NEXT DIGITAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2020

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 2020, 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 2020

	NOTES	**2020** *HK$'000*	2019 *HK$'000*
Revenue	4	**1,158,282**	1,304,275
Production costs			
Cost of raw materials consumed		**(161,634)**	(233,749)
Other overheads		**(352,992)**	(307,495)
Staff costs		**(515,163)**	(530,987)
		(1,029,789)	(1,072,231)
Personnel costs excluding direct production staff costs		**(405,033)**	(470,586)
Other income	4	**24,565**	27,561
Forfeiture of deposit received	20	**88,000**	–
Impairment loss on trade receivables reversed (recognised), net	14	**8,325**	(102,462)
Gain on disposal of property, plant and equipment		**1,419**	259,903
Net exchange (loss) gain		**(9,408)**	2,473
Depreciation of property, plant and equipment	12	**(61,197)**	(55,156)
Depreciation of right-of-use assets	13	**(10,059)**	–
Release of prepaid land lease payments		**–**	(1,797)
Other expenses		**(163,967)**	(220,060)
Finance costs	6	**(15,319)**	(11,083)
Loss before tax		**(414,181)**	(339,163)
Income tax expense	7	**(3,056)**	(1,022)
Loss for the year	8	**(417,237)**	(340,185)
Other comprehensive (expense) income			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial (loss) gain from remeasurement of defined benefit obligations, net of tax		**(3,406)**	630
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**8,570**	(40,499)
Total comprehensive expense for the year		**(412,073)**	(380,054)

	NOTE	2020 HK$'000	2019 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(415,273)**	(338,478)
Non-controlling interests		**(1,964)**	(1,707)
		(417,237)	(340,185)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(410,066)**	(378,294)
Non-controlling interests		**(2,007)**	(1,760)
		(412,073)	(380,054)
Loss per share	10		
– Basic		**HK(15.8 cents)**	HK(13.1 cents)
– Diluted		**HK(15.8 cents)**	HK(13.1 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2020

	NOTES	**2020** **HK$'000**	2019 HK$'000
NON-CURRENT ASSETS			
Intangible assets	11	**658,039**	658,039
Property, plant and equipment	12	**769,651**	754,067
Right-of-use assets	13	**99,159**	–
Prepaid land lease payments		**–**	48,974
Deposit for acquisition of property, plant and equipment		**9,378**	12,881
		1,536,227	1,473,961
CURRENT ASSETS			
Inventories		**48,574**	62,822
Trade and other receivables	14	**214,518**	268,336
Amounts due from related parties		**5,249**	6,532
Prepaid land lease payments		**–**	1,797
Tax recoverable		**609**	12,269
Restricted bank balances	15	**1,500**	1,500
Pledged bank deposits	15	**32,566**	33,485
Time deposits with original maturity over three months	15	**–**	2,878
Bank balances and cash	15	**137,694**	175,566
		440,710	565,185
Assets classified as held for sale		**–**	73,258
		440,710	638,443
CURRENT LIABILITIES			
Trade and other payables	16	**400,201**	523,233
Contract liabilities		**47,202**	23,768
Bank borrowings	17	**161,427**	179,125
Lease liabilities		**6,967**	–
Provisions	20	**36,967**	50,884
Tax liabilities		**–**	39
		652,764	777,049
NET CURRENT LIABILITIES		**(212,054)**	(138,606)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,324,173**	1,335,355

	NOTES	2020 HK$'000	2019 HK$'000
NON-CURRENT LIABILITIES			
Bank borrowings	17	**114,019**	158,489
Retirement benefits plans		**25,397**	31,339
Loan from a shareholder	18	**347,716**	–
Lease liabilities		**44,165**	–
Deferred tax liabilities		**150,034**	150,772
		681,331	340,600
NET ASSETS		**642,842**	994,755
CAPITAL AND RESERVES			
Share capital	19	**2,486,621**	2,486,621
Reserves		**(1,843,498)**	(1,493,592)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**643,123**	993,029
NON-CONTROLLING INTERESTS		**(281)**	1,726
TOTAL EQUITY		**642,842**	994,755

NOTES:

1. BASIS OF PREPARATION

In preparing the consolidated financial statements of the Group, the Directors have given consideration to the future liquidity of the Group in light of the Group's net current liabilities of HK$212,054,000 as at 31 March 2020. As at 31 March 2020, the Group had bank borrowings with principal amounts of HK$161,427,000 to be matured within one year after that date, long-term bank borrowings amounted to HK$114,019,000 and loan from a shareholder amounted to HK$347,716,000 which are included in non-current liabilities. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next year from the date of approval of these consolidated financial statements, after taking into consideration of the measures and arrangements made by the Group subsequent to the end of the reporting period, as detailed below:

(a) On 8 November 2018, 15 November 2019 and 10 June 2020, the Company entered into an agreement and two supplemental agreements (collectively, the "Loan Agreement") with a shareholder and director of the Company, Mr. Lai Chee Ying ("Mr. Lai"), under which Mr. Lai has agreed to provide an unsecured loan to the Company to the extent of HK$650,000,000. In this connection, the unsecured loan amounted to a total of HK$400,000,000 was advanced by Mr. Lai to the Company up to 31 March 2020 and the date of approval of the consolidated financial statements, with the remaining unutilised balance of HK$250,000,000 not yet obtained by the Company. Pursuant to the Loan Agreement, the unsecured loan is repayable by the Company immediately after 36 months from the respective dates of drawdowns of the loan.

(b) The Directors will continuously and closely monitor the Group's liquidity position and financial performance and implement measures to improve the Group's cash flows.

In light of the measures and arrangements implemented to date, the Directors are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for the next year from the date of approval of these consolidated financial statements after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the operations and development of the Group's business. Accordingly, the Directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the carrying amounts of the Group's assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

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

New and amended HKFRSs adopted by the Group

The Group has applied the following new and amendments to HKFRSs for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements 2015–2017 cycle

Other than as explained below regarding the impact of HKFRS 16 *Leases*, the application of other new and amendments to HKFRSs effective in respect of the current year had no material impact on the Group's financial position and financial performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17") and the related interpretations.

Definition of a lease

The Group has elected 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" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities. Any difference of the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by lease basis, to the extent relevant to the respective lease contracts:

(i) Relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

(ii) Elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends 12 months of the date of initial application;

(iii) Excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iv) Applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong and Taiwan was determined on a portfolio basis; and

(v) Use hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied range from 3% to 5.5% per annum.

	At 1 April 2019
	HK$'000
Opening lease commitments disclosed as at 31 March 2019	69,525
Less: Recognition exemption – short term leases	(2,646)
Less: Recognition exemption – low value assets	(2,163)
Less: Exclusion of non-lease components	(1,552)
Gross operating lease obligation at 1 April 2019	63,164
Discounting	(8,042)
Lease liabilities as at 1 April 2019	55,122
Analysed as	
Current	6,692
Non-current	48,430
	55,122

(a) The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

	At 1 April 2019
	HK$'000
Assets	
Increase in right-of-use assets	105,893
Decrease in prepaid land lease payments	(50,771)
Increase in total assets	55,122
Liabilities	
Increase in lease liabilities	55,122
Increase in total liabilities	55,122

(b) Amounts recognised in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income are shown as follows:

	Right-of-use assets *HK$'000*	**Lease liabilities** *HK$'000*
As at 1 April 2019	105,893	55,122
Additions	3,769	3,795
Interest charge	–	1,646
Payments	–	(9,117)
Depreciation charge	(10,059)	–
Derecognition upon disposal of right-of-use assets	(368)	(333)
Exchange realignment	(76)	19
As at 31 March 2020	99,159	51,132

New standards and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Definition of Material[4] and HKAS 8
Amendments to HKAS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 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.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The Directors anticipate that the application of all the new and amendments to HKFRSs that are not yet effective will have no material impact on the consolidated financial statements in the foreseeable future.

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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the 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 expected future cash flows are significantly less/more than those previously adopted, a material impairment loss or reversal of impairment loss previously made may arise. As at 31 March 2020, the carrying amount of intangible assets was HK$658,039,000 (2019: HK$658,039,000). For the years ended 31 March 2020 and 2019, no impairment loss 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 2020, an amount of approximately HK$36,967,000 (2019: HK$50,884,000) has been provided for a number of legal proceedings in Hong Kong and Taiwan. Details are set out in note 20.

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 impairment loss on such rights. The carrying amount of masthead and publishing rights with indefinite useful lives amounted to HK$658,039,000 as at 31 March 2020 (2019: HK$658,039,000).

Provision of expected credit losses ("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 and supportable 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.

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. For the year ended 31 March 2020, actuarial loss from remeasurement of defined benefit obligations net of tax effect amounted to HK$3,406,000 (2019: actuarial gain from remeasurement of defined benefit obligations net of tax effect amounted to HK$630,000) are recognised directly in equity in the period in which they occurred.

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 2020		
Segments	*Notes*	**Digital business** *HK$'000*	**Print business** *HK$'000*	**Total** *HK$'000*
Type of goods or services				
Internet advertising income, content provision and development of mobile games and apps income	(i)	**269,180**	**–**	**269,180**
Online subscription income	(ii)	**277,131**	**–**	**277,131**
Sales of newspapers	(iii)	**–**	**317,133**	**317,133**
Newspapers advertising income	(iv)	**–**	**163,017**	**163,017**
Books and magazine advertising income	(iv)	**–**	**–**	**–**
Printing and reprographic services income	(v)	**–**	**131,821**	**131,821**
Total revenue		**546,311**	**611,971**	**1,158,282**
Geographic markets				
Hong Kong		**439,211**	**381,168**	**820,379**
Taiwan		**78,399**	**212,447**	**290,846**
Others		**28,701**	**18,356**	**47,057**
Total revenue		**546,311**	**611,971**	**1,158,282**
Timing of revenue recognition				
At a point in time		**267,545**	**611,971**	**879,516**
Over time				
– development of mobile games and apps income		**1,635**	**–**	**1,635**
– online subscription income		**277,131**	**–**	**277,131**
Total revenue		**546,311**	**611,971**	**1,158,282**

Segments	Notes	For the year ended 31 March 2019 Digital business *HK$'000*	 Print business *HK$'000*	 Total *HK$'000*
Type of goods or services				
Internet advertising income, content provision and development of mobile games and apps income	(i)	576,819	–	576,819
Online subscription income	(ii)	–	–	–
Sales of newspapers	(iii)	–	303,285	303,285
Newspapers advertising income	(iv)	–	241,382	241,382
Books and magazine advertising income	(iv)	–	3,039	3,039
Printing and reprographic services income	(v)	–	179,750	179,750
Total revenue		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 revenue		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
– online subscription income		–	–	–
Total revenue		576,819	727,456	1,304,275

	2020 ***HK$'000***	2019 *HK$'000*
Other income		
Income from sales of waste materials	**7,077**	6,339
Interest income on bank deposits	**724**	359
Rental income	**10,192**	16,071
Others	**6,572**	4,792
Total other income	**24,565**	27,561

Notes: **Performance obligations for contracts with customers are as follows:**

(i) Revenue from provision of advertising services on internet, content services, 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 the respective contract is satisfied.

The Group's revenue from mobile games and apps is derived from the sales of in-game virtual items from the game development operations as follows:

– for sales of consumable virtual items, revenue is recognised at a point in time when the in-game virtual items are consumed and the related services are rendered.

– for sales of durable virtual items, revenue is recognised over time in accordance with the average life of durable virtual items for the applicable games using output method.

Proceeds received from the Paying Players 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 Group provides internet content services to customers. Revenue is recognised at a point in time when the relevant services are rendered by the Group.

The normal credit term is 7 to 120 days.

(ii) Revenue from online subscription

The Group provides subscription services on its website platform. Subscription income is recognised over time based on the subscription period provided to its customers.

(iii) Revenue from sales of newspapers

The Group sells newspapers 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.

The normal credit term is 7 to 120 days.

(iv) 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 normal credit term is 7 to 120 days.

(v) 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 normal credit term is 7 to 120 days.

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

As at 31 March 2020 and 2019, there are no material revenue for unsatisfied contracts to be recognised by the Group over one year. The transaction price allocated to these unsatisfied contracts is not disclosed.

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

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

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 2020

	Digital business *HK$'000*	**Print business** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
SEGMENT REVENUE				
External sales	**546,311**	**611,971**	**–**	**1,158,282**
Inter-segment sales	**120**	**242,590**	**(242,710)**	**–**
Total revenue	**546,431**	**854,561**	**(242,710)**	**1,158,282**
SEGMENT LOSS	**(124,950)**	**(285,178)**	**–**	**(410,128)**
Unallocated expenses				**(6,222)**
Unallocated income				**17,488**
Finance costs				**(15,319)**
Loss before tax				**(414,181)**

For the year ended 31 March 2019

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

Segment loss represents 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 2020

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

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)

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

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

Other segment information

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

For the year ended 31 March 2020

	Digital business ***HK$'000***	**Print business** ***HK$'000***	**Corporate** ***HK$'000***	**Consolidated** ***HK$'000***
Addition to property, plant and equipment	**40,687**	**36,731**	**–**	**77,418**
Depreciation of property, plant and equipment	**26,175**	**35,022**	**–**	**61,197**
Depreciation of right-of-use assets	**96**	**9,963**	**–**	**10,059**
Release of prepaid land lease payments	**–**	**–**	**–**	**–**
Impairment loss on trade receivables reversed, net	**(8,187)**	**(138)**	**–**	**(8,325)**
Share-based payment expense	**–**	**–**	**805**	**805**
Loss (gain) on disposal of property, plant and equipment	**309**	**(1,728)**	**–**	**(1,419)**
Provision for (reversal of) litigation expense *(note 20)*	**637**	**(6,323)**	**–**	**(5,686)**
Legal and professional fees	**3,073**	**6,314**	**–**	**9,387**

For the year ended 31 March 2019

	Digital business *HK$'000*	Print business *HK$'000*	Corporate *HK$'000*	Consolidated *HK$'000*
Addition to property, plant and equipment	21,764	26,959	–	48,723
Depreciation of property, plant and equipment	22,269	32,722	165	55,156
Depreciation of right-of-use assets	–	–	–	–
Release of prepaid land lease payments	–	1,797	–	1,797
Impairment loss on trade receivables recognised, 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 *(note 20)*	13	16,735	–	16,748
Legal and professional fees	5,457	12,437	–	17,894

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**	
	2020 ***HK$'000***	2019 *HK$'000*	**2020** ***HK$'000***	2019 *HK$'000*
Hong Kong	**820,379**	827,190	**1,122,567**	1,130,648
Taiwan	**290,846**	440,702	**413,532**	343,075
Others	**47,057**	36,383	**128**	238
	1,158,282	1,304,275	**1,536,227**	1,473,961

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 are as follows:

	2020 ***HK$'000*** ***(Note)***	2019 *HK$'000*
Customer A	**N/A**	144,219

Note: *Revenue from this customer for the year ended 31 March 2020 did not contribute over 10% of the total revenue for the year.*

6. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interests on bank borrowings	**6,602**	11,083
Interest on lease liabilities	**1,646**	–
Imputed interest on loan from a shareholder *(note 18)*	**7,071**	–
	15,319	11,083

7. INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**1,711**	2,244
Taiwan	**–**	110
Under (over) provision in prior years:		
Taiwan	**2,007**	–
Other jurisdictions	**44**	(44)
	3,762	2,310
Deferred tax credit	**(706)**	(1,288)
	3,056	1,022

(a) A group entity is chargeable to Hong Kong Profits Tax under the two-tiered profits tax rates regime whereby the first HK$2 million of assessable profits of the qualifying group entity will be taxed at 8.25% (2019: 8.25%), and assessable profits above HK$2 million will be taxed at 16.5% (2019: 16.5%). The profits of group entities not qualifying for the two-tiered profits tax rates regime are chargeable to Hong Kong Profits Tax at the tax rate of 16.5% (2019: 16.5%).

(b) Taiwan Income Tax is calculated at 20% (2019: 20%) of the estimated assessable profit.

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

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

	2020	2019
	HK$'000	*HK$'000*
Loss before tax	**(414,181)**	(339,163)
Tax at Hong Kong Profits Tax rate of 16.5% (2019: 16.5%)	**(68,340)**	(55,962)
Tax effect of expenses not deductible for tax purpose	**15,138**	2,988
Tax effect of income not taxable for tax purpose	**(29,922)**	(54,025)
Under (over) provision in prior years	**2,051**	(44)
Tax effect of deductible temporary difference not recognised	**1,374**	6,124
Tax effect of estimated tax losses not recognised for		
– Hong Kong subsidiaries	**43,546**	55,211
– Taiwan subsidiaries	**52,293**	58,857
Utilisation of tax losses previously not recognised	**(2,759)**	(3,971)
Effect of different tax rates of subsidiaries operating in Taiwan and other jurisdictions	**(8,939)**	(9,441)
Others	**(1,386)**	1,285
Income tax expense	**3,056**	1,022

8. LOSS FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration		
– audit services	**2,420**	2,790
– non-audit services	**795**	695
Minimum operating lease expenses on:		
– properties	**–**	1,847
– plant and equipment	**–**	12,487
(Reversal of) provision for litigation expenses, net (included in other expenses) *(note 20)*	**(5,686)**	16,748
Legal and professional fees (included in other expenses)	**9,387**	17,894
Share-based payment expense	**805**	51,006
Depreciation of property, plant and equipment	**61,197**	55,156
Depreciation of right-of-use assets	**10,059**	–
Release of prepaid land lease payments	**–**	1,797

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2020 (2019: nil), nor has any dividend been proposed since the end of the reporting period (31 March 2019: nil).

10. LOSS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to the owners of the Company for the purposes of basic and diluted loss per share	**(415,273)**	(338,478)

	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *(Note)*	**2,636,211,725**	2,585,052,466

Note: *For the years ended 31 March 2020 and 2019, 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 2018, 31 March 2019 and 31 March 2020	1,482,799
ACCUMULATED IMPAIRMENT	
At 1 April 2018, 31 March 2019 and 31 March 2020	824,760
CARRYING AMOUNTS	
At 31 March 2020	658,039
At 31 March 2019	658,039

The management of the Group has 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 *HK$'000*	Buildings *HK$'000*	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Computer software *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST								
At 1 April 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
Reclassified as assets 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
Exchange difference	1,455	2,033	84	2,481	858	–	6	6,917
Additions	–	–	16,735	–	33,994	26,449	240	77,418
Disposals	–	–	(1,856)	(9,210)	(22,576)	–	(438)	(34,080)
At 31 March 2020	144,210	723,865	84,545	1,088,298	365,734	64,242	4,395	2,475,289
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 April 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
Eliminated on reclassification of assets 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
Exchange difference	–	430	30	2,429	828	–	6	3,723
Charge for the year	–	15,054	3,468	5,800	25,355	11,430	90	61,197
Eliminated on disposals	–	–	(1,600)	(9,096)	(19,231)	–	(322)	(30,249)
At 31 March 2020	–	235,874	51,693	1,069,472	309,187	35,326	4,086	1,705,638
CARRYING AMOUNTS								
At 31 March 2020	144,210	487,991	32,852	18,826	56,547	28,916	309	769,651
At 31 March 2019	142,755	501,442	19,787	24,688	51,223	13,897	275	754,067

As at 31 March 2020, the carrying amount of the Group's land and buildings comprised the following:

	2020	2019
	HK$'000	*HK$'000*
Freehold land situated outside Hong Kong	**144,210**	142,755
Buildings situated in Hong Kong	**271,137**	281,022
Buildings situated outside Hong Kong	**216,854**	220,420
	487,991	501,442
	632,201	644,197

Freehold land is not depreciated. The other above items of property, plant and equipment are depreciated on a straight-line basis, as follows:

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	at 6.67% – 33.33% per annum
Furniture, fixtures and equipment	at 20% – 33.33% per annum
Computer software	at 33.33% – 50% per annum
Motor vehicles	at 20% per annum

Note: *As at 31 March 2020, the Group's certain freehold land and buildings with the carrying amounts of HK$144,210,000 (2019: HK$165,165,000) and HK$216,854,000 (2019: HK$270,709,000) respectively were pledged as securities for the Group's banking facilities (note 17).*

13. RIGHT-OF-USE ASSETS

	Leased land	**Leased assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
	(Note a)	*(Note b)*	
Arising from application of HKFRS16			
– transferred from prepaid land lease payments	50,771	–	50,771
– recognition of right-of-use assets and lease liabilities	–	55,122	55,122
Carrying amount at 1 April 2019	50,771	55,122	105,893
Additions during the year	–	3,769	3,769
Depreciation charge for the year	(1,797)	(8,262)	(10,059)
Eliminated on disposals	–	(368)	(368)
Exchange realignment	–	(76)	(76)
Carrying amount at 31 March 2020	48,974	50,185	99,159

	HK$'000
Expense relating to short-term leases and other leases with lease terms end within twelve months of the date of initial application of HKFRS 16	1,212
Total cash outflow for leases	10,329

Notes:

(a) *The leased land represents the Group's payment for two leases of certain land in Hong Kong for lease terms of 51 years 8 months and 51 years 11 months commencing from 24 October 1995 and 6 July 1995. The leased land is held by the Group for its business operation purpose and is depreciated on a straight-line over the lease terms. The carrying amount of the leased land at 31 March 2020 is to be depreciated for the remaining lease term of 27 years 2 months.*

(b) *The leased properties, motor vehicle and plant and equipment were leased by the Group for its business purpose for the remaining lease terms of 8 years and 2 years respectively. The leases are recognised for an average term of 1 to 8 years and monthly rentals are fixed during the lease periods.*

14. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**281,411**	355,210
Less: impairment loss recognised	**(150,608)**	(158,538)
	130,803	196,672
Prepayments *(Note)*	**47,256**	41,384
Rental and other deposits	**18,295**	12,525
Others	**18,164**	17,755
Trade and other receivables	**214,518**	268,336

Note: *Included in the balance are mainly rental and utilities prepayments of HK$446,000 (2019: HK$294,000), value-added tax receivables of HK$18,007,000 (2019: HK$17,082,000) and other prepayments of HK$28,803,000 (2019: HK$24,008,000).*

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:

	2020	2019
	HK$'000	*HK$'000*
0 – 30 days	**65,920**	83,502
31 – 90 days	**35,864**	70,744
91 – 120 days	**5,889**	20,948
Over 120 days	**23,130**	21,478
	130,803	196,672

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.

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

	2020	2019
	HK$'000	*HK$'000*
Over 120 days	**23,130**	21,478

As at 31 March 2020, included in the Group's trade receivables balance were debtors with aggregate carrying amount of HK$23,130,000 (2019: HK$21,478,000) which were past due as at the reporting date and was not considered as in default 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.

Movement in the impairment loss recognised on trade receivables

	2020	2019
	HK$'000	*HK$'000*
Balance at beginning of the year	**158,538**	57,498
Impairment loss recognised for the year	**4,271**	105,976
Impairment loss reversed for the year	**(12,596)**	(3,514)
Exchange difference	**543**	(390)
Amounts written off as uncollectible	**(148)**	(1,032)
Balance at end of the year	**150,608**	158,538

As at 31 March 2020, included in the allowance for doubtful debts are the impairment loss assessed on individual credit-impaired debtors with an aggregate balance of HK$112,800,000 (2019: HK$121,421,000), the payers of which are in severe financial difficulties.

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

	2020		2019	
	Denominated currency	**Equivalent to**	Denominated currency	Equivalent to
	$'000	***HK$'000***	*$'000*	*HK$'000*
United States Dollars ("USD")	**204**	**1,579**	234	1,839
Australian Dollars	**6**	**27**	22	125
Pound Sterling	**–**	**–**	7	68

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

Restricted bank balances

As at 31 March 2020, bank balances amounted to HK$1,500,000 (2019: HK$1,500,000) were restricted for the use of settling certain potential debts and claims as stipulated in a share capital reduction exercise carried out during the year ended 31 March 2015. The restricted bank balances carry fixed interest rate at 1.4% (2019: 1.08%) per annum for the year.

Pledged bank deposits

Pledged bank deposits represent deposits pledged to bank to secure banking facilities granted to the Group. These bank deposits amounted to HK$32,566,000 (2019: HK$33,485,000) have been pledged mainly to secure bank guarantee. The pledged deposits carry fixed interest rate of 0.35% to 1.01% (2019: 0.3% to 1.01%) per annum. The pledged bank deposits will be released upon the maturity of relevant bank guarantee.

Time deposits with original maturity over three months

Time deposits with original maturity over three months of approximately HK$2,878,000 at 31 March 2019 carried interest at the fixed interest rate of 0.7% per annum in prior year.

Bank balances and cash

Included in bank balances is an amount of approximately HK$1,817,000 (2019: HK$21,790,000) placed in time deposit for a period of 3 months. Such deposit carried interest at the fixed interest rate of 2.2% (2019: 1.5% to 1.55%) per annum.

The remaining bank balances are placed in current and savings accounts, the former bear no interest and the latter bear prevailing market interest rate of 0% to 0.10% (2019: 0% to 0.10%) per annum.

16. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**37,761**	53,494
Accrued staff costs	**186,785**	216,988
Accrued charges *(Note a)*	**137,051**	126,318
Deposits received *(Note b)*	**–**	88,000
Obligation on pensions – defined contribution plans	**2,313**	2,582
Other payables	**36,291**	35,851
Trade and other payables	**400,201**	523,233

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

Notes:

(a) The balance includes accrual for repair and maintenance expenses of HK$40,351,000 (2019: HK$50,581,000), accrual for utilities of HK$2,637,000 (2019: HK$4,717,000) and other miscellaneous accruals of HK$94,063,000 (2019: HK$71,020,000).

(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. Please refer to note 20 for the details of the proposed but terminated disposal of certain magazine business of the Company and related litigation.

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

	2020	2019
	HK$'000	*HK$'000*
0 – 30 days	**21,760**	35,211
31 – 90 days	**8,105**	10,948
Over 90 days	**7,896**	7,335
	37,761	53,494

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

	2020		2019	
	Denominated currency	**Equivalent to**	Denominated currency	Equivalent to
	$'000	*HK$'000*	*$'000*	*HK$'000*
USD	**1,324**	**10,275**	1,926	15,118

17. BANK BORROWINGS

Bank borrowings represent secured bank loans granted to the Group. An analysis of the secured bank loans of the Group is as follows:

	2020	2019
	HK$'000	*HK$'000*
Carrying amount repayable		
– within one year	**161,427**	179,125
– in the second year	**45,607**	45,282
– in the third year	**45,607**	45,282
– in the fourth year	**22,805**	45,282
– in the fifth year	**–**	22,643
	275,446	337,614
Less: Amounts due within one year shown under current liabilities	**(161,427)**	(179,125)
Amounts shown under non-current liabilities	**114,019**	158,489

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

Bank borrowings comprise balances of HK$159,626,000 (2019: HK$203,770,000) carrying interests at 3 months Taipei Interbank Offered Rate plus 1.55% per annum, HK$26,030,000 (2019: HK$31,958,000) carrying interests at 1 month Taipei Interbank Offered Rate plus 1% per annum, HK$79,528,000 (2019: HK$101,886,000) carrying interests at Taichung Commercial Bank's monthly deposit rate plus 0.89% to 1.94% per annum (2019: 1.6% per annum) and HK$10,262,000 (2019: nil) carrying interests at adjustable rates for consumer loans plus 0.73% per annum.

The ranges of effective interest rates (which are equal to contractual interest rates) of bank borrowings is 1.76% to 3.0% (2019: 1.60% to 2.33%) per annum.

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

As at 31 March 2020, the Group had total unutilised banking facilities of HK$18,789,000 (2019: HK$13,967,000).

18. LOAN FROM A SHAREHOLDER

	2020	2019
	HK$'000	*HK$'000*
Carrying amount of the unsecured loan from a shareholder repayable within a period of more than two years but not exceeding five years	**347,716**	–
Analysed by reporting purpose:		
Loan from a shareholder classified under non-current liabilities	**347,716**	–

On 8 November 2018, 15 November 2019 and 10 June 2020, the Company entered into an agreement and two supplemental agreements (collectively, the "Loan Agreement") with a shareholder, Mr. Lai, under which Mr. Lai has agreed to provide an unsecured loan to the Company of an aggregate maximum amount of HK$650,000,000, which are interest free and repayable in 36 months. Pursuant to the Loan Agreement, during the year the Company obtained the loan totalled HK$400,000,000 from Mr. Lai, which remained outstanding as at 31 March 2020.

The fair value of the loan from a shareholder with the principal sum of HK$400,000,000 at the dates of their drawdown by the Company is estimated to be totalled HK$340,645,000, using the effective interest rate of 5.5% per annum. The excess of the principal amounts of the loan over their fair value at the dates of drawdowns, amounted to HK$59,355,000, was accumulated in equity and was included in capital reserve of the Group.

Movements of the loan from a shareholder during the year are as follows:

	2020	2019
	HK$'000	*HK$'000*
At beginning of the year	**–**	–
Loan drawdowns during the year	**400,000**	50,000
Loan repayments during the year	**–**	(50,000)
Adjustment for the excess of the principal amount of loan over the fair value	**(59,355)**	–
Imputed interest on the loan for the year *(note 6)*	**7,071**	–
At end of the year	**347,716**	–

19. SHARE CAPITAL

	Number of shares		Share capital	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
			HK$'000	*HK$'000*
Issued and fully paid				
At beginning of year	**2,636,211,725**	2,432,026,881	**2,486,621**	2,435,582
Issued of ordinary shares in relation to award of new shares	**–**	204,184,844	**–**	51,039
At end of the year	**2,636,211,725**	2,636,211,725	**2,486,621**	2,486,621

20. PROVISIONS

	Litigations	
	2020	2019
	HK$'000	*HK$'000*
At beginning of the year	**50,884**	40,480
Provision made during the year	**17,294**	21,747
Reversal of provision during the year	**(22,980)**	(4,999)
Payment during the year	**(8,356)**	(6,001)
Exchange difference	**125**	(343)
At end of the year	**36,967**	50,884

As at 31 March 2020 and 2019, 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 Next Magazine Advertising Limited and Next Media Publishing Limited (including the Taiwan Branch) (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 2 February 2018, the Sellers still have not received the funds which the Buyer has promised to pay in order for completion to take place. Under such circumstances, the Sellers treated the Buyer's failure to pay as its termination of the transaction. The Sellers has sought 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 alleged, 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 under case number HKIAC/A18068 (the "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, "Litigation Proceedings") wrongfully initiated by the Buyer. On 27 August 2018, a Judge of the High Court of Hong Kong stayed all Buyer's claims (contractual and tortious) to arbitration.

On 8 November 2019, the Buyer, the Sellers and the Company entered into a deed of settlement (the "Deed") pursuant to which the parties to the Deed have agreed the full and final settlement of (i) any claims whether actual, prospective or contractual or non-contractual, which any party has or may have or has brought or may bring against the other party arising out of and/or in connection with the SPA including the claims made in the Litigation Proceedings and Arbitration Proceedings (collectively, the "Claims"); and (ii) any costs incurred in relation to the Claims. All outstanding matters between the Buyer, the Sellers and the Company have been dealt with by the Deed and the dispute is now at an end.

During the year ended 31 March 2020, reversal of provision amounted to the HK$12.1 million was made.

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, 16 April 2018, 8 November 2019 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.

21. EVENT AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the world. The overall financial effect of the above cannot be reliably estimated as of the date of this announcement. The Group will pay close attention to the development of the COVID-19 outbreak and continue to evaluate its impact on the market, the financial position and operating results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Revenue

For the year ended 31 March 2020, the Group's overall revenue decreased by 11.2% to HK$1,158.3 million (2018/19: HK$1,304.3 million). Of this, HK$546.3 million was attributable to the Digital Business Division (2018/19: HK$576.8 million) and HK$612.0 million to the Print Business Division (2018/19: HK$727.5 million).

The majority of the Group's revenue derived from its Hong Kong operations, which accounted for HK$820.4 million (2018/19: HK$827.2 million) or 70.8% (2018/19: 63.4%) of total revenue. Revenue from its Taiwan operations reached HK$290.8 million (2018/19: HK$440.7 million), accounting for 25.1% (2018/19: 33.8%) of total revenue.

Segment Results

The Group recorded a segment loss of HK$410.1 million during the year under review, compared with a segment loss of HK$342.3 million in the previous year, representing an increase in loss amount of 19.8% or HK$67.8 million.

The Digital Business Division made a segment loss of HK$124.9 million, compared to a loss of HK$211.8 million in the previous year.

The segment loss of the Print Business Division amounted to HK$285.2 million, compared to the previous year's loss of HK$130.5 million.

This was mainly attributable to a steep decline in both print and digital advertising revenues, caused by the economic "perfect storm" of US-China trade tensions, social unrest in Hong Kong and the COVID-19 pandemic, all of which led advertisers to delay promotional projects and cancel campaigns.

Online programmatic advertising continued to provide fierce competition, while the Group's introduction of a digital paywall resulted in a decrease in total page views, which temporarily limited its online advertising revenue potential. At the same time, the steady long-term decline in print circulation income caused by changes in reader preferences was exacerbated by the COVID-19 outbreak, with people less able to leave their homes to buy newspapers.

In addition, the Group carried out a restructuring of its operations, resulting in employee layoffs that incurred payments in lieu of notice of HK$23.9 million (2018/19: HK$29.7 million).

As a result of the above factors, the Company recorded a basic loss per share of HK15.8 cents for the year (2018/19: HK13.1 cents).

OPERATIONAL REVIEW

In 2019, the Group successfully implemented a major strategic pivot by launching a paid subscription service for its digital content, reinforcing its reputation as a pioneer within the Hong Kong and Taiwan media sector. This innovative membership model outperformed expectations during the initial launch period, swiftly achieved promising market penetration and demonstrated strong upside potential. To ensure the model's future growth and success, the Group has made key resource investments including a Customer Growth and Retention ("CGR") team, a powerful new data management platform ("DMP") and a world-class content management system ("CMS").

Overall, however, the Group experienced acute challenges in the market environment during the year under review, all of which negatively affected its revenue performance. A series of economic shocks depressed advertising spending across the board, while the online programmatic advertising offer of global tech giants continued to present keen competition, despite the Group's progress towards generating more personalised, data-driven advertising opportunities.

The Group's print operations also faced difficult conditions during the year for the abovementioned reasons. Despite a long-term trend of declining circulations, however, the Group's print publications still boast a dedicated mainstream readership.

Content is the lifeblood of any media company, and the Group remained staunchly committed to investing in excellent print and digital content. During the year under review, it continued to develop new platforms for special-interest digital content and dedicated appropriate resources to attracting and retaining skilled and expert editorial staff. The Group won a number of awards for editorial excellence during the year, including awards from the Society of Publishers in Asia, the Hong Kong Press Photographers Association and the World Association of Newspapers and News Publisher.

At the same time, the Group took measured and appropriate action to reallocate resources and cut costs during the year as required, which included some restructuring and consolidation of its portfolio. *Eat & Travel Weekly* was consolidated under the *Apple Daily* brand on 1 June 2019; *Ketchup* ceased operations with effect from 1 September 2019; and *Taiwan Next Magazine* ceased operations with effect from 29 February 2020. In addition, the Group's film and video production arm, ND Incubation, was closed in February 2020. Finally, the sales teams of *Apple Daily*'s print and digital divisions were consolidated and merged in February 2020.

Digital Business Division

The Digital Business Division's external revenues, which mainly consist of online subscription income, online advertising revenue, content licensing payments, games and content sponsorship, and in-app purchases of virtual products, stood at HK$546.3 million during the year under review. This represents a decrease of 5.3% from the HK$576.8 million achieved in the previous year. Around 80.4% of the Division's external revenues derived from Hong Kong, while the remainder came from Taiwan and other regions. The Division made a segment loss of HK$124.9 million during the year (2018/19: HK$211.8 million).

During the reporting year, the Group boldly transformed its core digital business model and revenue strategy by trialling and launching a membership model based on paid subscriptions for its digital content, with the aim of capturing more stable and reliable sources of income. Free membership was introduced in April, followed by a trial subscription price in June and the full launch of standard pricing on 2 September.

The new membership model received a positive response from the Hong Kong market, where both subscriber and revenue growth met expectations. In Taiwan, however, subscription figures have lagged behind projections. Both markets experienced an initially high churn rate as readers became accustomed to the new model, whereupon subscriber numbers stabilised and began to consolidate, positioning the platform for future growth.

Despite this promising development, however, the Division's overall revenue performance continued to be negatively impacted by competition from online programmatic advertising as well as free online content available from rival titles and mobile platforms. Online advertising revenue was also adversely affected by the Group's strategic shift from free content to a hard paywall, which caused a drop in page views and thus reduced the near-term monetisation potential of its digital assets.

This initial trade-off between subscription revenue and advertising revenue was anticipated, however, based on the experiences of major global media brands with similar revenue models, such as *The Wall Street Journal* and *The Washington Post*. However, a key competitive advantage of the new subscription model is the exceptional degree of personalisation it offers. The Group's DMP continues to produce ever-more differentiated and powerful behavioural insights, allowing the Group to both fine-tune reader content and create bespoke, precision-targeted advertising opportunities for brands, thus giving the Group a significant edge over its competitors. Informed by the insights generated by the DMP system, the Group's Business Development Department continued to develop more channels and opportunities for online advertising, including private market placements.

Compelling content and additional services are especially important for subscription-driven media business models. With the aim of growing its subscription and advertising revenues, the Group stepped up investment in cutting-edge digital content creation capabilities throughout the year under review, increasing editorial headcount and rolling out a series of specialist mini-sites for topics of subscriber interest, such as investment, pets, health and fitness, cooking, family, horse racing and so on.

The Group also created a CGR team to drive the expansion of the subscriber base. This multi-functional team continually optimised the subscription process and subscriber experience by learning from international best practices and adopting an agile and responsive approach. It built and maintained relationships with subscribers through a variety of channels including short message service (SMS), electronic direct mail, Facebook live chat and a telephone customer service line, while using renowned customer relationship management solutions to maximise retention and attract lapsed subscribers. The Group also created more sales channels for subscriptions, for example by offering in-app purchasing options that allow for seamless and convenient sign-up without the manual input of credit card details.

These investments in innovative content creation and an improved subscriber experience led to higher costs during the year under review, but the Group expects this to contribute to a stronger retention rate for subscribers in the year ahead. However, it continues to carefully weigh the costs and benefits of its resource investments, leading to the closure of its film production arm in February 2020.

During the year under review, Hong Kong and Taiwan *Apple Daily* had a large user base of approximately 10.3 million* monthly unique visitors in Hong Kong, approximately 12.0 million* monthly unique visitors in Taiwan, approximately 10.0 million* in the USA and 285,088* in Canada. Together, this represents impressive market penetration for a subscription-based news service, achieved within a relatively short period of time. The size of this user base, combined with the Group's burgeoning capacity for data-driven insight, provides a dynamic basis for generating attractive and tailored opportunities for advertisers.

Apple Daily's signature online video and animated platforms, known as *Apple Daily Digital* in Hong Kong and *Apple Online* in Taiwan, remained one of the most popular news source for mobile devices in both markets. Readers can also access all of the Group's magazines via the integrated *Apple Daily* platform. During the year, the Group continued to move its online titles over to the state-of-the-art ARC content management system, which will greatly enhance its operational capabilities.

Online gaming continues to be a profit centre for the Group, with flagship titles including the Barcode Footballer series remaining popular in Hong Kong. With a variety of game content, online gaming also enhances the subscription proposition by making more virtual products available to paying members.

* *Source: Google Analytics*

Print Business Division

During the year under review, the total revenue of the Print Business Division amounted to HK$612.0 million, a decrease of 15.9% or HK$115.5 million compared to the HK$727.5 million recorded in the previous year. The Division's revenue accounted for 52.8% of the Group's total revenue, with *Apple Daily* and *Taiwan Apple Daily* retaining their position as the Division's largest contributors.

This was mainly attributable to a sharp fall in print advertising revenues, which dropped by almost two-thirds, as well as a worse-than-expected decline in circulation income. Beyond the shock of COVID-19, Hong Kong advertising revenues dropped partly as a result of local social unrest combined with *Apple Daily*'s political stance, while in Taiwan ongoing economic difficulties contributed to the decline. Meanwhile, the secular downward trend in circulation income was accelerated by the disruptions to everyday life caused by COVID-19 and Hong Kong social unrest, which saw fewer people buying print newspapers.

Newspaper Publications

Apple Daily, known for its signature features of openness, liberalism, vibrancy and the quest for truth, is one of Hong Kong's most widely read paid-for daily newspapers as well as one of the city's best-selling newspapers. Its average sales were 88,685 copies per day during the year, compared with 102,500 copies per day in the previous year.

Apple Daily recorded revenue of HK$234.4 million during the year, a decline of 4.3% or HK$10.6 million compared with the HK$245.0 million achieved in the previous year. Advertising revenue accounted for HK$42.6 million of its total revenue, a decrease of 31.6% or HK$19.7 million compared to the previous year's figure of HK$62.3 million. Circulation income stood at HK$191.8 million, an increase of 5.0% or HK$9.1 million as compared to the HK$182.7 million recorded in the previous year. The advertising categories with the largest revenue contributions were the miscellaneous items, property, loan, pharmaceutical and health product sectors.

Taiwan Apple Daily, known for its dynamic style of reporting and emphasis on layout design, is one of Taiwan's most widely read paid-for daily newspapers. Its sales averaged 96,471 copies per day during the year, compared with 154,426 copies per day in the previous year. Its revenue amounted to HK$212.4 million during the reporting year, a decline of 22.9% or HK$63.1 million compared to the HK$275.5 million recorded in the previous year. Advertising revenue accounted for HK$118.9 million of its total revenue, a drop of 31.5% or HK$54.6 million compared to the previous year's figure of HK$173.5 million. Its circulation income was HK$91.5 million, a decrease of 8.1% or HK$8.1 million compared to the HK$99.6 million earned in the previous year. Its main sources of advertising revenue were the property, government, miscellaneous items, decoration and furnishing as well as travel sectors.

With combined revenues of HK$446.8 million, *Apple Daily* and *Taiwan Apple Daily* remained the largest contributors to the Division's revenue and accounted for 38.6% of the Group's total revenue. However, the titles' combined revenues during the year under review declined by 14.2% or HK$73.7 million compared to the previous year's combined total of HK$520.5 million.

Printing

Apple Daily Printing Limited ("ADPL") is for the Group's newspaper printing operation. During the year under review, its revenue amounted to HK$95.9 million, a decrease of 15.6% or HK$17.7 million compared to the HK$113.6 million achieved in the previous year.

ADPL's printing operations recorded HK$44.9 million in revenue (total revenue minus transactions related to printing the Group's own publications) from external customers during the year under review. This was 33.9% or HK$23.0 million less than the figure of HK$67.9 million achieved in the previous year, as key media sector customers faced challenges in terms of declining circulations and advertising income. However, the Group's outstanding printing capabilities were recognised by the industry through awards from International Newspaper Color Quality Club and NewsMediaWorks.

During the year, the Group's commercial printing operation recorded revenue of HK$86.4 million, which was 21.8% or HK$24.1 million less than its revenue of HK$110.5 million in the previous year. This was partly attributable to projects being delayed or cancelled because of the COVID-19 outbreak.

PROSPECTS AND OUTLOOK

2020 promises to be a tumultuous year that will test the strength and character of the entire media industry. Having taken decisive action to embrace a radical new business model, however, the Group has positioned itself well to consolidate emerging income streams, ride out the storm and sharpen its competitive edges with an unwavering eye on future growth.

The launch of our paid membership model heralds a fresh strategic approach for the Group. By further diversifying our income base to include more stable and reliable subscription revenues, we have laid the cornerstone of a more sustainable and future-fit foundation for our business. In the coming year, our main strategic focus will be to consolidate and retain our existing subscriber base in Hong Kong while acting rapidly to address the disappointing initial performance of subscriber acquisition in Taiwan.

Personalisation will serve as the lynchpin of our success. Our new membership model, combined with our groundbreaking DMP system, allows us to get closer to our readers than ever before: using big data techniques to understand readers' needs, interests and habits with ever-increasing precision and clarity, and crafting creative and compelling content in response. With such penetrating insights at our fingertips, we will be able to continually improve our retention rate by offering constantly evolving products and services.

In addition, the Group's Business Development Department will combine its cutting-edge market intelligence with the DMP's data-driven insights in order to tailor increasingly bespoke and fine-grained private market ad placement opportunities, creating superior value for advertisers and meeting the competitive threat of online programmatic advertising head-on.

Content excellence will continue to act as the beating heart of the Group's strategy as we seek to build a loyal and dedicated membership. We will continue to invest appropriately to attract, retain and nurture the right talent and creative capabilities, constantly enhance our portfolio of distinguished, world-class content, and use data-driven feedback to track the relative performance of different content categories and reallocate resources accordingly. In addition, the migration to the ARC content management system is expected to complete this year, opening up new operational advantages.

Print is still a mainstay of the Group's business and continues to make a significant contribution to its overall revenues, despite the gradual decline in the popularity of printed media in both Hong Kong and Taiwan. The Group's core print publications retain a dedicated mainstream readership. We will continue to repay their loyalty with editorial excellence, in the form of investigative journalism, insightful feature stories, special supplements, agenda-setting commentary and in-depth analysis. Cost control and efficiency will be the watchword for managing the print business through mounting challenges.

While the Group is cautiously optimistic about our own medium-term prospects, the wider outlook is undoubtedly highly complex and will require great watchfulness and agility. The COVID-19 pandemic will continue to pose stark challenges to the economies of Hong Kong and Taiwan over the coming months, severely affecting advertiser expenditure and putting further pressure on the Group's top line. That said, the outbreak must eventually end, and the economy will recover in time. Future consumer confidence will determine whether the two economies bounce back with strong growth momentum, or whether recovery will be slow and painstaking. Both the Taiwanese and Hong Kong SAR governments are committing substantial resources to fiscal stimulus and support. Even in a post-virus scenario, however, the uncertain fate of US-China trade negotiations and the social unrest in Hong Kong will also be critical factors.

There are choppy waters ahead for the media sector and the economy as a whole, but the Group is well equipped to navigate them. With a steadfast commitment to innovation and agility, we will cultivate ever-closer bonds with our readers through our passion for editorial excellence and our smart use of cutting-edge data technologies, thus ensuring that we are ready to sail confidently ahead and seize new growth opportunities when the fog of uncertainty eventually clears.

FINANCIAL REVIEW

Financial Position

The Group's primary source of financing for its operations during 2019/20 was the cash flow generated by its operating activities, loan from a shareholder and the banking facilities provided by its principal bankers.

The Group's net cash outflow from operating activities during the year ended 31 March 2020 amounted to HK$374.9 million, compared with a net cash outflow from operating activities of HK$356.0 million in the previous year. The inflow of investment-related cash during 2019/20 was a total of HK$7.3 million, compared to a cash inflow from investment-related activities of HK$364.8 million recorded in the previous year. The Group realised HK$446.4 million during the year ended 31 March 2019 in disposal proceeds net of transaction costs, mainly from disposal of two blocks of office buildings in Taiwan.

The Group's net cash inflow for financing activities during the year amounted to HK$319.7 million, compared to the previous year's net cash outflow of HK$132.0 million. During the reporting year, the Group repaid bank borrowings of HK$180.4 million, new loan raised of HK$115.8 million and drew down a new shareholder's loan of HK$400.0 million. As at 31 March 2020, the Group recorded net cash of approximately HK$137.7 million.

As at 31 March 2020, the Group's available banking facilities amounted to a total of HK$328.8 million, of which HK$310.0 million had been utilised. The Group had bank borrowings amounting to HK$275.4 million. The maturity profile of the Group's bank borrowings was spread over a period of four years, with approximately HK$252.6 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 2020, the Group's aggregate bank balances and cash reserves, including restricted bank balances, pledged banks deposits and time deposits with original maturity over three months, amounted to HK$171.8 million. The Group's current ratio on the same date was 67.5%, compared to 82.2% as at 31 March 2019. As at 31 March 2020, its gearing ratio amounted to 31.5%, compared to 16.0% as at 31 March 2019. These figures were calculated by dividing its bank borrowings, including long-term and current portions and loan from a shareholder, by total asset value.

Assets Pledged

As at 31 March 2020, the Group had pledged properties situated in Taiwan with an aggregate carrying value of HK$361.1 million to various banks as security for banking facilities granted to it.

Share Capital

As at 31 March 2020, the Company's total amount of issued and fully paid share capital was HK$2,486.6 million (31 March 2019: HK$2,486.6 million) and the total number of issued shares with no par value was 2,636,211,725 shares (31 March 2019: 2,636,211,725 shares).

Exchange Exposure and Capital Expenditure

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

As at 31 March 2020, the Group's net currency exposure stood at NT$825.4 million (equivalent to HK$211.7 million), a decrease of 23.9% compared to the figure of NT$1,085.2 million (equivalent to HK$276.4 million) as at 31 March 2019.

The Group's capital expenditure for the year ended 31 March 2020 totalled HK$77.4 million (2018/19: HK$48.7 million). As at 31 March 2020, the Group's outstanding capital commitments amounted to HK$2.8 million (31 March 2019: HK$23.3 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$37.0 million (31 March 2019: HK$50.9 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 of Summons under High Court Action No. 305 of 2018 (the "Litigation Proceedings") 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 share and asset sales and purchase agreement dated 25 August 2017 ("SPA").

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$88.0 million; (ii) an additional amount of HK$88.0 million as liquidated damages; (iii) consequential losses of NT$900.0 million (equivalent to approximately HK$240.0 million); 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 Hong Kong International Arbitration Centre on 9 April 2018 under case number HKIAC/A18068 (the "Arbitration Proceedings") and also applied for a stay of the Litigation Proceedings wrongfully initiated by GDL. On 27 August 2018, a Judge of the High Court of Hong Kong stayed all the GDL's claims (contractual and tortious) to arbitration.

On 8 November 2019, GDL and the Defendants entered into a deed of settlement (the "Deed"), pursuant to which the parties to the Deed have agreed the full and final settlement of (i) any claims, whether actual, prospective or contractual or non-contractual, which any party has or may have or has brought or may bring against the other party arising out of and/or in connection with the SPA, including the claims made in the Litigation Proceedings and Arbitration Proceedings (collectively, the "Claims"); and (ii) any costs incurred in relation to the Claims. All outstanding matters between GDL and the Defendants have been dealt with by the Deed and the dispute is now at an end.

(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 2020, these contingent liabilities amounted to HK$328.8 million (31 March 2019: HK$387.1 million), HK$310.0 million (31 March 2019: HK$373.1 million) of which has been utilised by certain subsidiaries.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group had a total of 2,323 employees, of which 1,275 were in Hong Kong and 1,047 were in Taiwan, with one in the USA.

The remuneration policy of the Group is to ensure that pay levels of its employees are competitive to the market and employees are rewarded according to their merit, qualifications, performance and level of responsibility.

In order to attract, develop and retain the best talent in the market, the Group offered a pioneering employee share award scheme as well as a variety of wellbeing and career development initiatives. For instance, the Group provided opportunities for staff to attend training, seminars and exercise activities. In addition, renovated staff canteens in Hong Kong and Taiwan provided comfortable environments for staff to rest. To further promote our culture of openness, communication between staff and management has also been strengthened through digital collaboration tools.

During the year under review, total staff costs of the Group amounted to HK$920.2 million, compared to the HK$1,001.6 million incurred during the previous year. The decrease was primarily due to a further restructuring of the Group's operations during the year.

During the year, share options were granted to two executive directors under the Company's share option scheme, which was adopted in 2014. This entitles them to subscribe for a total of 28,467,152 shares.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2020 (2018/19: nil).

CLOSURE OF REGISTER OF MEMBERS

The Company's forthcoming annual general meeting ("AGM") will be held on Friday, 14 August 2020. 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, 11 August 2020 to Friday, 14 August 2020, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2020 AGM scheduled to be held on Friday, 14 August 2020 at 3:00 p.m., all transfer 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, 10 August 2020.

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 2020, save for a minor deviation from Code Provisions A.6.7 and E.1.2.

Under the Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Under the 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, the then Non-executive Chairman of the Group was unable to attend the 2019 AGM. Mr. Cheung Kim Hung, the Chief Executive Officer, chaired the 2019 AGM on his behalf in accordance with the provisions of the 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 2020 of the Group. The consolidated financial statements of the Group have been audited by the Company's independent auditor, CCTH CPA Limited, 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 2020 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, 22 June 2020

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 control of the Group.

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

Executive Directors:
Mr. Lai Chee Ying *(Chairman)*
Mr. Cheung Kim Hung
Mr. Chow Tat Kuen, Royston

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

Non-executive Director:
Mr. Ip Yut Kin