possible outcome and liability of the Group would then be recognised. As at 31 March 2019, an amount of approximately HK$50,884,000 (2018: HK$40,480,000) has been provided for a number of legal proceedings in Hong Kong and Taiwan. Details are set out in note 19.

Assessment of the indefinite useful lives of masthead and publishing rights

Management estimates the useful lives of masthead and publishing rights based on the expected lifespan of these rights. Masthead and publishing rights are considered by the management of the Group as having indefinite useful lives because they are expected to contribute net cash inflows indefinitely taking into account the stable track record of the media and advertising industry. In addition, the Directors are of the opinion that the Group's established masthead and publishing rights have demonstrated their ability to survive changes and there is no foreseeable limit to the period over which masthead and publishing rights are expected to generate net cash inflows to the Group.

The useful lives of masthead and publishing rights could change significantly as a result of changes in commercial and technological environment. When the actual useful lives of masthead and publishing rights are different from their estimated useful lives due to change in commercial and technological environment, such difference will impact the amortisation charges and the amounts of assets written down for future periods. The carrying amount of masthead and publishing rights with indefinite useful lives is HK$658,039,000 at 31 March 2019 (2018: HK$658,039,000).

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable, supportable and available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the Group's trade receivables are disclosed in note 14.

Retirement benefit obligations

Obligations for retirement benefit and related net periodic pension costs are determined in accordance with actuarial valuations. These valuations rely on key assumptions including discount rates and expected rate of salary growth. The discount rates assumptions are determined by reference to yield on high-quality corporate bonds of appropriate duration and currency at the end of the reporting period. In case such yields are not available, discount rates are based on government bonds yields. Due to changing economic conditions, the underlying key assumptions may differ from actual developments and may lead to significant changes in retirement benefit obligations. During the year ended 31 March 2019, actuarial gain from remeasurement of defined benefit obligations net of tax effect amounting to HK$630,000 (2018: actuarial loss from remeasurment of defined benefit obligations net of tax effect amounting to HK$451,000) are recognised directly in equity in the period in which they occur.

4. REVENUE AND OTHER INCOME

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

	For the year ended 31 March 2019		
Segments	**Digital business**	**Print business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Type of goods or services			
Internet advertising income and development of mobile games and apps income	**576,819**	**-**	**576,819**
Sales of newspapers	**-**	**303,285**	**303,285**
Newspapers advertising income	**-**	**241,382**	**241,382**
Books and magazines advertising income	**-**	**3,039**	**3,039**
Printing and reprographic services income	**-**	**179,750**	**179,750**
	576,819	**727,456**	**1,304,275**
Geographic markets			
Hong Kong	**406,408**	**420,782**	**827,190**
Taiwan	**159,591**	**281,111**	**440,702**
Others	**10,820**	**25,563**	**36,383**
Total	**576,819**	**727,456**	**1,304,275**
Timing of revenue recognition			
At a point in time	**574,581**	**727,456**	**1,302,037**
Over time - development of mobile games and apps income	**2,238**	**-**	**2,238**
Total	**576,819**	**727,456**	**1,304,275**

	2019	2018
	HK$'000	*HK$'000*
Other income		
Sales of waste materials	**6,339**	4,657
Interest income on bank deposits	**359**	772
Rental income	**16,071**	17,199
Others	**4,792**	5,486
	27,561	28,114

Performance obligations for contracts with customers

(i) Revenue from provision of advertising services on internet, development of mobile games and apps income

The Group provides advertising services to both advertising agencies and clients on websites or apps developed by the Group. Revenue is recognised at a point in time when the advertisement is displayed in the internet and the target impression rate or click rate set out in respective contract is satisfied.

Group's revenue from mobile games and apps is derived from the sales of in-game virtual items from the game development operations. For income received from sales of consumable virtual items, revenue is recognised at a point in time when the items are consumed and the related services are rendered.

For income received from sales of durable virtual items, revenue is recognised over time in accordance to the average life of durable virtual items for the applicable games using output method. Proceeds received from the paying players of mobile games at the point of transaction will give rise to contract liability at the start of a contract until the revenue is fully recognised over the period of the contract.

The payment term is 7 to 120 days from invoice date.

(ii) Revenue from sales of newspapers

The Group sells newspaper mainly to the wholesale market. Revenue is recognised at a point in time when control of the goods has transferred, being when the goods have been delivered to the customers' designated location.

The payment term is 7 to 120 days upon the goods have been delivered.

(iii) Revenue from provision of advertising services on newspapers, books and magazines

The Group provides advertising services to both advertising agencies and clients on newspapers, books and magazines. Revenue is recognised at a point in time upon the publication of the edition in which the advertisement is displayed.

The payment term is 7 to 120 days from invoice date.

(iv) Revenue from provision of printing and reprographic services

The Group provides printing and reprographic services to customers. Revenue is recognised at a point in time when the relevant services are rendered by the Group.

The payment term is 7 to 120 days from invoice date.

Transaction price allocated to the remaining performance obligation for contracts with customers

As at 31 March 2019, no remaining performance obligation for contracts with customers has an original expected duration over one year. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

For the year ended 31 March 2018

An analysis of the Group's revenue for the year is as follows:

	2018
	HK$'000
Digital business	594,495
Sales of newspaper	308,515
Sales of books and magazines	31,496
Newspaper advertising income	343,493
Books and magazines advertising income	44,771
Printing and reprographic service income	172,751
	1,495,521

5. 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 and development of mobile games and apps in Hong Kong, Taiwan and North America
Print business	Sales of newspapers, books and magazines 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.

Segment revenue and results

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

For the year ended 31 March 2019

	Digital business *HK$'000*	**Print business** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
REVENUE				
External sales	**576,819**	**727,456**	**-**	**1,304,275**
Inter-segment sales	**-**	**300,855**	**(300,855)**	**-**
	576,819	**1,028,311**	**(300,855)**	**1,304,275**
Segment results	**(211,803)**	**(130,464)**	**-**	**(342,267)**
Unallocated expenses				**(7,035)**
Unallocated income				**21,222**
Finance costs				**(11,083)**
Loss before tax				**(339,163)**

For the year ended 31 March 2018

	Digital business *HK$'000*	Print business *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE				
External sales	594,495	901,026	-	1,495,521
Inter-segment sales	-	214,204	(214,204)	-
	594,495	1,115,230	(214,204)	1,495,521
Segment results	(44,639)	(435,012)	-	(479,651)
Unallocated expenses				(17,530)
Unallocated income				23,457
Finance costs				(10,998)
Loss before tax				(484,722)

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.

Segment assets and liabilities

As at 31 March 2019

	Digital business *HK$'000*	**Print business** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
Segment assets	**900,521**	**909,565**	**-**	**1,810,086**
Assets classified as held for sale	**-**	**73,258**	**-**	**73,258**
Unallocated assets				**229,060**
Total assets				**2,112,404**
Segment liabilities	**(86,451)**	**(536,999)**	**-**	**(623,450)**
Unallocated liabilities				**(494,199)**
Total liabilities				**(1,117,649)**

As at 31 March 2018

	Digital business *HK$'000*	Print business *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment assets	1,066,214	1,209,991	-	2,276,205
Unallocated assets				324,059
Total assets				2,600,264
Segment liabilities	(100,439)	(519,001)	-	(619,440)
Unallocated liabilities				(657,023)
Total liabilities				(1,276,463)

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 year ended 31 March 2019

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

	Digital business *HK$'000*	**Print business** *HK$'000*	**Corporate** *HK$'000*	**Consolidated** *HK$'000*
Addition to non-current assets	**21,764**	**26,959**	**-**	**48,723**
Depreciation of property, plant and equipment	**22,269**	**32,722**	**165**	**55,156**
Release of prepaid lease payments	**-**	**1,797**	**-**	**1,797**
Impairment loss on trade receivables, net	**7,667**	**94,795**	**-**	**102,462**
Share-based payment expense	**7,068**	**43,443**	**495**	**51,006**
Loss (gain) on disposal of property, plant and equipment	**708**	**(260,611)**	**-**	**(259,903)**
Provision for litigation expense, net of reversal (note 19)	**13**	**16,735**	**-**	**16,748**
Legal and professional fee	**5,755**	**13,519**	**-**	**19,274**

For the year ended 31 March 2018

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

	Digital business *HK$'000*	Print business *HK$'000*	Corporate *HK$'000*	Consolidated *HK$'000*
Addition to non-current assets	14,536	12,545	-	27,081
Depreciation of property, plant and equipment	22,018	60,365	2,734	85,117
Impairment loss recognised in respect of intangible assets	-	159,886	-	159,886
Release of prepaid lease payments	336	991	470	1,797
Allowance for bad and doubtful debts, net	3,131	12,163	-	15,294
Share-based payment expense	-	19	812	831
Loss on disposal of property, plant and equipment	224	46	-	270
Net reversal of provision for litigation expense (note 19)	-	(49,261)	-	(49,261)
Legal and professional fee	9,729	11,562	-	21,291

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operations and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers *(Note)*		Non-current assets	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (country of domicile)	**827,190**	884,506	**1,130,648**	1,068,944
Taiwan	**440,702**	569,348	**343,075**	732,223
Others	**36,383**	41,667	**238**	797
	1,304,275	1,495,521	**1,473,961**	1,801,964

Note: *The Group's revenue by geographical location is based on location of operations, irrespective of the origins of the goods and services.*

Information about major customers

Revenue from customers contributing over 10% of total sales of the Group is as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A *(Note)*	**144,219**	336,609

Note: *Revenue from this customer comprised revenue earned in print business amounting to HK$144,219,000 (2018: HK$336,609,000).*

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expense on bank borrowings	**11,083**	10,998

7. INCOME TAX EXPENSE (CREDIT)

	2019 HK$'000	2018 HK$'000
Current tax:		
Hong Kong	**2,244**	21,509
Taiwan	**110**	-
(Over) under provision in prior years:		
Other jurisdictions	**(44)**	198
	2,310	21,707
Deferred tax:		
Current year	**(1,288)**	(29,510)
	1,022	(7,803)

(a) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

(b) Taiwan Income Tax is calculated at 20% (2018: 17%) of the estimated assessable profit.

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

The tax expense (credit) for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 HK$'000	2018 HK$'000
Loss before tax	**(339,163)**	(484,722)
Tax at Hong Kong Profits Tax rate of 16.5%	**(55,962)**	(79,979)
Tax effect of expenses not deductible for tax purpose	**2,988**	1,985
Tax effect of income not taxable for tax purpose	**(54,025)**	(5,571)
(Over) under provision in prior years	**(44)**	198
Tax effect of deductible temporary difference not recognised	**6,124**	-
Tax effect of estimated tax losses not recognised for Hong Kong subsidiaries	**55,211**	50,871
Tax effect of estimated tax losses not recognised for Taiwan subsidiaries	**58,857**	24,217
Utilisation of tax losses previously not recognised	**(3,971)**	(13,428)
Effect of different tax rates of subsidiaries operating in Taiwan and other jurisdictions	**(9,441)**	(719)
Tax charge arising from disposal of land and buildings to group company	**-**	14,235
Others	**1,285**	388
Income tax expense (credit) for the year	**1,022**	(7,803)

8. LOSS FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**2,105**	2,691
Minimum operating lease expenses on:		
Properties	**1,847**	1,050
Plant and equipment	**12,487**	13,410
Provision for (reversal of) litigations expenses, net of reversal (included in other expenses) (note 19)	**16,748**	(49,261)
Legal and professional fee (included in other expenses)	**19,274**	21,291

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

10. LOSS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(338,478)**	(475,991)

	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *(Note)*	**2,585,052,466**	2,431,974,278

Note: *For the years ended 31 March 2019 and 2018, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options and award of new shares since these would result in a decrease in loss per share.*

11. INTANGIBLE ASSETS

	Masthead and publishing rights *HK$'000*
COST	
At 1 April 2017, 31 March 2018 and 31 March 2019	1,482,799
ACCUMULATED IMPAIRMENT	
At 1 April 2017	664,874
Impairment loss recognised for the year	159,886
At 31 March 2018 and 31 March 2019	824,760
CARRYING VALUES	
At 31 March 2019	658,039
At 31 March 2018	658,039

The management of the Group have performed studies on the market trends which supports that masthead and publishing rights have no foreseeable limit to the period over which masthead and publishing rights are expected to generate net cash flows for the Group. As a result, 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. They have been tested for impairment annually and whenever there is an indication that they may be impaired.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Computer software	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST								
At 1 April 2017	290,874	859,712	81,347	1,236,612	365,759	22,791	5,963	2,863,058
Exchange difference	26,231	29,094	676	27,927	8,940	-	51	92,919
Additions	-	-	311	231	17,072	9,467	-	27,081
Disposals	-	-	(394)	-	(16,686)	(699)	(1,334)	(19,113)
At 31 March 2018	317,105	888,806	81,940	1,264,770	375,085	31,559	4,680	2,963,945
Exchange difference	(28,394)	(31,685)	(738)	(30,585)	(9,500)	-	(54)	(100,956)
Additions	-	-	4,354	-	34,106	10,159	104	48,723
Classified as held for sale	(22,410)	(73,777)	(811)	-	-	-	-	(96,998)
Disposals	(123,546)	(61,512)	(15,163)	(139,158)	(46,233)	(3,925)	(143)	(389,680)
At 31 March 2019	142,755	721,832	69,582	1,095,027	353,458	37,793	4,587	2,425,034
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 April 2017	-	232,305	49,507	1,164,270	318,759	10,698	4,849	1,780,388
Exchange difference	-	4,832	220	26,229	8,284	-	47	39,612
Charge for the year	-	14,286	2,604	37,284	22,199	8,478	266	85,117
Eliminated on disposals	-	-	(355)	-	(16,395)	(541)	(796)	(18,087)
At 31 March 2018	-	251,423	51,976	1,227,783	332,847	18,635	4,366	1,887,030
Exchange difference	-	(5,618)	(239)	(29,572)	(8,827)	-	(52)	(44,308)
Charge for the year	-	7,935	4,011	9,815	24,278	8,987	130	55,156
Classified as held for sale	-	(23,485)	(255)	-	-	-	-	(23,740)
Eliminated on disposals	-	(9,865)	(5,698)	(137,687)	(46,063)	(3,726)	(132)	(203,171)
At 31 March 2019	-	220,390	49,795	1,070,339	302,235	23,896	4,312	1,670,967
CARRYING VALUES								
At 31 March 2019	142,755	501,442	19,787	24,688	51,223	13,897	275	754,067
At 31 March 2018	317,105	637,383	29,964	36,987	42,238	12,924	314	1,076,915

As at 31 March 2019, the carrying value of the Group's land and buildings comprised the following:

	2019	2018
	HK$'000	*HK$'000*
Buildings situated in Hong Kong	**281,022**	290,910
Buildings situated outside Hong Kong on freehold land	**220,420**	346,473
Freehold land situated outside Hong Kong	**142,755**	317,105
	644,197	954,488

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of lease or useful lives of twenty-five to fifty years
Leasehold improvements	Over the shorter of the term of lease or estimated useful lives of five years
Plant and machinery	6.67% – 33.33%
Furniture, fixtures and equipment	20% – 33.33%
Computer software	33.33% – 50%
Motor vehicles	20%

Note: *As at 31 March 2019, certain of the Group's freehold land and buildings (including the assets classified as held for sale) with carrying values of HK$165,165,000 (2018: HK$309,440,000) and HK$270,709,000 (2018: HK$354,786,000), respectively were pledged as security for the Group's banking facilities.*

13. PREPAID LEASE PAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Leasehold land in Hong Kong	**50,771**	52,570
Analysed for reporting purposes as:		
Current asset	**1,797**	1,797
Non-current asset	**48,974**	50,773
	50,771	52,570

14. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**355,210**	376,275
Less: impairment loss	**(158,538)**	(57,498)
	196,672	318,777
Prepayments *(Note)*	**41,384**	36,515
Rental and other deposits	**12,525**	12,342
Others	**17,755**	18,090
Trade and other receivables	**268,336**	385,724

Note: *Included in the balance are mainly rental and utilities prepayments of HK$294,000 (2018: HK$1,289,000), value-added tax receivables of HK$17,082,000 (2018: HK$20,523,000) and other prepayments of HK$24,008,000 (2018: HK$14,703,000).*

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:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**83,502**	109,983
31 – 90 days	**70,744**	111,741
91 – 120 days	**20,948**	48,099
Over 120 days	**21,478**	48,954
	196,672	318,777

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

As at 31 March 2019, the Group's trade receivables balance are debtors with aggregate carrying amount of HK$21,478,000 are past due and none of them are past due over 90 days as at the reporting date. The Group does not hold any collateral over these balances.

As at 31 March 2018, included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK$48,954,000 which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the Directors assessed that the balances will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

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

	2019		2018	
	Denominated currency	**Equivalent to**	Denominated currency	Equivalent to
	$'000	***HK$'000***	*$'000*	*HK$'000*
United States Dollar ("USD")	**234**	**1,839**	640	5,023
Australian Dollar	**22**	**125**	13	76
Pound Sterling	**7**	**68**	8	84

15. RESTRICTED BANK BALANCES/PLEDGED BANK DEPOSITS/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/BANK BALANCES AND CASH

As at 31 March 2019, bank balances amounting to HK$1,500,000 (2018: 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 1.08% (2018: 0.60%) per annum for the year.

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$33,485,000 (2018: nil) have been pledged mainly to secure bank guarantee. The pledged deposits carry fixed interest rate of 0.3% to 1.01% (2018: nil) per annum. The pledged bank deposits will be released upon the maturity of relevant bank guarantee.

Time deposits with original maturity over three months of approximately HK$2,878,000 (2018: nil) bear fixed interest of 0.7% (2018: nil) per annum.

Included in bank balances is an amount of approximately HK$21,790,000 (2018: HK$87,346,000) placed in time deposits for periods from 2 weeks to 3 months. Such deposits bear fixed interest between 1.50% to 1.55% (2018: 0.30% to 1.35%) per annum.

The remaining bank balances are placed in current and savings accounts, which bear prevailing market interest rate of 0% to 0.13% (2018: 0% to 0.10%) per annum.

16. TRADE AND OTHER PAYABLES

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

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**53,494**	75,364
Accrued staff costs	**219,570**	187,386
Accrued charges *(Note a)*	**126,318**	118,444
Deposits received *(Note b)*	**88,000**	88,000
Other payables	**35,851**	72,370
Trade and other payables	**523,233**	541,564

***Note a**: The balance includes accrual for repair and maintenance expenses of HK$50,581,000 (2018: HK$43,728,000), accrual for utilities of HK$4,717,000 (2018: HK$6,141,000) and other miscellaneous accruals of HK$71,020,000 (2018: HK$68,575,000).*

***Note b**: The balance represents deposits received for the disposal of Next Magazine Advertising Limited and Next Media Publishing Limited (including the Taiwan Branch) (the "Target Companies") and all such intellectual property rights in connection with, or with the benefits of, the business of the Target Companies.*

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

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**35,211**	49,629
31 – 90 days	**10,948**	19,671
Over 90 days	**7,335**	6,064
	53,494	75,364

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

	2019		2018	
	Denominated currency	**Equivalent to**	Denominated currency	Equivalent to
	$'000	***HK$'000***	*$'000*	*HK$'000*
USD	**1,926**	**15,118**	2,705	21,161

17. BORROWINGS

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

	2019	2018
	HK$'000	*HK$'000*
Carrying amount repayable		
– within one year	**179,125**	-
– in the second year	**45,282**	107,875
– in the third year	**45,282**	107,875
– in the fourth year	**45,282**	107,875
– in the fifth year	**22,643**	107,875
– more than five years	**-**	53,937
	337,614	485,437
Less: Amounts due within one year shown under current liabilities	**(179,125)**	-
Amounts shown under non-current liabilities	**158,489**	485,437

Bank loans comprise balances of HK$203,770,000 (2018: HK$485,437,000) carrying interests at 3 months Taipei Interbank Offered Rate plus 1.55% per annum, HK$31,958,000 (2018: nil) carrying interests at 1 month Taipei Interbank Offered Rate plus 1% per annum and HK$101,886,000 (2018: nil) carrying interests at 1.6% per annum.

The ranges of effective interest rates (which are equal to contractual interest rates) of borrowings are 1.60% to 2.33% (2018: 2.32%) per annum.

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

As at 31 March 2019 and 2018, the Group had total unutilised bank loan facilities of HK$13,967,000 (2018: HK$129,345,000).

The bank borrowings are secured by certain property, plant and equipment and bank deposits of which the details are set out in notes 12 and 15.

18. SHARE CAPITAL

	Number of shares		Share capital	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
			HK$'000	*HK$'000*
Issued and fully paid:				
At beginning of year	**2,432,026,881**	2,431,726,881	**2,435,582**	2,435,345
Issue of ordinary shares in relation to award of new shares	**204,184,844**	300,000	**51,039**	237
At end of the year	**2,636,211,725**	2,432,026,881	**2,486,621**	2,435,582

19. PROVISIONS

	Litigations	
	2019	2018
	HK$'000	*HK$'000*
At beginning of the year	**40,480**	98,426
Additional provision during the year	**21,747**	3,909
Payment during the year	**(6,001)**	(9,222)
Reversal during the year	**(4,999)**	(53,170)
Exchange difference	**(343)**	537
At end of the year	**50,884**	40,480

As at 31 March 2019 and 2018, 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.

On 25 August 2017, Next Media Magazines Limited and Ideal Vegas Limited (the "Sellers") (being indirect wholly owned subsidiaries of the Company), the Company (the "Guarantor") and Gossip Daily Limited (the "Buyer") (an independent third party) entered into the sales and purchase agreement ("SPA") pursuant to which the Sellers have conditionally agreed to sell and the Buyer has conditionally agreed to purchase the entire issued share capital of the Target Companies and certain intellectual property rights in connection with, or with the benefits of, the business of the Target Companies and other incidental business at the consideration of HK$320,000,000. The Sellers received deposits of HK$88,000,000 from the Buyer during the year ended 31 March 2018.

As disclosed in the Company's announcement dated 8 December 2017, the Sellers expected to proceed to final completion on or before 28 February 2018. However, as of the date of this announcement, the Sellers still have not received the funds which the Buyer has promised to pay in order for completion to take place. In the circumstances, the Sellers treated the Buyer's failure to pay as its termination of the transaction. The Sellers seeked legal advice as to the remedies available to them. On 10 April 2018, the Sellers and the Company received an amended writ of summons from the Buyer ("Amended Writ"). Under the Amended Writ, the Buyer alleges, among other matters, that safe-harbour completion did not take place as a result of the wilful default of the Sellers and the Company (which for the avoidance of doubt, is strongly denied) and claims against the Sellers and the Company (i) return of deposits paid of HK$88,000,000; (ii) an additional amount of HK$88,000,000 as liquidated damages; (iii) consequential losses of NT$900,000,000 (equivalent to approximately HK$240,000,000); and (iv) unspecified damages for loss caused by other torts. As the SPA specifically provides that any dispute arising out of or in connection with the SPA shall be dealt with by way of arbitration instead of court proceedings, the Sellers and the Company therefore commenced arbitration proceedings against the Buyer at the Hong Kong International Arbitration Centre ("HKIAC") on 9 April 2018 and also applied for a stay of the litigation proceeding (i.e. HCA305 of 2018) wrongfully initiated by the Buyer in the Court of First Instance of the High Court of Hong Kong.

A hearing for such application took place on 7 August 2018 and judgement was delivered on 27 August 2018. The court has found in favour of the Sellers and the Company and stayed all Buyer's claims to arbitration and ordered the Buyer to pay the Sellers' and the Company's costs of the stay application on an indemnity basis. Buyer subsequently amended its defence and counterclaim on 14 September 2018 and the Sellers and the Company submitted their amended reply and defence to counterclaim to the Arbitral Tribunal on 3 October 2018. The Arbitral Tribunal made a directions order on 16 October 2018 and will fix a substantive hearing in February 2020 tentatively.

The Sellers and the Company consider Buyer's allegations and claims to be utterly wrong and ill-founded and will continue to defend their position vigorously in the arbitration proceeding at the HKIAC.

Reference is made to the announcements of the Company dated 25 August 2017, 14 September 2017, 27 September 2017, 6 November 2017, 21 November 2017, 8 December 2017, 3 January 2018, 22 January 2018, 2 February 2018, 6 February 2018 and 16 April 2018, and the circular dated 29 September 2017 in relation to the proposed but terminated disposal of certain magazine business of the Company and related litigation.

During the year ended 31 March 2019, approximately HK$13,628,000 has been provided by the Company to account for the potential legal costs arising from this case.

During the year ended 31 March 2018, included in the Group's reversal of provision was a litigation with BaWang International (Group) Holdings Limited and BaWang (Guangzhou) Company Limited (collectively referred to as the "Plaintiffs"). Upon negotiation between the Group and the Plaintiffs, the Plaintiffs had accepted HK$18.0 million in full and final settlement of all their claim for costs, disbursements and interest in this case on 16 December 2016. The final settlement was paid and finalised during the year ended 31 March 2018 and reversal of provision amounted to HK$48.2 million was made during the year ended 31 March 2018. For details of this case, please refer to the 2017/18 annual report of the Company.

20. EVENT AFTER THE REPORTING PERIOD

On 17 May 2019, Apple Daily Publication Development Limited ("ADPDL") has entered into a bank facility arrangement (the "Facility") with Taichung Commercial Bank Co., Ltd. (the "Bank"). Pursuant to the terms of the Facility, the Bank granted a loan facility with amount up to NT$280 million (equivalent to approximately HK$71.3 million) to ADPDL. The Facility was secured by the charge of certain properties held by ADPDL located in Taiwan.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Revenue

For the year ended 31 March 2019, the Group's overall revenue decreased by 12.8% to HK$1,304.3 million (2017/18: HK$1,495.5 million). Of this, HK$576.8 million was attributable to the Digital Business Division (2017/18: HK$594.5 million) and HK$727.5 million to the Print Business Division (2017/18: HK$901.0 million).

The majority of the Group's revenue derived from its Hong Kong operations, which accounted for HK$827.2 million (2017/18: HK$884.5 million) or 63.4% (2017/18: 59.1%) of total revenue. Revenue from Taiwan stood at HK$440.7 million (2017/18: HK$569.3 million), which accounted for 33.8% (2017/18: 38.1%) of total revenue.

Segment Results

The Group recorded a segment loss of HK$342.3 million during the year under review, compared with a segment loss of HK$479.7 million in the previous year, representing a decrease in loss amount of 28.6% or HK$137.4 million.

The Digital Business Division made a segment loss of HK$211.8 million, compared to the previous year's loss of HK$44.6 million.

The segment loss of the Print Business Division amounted to HK$130.5 million, compared to a loss of HK$435.0 million in the previous year.

This was primarily attributable to a sharp drop in print advertising revenues, driven in turn by a combination of sluggish economic growth in key markets and fierce competition from online programmatic advertising. The Group's declining circulation income also contributed to the loss, as readers continued to migrate to free online publications, free newspapers and social media content. In addition, the Group undertook further restructuring and consolidation of its operations, resulting in employee layoffs that incurred payments in lieu of notice of HK$29.7 million (2017/18: HK$21.9 million).

In June 2018, the Group launched a new scheme, unprecedented in the local media sector, to award shares in the Company to all permanent staff in Hong Kong and Taiwan, excluding connected persons. The total amount of shares awarded in June was approximately HK$50.5 million. In the second half of the reporting period, the Group awarded further shares to those Company directors who are also permanent staff, taking the total amount of shares awarded for the year up to approximately HK$51.0 million. This scheme has boosted staff morale and motivated employees by aligning their interests with the overall interests of the Company and its shareholders.

In February 2019, the Group completed the disposal of two blocks of office buildings in Taiwan, recording a gain on the disposal of HK$258.6 million.

As a result of the above, the Company recorded a basic loss per share of HK13.1 cents for the year, compared to a basic loss per share of HK19.6 cents in the previous year.

OPERATIONAL REVIEW

The Group faced a difficult market environment during the year under review. Continued downward pressures on advertising spending, keen competition from online programmatic advertising and the increased cost of paper all had an adverse impact on the Group's bottom line. In response to these disruptive developments, the Group accelerated its strategic transition from print to digital through a series of landmark investments.

In August 2018, the Group created a Business Development Department with the aim of developing a competitive and dynamic online programmatic advertising offer. This was followed by the acquisition of a Data Management Platform ("DMP") system in the first quarter of 2019. The DMP uses machine learning to harvest analytical data on the browsing habits of readers and viewers based on IP addresses, which will allow the Group to create more precisely targeted distribution opportunities for advertisers.

The Group also invested in replacing its legacy content management system ("CMS") with a state-of-the-art digital publishing system. This powerful new CMS will provide strong back-end support for high-quality online content publishing.

Finally, the Group began to lay the foundations for its forthcoming paid subscription model, which is expected to generate new and steady flows of revenue and reduce exposure to fluctuations in advertising income.

Although many of its flagship print publications retain a core mainstream readership, the Group's print business continued to face severe headwinds owing to the relentless shift of customer preferences towards digital. This prompted further consolidation of the Group's print operations. In April 2018, the Group transferred its last remaining print magazine title, *Taiwan Next Magazine*, to a digital-only platform.

During the year under review, the Group reallocated its resources in order to realise cash from idle and underused assets, strengthen cash flow and serve its future development needs. It implemented the disposal of office buildings in Taiwan and Canada, as well as a printing press in Gangshan District, Kaohsiung City, Taiwan. It now prints all of its Taiwan newspapers at its printing factory in Xinwu District, Taoyuan City, which has resulted in significant cost savings.

In addition, the Group took direct control of its Hong Kong newspaper distribution operations in August 2018 and its Taiwan operations in January 2019. This has allowed it to reduce associated costs and become more efficient, flexible and targeted in how it distributes print publications to newsstands and other outlets.

DIGITAL BUSINESS DIVISION

The Digital Business Division's external revenues, which mainly consist of online advertising revenue, content licensing payments, games and content sponsorship, and in-app purchases of virtual products, amounted to HK$576.8 million during the year under review. This represents a decrease of 3.0% from the HK$594.5 million achieved in the previous year. Around 70.5% of the Division's external revenues were generated in Hong Kong, while the remainder was from Taiwan and other regions. The Division recorded a segment loss of HK$211.8 million during the year under review, compared with a loss of HK$44.6 million in the previous year. Its revenue performance continued to be adversely affected by competition from programmatic advertising, particularly from global search engines and social media platforms, as well as intensified local competition from rival titles and channels.

New technological innovations and the increased adoption of digital devices continue to fuel the unstoppable digital transformation of the media landscape. The Group has boldly reimagined and reinvented its business model in order to seize these once-in-a-generation opportunities, with a focus on putting excellent and engaging content at the heart of its digital strategy and creating new content collaboration opportunities for advertisers and partners. These efforts drove solid improvements in unique users and page views across the Group's digital platforms during the reporting period.

Apple Daily has a large user base of 5.0 million (Source: ComScore – April 2018 to February 2019) monthly unique visitors in Hong Kong, 12.3 million (Source: ComScore – April 2018 to February 2019) monthly unique visitors in Taiwan, 1.7 million (Source: *Apple Daily* Internal Server Log) in the USA and 399,000 (Source: *Apple Daily* Internal Server Log) in Canada. The scale and reach of this user base provides a firm foundation for generating advertising revenue opportunities.

Apple Daily's signature online video and animated platforms, now known as *Apple Daily Digital* in Hong Kong and *Apple Online* in Taiwan, remained the most popular news source for mobile devices in both markets. The *Apple Daily* news site also boasts a dedicated daily following of avid readers.

As of April 2018, all of the Group's magazine titles are digital-only and accessible via the integrated *Apple Daily* "super app" platform. Together, the Group's Hong Kong and Taiwan platforms achieved average monthly page view counts of 2.1 billion (Source: *Apple Daily* Internal Server Log), making it a global leader in news site traffic.

During the year under review, the Group continuously stepped up investment in its high-quality online content creation capabilities, including the development of content collaboration offerings for advertisers. This included creating in-depth, informative films, such as the award-winning *Tree-swallowed House*, which received a Silver Prize for *Best Use of Online Video* from the World Association of Newspapers and News Publishers (WAN-IFRA). Ramping up the development of such innovative, value-added content led to higher costs, but the Group expects to realise positive returns from this investment in the coming year.

Mobile games proved to be one of the Group's strongest performers in terms of profit contribution. It will continue to introduce more games through creative collaborations, albeit at a sensible and measured pace. In addition, the Group continued to develop and enhance its innovative virtual reality (VR) offering.

PRINT BUSINESS DIVISION

During the year under review, the total revenue of the Print Business Division amounted to HK$727.5 million, a decrease of 19.3% or HK$173.5 million compared to the previous year's figure of HK$901.0 million. The Division's revenue accounted for 55.8% of the Group's total revenue, with *Apple Daily* and *Taiwan Apple Daily* retaining their position as the Division's largest contributors.

Newspaper Publications

Apple Daily, known for its signature features of openness, liberalism, vibrancy and the quest for truth, maintained its leading position as Hong Kong's most widely read paid-for daily newspaper as well as one of the city's best-selling newspapers. Its average sales were 102,799 copies (Source: Hong Kong Audit Bureau of Circulations Limited (July – December 2018)) per day between July and December 2018, compared with 110,510 copies (Source: Hong Kong Audit Bureau of Circulations Limited (July – December 2017)) per day in the corresponding period of the previous year.

Apple Daily recorded revenue of HK$245.0 million during the year under review, a decline of 9.5% or HK$25.6 million compared with the HK$270.6 million achieved in the previous year. Advertising revenue accounted for HK$62.3 million of its total revenue, representing a decrease of 25.8% or HK$21.7 million compared to the previous year's figure of HK$84.0 million. Circulation income stood at HK$182.7 million, a drop of 2.1% or HK$3.9 million as compared to the HK$186.6 million recorded in the same period of the previous year. The advertising categories with the largest revenue contributions were the health product, property, loans, automobile and pharmaceutical sectors.

From January 2019, the newsstand price of *Apple Daily* was increased from HK$8 to HK$10, in a bid to improve circulation income and encourage readers to migrate to free subscriptions for the Group's online publications.

Taiwan Apple Daily, known for its dynamic style of reporting and emphasis on layout design, is one of the island's most widely read paid-for daily newspapers. Its sales averaged 168,915 copies per day during the 2018 calendar year, compared with 201,320 copies per day in the previous corresponding period. Its revenue amounted to HK$275.5 million during the year under review, a decline of 24.6% or HK$90.1 million against the HK$365.6 million recorded in the previous year. Advertising revenue accounted for HK$173.5 million of its total revenue, representing a drop of 28.4% or HK$68.9 million compared to the previous year's figure of HK$242.4 million. Its circulation income was HK$99.6 million, a decrease of 18.2% or HK$22.2 million compared to the HK$121.8 million earned in the same period of the previous year. Its main sources of advertising revenue were the property, decoration and furnishing, automobile, government and travel sectors.

The Group ceased publication of *Taiwan Sharp Daily*, a free newspaper distributed throughout the Taipei metro network on weekday mornings, on 31 August 2018. This decision was taken in order to avoid internal competition with *Taiwan Apple Daily*. Prior to its closure, *Taiwan Sharp Daily*'s daily print run was 85,906 copies for the period of January to August of 2018 (January to December 2017: 90,037 copies).

With combined revenues of HK$520.5 million, *Apple Daily* and *Taiwan Apple Daily* remained the largest contributors to the Division's revenue and accounted for 39.9% of the Group's total revenue. However, their combined revenues during the year under review declined 18.2% or HK$115.7 million compared to the previous year's combined figure of HK$636.2 million.

Printing

Apple Daily Printing Limited ("ADPL"), the Group's newspaper printing operation, continues to make contributions to the Group despite the decline in *Apple Daily*'s print circulation. During the year under review, its revenue amounted to HK$113.6 million, a decrease of 20.9% or HK$30.0 million compared to the HK$143.6 million achieved in the previous year.

ADPL's printing operations recorded HK$67.9 million in revenue (total revenue minus transactions related to printing the Group's own publications) from external customers, including printing contracts for local and overseas newspapers, during the reporting period. This was 12.4% or HK$9.6 million less than the figure of HK$77.5 million earned in the previous corresponding period, owing to other newspaper groups facing similar pressures in terms of declining circulations and advertising income. Underlining its competitive advantages, however, ADPL was recognised as a "Newspaper Printing Project Champion" at the 30th Hong Kong Print Awards, held in December 2018.

During the year under review, the Group's commercial printing operation recorded revenue of HK$110.5 million, which was 17.8% or HK$16.7 million more than its revenue of HK$93.8 million in the same period of the previous year. With the local magazine sector in decline, the Group has focused successfully on attracting commercial printing contracts from book and textbook publishers, both in Hong Kong and overseas.

PROSPECTS AND OUTLOOK

2019 promises to be a landmark year for Next Digital, as we unveil a brand new digital subscription-based business model for our flagship titles, *Apple Daily* and *Taiwan Apple Daily*. By radically transforming our revenue strategy, we expect to spark a monumental turnaround in business performance.

The forthcoming digital subscription model draws on the best practices of global news media brands such as the *New York Times* and the *Washington Post*, as well as groundbreaking digital media platforms such as Netflix and Spotify. Ambitious and forward-thinking media organisations have embraced this model because of the core competitive advantage it delivers: namely, securing a stable and reliable income stream that can act as a sustainable foundation for nurturing creative talent and producing high-quality content.

As a precursor to the launch of paid digital subscriptions, the Group introduced free online membership for *Apple Daily* and *Taiwan Apple Daily* in April 2019. This has already attracted 3.5 million members in Hong Kong and 3.2 million members in Taiwan as at 23 June 2019. From the middle of next financial year, the Group will start to convert these members to paid subscribers, thus rapidly developing a steady flow of subscription income.

It will also gain fresh competitive advantages through the implementation of its new DMP system. This will provide for an even better understanding of readers' and viewers' habits, preferences and needs, and allow the Group to leverage big data analytical techniques in order to provide more value-added services to advertisers.

Business model innovations are creating new growth horizons for the publishing industry, but content excellence will always be the engine that drives long-term success. Content will remain the lifeblood of the Group's strategy. To attract loyal subscribers, the Group will continue to strengthen the quality of its unique and carefully procured content offering, including developing new video, seminars and events.

Print remains a core element of the Group's business and a major contributor of revenue. Despite the wide-ranging shift to digital, there will still be demand for print newspapers in Hong Kong and Taiwan for the foreseeable future. The Group will realign its resources in order to make its print newspaper business viable, optimising its cost structures and working arrangements to maximise efficiency and return on investment. In line with the Group's overall emphasis on high-quality content, more resources will be devoted to producing feature stories, in-depth articles and interviews with high-profile individuals, including offline exclusives.

Hong Kong's economic growth momentum is expected to flag in 2019, although it will continue to be supported by a strong labour market, a proactive fiscal policy and expected boosts to the tourism, financial services and technology sectors. Advertising expenditure, however, is expected to remain flat. Taiwan's economic growth is expected to slow in the coming year, with future prospects depending on the outcomes of the 2020 general elections and a possible change to a more Beijing-friendly government. For both markets, the spectre of US-China trade friction will remain a significant source of risk and uncertainty.

As we head into a historic year for Next Digital, the Group stands fully prepared to capture emerging opportunities through our bold spirit, innovative mind-set and agile approach, guided at all times by an unremitting focus on creating excellent content that informs, engages and enriches our readers.

FINANCIAL REVIEW

FINANCIAL POSITION

The Group's primary source of financing for its operations during 2018/19 was the cash flow generated by its operating activities and the banking facilities provided by its principal bankers.

The Group's net cash outflow from operating activities during the year ended 31 March 2019 amounted to HK$356.0 million, compared with a net cash outflow from operating activities of HK$150.1 million in the previous year. The inflow of investment-related cash during 2018/19 was a total of HK$364.8 million, compared to the cash outflow from investment-related activities of HK$33.0 million recorded in the previous year. During the reporting period, the Group realised HK$446.4 million in disposal proceeds net of transaction costs, mainly from the disposal of two blocks of office buildings in Taiwan.

The Group's net cash outflow for financing activities during the year amounted to HK$132.0 million, compared to the previous year's net cash outflow figure of HK$11.6 million. As at 31 March 2019, the Group recorded net free cash of approximately HK$175.6 million. After completing the disposal of office buildings in Taiwan, the Group repaid HK$254.7 million in bank borrowings, before drawing down new bank borrowings of HK$133.8 million.

As at 31 March 2019, the Group's available banking facilities amounted to a total of HK$387.1 million, of which HK$373.1 million had been utilised. The Group had bank borrowings amounting to HK$337.6 million. The maturity profile of the Group's bank borrowings was spread over a period of five years, with approximately HK$269.7 million repayable within three years. There was no seasonality in the Group's bank borrowing requirements, and all the monies borrowed bear interest at floating rates.

As at 31 March 2019, the Group's aggregate bank balances and cash reserves, including restricted bank balances, pledged bank deposits and time deposits with original maturity over three months, amounted to HK$213.4 million. The Group's current ratio on the same date was 82.2%, compared to 133.6% as at 31 March 2018. As at 31 March 2019, its gearing ratio amounted to 16.0%, compared to 18.7% as at 31 March 2018. These figures were calculated by dividing its long-term borrowings, including current portions, by total asset value.

Assets Pledged

As at 31 March 2019, the Group had pledged properties situated in Taiwan with an aggregate carrying value of HK$435.9 million to various banks as security for banking facilities granted to it.

Share Capital

As at 31 March 2019, the Company's total amount of issued and fully paid share capital was HK$2,486.6 million (31 March 2018: HK$2,435.6 million) and the total number of issued Shares with no par value was 2,636,211,725 Shares (31 March 2018: 2,432,026,881 Shares).

Exchange Exposure And Capital Expenditure

The Group's assets and liabilities are mainly denominated in HK$ or NT$. Its exchange exposure to NT$ results from its existing print and digital publishing businesses in Taiwan. We have reduced this exposure by arranging bank loans in NT$.

As at 31 March 2019, the Group's net currency exposure stood at NT$1,085.2 million (equivalent to HK$276.4 million), a decrease of 57.3% compared to the figure of NT$2,543.0 million (equivalent to HK$685.8 million) as at 31 March 2018.

The Group's capital expenditure for the year ended 31 March 2019 totalled HK$48.7 million (2017/18: HK$27.1 million). As at 31 March 2019, the Group's outstanding capital commitments stood at HK$23.3 million (31 March 2018: HK$3.3 million).

Contingent Liabilities

(a) Pending Litigations

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

The Group has accrued for HK$50.9 million (as at 31 March 2018: HK$40.5 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) Contingent Liabilities Arising from the Proposed Disposal of Hong Kong Next Magazine and Taiwan Next Magazine

On 5 February 2018, Gossip Daily Limited ("GDL") as plaintiff issued a writ against Next Media Magazines Limited as 1st Defendant, Ideal Vegas Limited as 2nd Defendant and Next Digital as 3rd Defendant (collectively, the "Defendants") in respect of which GDL claimed against the Defendants for, among others, declarations, damages, specific performance and/or restitution, in respect of the Defendants' alleged breaches of contract and unjust enrichment arising out of or in connection with the sales and purchase agreement dated 25 August 2017.

On 10 April 2018, GDL amended the writ of summons to claim against the Defendants for, among other things, (i) return of deposits paid of HK$88,000,000; (ii) an additional amount of HK$88,000,000 as liquidated damages; (iii) consequential losses of NT$900,000,000 (equivalent to approximately HK$240,000,000); and (iv) unspecified damages for loss caused by other torts. As the SPA specifically provides that any dispute arising out of or in connection with the SPA shall be dealt with by way of arbitration instead of court proceedings, the Defendants therefore commenced arbitration proceedings against GDL at the HKIAC on 9 April 2018 and also applied for a stay of the litigation proceeding (i.e. HCA 305 of 2018) wrongfully initiated by GDL in the Court of First Instance of the High Court of Hong Kong. On 27 August 2018, a judge of the High Court of Hong Kong stayed all the GDL's claims (contractual and tortious) to arbitration. The Arbitral Tribunal made a directions order on 16 October 2018 and will fix a substantive hearing on February 2020 tentatively. The Defendants consider GDL's allegations and claims to be utterly wrong and ill founded, and will continue to defend their position vigorously.

(c) Guarantee

Next Digital and its subsidiaries also maintain 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 31 March 2019, these contingent liabilities amounted to HK$387.1 million (31 March 2018: HK$618.3 million), HK$373.1 million (31 March 2018: HK$489.0 million) of which has been utilised by certain subsidiaries.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group had a total of 2,539 employees, of which 1,335 were in Hong Kong and 1,204 were in Taiwan.

In June 2018, the Group launched an innovative share award scheme for its employees in Hong Kong and Taiwan. All of the Group's permanent employees were offered shares in the Company equivalent to either one month's or a half month's salary. The shares have no vesting period, meaning that participating employees are free to hold or sell at their own discretion. The scheme has been well received by employees, increasing morale and fostering a sense of belonging and ownership.

In addition, the Group has taken a number of steps to improve employee wellbeing and thus attract and retain talented staff. These include free office refreshments and seasonal gifts such as moon cakes and fresh fruit for festivals and holidays. The Hong Kong staff canteen has been renovated, and the renovation of the Taiwan staff canteen is underway.

Other than that disclosed above, there were no material changes to the policies regarding employee remuneration, bonuses, share incentive schemes and staff development disclosed in the 2017/18 annual report of the Company.

During the year under review, the total staff costs of the Group amounted to HK$1,001.6 million, compared to the HK$1,042.1 million incurred during the previous year. The decrease was primarily due to the further consolidation of the Group's operations during the year.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019 (2017/18: nil).

CLOSURE OF REGISTER OF MEMBERS

The Company's forthcoming annual general meeting ("AGM") will be held on Friday, 16 August 2019. A notice of the AGM will be published and despatched to the shareholders in the manner as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in due course.

The Register of Members of the Company will be closed from Tuesday, 13 August 2019 to Friday, 16 August 2019, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2019 AGM scheduled to be held on Friday, 16 August 2019 at 3:00 p.m., all transfers documents accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 12 August 2019.

CORPORATE GOVERNANCE

The Company has complied with the applicable provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2019, save for a minor deviation from Code Provision E.1.2.

Under Code Provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting. Due to other business engagements, Mr. Lai Chee Ying, Non-executive Chairman of the Group, was unable to attend the 2018 AGM. Mr. Cheung Kim Hung, the Chief Executive Officer of the Group, chaired the 2018 AGM on his behalf in accordance with the provisions of the Company's Articles of Association.

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 year.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed the accounting policies and practices adopted by the Group and the consolidated results for the year ended 31 March 2019 of the Group. The consolidated financial statements of the Group have been audited by the Company's independent auditor, Messrs. Deloitte Touche Tohmatsu, and it has issued an unmodified opinion.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the Company's website at www.nextdigital.com.hk and HKEXnews website at www.hkexnews.hk. The annual report of the Company for the year ended 31 March 2019 will be available on both websites and dispatched to the shareholders of the Company in due course.

By Order of the Board
Chow Tat Kuen, Royston
Executive Director

Hong Kong, 24 June 2019

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. These statements are subject to risks, uncertainties and other factors beyond the Group's control.

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

Non-executive Directors:
Mr. Lai Chee Ying *(Non-executive Chairman)*
Mr. Ip Yut Kin

Executive Directors:
Mr. Cheung Kim Hung
Mr. Chow Tat Kuen, Royston

Independent Non-executive Directors:
Mr. Louis Gordon Crovitz
Mr. Mark Lambert Clifford
Mr. Lam Chung Yan, Elic