HONG KONG ECONOMIC TIMES HOLDINGS LIMITED

Annual Report
2006/2007
Stock code 0423

Publishing and Multimedia

Financial News Agency, Information and Solutions

Recruitment Advertising and Training

The mission of the Group

is

to become one of the pre-eminent

financial and **business**

information and **service providers**

in

Greater China

Hong Kong Economic Times Holdings Limited

Annual Report 2006/2007

Contents

Business and Financial Highlights

Turnover increased by 15% to HK$833 million year on year

Profit attributable to equity holders increased by 22% to HK$120 million year on year

Earnings per share
HK 27.81 cents

Proposed final dividend
HK 7.9 cents

Our 7 Market Leading Positions

- ***Hong Kong Economic Times*** (*"HKET"*) the financial newspaper
- ***e-zone*** the PC and digital product magazine
- ***Take me Home*** the community newspaper
- **ET Net** the financial news agency
- **ET Wealth** the electronic funds database and wealth management system provider
- **ET Trade** the securities & futures trading solution provider
- **EPRC** the electronic property database provider

Corporate Information and Key Dates

Board of Directors

Executive Directors

Mr. Fung Siu Por, Lawrence *(Chairman)*
Mr. Mak Ping Leung (alias: Mr. Mak Wah Cheung)
Mr. Chan Cho Biu
Mr. Shek Kang Chuen
Ms. See Sau Mei Salome
Mr. Chan Wa Pong

Non-executive Director

Mr. Chu Yu Lun

Independent Non-executive Directors

Mr. Chan Mo Po, Paul
Mr. Chow On Kiu
Mr. Lo Foo Cheung

Company Secretary

Mr. Chan Wa Pong *CPA, FCCA*

Qualified Accountant

Ms. Chan Kit Man Fanny *FCPA*

Authorised Representatives

Mr. Fung Siu Por, Lawrence
Mr. Chan Wa Pong *CPA, FCCA*

Compliance Adviser

BNP Paribas Capital (Asia Pacific) Limited

Independent Auditor

PricewaterhouseCoopers

Audit Committee

Mr. Chan Mo Po, Paul *(Chairman)*
Mr. Chow On Kiu
Mr. Lo Foo Cheung

Nomination Committee

Mr. Chow On Kiu *(Chairman)*
Mr. Chan Mo Po, Paul
Mr. Chu Yu Lun

Remuneration Committee

Mr. Lo Foo Cheung *(Chairman)*
Mr. Chow On Kiu
Mr. Chu Yu Lun

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business

6th Floor, Kodak House II
321 Java Road
North Point
Hong Kong

Corporate Website

www.hketgroup.com

Email

groupinfo@hket.com

Stock Code

0423 HK

Principal Share Registrar and Transfer Office in Cayman Islands

Butterfield Fund Services (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 705, George Town
Grand Cayman, Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Hong Kong

Key Dates

Closure of Registers of Members

25 July 2007 to 30 July 2007

Annual General Meeting

30 July 2007

Proposed Payment of Final Dividend

31 July 2007

Business Organization Chart

Publishing and Multimedia

- *Hong Kong Economic Times* Newspaper and its weeklies/supplements publishing
- *e-zone* magazine publishing
- *Take me Home* community newspaper publishing
- *U Magazine* magazine publishing
- ET Press and WHY book publishing

Financial News Agency, Information and Solutions

Finance

- ET Net
- ET Wealth
- ET Trade

Property

- EPRC

Recruitment Advertising and Training

Recruitment Advertising

- *Career Times*

Training

- ET Business College

Hong Kong Economic Times Holdings Limited ("HKET Holdings"/"the Group") is a diversified media company. Its core business – publication of the *Hong Kong Economic Times* ("*HKET*") – was established in 1988. It is now the leading financial newspaper in Hong Kong. Apart from newspaper publishing, the Group also operates other successful businesses such as magazines and book publishing, recruitment advertising and executive training. In addition, the Group runs a financial news agency, information and solutions business. ET Net, the leading financial news agency serving Hong Kong professional market, has also expanded to the Greater China market. HKET Holdings was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 3 August 2005 (Stock code: 0423).

Corporate Profile

Publishing and Multimedia

The Group's flagship newspaper, *HKET*, adheres to the editorial principle of reporting and writing in a formal and professional writing style. Its mission is to provide businessmen, business executives, investors and professionals with updated, accurate information and impartial reporting. With 87,593 average daily copies of audited circulation, *HKET* is now the leading financial newspaper.

Based on our successful experience and strong brand, we have developed diversified media businesses including *e-zone*, *Take me Home*, *U Magazine*, financial and lifestyle book publishing.

1. *HKET* won 10 awards in 2006/2007.

2. The well-received e-brand Awards 06/07 organized by *e-zone.*

3. *Take me Home*, a free weekly community newspaper in 6 district based versions, is reckoned the most family-friendly newspaper with over 300,000 copies in circulation.

4. *U Magazine* is widely applauded for its stylish but practical travel and dining content. Her various offers like the "*Tokyo Super Bible*" and "*FOOD Super Bible*" are unbeatable hits.

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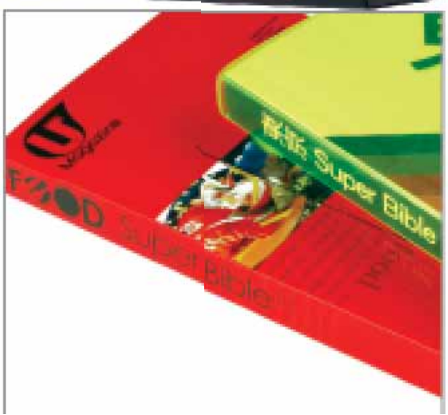
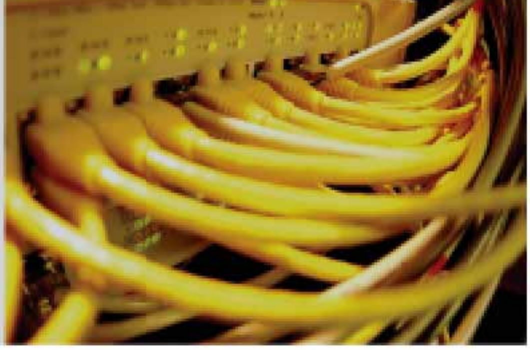


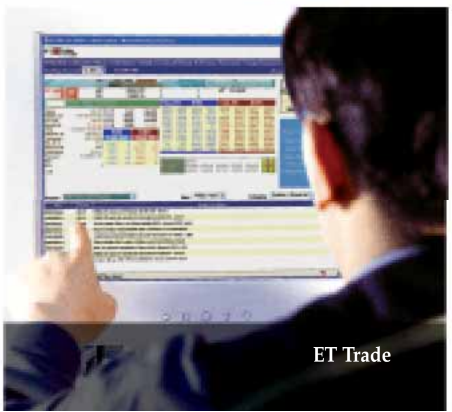


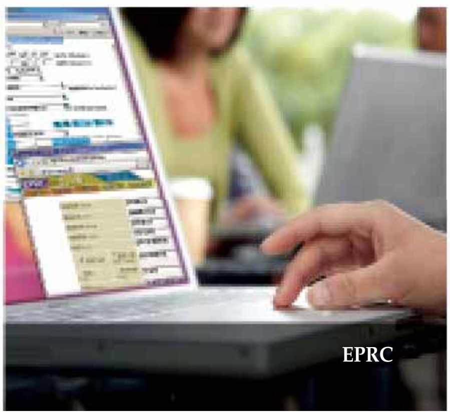
Financial News Agency, Information and Solutions

The Group has advanced from print media to running a financial news agency, information and solutions business for the professional market. ET Net is a financial news agency providing real-time financial news and information. It has attained leading market position in Hong Kong and has expanded into the Greater China region with landing right in Mainland China granted for years. EPRC, which specializes in property information services, has also long been the market leader in Hong Kong.


ET Wealth

ET Net in display in Central, Hong Kong


ET Trade


EPRC

Corporate Profile

Recruitment Advertising and Training

The Group's recruitment advertising and training business arm plays an important role in meeting commercial and personal needs. The *Career Times* integrates the advantages of both the print and on-line media and has created a convenient access platform for employers and job seekers and has become a popular recruitment medium in Hong Kong, while ET Business College specializes in different formats of training for business executives and professionals.

1. *Career Times* celebrated its 10th Anniversary in 2007.

2. *Career Times* co-organised with The Hong Kong Institute of Bankers the tremendously successful HKIB Outstanding Financial Planner Awards 2006.

3. ET Business College and Citibank jointly launched "***The Next Generation of Elite Personal Finance Program***" for the fourth consecutive year. This year the program extends beyond Hong Kong to include Shanghai, with the objective of promoting and enhancing financial management knowledge for teenagers in the two cities.

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Awards and Achievements

Caring Company 2006/07

Achieving "Family Friendly", "Employing Vulnerable" and "Giving", HKET Holdings is awarded to be "Caring Company 2006/07", in recognition of our commitment to corporate citizenship. The same is also attained by *e-zone* and *U Magazine*.

10 awards won by *HKET* in 2006/2007

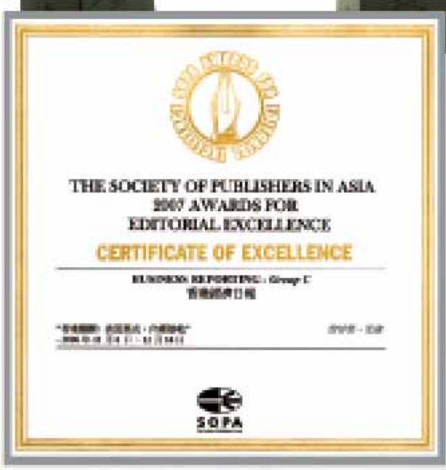
2007 SOPA Awards for Editorial Excellence
Award in "Excellence in Business Reporting"

Hong Kong News Awards 2006
Winner in "Best News Page Design"
2 Merits in "Best Business News Reporting"
Merit in "Best Headline (Chinese)"
2 Merits in "Best Photographic (Features)"

Fourth Media Awards on Tongzhi Coverage
1 Award

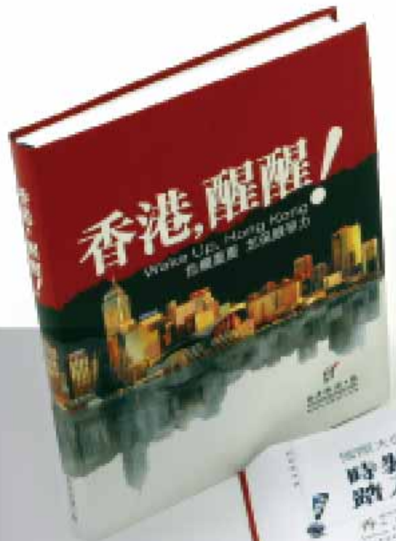
Focus at the Frontline 2006
1st Runner-up in "Spot News" photography

The 18th Hong Kong Print Awards
Merit in "Newspaper"



"Wake Up, Hong Kong"

HKET is committed to offering quality retrospective and forward looking economic analyses. First time ever in *HKET*, a cross teams task force collaborated to publish a month long feature series namely "Wake Up, Hong Kong" in late 2006. It unearthed the mid-life crisis confronted by Hong Kong and alerted many about the weakening cornerstones under the superficial prosperity. It did a comprehensive study on all important aspects of the Hong Kong economy including finance, travel, logistics, business centers, manufacturing, innovative industries, education etc. It explored solutions for maintaining the continuous competitiveness of Hong Kong.



The series, which later came into a book, was highly and widely recommended by key business leaders and scholars.

We deliver what we commit, truly.

Chairman's Statement

Dear Shareholders,

I am pleased to report that we have a very fruitful year. Profit attributable to shareholders reached a record high of HK$120 million for the Financial Year 2006/07, an increase of 22% over last year's profit of HK$98 million, and almost doubled the profit of HK$65 million the year before last. Growth was achieved in all 3 business segments in which the Group operates, namely Publishing and Multimedia, Financial News Agency, Information and Solutions, and Recruitment Advertising and Training. Thanks to our innovative and diligent staff, we were able to take advantage of the strong local market driven by growing domestic demand, improving employment situation and the expanding Mainland economy. The increased activity in the stock market and the number of IPO notices also contributed to our good results.

On the back of this year's good results, the Board has resolved to propose at the forthcoming Annual General Meeting to approve the payment of a final dividend of HK 7.9 cents on top of the HK 3 cents interim dividend already paid. This is an increase of 27% over the previous year.

Following the investments in *Take me Home*, a free community weekly, and *U Magazine*, a lifestyle and leisure magazine, both of which were launched about a-year-and-half ago and are progressing well, we are studying other media related projects. If the evaluation is positive, one of them may be implemented later this year. While these investments may bring in profits in the coming years, they will put pressure on the cost and profit of the Group in the short run. However, I strongly believe these investments are worthwhile and necessary to sustain the growth of the Group in the medium and long term and will add value to shareholders' interests.

On 23 March this year, the Stock Exchange of Hong Kong (HKEx) announced that 25 June this year would be the commencement date of the Electronic Disclosure Project which would abolish the mandatory requirement of paid announcements in newspapers for Main Board issuers in stages. The implementation of HKEx's new disclosure rule this year will not only have significant impact on our results, but will also affect many small retail investors. In a survey sponsored by the Newspaper Society of Hong Kong and conducted by the Centre for Communication Research of the Chinese University of Hong Kong, 68% of the respondents believed that the new rule would reduce transparency in listed companies. The survey also found that 72% of the respondents got corporate information from newspapers, far higher than from any other sources. Newspaper remains to be the primary and reliable source of information for many private investors. *Hong Kong Economic Times*, as the leading business daily in Hong Kong, will continue to play our important role in providing quality information to the investment community.

The coming year will be a challenging one. Newsprint prices are expected to fall slightly, and headcount, which will only be increased in line with new business activities, and other costs are well under control. But the cost pressures due to investment in the projects mentioned earlier and the loss of revenue following the implementation of HKEx's new rule mean that we are entering a consolidation period of one to two years before the negative impacts mentioned above will be fully absorbed by growth in other business areas.

In the external environment, there are concerns over rises, though slowly, in interest rates worldwide, the possibility of inflation and global financial market risks. All these factors will be monitored closely. On the positive side, as the Mainland economy continues to expand strongly, it provides important impetus to the growth of our economy. Moreover, worldwide economy is progressing on a steady path. Hong Kong's GDP for 2007 was forecasted by the Government to increase by 4.5 to 5.5 per cent, which is favourable to our businesses.

Our core business direction is to provide quality information and related services to our customers focusing on finance, property, human resources, education and lifestyle. We offer a wide range of products and services. With a balanced and diversified portfolio, a strong network of customer reach, a competent team of passionate staff and a culture of constantly striving to improve, we shall continue to build upon our strength, enlarging market share in existing businesses, looking for investment opportunities and at the same time exercising effective cost control. As Winston Churchill once said, "To improve is to change; to be perfect is to change often". We are well positioned to capitalize on the changes and opportunities ahead.

In conclusion, although there might be short-term adjustments, overall, I am very optimistic about the future of our Group in the years to come.

It was late at night by the time of writing this message. Looking out of the window, the dazzling lights on both sides of the harbour were fascinating. No wonder it is ranked one of the top 3 night sceneries in the world. But at this time of the night, many of our dedicated staff were still hard at work. Although working in a North Point waterfront building with a beautiful harbour view, they have no time to enjoy the lights but have to concentrate on their work, for the good of the Group. I would like very much to express my heartfelt thanks to my fellow colleagues for their diligence, dedication, innovation and valuable contributions. I would also like to extend gratitude to our readers, customers, business partners and investors for their continued support.

Mr. Fung Siu Por, Lawrence
Chairman

Hong Kong, 25 June 2007

Board of Directors

Board of Directors

Executive Directors

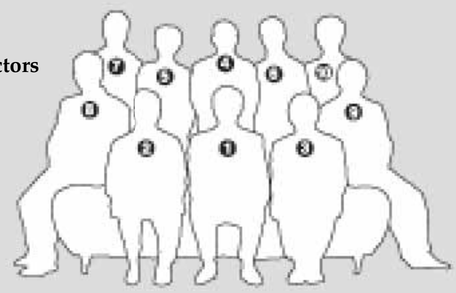
1. Mr. FUNG Siu Por, Lawrence
2. Mr. MAK Ping Leung
3. Mr. CHAN Cho Biu
4. Mr. SHEK Kang Chuen
5. Ms. SEE Sau Mei Salome
6. Mr. CHAN Wa Pong

Non-executive Director

7. Mr. CHU Yu Lun

Independent Non-executive Directors

8. Mr. CHAN Mo Po, Paul
9. Mr. CHOW On Kiu
10. Mr. LO Foo Cheung



Executive Directors

Mr. FUNG Siu Por, Lawrence, aged 57, is the Chairman and Chief Executive Officer of the Company. Mr. Fung is a founder of *Hong Kong Economic Times* ("*HKET*"). He was also the first Publisher and Chief Editor of *HKET*. Mr. Fung is responsible for the overall strategic planning and development, policy-making and setting corporate missions of the Group. He has over 20 years of successful entrepreneurial experience in media and publishing, securities trading, computer technology and exhibition industries. Mr. Fung obtained a Bachelor of Social Science degree from The University of Hong Kong and a Master of Arts degree in Economics from University of Manchester in the United Kingdom. In 2003, Mr. Fung was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. He is also a Director of Hong Kong University Graduates Association Education Foundation.

Mr. MAK Ping Leung (alias: Mr. MAK Wah Cheung), aged 57, is the Managing Director of the Group and Publisher of *HKET*. He is also a founder of *HKET*. Mr. Mak is responsible for formulating the business strategies and the overall management of publishing, multimedia services, recruitment advertising and printing production of the Group. He has over 30 years of extensive experience in the media and publishing industry. Prior to joining the Group in 1987, he was the Bureau Chief of *Wen Wei Po*, European Bureau in London, and was later promoted to the Deputy General Manager of *Wen Wei Po*. Mr. Mak obtained his Bachelor of Arts degree from The University of Hong Kong and had attended a journalism programme "Journalists in Europe" in France. Mr. Mak is currently the honorary advisor of Hong Kong Institute of Marketing and a Director of Hong Kong Copyright Licensing Association Limited. In 1988, Mr. Mak was elected as one of the Ten Outstanding Young Persons of Hong Kong.

Mr. CHAN Cho Biu, aged 50, is the Associate Publisher and Chief Editor of *HKET*. Mr. Chan joined the Group in 1988 and is responsible for the editorial development of *HKET*. Mr. Chan has over 20 years of solid experience in the media and publishing industry. Prior to joining the Group, he had worked with the *Hong Kong Economic Journal* and Radio Television Hong Kong. Mr. Chan holds a Bachelor of Science degree and a Postgraduate Diploma in Education from The Chinese University of Hong Kong. Mr. Chan is currently the Vice Chairman of the Hong Kong News Executives' Association ("HKNEA") and was also the former Chairman of HKNEA in 2001 and 2002.

Mr. SHEK Kang Chuen, aged 59, is the Associate Publisher and Head of Research Department of *HKET*. He is a founder of *HKET*. Mr. Shek is responsible for the overall development and management of Research Department and the supplements of *HKET*. He is also responsible for the day-to-day management of the Group's book publication business. Mr. Shek has over 19 years of solid experience in the media and publishing industry. He is a columnist in *HKET*, its associated magazines and on the website of www.etnet.com.hk. Besides that, Mr. Shek has written several books on topics of investment, finance and wealth management. He is a regular speaker in various investment and wealth management conferences and seminars. He is currently a host of an investment programme for Radio Television Hong Kong. Mr. Shek obtained a Bachelor of Arts degree and a Postgraduate Diploma in Education from The University of Hong Kong.

Board of Directors

Executive Directors

Ms. SEE Sau Mei Salome, aged 44, is the Managing Director of the Company's subsidiaries which engage in the businesses of financial news agency, information, solutions and training. Ms. See joined the Group in 1989, responsible for the Group's marketing strategy and operations. She was later assigned to start and take charge of the Group's financial news agency, information, solutions and training businesses. Ms. See has over 19 years of solid experience in the information and technology industry. Prior to joining the Group, Ms. See worked in the regional marketing office of a multinational computer equipment corporation, Digital Equipment Limited, where she gained extensive experience in digital technology and a profound understanding of advanced networking. Ms. See obtained a Bachelor of Arts degree from Macquarie University, Australia.

Mr. CHAN Wa Pong, aged 55, joined the Group in 1990 and was appointed as the Executive Director in June 2006. He is the Company Secretary of the Company and Chief Financial Officer of the Group. Mr. Chan studied accountancy in North East London Polytechnic and is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 25 years of financial and management experience in London and Hong Kong. Prior to joining the Group, Mr. Chan was the Chief Accountant of a multinational gas manufacturer in Hong Kong and the Financial Controller of a paper product manufacturer in Hong Kong.

Non-executive Director

Mr. CHU Yu Lun, aged 56, was appointed as the Non-executive Director in April 2005. He is also a member of Company's Nomination Committee and Remuneration Committee. Mr. Chu is the founder and Chairman of the Adsale Group. Established in December 1977 in Hong Kong under the name of The Adsale People, the company registered as Adsale People Limited in 1985. The Adsale Group is an international trade media group in the Asia-Pacific region. Its major businesses include organizing international trade fairs, publishing international trade journals and providing virtual exhibitions and e-publications. Mr. Chu has extensive experience in the exhibitions industry. Mr. Chu received a Master degree in Business Administration at The Chinese University of Hong Kong in 1984 after his Bachelor degree in Science from The University of Hong Kong in 1973. For years, Mr. Chu has taken active participation in social activities personally and on behalf of his companies. He is currently the Chairman of the Hong Kong Exhibition and Convention Industry Association and has been the Founding President of Hong Kong University Science Alumni Association Limited, member of Advisory Board on the Master degree in Business Administration program of The Chinese University of Hong Kong, member of China Business Focus Group of the Continuing Education Fund of Hong Kong SAR Government, appointed member of Hong Kong Examinations and Assessment Authority and advisor of China Expo Forum for International Cooperation. His commitment in the industry grants him an award of "The Top Ten People in China Exhibition Industry 2001 & 2003".

Independent Non-executive Directors

Mr. CHAN Mo Po, Paul, aged 52, was appointed as the Independent Non-executive Director in May 2005. He is currently the Chairman of Company's Audit Committee and a member of Company's Nomination Committee. Mr. Chan is the Managing Director of PCP CPA Limited and an Independent Non-executive Director of The Wharf (Holdings) Limited, I.T Limited, Kingmaker Footwear Holdings Limited, China Resources Land Limited and China Communication Services Corporation Limited, all of which are companies listed on the Stock Exchange. Mr. Chan has over 29 years experience in the accounting and finance field and is the former President of the Hong Kong Institute of Certified Public Accountants. He had also been the former Chairman of the Association of Chartered Certified Accountants ("ACCA") – Hong Kong, and a former member of ACCA's World Council in the United Kingdom. Mr. Chan obtained both his Bachelor and Master degrees in Business Administration from The Chinese University of Hong Kong. He is a practicing Certified Public Accountant in Hong Kong and a fellow member of the Society of Chinese Accountants and Auditors, the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Company Secretaries and the Taxation Institute of Hong Kong, and a member of the Macau Society of Certified Practising Accountants. Mr. Chan was appointed as the Chairman of Legal Aid Services Council in September 2006.

Mr. CHOW On Kiu, aged 56, was appointed as the Independent Non-executive Director in April 2005. He is currently the Chairman of Company's Nomination Committee and a member of Company's Audit Committee and Remuneration Committee. Mr. Chow has extensive experience in banking, finance, trading, investment as well as property investment in Mainland China. Mr. Chow is currently the Vice Chairman and Managing Director of Wheelock China Limited. He had also been a Director of Sun Hung Kai Securities Limited from 1979 to 1985, Managing Director of Tian An China Investment Limited, a company listed on the Stock Exchange, from 1987 to 1992 and Executive Director of Next Media Limited, a company listed on the Stock Exchange, from 1999 to 2002. Mr. Chow graduated with a Bachelor degree in Social Science from The University of Hong Kong.

Mr. LO Foo Cheung, aged 57, was appointed as the Independent Non-executive Director in April 2005. He is currently the Chairman of Company's Remuneration Committee and a member of Company's Audit Committee. Mr. Lo is the founder and Chairman of FC Packaging Holding Limited, one of the leading can manufacturers in the Greater China. Mr. Lo has extensive experience in the industrial and manufacturing industry in Hong Kong and Mainland China. He is currently the Vice President of the Chinese Manufacturers' Association of Hong Kong, Standing Committee Member and Chairman of Training Committee of the Chinese General Chamber of Commerce, member of Board of Directors of Hong Kong Design Centre, member of the Board of Trustees of Chung Chi College of The Chinese University of Hong Kong, Vice Chairman of Hong Kong Commerce, Industry and Professionals Association Limited, President of Hong Kong New Territories Commercial and Industrial General Association Limited, Vice President of China Packaging Federation, Committee Member of the Chinese People's Political Consultative Conference of Heilongjiang and Qingdao City, Standing Committee Member of the Chinese People's Political Consultative Conference of Jiangmen City, Vice President of Guangdong Association of Enterprises with Foreign Investment and President of Jiangmen Association of Enterprises with Foreign Investment. Mr. Lo previously served as a member of the Business Advisory Group chaired by the Financial Secretary of Hong Kong, Committee Member of Small and Medium Enterprises Committee of Hong Kong, Vice Chairman of the Young Industrialists Council of Hong Kong, Chairman of the Chinese Executive Club of the Hong Kong Management Association and Council Member of the Hong Kong Quality Assurance Agency. Mr. Lo holds a Bachelor degree with honours in Social Science and a Master degree in Business Administration from The Chinese University of Hong Kong. Mr. Lo was a winner of the Young Industrialist Award of Hong Kong in 1988.

Corporate Governance

The Board of Directors (the "Board") was committed to maintain a high level of corporate governance standards and practices. The Board has complied with the provisions set out in the Code on Corporate Governance Practices (the "Code Provisions") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except as stated and explained below.

Board of Directors

The Board currently comprises ten Directors, four are Non-executive Directors with three of them being Independent Non-executive Directors, representing more than one-third of the Board. The composition of the Board reflects a comprehensive range of professions, knowledge and experience. All Directors are aware of their collective and individual responsibilities to shareholders and have exercised their duties with care, skill and diligence for the best interests of the shareholders. Names and the biographies of the Directors are set out on pages 14 to 17 of this Annual Report.

Each of the Executive, Non-executive, and Independent Non-executive Directors has entered into a continuous service contract with the Company and is subject to the rotational retirement and re-election requirements of the Company's Articles of Association and the Code Provisions. Mr. Fung Siu Por, Lawrence (the Chairman and Executive Director of the Company) and Mr. Chu Yu Lun (the Non-Executive Director of the Company) have been business partners for years and have common interests in certain companies. Save as disclosed above, none of the Directors has any financial, business, family relationships or any relationships in other material aspects with each other.

Under Code A.2.1 of the Code Provisions, the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. However, the Company has appointed Mr. Fung Siu Por, Lawrence as both its Chairman and the CEO. The Board believes that vesting the roles of the Chairman and the CEO in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high calibre individuals with a substantial number thereof being Non-executive Directors.

The Board is responsible for setting the Group's strategic direction and overseeing the business performance of the Group while business operations are delegated to qualified management under the supervision of respective Executive Directors. The Board will ensure that the decision and direction made are implemented through the management, and that all significant business matters including but not limited to budgets, business plans, investment decisions, material capital expenditure are subject to the Board's approval.

The Board intends to hold at least four meetings annually at approximately quarterly intervals. Notice of meeting, agenda (with consultation of members of the Board) and accompanying board papers are sent in full to all Directors in a timely manner before the intended date of each meeting. During the financial year ended 31 March 2007, four meetings were held and attended by all members except Mr. Chu Yu Lun who was absent in one of the meetings.

Minutes of the Board meetings are recorded by the secretary of the meeting in sufficient detail of the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final version of minutes of Board Meetings are sent to all Directors for their comment and records respectively, in both cases within reasonable time after the Board Meeting is held.

Independence of Independent Non-executive Directors

Each Independent Non-executive Director has submitted to the Stock Exchange a written confirmation in respect of their independence in accordance with Rule 3.13 of the Listing Rules on 9 May 2005. The Board has also received from each of the Independent Non-executive Directors a confirmation of his independence as required under the Listing Rules. The Board is of the opinion that all Independent Non-executive Directors are independent and appreciates the professional and valuable contributions they made to the Board and the Committees.

Audit Committee

The Company established an Audit Committee on 29 April 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. The Audit Committee comprises three Independent Non-executive Directors, Mr. Chan Mo Po, Paul as Committee Chairman, Mr. Chow On Kiu and Mr. Lo Foo Cheung. The Committee members possess the necessary qualifications and experience in financial matters which are crucial to the Committee's key roles and functions. The principal roles and functions of the Committee include:

(a) to consider and recommend to the Board on the appointment, re-appointment and removal of external auditors, and to approve their remuneration, and any question of their resignation and dismissal;

(b) to review and monitor the integrity of the financial statements of the Group together with the Company's interim and annual report;

(c) to maintain an appropriate relationship with the Group's external auditors; and

(d) to oversee the Group's financial control, internal control and risk management systems.

During the financial year ended 31 March 2007, the Audit Committee met three times with the presence of all members except Mr Lo Foo Cheung who was absent in two of the meetings. The Company's Chief Financial Officer and Qualified Accountant and External Auditor were invited to attend two of the meetings. The Committee has reviewed the annual report for the financial year ended 31 March 2006, External Auditor's remuneration, internal control system and interim report for the period ended 30 September 2006 at the relevant meetings. The Chairman of the Audit Committee has reported to the Board on the proceedings of these meetings. The Board has not taken any view that is different from that of the Audit Committee.

Furthermore, another meeting was held on 18 June 2007 to review, inter alia, the Annual Report and Financial Statements of the Group for the year ended 31 March 2007, the report from External Auditor on the audit of the Group's Financial Statements, the continued non-exempt connected transactions, internal control system review and the re-appointment of External Auditor.

Remuneration Committee

The Company established a Remuneration Committee on 29 April 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. The Remuneration Committee comprises Non-executive Director, Mr. Chu Yu Lun, and two Independent Non-executive Directors, Mr. Lo Foo Cheung as the Committee Chairman and Mr. Chow On Kiu. The principal roles and functions of the Remuneration Committee include:

(a) to make recommendations to the Board on the Company's policy and structure of the remuneration of directors and senior management;

(b) to have the delegated responsibility to determine the specific remuneration packages of all Executive Directors and senior management and make recommendations to the Board of the remuneration of the Non-executive Directors;

(c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(d) to review and approve the compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment; and

(e) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct.

The Remuneration Committee met twice during the financial year ended 31 March 2007 with the presence of all members except Mr. Chow On Kiu who was absent in one of the meetings. The Committee has reviewed and approved the remunerations and discretionary bonus payable to the Executive Directors and senior management for the financial year under review. The Committee Chairman has reported to the Board on the proceedings of these meetings.

Nomination Committee

The Company established a Nomination Committee on 29 April 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. The Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. Chow On Kiu as Committee Chairman and Mr. Chan Mo Po, Paul. The principal roles and functions of the Nomination Committee include:

(a) to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorship;

(c) to assess the independence of independent non-executive directors with regard to the requirements under the Listing Rules; and

(d) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the Chairman and the Chief Executive Officer.

The Nomination Committee met twice during the financial year ended 31 March 2007 with the presence of all members to review the size, structure and composition of the Board and made its recommendations to the Board on the appointment of a new Executive Director with effect from June 2006 and the re-appointment of Directors (not less than one-third of the Board) whom are subject to retirement by rotation and eligible for re-election at the forthcoming annual general meeting.

Remuneration of Directors

The Directors' fees and all other emoluments paid or payable to the Directors during the year are set out on an individual and named basis in note 7(b) to the Consolidated Financial Statements of this Annual Report on page 62.

The Group's emolument policy is set out in note 7(d) to the Consolidated Financial Statements of this Annual Report on page 63.

Securities Transactions of Directors

The Company confirmed the adoption of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). All Directors confirmed their compliance with the required standard set out in the Model Code regarding directors' securities transactions throughout the financial year ended 31 March 2007.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code. No incident of non-compliance was noted by the Company for the period under review.

Corporate Governance

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for the preparation of the Financial Statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period and in compliance with relevant laws and disclosure provisions of the Listing Rules. In preparing the Financial Statements for the year ended 31 March 2007, the Directors have selected appropriate accounting polices and applied them consistently; made judgements and estimates that are prudent and reasonable; and have prepared Financial Statements on a going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

External Auditor

The Group had appointed PricewaterhouseCoopers as the Group's External Auditor since the financial year 2004/05. Their reporting responsibilities on the Financial Statements are set out in the Independent Auditor's Report of this Annual Report on pages 35 to 36.

During the period under review, the Group has incurred a total audit fee of HK$1,980,000 in relation to the interim review and audit services provided by PricewaterhouseCoopers for the financial year 2006/07, which was approved by the Audit Committee and the Board. A fee of HK$15,000 was also paid or payable to PricewaterhouseCoopers for other services.

PricewaterhouseCoopers will retire and offer themselves for re-appointment at the annual general meeting of the Company to be held on 30 July 2007.

The re-appointment of PricewaterhouseCoopers as the External Auditor of the Group has been recommended by the Audit Committee and endorsed by the Board, subject to the approval of shareholders in the forthcoming annual general meeting.

Internal Controls

The Board acknowledges its responsibility for the Group's internal control system and has reviewed its effectiveness to ensure that internal control measures are in place to safeguard the Group's assets and to comply with relevant regulations and best practices.

Management Discussion and Analysis

Summary of Profit and Loss Account

	Year ended 31 March 2007 HK$'000	2006 HK$'000	% Change
Turnover	833,174	721,703	15%
Cost of sales	(476,578)	(403,153)	18%
Gross profit	356,596	318,550	12%
Other revenues	6,973	7,887	-12%
Selling and distribution expenses	(101,790)	(92,317)	10%
General and administrative expenses	(115,548)	(110,227)	5%
Operating profit	146,231	123,893	18%
Finance costs	(1,135)	(3,476)	-67%
Profit before income tax	145,096	120,417	20%
Income tax expense	(24,706)	(20,896)	18%
Profit for the year	120,390	99,521	21%
Minority interests	(349)	(1,357)	-74%
Profit attributable to equity holders	120,041	98,164	22%

Overview

The Group's results continued its upward trend with across-the-board growth in all the three business segments in which the Group operates, namely, publishing and multimedia, financial news agency, information and solutions and recruitment advertising and training.

The publishing and multimedia segment benefited from the strength of Hong Kong's economy, bullish stock market and consumer confidence, which brought in more advertising and promotion revenue in the year under review.

The financial news agency, information and solutions segment maintained its industry leadership in the provision of news, financial and property information in the professional market. It recorded a growth of 11% in turnover and 68% in operating profit.

The tight employment market and the continuing demand for self-enhancement courses resulted in recruitment advertising and training segment achieving a turnover growth of 14%.

The Board of Directors and our Management are committed to continue our efforts in expanding the Group's businesses, enhancing our shareholders' return and at the same time producing quality and informative products that add value to our readers and customers.

Management Discussion and Analysis

Turnover

	Year ended 31 March 2007 HK$'000	2006 HK$'000	% Change
Turnover:			
Advertising income	561,603	481,664	17%
Circulation income	125,337	110,327	14%
Service income	128,108	117,885	9%
Enrolment income	18,126	11,827	53%
Total	833,174	721,703	15%

Advertising income for the year ended 31 March 2007 recorded an increase of 17% as compared to the year ended 31 March 2006. The increase in IPO activities and consumer confidence, and the full year effect of *U Magazine* and *Take me Home*, which were introduced in the latter part of 2005, contributed to the rise in advertising income.

Circulation income recorded an increase of 14% as compared to the year ended 31 March 2006. The increase was mainly due to the good response and the full year effect of the new publication *U Magazine* while *HKET* registered a moderate growth.

Service income for the year ended 31 March 2007 recorded an increase of 9% as compared to the year ended 31 March 2006. The active stock market had fuelled the demand for our stock quotation business in the financial news agency, information and solutions segment.

Enrolment income for the year ended 31 March 2007 achieved a remarkable increase of 53% as compared to the year ended 31 March 2006. In addition to the increasing awareness of the public for self-enhancement and development, ET Business College had been successful in organising recurring courses and seminars.

Operating Costs

Gross profit margin for the year ended 31 March 2007 attained 42.8%, which was lower than previous financial year's 44.1%. The decrease in gross profit margin was mainly due to the full year effect of the two new publications, *U Magazine* and *Take me Home* which were still at investment stage.

Staff costs continued to be the largest single item of operating cost of the Group, representing approximately 48% of the total operating costs, which was similar to the previous financial year. Staff costs increased by 14% as compared to the year ended 31 March 2006, mainly due to overall salary increment, and the full year impact of *U Magazine* and *Take me Home*.

Newsprint costs constituted 16% of the Group's total operating costs for the year ended 31 March 2007 as compared to 17% in the year ended 31 March 2006. The effective control over newsprint consumption meant that newsprint costs only increased by 8% for the year ended 31 March 2007 as compared to year ended 31 March 2006 despite of the full year effect of the publication of *Take me Home*, which was printed by the Group using newsprint.

Other Revenues

The Group received HK$7.0 million in bank deposit interest income during the year under review.

Finance Costs

The Group had repaid all bank loans and finance leases in August 2006, thus saving finance costs for the year under review. The Group incurred finance costs of HK$1.1 million, a decrease of HK$2.3 million as compared to the year ended 31 March 2006.

Income Tax Expense

Taxation increased by 18% as compared to the previous financial year. The increase was mainly due to the increase in the Group's pre-tax profit. The Group's effective tax rate for the year under review was approximately 17% of the profits before taxation which was similar to the previous financial year.

Profit Attributable to Equity Holders

For the year ended 31 March 2007, the Group has achieved doubt digit growth in terms of the profit attributable to equity holders. Net profit margin improved from 13.6% for the year ended 31 March 2006 to 14.4% for the year ended 31 March 2007, reflecting an impressive business expansion and effective cost control measures.

The increase in net profit is even more significant taking into account the investments in *U Magazine* and *Take me Home* for sustainable medium term growth. The results demonstrated the success of the Group's business strategy, sound leadership from the Board of Directors and the hardwork and loyalty of staff.

Liquidity and Capital Resources

	As at 31 March	
(in HK$ million)	2007	2006
Net current assets	271.4	236.7
Cash and cash equivalents	230.0	219.6
Bank loans and finance leases	–	68.7
Equity holders' fund	534.0	451.5
Gearing ratio	–	10.3%
Current ratio	2.82 times	2.62 times

The Group's net current assets as at 31 March 2007 has increased by HK$34.7 million from the position as at 31 March 2006. During the year under review, the Group had distributed the final dividend declared for the financial year ended 31 March 2006 and interim dividend for the six months period ended 30 September 2006 amounting to a total of HK$37.5 million. The Group had also repaid all the outstanding bank loans and finance leases in August 2006. However, the net current assets of the Group still recorded an increase due to the good operating performance of the Group during the year under review.

Management Discussion and Analysis

Liquidity and Capital Resources (Continued)

The Group continued to achieve steady growth in operating profit. Net cash inflow from operating activities increased in line with the increase in profit attributable to equity holders. Net cash outflow from investing activities decreased significantly following completion of major investment in printing press lines in the year ended 31 March 2006, and the acquisition of remaining interests in a subsidiary in August 2005.

The full repayment of all outstanding bank loans and finance leases (including interest element) during the year amounting to about HK$70 million and the payment of final dividend for the year ended 31 March 2006 and interim dividend for the six months period ended 30 September 2006 totalling HK$37.5 million resulted in a cash outflow of HK$107 million from financing activities.

Following the repayment of all outstanding bank loans and finance leases, the Group had no gearing as at 31 March 2007. Current ratio had shown an improvement as compared to that as at 31 March 2006. As at 31 March 2007, the Group had cash balance of HK$230 million as compared to HK$220 million as at 31 March 2006.

The Group is able to meet its working capital requirements, support investment needs of any future business plans and fulfill the dividend payment policy at the current fund level.

Outlook

The cost pressures due to investment in *Take me Home*, a free community weekly, *U Magazine*, a lifestyle and leisure magazine, both of which were launched about a-year-and-half ago and are progressing well, the possibility of launching other media related projects later this year, and the loss of revenue following implementation of HKEx's new rule abolishing the mandatory requirement of paid announcements in newspapers for Main Board issuers in stages effective from 25 June 2007 mean that we are entering a consolidation period of one to two years before the negative impacts mentioned above will be fully absorbed by growth in other business areas.

Despite concerns over rises, though slowly, in interest rates worldwide, the possibility of inflation and global financial market risks, Mainland's economy continues to expand strongly and provides important impetus to the growth of our economy. Moreover, worldwide economy is progressing on a steady path. Hong Kong's GDP for 2007 was forecasted by the Government to increase by 4.5 to 5.5 per cent, which is favourable to our businesses.

Our core business direction is to provide quality information and related services to our customers focusing on finance, property, human resources, education and lifestyle. The Group offers a wide range of products and services. With a balanced and diversified portfolio, a strong network of customer reach, a competent team of passionate staff and a culture of constantly striving to improve, we shall continue to build upon our strength, enlarging market share in existing businesses, looking for investment opportunities and at the same time exercising effective cost control. The Group is well positioned to capitalize on the changes and opportunities ahead.

In conclusion, although there might be short-term adjustments, overall, we are very optimistic about the future of our Group in the years to come.

Employees

As at 31 March 2007, the Group had 1,277 employees (31 March 2006: 1,228 employees). The Directors believe that employees are the most valuable assets of the Group and competitive remuneration packages are offered to retain quality staff. Employee benefits include medical insurance, discretionary bonus, provident fund schemes and other staff benefits.

Directors' Report

The Directors of Hong Kong Economic Times Holdings Limited (the "Company") submit their report together with the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2007 (the "Financial Statements").

Principal Activities and Analysis of Operations

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 25 to the Financial Statements.

An analysis of the Group's performance for the year ended 31 March 2007 by business segment is set out in note 5 to the Financial Statements.

A discussion of the Group's performance and its financial position are provided in the section headed "Management Discussion and Analysis" in this Annual Report.

Financial Results

The results of the Group for the year and the state of affairs of the Company and the Group as at 31 March 2007 are set out on pages 37 to 84.

Dividend Distributions

During the year, an interim dividend distribution from the distributable reserves of HK 3.0 cents per share, totalling HK$12,948,000 was paid on 18 December 2006.

The Directors recommend a payment from the distributable reserves of the Company a final dividend of HK 7.9 cents per share in respect of the year ended 31 March 2007 to the shareholders whose names appear on the register of members of the Company at the close of business on 24 July 2007, amounting to HK$34,096,000. The final dividend, payable on 31 July 2007, is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 30 July 2007.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in note 24 to the Financial Statements.

Property, Plant and Equipment

Movements in property, plant and equipment of the Group are set out in note 14 to the Financial Statements.

Directors' Report

Share Capital

Details of the authorised and issued share capital of the Company are set out in note 23 to the Financial Statements.

Distributable Reserves

Distributable reserves of the Company as at 31 March 2007, calculated under the Cayman Islands Companies Law, amounted to HK$283,055,000 (2006: HK$314,629,000) including share premium of HK$269,808,000 and retained earnings of HK$13,247,000.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the Section headed "Five-year Financial Summary" in this Annual Report.

Purchase, Sale or Redemption of the Company's Shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Directors

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. FUNG Siu Por, Lawrence
Mr. MAK Ping Leung (alias: Mr. MAK Wah Cheung)
Mr. CHAN Cho Biu
Mr. SHEK Kang Chuen
Ms. SEE Sau Mei Salome
Mr. CHAN Wa Pong (appointed on 1 June 2006)

Non-executive Director

Mr. CHU Yu Lun

Independent Non-executive Directors

Mr. CHAN Mo Po, Paul
Mr. CHOW On Kiu
Mr. LO Foo Cheung

Details of the profile of each member of the Board are set out in the section headed "Board of Directors" in this Annual Report.

In accordance with Articles 86 and 87 of the Company's Articles of Association, Mr. Fung Siu Por, Lawrence, Mr. Chan Mo Po, Paul, Mr. Chow On Kiu and Mr. Lo Foo Cheung shall retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

Other than as disclosed under the paragraphs headed "Connected Transactions" below and "Related Party Transactions" in note 29 to the Financial Statements, no contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 March 2007, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

(a) Long positions in ordinary shares of HK$0.10 each of the Company

Name of Director	Capacity/ Nature of interest	Number of shares held	Percentage of issued share capital of the Company
Mr. FUNG Siu Por, Lawrence (Note 1)	Corporate	44,275,000	10.258%
Mr. MAK Ping Leung	Beneficial owner	3,810,000	0.883%
Mr. CHAN Cho Biu	Beneficial owner	3,020,000	0.700%
Mr. SHEK Kang Chuen	Beneficial owner	6,000,000	1.390%
Ms. SEE Sau Mei Salome	Beneficial owner	2,370,000	0.549%
Mr. CHAN Wa Pong	Beneficial owner	1,000,000	0.232%
Mr. CHU Yu Lun (Note 2)	Corporate	87,435,000	20.258%
Mr. CHOW On Kiu	Beneficial owner	50,000	0.012%
Mr. LO Foo Cheung	Beneficial owner	396,000	0.092%

Note 1: The interests in the 44,275,000 shares are in respect of the deemed corporate interests held by Mr. Fung Siu Por, Lawrence through Golden Rooster Limited which is wholly owned by Mr. Fung Siu Por, Lawrence and his wife, Ms. Lee Suk Wai Alexandra. For the purpose of Part XV of the SFO, Mr. Fung Siu Por, Lawrence is therefore deemed interested in the shares held by Golden Rooster Limited.

Note 2: The interests in the 87,435,000 shares are in respect of the deemed corporate interests held by Mr. Chu Yu Lun through Sky Vision Investments Limited which is wholly owned by Mr. Chu Yu Lun and his wife, Ms. Chow Chiu Hing. For the purpose of Part XV of the SFO, Mr. Chu Yu Lun is therefore deemed interested in the shares held by Sky Vision Investments Limited.

All interests stated above represent long positions in the shares of the Company.

(b) Long positions in underlying shares of the Company

The Company adopted a share option scheme in 2005 and no option has been granted by the Company under the share option scheme since its adoption. Details of the scheme are set out in the paragraph under the heading "Share Option Scheme" below.

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company (including their spouses or children under 18 years of age) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company (including their spouses or children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation required to be disclosed pursuant to the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Shares and Underlying Shares

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 March 2007, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of Directors and chief executives:

Name of Substantial Shareholders	Number of ordinary shares held (long position)	Percentage of issued share capital of the Company
Sky Vision Investments Limited (Note 1)	87,435,000	20.258%
Putt Putt Company Limited (Note 2)	71,130,000	16.481%
Golden Rooster Limited (Note 3)	44,275,000	10.258%
The University of Hong Kong	43,160,000	10.000%
Value Partners Limited (Note 4)	21,600,000	5.005%

Note 1: Sky Vision Investments Limited is wholly owned by Mr. Chu Yu Lun and his wife, Ms. Chow Chiu Hing. For the purpose of Part XV of the SFO, Mr. Chu Yu Lun and Ms. Chow Chiu Hing are therefore deemed interested in the Shares held by Sky Vision Investments Limited.

Note 2: Putt Putt Company Limited is wholly owned by Koala Association S.A. which is in turn wholly owned by HSBC Trust Company (BVI) Limited. For the purpose of Part XV of the SFO, Koala Association S.A. and HSBC Trust Company (BVI) Limited are therefore deemed interested in the Shares held by Putt Putt Company Limited.

Note 3: Golden Rooster Limited is wholly owned by Mr. Fung Siu Por, Lawrence and his wife, Ms. Lee Suk Wai Alexandra. For the purpose of Part XV of the SFO, Mr. Fung Siu Por, Lawrence and Ms. Lee Suk Wai Alexandra are therefore deemed interested in the Shares held by Golden Rooster Limited.

Note 4: Value Partners Limited is owned as to 32.77% by Mr. Cheah Cheng Hye. For the purpose of Part XV of the SFO, Mr. Cheah Cheng Hye is therefore deemed interested in the Shares held by Value Partners Limited.

Save as disclosed above, as at 31st March 2007, according to the register of interests required to be kept by the Company under Section 336 of Part XV of the SFO, there was no person, other than the Directors and chief executives of the Company, whose interests are set out in the paragraph heading "Directors' Interests in Shares, Underlying Shares and Debentures" above, who had any interest or short position in the shares or underlying shares of the Company.

Share Option Scheme

Pursuant to the share option scheme adopted by a written resolution of the then sole shareholder of the Company on 19 July 2005 (the "Scheme"), the Company may grant options to, among others, the directors or employees of the Company or its subsidiaries, for the recognition and acknowledgement of their contributions to the Group, to subscribe for shares of the Company (the "Shares").

According to the Scheme, pursuant to which the Board of Directors, may at its discretion, invite any eligible participants to take up options to subscribe for the Shares. The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not, in aggregate, exceed 30% of the issued share capital of the Company from time to time. The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes, shall not, in aggregate, exceed 10% of the number of Shares in issue as at the date dealings in the Shares first commence on the Stock Exchange unless further shareholders' approval had been obtained pursuant to the conditions set out in the Scheme. The total number of Shares issued and to be issued upon exercise of all options already granted or to be granted under the Scheme and any other schemes (including both exercised or outstanding options) to each eligible participant in any 12-month period shall not exceed 1% of the issued share capital of the Company.

The offer for the grant of options (the "Offer") must be taken up within 21 business days from the day of the Offer, with a payment of HK$10 as consideration for the grant. The exercise price of the share option shall be determined by the Board and shall not be less than the highest of: (a) the nominal value of the Shares; (b) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of Offer, which shall be a business day; and (c) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of Offer.

The share options are exercisable at any time during a period of not more than 10 years from the date of Offer, subject to the terms and conditions of the Scheme and any conditions of grant as may be stipulated by the Board. Unless terminated by the Company by a resolution in general meeting, the Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Scheme becomes unconditional (its listing date).

No option has been granted by the Company under the Scheme since its adoption.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Suppliers and Customers

The percentages of the Group's purchases and sales during the year attributable to the Group's major suppliers and customers are as follows:

Purchases		
–	the largest supplier	7%
–	five largest suppliers combined	28%
Sales		
–	the largest customer	9%
–	five largest customers combined	20%

None of the directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

Connected Transactions

Certain related party transactions as disclosed in note 29 to the Financial Statements also constituted non-exempt connected transactions of the Company and are required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected parties (as defined in the Listing Rules) and the Company are ongoing and is subject to reporting, announcement and independent shareholders' approval requirements. At the time of application for listing of the Company's Shares on the Stock Exchange, waivers have been granted to the Company from strict compliance with announcement requirement.

Office Rental Expenses

The Group has rented office space from Charm Data Limited and Honley Limited. Each of Charm Data Limited and Honley Limited is beneficially owned by Mr. CHU Yu Lun (Non-executive Director of the Company), as to 50% and both are therefore connected persons. The aggregate rentals of HK$4,945,000 were paid to the connected persons for the year under review.

These continuing non-exempt connected transactions have been reviewed by Independent Non-executive Directors of the Company. The Independent Non-executive Directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms; (c) in accordance with the terms of the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (d) have not exceeded the relevant limit set out in the waiver granted by the Stock Exchange.

Based on the work performed, the auditor of the Company have confirmed that the aforesaid continuing connected transactions (a) have been approved by the Board of Directors; (b) have been entered into in accordance with the terms of the relevant agreements governing the transactions; and (c) have not exceeded the relevant limit set out in the waiver granted by the Stock Exchange.

Directors' Report

Competing Business

As at 31 March 2007, none of the Directors and directors of the Company's subsidiaries, or their respective associates had interests in businesses, other than being a director of the Company and/or its subsidiaries and their respective associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules, except for the interests held by Mr. Chu Yu Lun and Mr. Fung Siu Por, Lawrence, both Directors of the Company, in Adsale Publishing Limited which is engaged in the publication of industrial magazines catered for readers in the textile, plastic and rubber, packaging, machinery and automotive industries. Mr. Chu is also a director of Adsale Publishing Limited.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of more than 25% of the Company's issued shares as at the date of this Annual Report.

Compliance with Code on Corporate Governance Practices

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code Provisions") contained in Appendix 14 of the Listing Rules for the year ended 31 March 2007 except as stated and explained below.

Under Code A.2.1 of the Code Provisions, the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. However, the Company has appointed Mr. Fung Siu Por, Lawrence as both its Chairman and the CEO. The Board believes that vesting the roles of the Chairman and the CEO in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high calibre individuals with a substantial number thereof being Non-executive Directors.

Auditor

The Financial Statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint PricewaterhouseCoopers as auditor of the Company.

On behalf of the Board
FUNG Siu Por, Lawrence
Chairman

Hong Kong, 25 June 2007

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor Prince's Building
Central Hong Kong

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF HONG KONG ECONOMIC TIMES HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Hong Kong Economic Times Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 37 to 84, which comprise the consolidated and Company balance sheets as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Auditor's responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 June 2007

Audited Financial Statements

Consolidated Income Statement

	Note	Year ended 31 March 2007 HK$'000	2006 HK$'000
Turnover	5	833,174	721,703
Cost of sales	6	(476,578)	(403,153)
Gross profit		356,596	318,550
Other revenues	5	6,973	7,887
Selling and distribution expenses	6	(101,790)	(92,317)
General and administrative expenses	6	(115,548)	(110,227)
Operating profit		146,231	123,893
Finance costs	8	(1,135)	(3,476)
Profit before income tax		145,096	120,417
Income tax expense	9	(24,706)	(20,896)
Profit for the year		120,390	99,521
Attributable to:			
Equity holders of the Company		120,041	98,164
Minority interests		349	1,357
		120,390	99,521
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents)			
Basic and diluted	11	27.81	25.11
Dividends	12	47,044	37,117

The notes on pages 43 to 84 are an integral part of these consolidated financial statements.

Audited Financial Statements

Consolidated Balance Sheet

	Note	As at 31 March 2007 HK$'000	2006 HK$'000
Non-current assets			
Goodwill	13	25,539	25,539
Property, plant and equipment	14	201,050	204,340
Lease premium for land	15	55,022	55,155
Deferred income tax assets	16	8	22
		281,619	285,056
Current assets			
Inventories	17	20,579	20,255
Trade receivables	18	154,971	128,520
Deposits, prepayments and other receivables		10,688	12,226
Tax recoverable		539	2,135
Pledged time deposits	19	3,428	–
Cash and cash equivalents	19	229,966	219,597
		420,171	382,733
Current liabilities			
Trade payables	20	25,499	22,523
Fees in advance		43,254	35,909
Accruals and other payables		78,230	72,371
Current income tax liabilities		1,802	2,913
Current portion of obligations under finance leases	21	–	10,802
Current portion of bank loans, secured	22	–	1,505
		148,785	146,023
Net current assets		271,386	236,710
Total assets less current liabilities		553,005	521,766

Consolidated Balance Sheet (Continued)

	Note	As at 31 March 2007 HK$'000	2006 HK$'000
Financed by:			
Share capital	23	43,160	43,160
Reserves	24		
Proposed final dividends	12	34,096	24,601
Others		456,703	383,706
Equity holders' funds		533,959	451,467
Minority interests		881	532
Total equity		534,840	451,999
Non-current liabilities			
Obligations under finance leases	21	–	50,870
Bank loans, secured	22	–	5,530
Deferred income tax liabilities	16	18,165	13,367
		18,165	69,767
Total equity and non-current liabilities		553,005	521,766

Fung Siu Por, Lawrence
Chairman

Mak Ping Leung
Director

The notes on pages 43 to 84 are an integral part of these consolidated financial statements.

Audited Financial Statements

Balance Sheet

	Note	As at 31 March 2007 HK$'000	2006 HK$'000
Non-current assets			
Investments in subsidiaries	25	178,627	178,627
Current assets			
Deposits, prepayments and other receivables		810	829
Amounts due from subsidiaries	25	83,459	36,132
Cash and cash equivalents	19	192,721	184,399
		276,990	221,360
Current liabilities			
Accruals and other payables		818	1,684
Amounts due to subsidiaries	25	122,464	34,394
		123,282	36,078
Net current assets		153,708	185,282
Total assets less current liabilities		332,335	363,909
Financed by:			
Share capital	23	43,160	43,160
Reserves	24		
Proposed final dividends	12	34,096	24,601
Others		255,079	296,148
Total equity		332,335	363,909

Fung Siu Por, Lawrence
Chairman

Mak Ping Leung
Director

The notes on pages 43 to 84 are an integral part of these financial statements.

Consolidated Cash Flow Statement

	Note	Year ended 31 March 2007 HK$'000	2006 HK$'000
Cash flows from operating activities			
Cash generated from operations	26	156,842	139,552
Interest paid		(54)	(644)
Hong Kong profits tax paid		(19,409)	(20,292)
Net cash generated from operating activities		137,379	118,616
Cash flows from investing activities			
Bank interest received		6,948	7,880
Acquisition of additional interest in a subsidiary		–	(25,456)
Cash inflow from newly acquired subsidiary		–	1,412
Purchase of property, plant and equipment		(23,654)	(75,736)
Proceeds from disposal of property, plant and equipment	26	461	580
Increase in pledged time deposits		(3,428)	–
Net cash used in investing activities		(19,673)	(91,320)
Cash flows from financing activities			
New bank loans, secured		–	25,980
Repayment of bank loans, secured		(7,035)	(71,421)
Interest element of finance leases		(1,081)	(2,832)
Capital element of finance leases		(61,672)	(22,521)
Inception of finance leases		–	69,597
Dividends paid by a subsidiary to its then shareholders prior to the Reorganisation		–	(2,175)
Dividends paid by a subsidiary to a minority shareholder prior to the Reorganisation		–	(1,450)
Interim dividend paid to equity holders of the Company		(12,948)	(12,516)
Final dividend paid to equity holders of the Company		(24,601)	–
Repayment to a related company		–	(13,839)
Listing proceeds from Placing and Public Offering		–	203,320
Share issuance costs		–	(18,914)
Net cash (used in)/generated from financing activities		(107,337)	153,229
Net increase in cash and cash equivalents		10,369	180,525
Cash and cash equivalents at beginning of the year		219,597	39,072
Cash and cash equivalents at end of the year		229,966	219,597

The notes on pages 43 to 84 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
Balance at 1 April 2005	31,200	–	69,944	–	76,324	177,468	1,159	178,627
Dividends paid by a subsidiary to its then shareholders prior to the Reorganisation	–	–	–	–	(2,175)	(2,175)	(1,450)	(3,625)
Issue of shares for cash	11,960	191,360	–	–	–	203,320	–	203,320
Share issuance costs	–	(18,914)	–	–	–	(18,914)	–	(18,914)
Acquisition of additional interests in a subsidiary	–	–	–	–	–	–	(534)	(534)
Gift shares to employees by a substantial shareholder	–	–	–	6,120	–	6,120	–	6,120
Profit for the year	–	–	–	–	98,164	98,164	1,357	99,521
Interim dividend paid to equity holders of the Company	–	(12,516)	–	–	–	(12,516)	–	(12,516)
Balance at 31 March 2006	43,160	159,930	69,944	6,120	172,313	451,467	532	451,999
Balance at 1 April 2006	43,160	159,930	69,944	6,120	172,313	451,467	532	451,999
Profit for the year	–	–	–	–	120,041	120,041	349	120,390
Interim dividend paid to equity holders of the Company	–	(12,948)	–	–	–	(12,948)	–	(12,948)
Final dividend paid to equity holders of the Company	–	(24,601)	–	–	–	(24,601)	–	(24,601)
Balance at 31 March 2007	43,160	122,381	69,944	6,120	292,354	533,959	881	534,840

The notes on pages 43 to 84 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

1. General information

The Company was incorporated in the Cayman Islands on 15 February 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The principal activities of its subsidiaries are the publishing of newspapers, magazines and books, the provision of electronic financial and property market information services and the provision of training services.

These consolidated financial statements have been approved for issue by the Board of Directors on 25 June 2007.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under historical cost convention.

Pursuant to a group reorganisation (the "Reorganisation") as disclosed in the Company's prospectus dated 22 July 2005, to rationalise the structure of the Group in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies comprising the Group on 19 July 2005. The shares of the Company have been listed on the Main Board of the Stock Exchange since 3 August 2005. The Group resulting from the Reorganisation is regarded as a continuing group. Accordingly, the consolidated financial statements for the year ended 31 March 2006 had been prepared on the basis of merger accounting as if the Company had been the holding company of the companies comprising the Group and the group structure as at 19 July 2005 had been in existence from the beginning of 1 April 2005.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) *Standards, amendments to standards and interpretations effective in year 2007*

The following new standards, amendments to standards and interpretations are mandatory for the financial year ended 31 March 2007:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRSs 1 & 6 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS-Int 4	Determining whether an Arrangement contains a Lease
HKFRS-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

The adoption of the above new standards, amendments to standards and interpretations did not have a significant impact to the Group.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) Standards, amendment to standards and interpretations that are not yet effective and have not been early adopted by the Group

The following new standards, amendment to standards and interpretations have been published but are not yet effective and the Group has not early adopted:

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

The Group believes the adoption of the above new standards, amendment to standards and interpretations will not result in substantial changes to the Group's accounting policies except that there will be additional disclosures required by HKAS 1 (Amendment) and HKFRS 7.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 March.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

2. Summary of significant accounting policies (Continued)

2.2 Consolidation (Continued)

(a) *Subsidiaries* (Continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group except for the Reorganisation which has been accounted for under merger accounting as described in note 2.1 above. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (see Note 2.6). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (see Note 2.7). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(b) *Transactions with minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2. Summary of significant accounting policies (Continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable market rates of exchange ruling at that date. Exchange differences are dealt with in the income statement.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity holders' equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

2. Summary of significant accounting policies (Continued)

2.4 Foreign currency translation (Continued)

(c) *Group companies* (Continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their estimated useful lives, as follows:

Leasehold buildings	50 years or over the unexpired period of the lease, whichever is shorter
Leasehold improvements	5 years or over the unexpired period of the lease, whichever is shorter
Plant and machinery	15 years
Furniture, fixtures and equipment	3 to 8 years
Motor vehicles	5 years
Network and computer equipment	3 to 5 years

Machinery under installation is stated at cost without making any depreciation.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and recognised in the income statement.

2.6 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversal. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose.

2.7 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value, after making due allowance for any obsolete or slow-moving items. Cost is calculated on the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

2. Summary of significant accounting policies (Continued)

2.9 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and distribution expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and distribution expenses in the income statement.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2. Summary of significant accounting policies (Continued)

2.13 Borrowings (Continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.14 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.15 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

2. Summary of significant accounting policies (Continued)

2.15 Employee benefits (Continued)

(ii) Pension obligations

The Group operates defined contribution plans, including a mandatory provident fund scheme ("MPF") in Hong Kong, the assets of which are generally held in separate trustee-administered funds.

The Group's contributions to the defined contribution retirement plans are expensed as incurred. The Group's contributions to all these plans except for the MPF are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(iii) Share-based payment

The fair value of the employee services received in exchange for the grant of shares by equity holders is recognised as an expense in the income statement and a corresponding increase in capital reserve within equity.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2. Summary of significant accounting policies (Continued)

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of rebates and discounts and after eliminated sales within the Group. Revenues are recognised as follows:

(i) Advertising income is recognised when the relevant advertisement is published.

(ii) Circulation income, comprises the sales of newspapers, magazines and books, is recognised on the transfer of risks and rewards of ownership, which generally coincides with the date of delivery.

(iii) Service income is principally derived from the provision of information subscription services and other related maintenance and solution services. Service income is recognised when the services are rendered.

(iv) Enrolment income on the provision of professional training is recognised when the training services are rendered.

(v) Management fee income is recognised when the services are rendered.

(vi) Rental from leasing properties is recognised on a straight-line basis over the lease periods.

(vii) Interest income is recognised on a time-proportion basis using the effective interest method.

The excess of revenues received from the items (i), (ii), (iii) and (iv) over the amounts recognised as revenue for the year are recorded as fees in advance in the consolidated balance sheet.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

2. Summary of significant accounting policies (Continued)

2.18 Leases

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The interest element of the finance cost is recognised in the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease period.

2.19 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's equity holders, or directors where appropriate.

2.20 Related parties

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant equity holders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, fair value interest rate risk and cash flow interest rate risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) *Foreign exchange risk*

Most of the income and expenditures of the Group are denominated in Hong Kong dollars and, for certain purchases of newsprint, in United States dollars. The value of the Hong Kong dollars is pegged to that of the United States dollars and hence, the Group does not have any material foreign exchange exposure. The Group has not implemented or entered into any type of instruments or arrangements to hedge against currency exchange fluctuations for the year under review. As at 31 March 2007, the Group did not have any outstanding hedging instruments.

(ii) *Credit risk*

The Group's credit risk arises from its bank deposits and trade receivables. To mitigate the risk arising from banks, the Group places its deposits to certain reputable banks.

The Group manages its credit risk associated with trade receivables through the application of credit approvals, credit ratings and monitoring procedures.

Credit sales are only made to customers with appropriate credit history or high credit standing while sales to new customers or customers of low credit standing are usually made on an advance payment or cash on delivery basis.

In additions, trade receivables balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

(iii) *Liquidity risk*

The Group's policy is to regularly monitor current and expected liquidity level to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements.

(iv) *Cash flow and fair value interest rate risk*

The Group's exposure to cash flow and fair value interest rate risk is mainly attributable to its non-current borrowings issued at variable rates and short-term bank deposits at fixed rates respectively. The Group has not hedged its exposure to cash flow interest rate risk.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

3. Financial risk management (Continued)

3.2 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation to their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical accounting estimates and key sources of estimation uncertainty

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Impairment of goodwill*

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The recoverable amount of a CGU is determined based on value-in-use calculations. The value-in-use calculations principally use the cash flow projections based on the financial budgets approved by management covering a five-year period and the estimated terminal value at the end of the five-year period. Key assumptions used in the preparation of the cash flow projections and the estimated terminal value include the expected growth in revenues, gross margin, growth rate and selection of discount rate of 7.4% of comparable entities within the industry. Management prepared the financial budgets reflecting the actual and prior years' performance, market share, customer base and expectations on market competition and development and the long-term growth rate for the relevant markets.

The results of the impairment test undertaken as at 31 March 2007 indicated that no impairment charge was necessary.

(ii) *Provision for long service payments*

The Group provides for probable future long service payments expected to be made to employees under the Hong Kong Employment Ordinance. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group to the balance sheet date.

4. Critical accounting estimates and key sources of estimation uncertainty
(Continued)

(iii) Deferred tax assets

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group's management determines the deferred tax assets based on the enacted or substantively enacted tax rates and laws and the best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilised. Management will revise the assumptions and profit projections at the balance sheet date.

(iv) Allowances for inventories

The management of the Group makes allowance for obsolete and slow-moving inventories items that are identified as no longer resalable. The management estimates the net realisable value of its inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete items.

(v) Depreciation of property, plant and equipment

The Group's management determines the estimated useful lives for the related depreciation charges for its property, plant and equipment. Management will revise the depreciation charge where useful lives are different to previously estimated, or will write-down technically obsolete assets that have been abandoned or sold.

(vi) Provision for impairment of trade receivables

The policy for impairment of receivables of the Group is based on the evaluation of collectibility and aging analysis of trade receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

5. Turnover, other revenues and segment information

(i) Primary reporting format – business segments

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. At 31 March 2007, the Group is organised into three main business segments:

(1) Publishing and multimedia

(2) Financial news agency, information and solutions

(3) Recruitment advertising and training

Turnover comprises the advertising income, circulation income, service income and enrolment income.

An analysis of the Group's turnover and other revenues for the year is as follows:

	2007 HK$'000	2006 HK$'000
Turnover		
Advertising income	561,603	481,664
Circulation income	125,337	110,327
Service income	128,108	117,885
Enrolment income	18,126	11,827
	833,174	721,703
Other revenues		
Bank interest income	6,948	7,880
Rental income from machinery and properties	25	7
	6,973	7,887
Total revenues	840,147	729,590

5. Turnover, other revenues and segment information (Continued)

(i) Primary reporting format – business segments (Continued)

Corporate operations mainly comprise investment holding activities which do not constitute a separately reportable segment. The segment results, capital expenditure and other items in the consolidated income statement for the year ended 31 March 2007 and 2006, and segment assets and liabilities as at 31 March 2007 and 2006 are as follows:

	Publishing and multimedia		Financial news agency, information and solutions		Recruitment advertising and training		Corporate		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE										
Turnover, gross	632,642	541,795	129,550	116,409	81,864	71,629	–	–	844,056	729,833
Inter-segment transactions	(9,386)	(7,381)	(1,439)	(716)	(57)	(33)	–	–	(10,882)	(8,130)
Turnover, net	623,256	534,414	128,111	115,693	81,807	71,596	–	–	833,174	721,703
RESULT										
Operating profit	93,712	76,892	15,817	9,414	30,743	30,337	5,959	7,250	146,231	123,893
Finance costs									(1,135)	(3,476)
Profit before income tax									145,096	120,417
Income tax expense									(24,706)	(20,896)
Profit for the year									120,390	99,521
Attributable to:										
Equity holders of the Company									120,041	98,164
Minority interests									349	1,357
									120,390	99,521

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

5. Turnover, other revenues and segment information (Continued)

(i) Primary reporting format – business segments (Continued)

	Publishing and multimedia		Financial news agency, information and solutions		Recruitment advertising and training		Corporate		Total	
	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000
SEGMENT ASSETS	424,139	408,745	41,018	33,877	42,555	39,923	194,078	185,244	701,790	667,789
SEGMENT LIABILITIES	87,242	161,523	50,743	43,226	8,179	9,357	20,786	1,684	166,950	215,790
OTHER INFORMATION										
Capital expenditure	18,164	74,385	3,465	1,553	2,025	25,371	–	–	23,654	101,309
Depreciation	22,196	19,056	3,274	3,699	963	933	–	–	26,433	23,688
Amortisation of lease premium for land	127	127	6	5	–	–	–	–	133	132
Reversal of provision for impairment of receivables	(445)	–	(1,266)	(2,720)	(487)	–	–	–	(2,198)	(2,720)
Provision for impairment of receivables and obsolete inventories	558	2,112	327	4,834	30	210	–	–	915	7,156

Inter-segment transactions are entered into under terms and conditions that would also be available to unrelated third parties.

(ii) Secondary reporting format – geographical segment

More than 90% of the Group's activities are carried out in Hong Kong and more than 90% of the Group's assets and liabilities are located in Hong Kong. Accordingly, no analysis of geographical segment for the relevant years is presented.

6. Expenses by nature – Group

Expenses included cost of sales, selling and distribution expenses and general and administrative expenses and are analysed as follows:

	2007 HK$'000	2006 HK$'000
Crediting		
Reversal of provision for impairment of receivables	2,198	2,720
Charging		
Amortisation of lease premium for land (note 15)	133	132
Auditors' remuneration	1,980	1,882
Bad debts written off	591	146
Depreciation (note 14)		
Owned property, plant and equipment	26,433	19,777
Leased property, plant and equipment	–	3,911
Loss on disposal of property, plant and equipment	50	79
Operating lease rentals on land and buildings	6,627	5,805
Provision for impairment of receivables	357	6,489
Provision for obsolete inventories	558	667
Staff costs (note 7)	332,490	290,618

7. Staff costs – Group

	2007 HK$'000	2006 HK$'000
Wages and salaries	320,813	280,668
Pension costs – defined contribution plans (note (a))	11,677	9,950
Total including Directors' remunerations	332,490	290,618

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

7. Staff costs – Group (Continued)

(a) Pensions – defined contribution plans

Forfeited contributions of approximately HK$821,000 for the year ended 31 March 2007 (2006: HK$1,150,000) were utilised during the year. No forfeiture balance (2006: HK$197,000) was available at the year end to reduce future contributions.

Contributions totalling HK$1,506,000 (2006: HK$892,000) were payable to the Mandatory Provident Fund scheme and other occupational retirement scheme at the year end.

(b) Directors' remuneration

The remuneration of each Director for the year ended 31 March 2007 is set out below:

Name of Directors	Salary HK$'000	Fee HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors					
Mr. FUNG Siu Por, Lawrence	2,459	–	594	123	3,176
Mr. MAK Ping Leung	2,616	–	632	131	3,379
Mr. CHAN Cho Biu	2,355	–	530	118	3,003
Mr. SHEK Kang Chuen	1,978	–	445	99	2,522
Ms. SEE Sau Mei Salome	2,133	–	516	106	2,755
Mr. CHAN Wa Pong (note (i))	1,318	–	275	66	1,659
Non-executive Director					
Mr. CHU Yu Lun	–	120	–	–	120
Independent Non-executive Directors					
Mr. CHAN Mo Po, Paul	–	150	–	–	150
Mr. CHOW On Kiu	–	120	–	–	120
Mr. LO Foo Cheung	–	120	–	–	120
Total	12,859	510	2,992	643	17,004

Note (i): Mr. Chan Wa Pong was appointed as director of the Company on 1 June 2006.

7. Staff costs – Group (Continued)

(b) Directors' remuneration (Continued)

The remuneration of each Director for the year ended 31 March 2006 is set out below:

Name of Directors	Salary HK$'000	Fee HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors					
Mr. FUNG Siu Por, Lawrence	2,387	–	299	119	2,805
Mr. MAK Ping Leung	2,540	–	317	127	2,984
Mr. CHAN Cho Biu	2,287	–	286	114	2,687
Mr. SHEK Kang Chuen	1,600	–	240	80	1,920
Ms. SEE Sau Mei Salome	2,070	–	259	104	2,433
Non-executive Director					
Mr. CHU Yu Lun	–	90	–	–	90
Independent Non-executive Directors					
Mr. CHAN Mo Po, Paul	–	113	–	–	113
Mr. CHOW On Kiu	–	90	–	–	90
Mr. LO Foo Cheung	–	90	–	–	90
Total	10,884	383	1,401	544	13,212

During the year, no remunerations were paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office (2006: nil). No Directors of the Company waived or agreed to waive any remunerations during the year (2006: nil).

(c) Five highest paid individuals

The five individuals whose remunerations were the highest in the Group for the year include five (2006: five) Executive Directors whose remunerations are reflected in the analysis presented above.

(d) Group remuneration policy

The primary goal of the Group's remuneration policy is to attract, retain and motivate talented individuals to contribute to the success of our businesses. The directors' remunerations are reviewed by the Remuneration Committee and/or the Board (in the case of Non-executive Directors) from time to time having regard to the performance of the Group, the duties and responsibilities concerned and the prevailing market conditions.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

8. Finance costs – Group

	2007 HK$'000	2006 HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	54	968
Interest element of finance leases	1,081	2,832
Interest capitalised	–	(324)
	1,135	3,476

The average capitalisation rate applied to funds borrowed generally and used for the installation of machinery for the year ended 31 March 2006 was 4.76% per annum.

9. Income tax expense – Group

	2007 HK$'000	2006 HK$'000
Current income tax		
Hong Kong profits tax	19,792	17,084
Under/(over)-provisions in prior years	102	(212)
Deferred income tax (note 16)	4,812	4,024
	24,706	20,896

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the year.

(b) The People's Republic of China ("PRC") enterprise income tax

No provision for PRC enterprise income tax has been made for two subsidiaries operating in the PRC, namely 環富通科技(深圳)有限公司 and 深圳港經廣告傳播有限公司 (HKET Advertising (Shenzhen) Limited) as they have no estimated assessable income for the year. Both these subsidiaries are subject to a standard income tax rate of 15% in accordance with the relevant applicable tax laws.

9. Income tax expense – Group (Continued)

(c) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2007 HK$'000	2006 HK$'000
Profit before income tax	145,096	120,417
Calculated at taxation rate of 17.5% (2006: 17.5%)	25,392	21,073
Under/(over)-provisions in prior years	102	(212)
Income not subject to tax	(1,103)	(1,328)
Expenses not deductible for tax purposes	152	444
Utilisation of previously unrecognised tax losses	(365)	(69)
Tax losses for which no deferred income tax assets were recognised	1,190	1,293
Others	(662)	(305)
	24,706	20,896

10. Profit attributable to equity holders – Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$5,975,000 (2006: HK$7,272,000).

11. Earnings per share – Group

The calculation of basic earnings per share for current year is based on profit attributable to equity holders of the Company of HK$120,041,000 and weighted average number of 431,600,000 shares in issue during the year.

The comparative basic earnings per share is calculated based on profit attributable to equity holders of the Company of HK$98,164,000 and weighted average number of 390,883,288 shares deemed to had been issued during the previous year.

No diluted earnings per share was presented as there were no dilutive potential ordinary shares during the years ended 31 March 2007 and 2006.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

12. Dividends – Group and Company

	2007 HK$'000	2006 HK$'000
Dividends attributable to the year		
Interim dividend paid of HK 3.0 cents (2006: HK 2.9 cents) per ordinary share	12,948	12,516
Proposed final dividend of HK 7.9 cents (2006: HK 5.7 cents) per ordinary share (note (a))	34,096	24,601
	47,044	37,117
Dividends paid during the year		
Total dividends paid by the Company	37,549	12,516
Total dividends paid by a subsidiary to its then shareholders (note (b))	–	3,625
	37,549	16,141

Note:

(a) A final dividend in respect of the year ended 31 March 2007 of HK 7.9 cents per share, amounting to a total dividend of HK$34,096,000 is to be proposed at the annual general meeting on 30 July 2007. This proposed dividend is not reflected as a dividend payable in the consolidated balance sheet, but will be reflected as an appropriation of retained earnings.

(b) Career Times Online Limited, a subsidiary of the Company had declared and paid dividends amounted to HK$3,625,000 in respect of the year ended 31 March 2005 to its then shareholders prior to the Reorganisation.

13. Goodwill – Group

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to country of operation and business segment.

	Advertising in Mainland China* HK$'000	Recruitment Advertising* HK$'000	Total HK$'000
Balance at 31 March 2007 and 2006	1,616	23,923	25,539

* Advertising in the Mainland China and Recruitment Advertising are included in the segments of Publishing and Multimedia and Recruitment Advertising and Training respectively.

Impairment tests for goodwill

For purpose of impairment test, the recoverable amount of a CGU is determined based on value-in-use calculations. The results of the impairment test undertaken as at 31 March 2007 indicated that no impairment charge was necessary. Key assumptions used in the impairment test are set out in note 4(i).

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

14. Property, plant and equipment – Group

	Leasehold buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Network and computer equipment HK$'000	Machinery under installation HK$'000	Total HK$'000
At 1 April 2005								
Cost	58,194	12,394	71,796	48,477	909	64,306	36,853	292,929
Accumulated depreciation	(9,974)	(7,259)	(26,884)	(35,760)	(314)	(59,821)	–	(140,012)
Net book value at 1 April 2005	**48,220**	**5,135**	**44,912**	**12,717**	**595**	**4,485**	**36,853**	**152,917**
Additions	–	8,631	18,621	11,456	420	887	35,755	75,770
Transfers	–	–	72,608	–	–	–	(72,608)	–
Depreciation	(1,165)	(3,095)	(9,892)	(6,993)	(227)	(2,316)	–	(23,688)
Disposals	–	(1)	(127)	(530)	–	(1)	–	(659)
Net book value at 31 March 2006	**47,055**	**10,670**	**126,122**	**16,650**	**788**	**3,055**	**–**	**204,340**
At 31 March 2006								
Cost	58,194	20,509	162,868	58,512	1,329	65,083	–	366,495
Accumulated depreciation	(11,139)	(9,839)	(36,746)	(41,862)	(541)	(62,028)	–	(162,155)
Net book value at 31 March 2006	47,055	10,670	126,122	16,650	788	3,055	–	204,340
Net book value at 1 April 2006	**47,055**	**10,670**	**126,122**	**16,650**	**788**	**3,055**	**–**	**204,340**
Additions	–	2,510	2,265	16,277	–	2,602	–	23,654
Depreciation	(1,164)	(3,340)	(11,159)	(8,626)	(238)	(1,906)	–	(26,433)
Disposals	–	(209)	–	(225)	–	(77)	–	(511)
Net book value at 31 March 2007	**45,891**	**9,631**	**117,228**	**24,076**	**550**	**3,674**	**–**	**201,050**
At 31 March 2007								
Cost	58,194	22,388	165,112	74,335	1,329	67,235	–	388,593
Accumulated depreciation	(12,303)	(12,757)	(47,884)	(50,259)	(779)	(63,561)	–	(187,543)
Net book value at 31 March 2007	45,891	9,631	117,228	24,076	550	3,674	–	201,050

14. Property, plant and equipment – Group (Continued)

As at 31 March 2006, certain of the Group's leasehold buildings with aggregate net book value of approximately HK$45,000,000 were secured against the banking facilities of the Group (Note 27). There was no leasehold buildings pledged as at 31 March 2007.

15. Lease premium for land – Group

The Group's interests in leasehold land, which are all situated in Hong Kong, represent prepaid operating lease payments and their net book value are analysed as follows:

	2007 HK$'000	2006 HK$'000
Net book value at 1 April	55,155	55,287
Amortisation	(133)	(132)
	55,022	55,155
Leases of over 50 years	52,145	52,206
Leases of between 10 to 50 years	2,877	2,949
	55,022	55,155

As at 31 March 2006, certain of the Group's leasehold land with aggregate net book value of approximately HK$50,257,000 were secured against the banking facilities of the Group (Note 27). There was no leasehold land pledged as at 31 March 2007.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

16. Deferred income tax – Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2007 HK$'000	2006 HK$'000
Deferred income tax assets:		
– Deferred tax assets to be recovered after more than 12 months	22	12
– Deferred tax assets to be recovered within 12 months	(14)	10
	8	22
Deferred income tax liabilities		
– Deferred tax liabilities to be settled after more than 12 months	(13,367)	(13,156)
– Deferred tax liabilities to be settled within 12 months	(4,798)	(211)
	(18,165)	(13,367)
	(18,157)	(13,345)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000
At 1 April 2005	11,099
Recognised in the income statement	6,336
At 31 March 2006	17,435
Recognised in the income statement	11,400
At 31 March 2007	28,835

16. Deferred income tax – Group (Continued)

Deferred income tax assets

	Provisions HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2005	(143)	(1,635)	(1,778)
Recognised in the income statement	(110)	(2,202)	(2,312)
At 31 March 2006	(253)	(3,837)	(4,090)
Recognised in the income statement	253	(6,841)	(6,588)
At 31 March 2007	–	(10,678)	(10,678)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$10,952,000 (2006: HK$10,938,000) in respect of tax losses amounting to HK$57,989,000 (2006: HK$58,221,000) that can be carried forward against future taxable income. The tax losses of HK$52,450,000 have no expiry date while other tax losses amounting to HK$529,000, HK$1,660,000, HK$1,222,000, HK$1,423,000 and HK$705,000 will expire in 2008, 2009, 2010, 2011 and 2012 respectively.

17. Inventories – Group

	2007 HK$'000	2006 HK$'000
Raw materials	20,059	19,773
Finished goods	817	2,484
Less: provision for obsolete inventories	(297)	(2,002)
	20,579	20,255

The cost of inventories recognised as expense and included in cost of sales amounted to HK$118,460,000 (2006: HK$105,164,000).

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

18. Trade receivables – Group

	2007 HK$'000	2006 HK$'000
Trade receivables, gross	157,385	134,796
Less: provision for impairment of receivables	(2,414)	(6,276)
	154,971	128,520

The carrying amounts of trade receivables approximate their fair values. Majority of the trade receivables are denominated in Hong Kong dollars.

The Group grants an average credit period of 30 days to 90 days to its trade customers. An ageing analysis of trade receivables by due date is as follows:

	2007 HK$'000	2006 HK$'000
0 to 30 days	107,963	90,595
31 to 60 days	26,576	16,977
61 to 90 days	11,901	11,205
Over 90 days	10,945	16,019
	157,385	134,796

19. Cash and cash equivalents

	Group		Company	
	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000
Cash at bank and in hand	35,675	32,400	993	366
Short-term bank deposits	197,719	187,197	191,728	184,033
	233,394	219,597	192,721	184,399
Less: Pledged time deposits	(3,428)	–	–	–
Cash and cash equivalents	229,966	219,597	192,721	184,399

The pledged time deposits were used to secure general banking facilities granted to the Group (note 27).

The effective interest rate on short-term bank deposits was 3.90% (2006: 3.67%) per annum; these deposits have an average maturity of 43 days (2006: 9 days).

20. Trade payables – Group

An ageing analysis of trade payables is as follows:

	2007 HK$'000	2006 HK$'000
0 to 30 days	24,034	21,681
31 to 60 days	768	195
61 to 90 days	453	97
Over 90 days	244	550
	25,499	22,523

The carrying amounts of trade payables approximate their fair values. Majority of the trade payables are denominated in Hong Kong dollars.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

21. Obligations under finance leases – Group

	2007 HK$'000	2006 HK$'000
Total minimum lease payments	–	61,672
Less: amount due within one year included under current liabilities	–	(10,802)
	–	50,870
The finance lease liabilities are repayable as follows:		
Within one year	–	13,508
In the second year	–	13,508
In the third to fifth year	–	40,525
After the fifth year	–	2,148
	–	69,689
Future finance charges	–	(8,017)
Present value of finance lease liabilities	–	61,672
The present value of finance lease liabilities are as follows:		
Within one year	–	10,802
In the second year	–	11,331
In the third to fifth year	–	37,410
After the fifth year	–	2,129
	–	61,672

The Group had repaid all outstanding obligations under finance leases during the year ended 31 March 2007.

22. Banks loans-secured – Group

	2007 HK$'000	2006 HK$'000
Bank loan, secured	–	7,035
Less: current portion	–	(1,505)
	–	5,530

The Group's bank loans were repayable as follows:

	2007 HK$'000	2006 HK$'000
Within one year	–	1,505
In the second year	–	1,505
In the third to fifth year	–	4,025
After the fifth year	–	–
	–	7,035

As at 31 March 2006, the average effective interest rate for the bank loans was 4.54% per annum, and the carrying amount of the bank loans approximated its fair value.

The Group had repaid all outstanding bank loans during the year ended 31 March 2007.

23. Share Capital – Group and Company

Authorised share capital

	Note	Number of shares	Nominal value HK$
At 1 April 2005, ordinary shares of US$0.01 each		5,000,000	390,000
On 30 June 2005,	(a)		
Consolidation of every ten shares of US$0.01 each into one share of US$0.10 each and re-denomination (at the rate of US$1.00 to HK$7.80) such that par value of each share becomes HK$0.78		500,000	390,000
Sub-division of each share into 7.8 shares of HK$0.10 each		3,900,000	390,000
Increase in authorised share capital		1,996,100,000	199,610,000
At 31 March 2006, 1 April 2006 and 31 March 2007		2,000,000,000	200,000,000

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

23. Share Capital – Group and Company (Continued)

Issued share capital

		Number of shares	Nominal value HK$
At 1 April 2005, ordinary shares of US$0.01 each at nil paid		1	–
On 30 June 2005,	(a)		
Issue of share of US$0.01 each at nil paid		99	–
Consolidation of every ten issued share capital of US$0.01 each into one share of US$0.10 each and re-denomination (at the rate of US$1.00 to HK$7.8) such that par value of each share becomes HK$0.78		10	–
Sub-division of every issued share capital into 7.8 shares of HK$0.1 each		78	–
On 19 July 2005, issued and credited as fully paid at par the new shares and credited as fully paid at par the 78 shares in issue as consideration for acquisition of Hong Kong Economic Times Group (BVI) Limited pursuant to the final step of the Reorganisation	(b)	311,999,922	31,200,000
On 3 August 2005, issued and fully paid new shares of HK$0.10 each at HK$1.70 per share by way of Placing and Public Offer in connection with the listing of the Company's shares on the Main Board of the Stock Exchange	(c)	104,000,000	10,400,000
On 5 August 2005, issued and fully paid new shares of HK$0.1 each at HK$1.70 per share by way of the exercise of the Over-allotment Option	(d)	15,600,000	1,560,000
At 31 March 2006, 1 April 2006 and 31 March 2007		431,600,000	43,160,000

23. Share Capital – Group and Company (Continued)

Notes:

(a) Pursuant to a written resolution of the sole shareholder of the Company passed on 30 June 2005,

(i) every ten issued and unissued shares of US$0.01 each of the Company was consolidated into one share of US$0.10 each;

(ii) the authorised and issued share capital of the Company was re-denominated (at the rate of US$1.00 to HK$7.8) from US$50,000 and US$1.00 to HK$390,000 and HK$7.8 respectively such that the par value of each share was changed from US$0.10 to HK$0.78;

(iii) every issued and unissued share of HK$0.78 each in the capital of the Company was sub-divided into 7.8 shares of HK$0.10 each; and

(iv) The authorised share capital of the Company was increased from HK$390,000, divided into 3,900,000 shares of HK$0.10 each, to HK$200,000,000, divided into 2,000,000,000 shares of HK$0.10 each, by the creation of an additional 1,996,100,000 shares of HK$0.10 each in the capital of the Company.

(b) Pursuant to a written resolution of the sole shareholder of the Company passed on 19 July 2005, the Directors were authorised to issue and allot credited as fully paid 311,999,922 shares and credit as fully paid at par the 78 shares in issue as consideration for the acquisition of Hong Kong Economic Times Group (BVI) Limited as pursuant to the final step of the Regorganisation.

(c) On 3 August 2005, the Company issued 104,000,000 new shares of HK$0.10 each at HK$1.70 per share by way of Placing and Public Offer in connection with the listing of the Company's shares on the Main Board of the Stock Exchange.

(d) On 5 August 2005, the Company further issued 15,600,000 new shares of HK$0.10 each at HK$1.70 per share by way of the exercise of the Over-allotment Option in connection with the listing of the Company's shares on the Main Board of the Stock Exchange as set out in the Prospectus issued by the Company.

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

24. Reserves – Group and Company

(a) Group

Movement of the Group's reserves for the years ended 31 March 2007 and 2006 are presented in the consolidated statement of changes in equity on page 42.

(b) Company

	Share premium HK$'000	Capital reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2005	–	–	–	–
Reorganisation	147,427	–	–	147,427
Issue of shares for cash	191,360	–	–	191,360
Share issuance costs	(18,914)	–	–	(18,914)
Gift shares to employees by a substantial shareholder	–	6,120	–	6,120
Profit for the year	–	–	7,272	7,272
Interim dividend for FY2005/06	(12,516)	–	–	(12,516)
At 31 March 2006	307,357	6,120	7,272	320,749
At 1 April 2006	307,357	6,120	7,272	320,749
Profit for the year	–	–	5,975	5,975
Final dividend for FY2005/06	(24,601)	–	–	(24,601)
Interim dividend for FY2006/07	(12,948)	–	–	(12,948)
At 31 March 2007	269,808	6,120	13,247	289,175

25. Investments in and amounts due from/(to) subsidiaries – Company

		2007 HK$'000	2006 HK$'000
Investments in unlisted shares, at cost	(Note (a))	178,627	178,627
Amounts due from subsidiaries	(Note (b))	83,459	36,132
Amounts due to subsidiaries	(Note (b))	(122,464)	(34,394)

25. Investments in and amounts due from/(to) subsidiaries – Company (Continued)

(a) Particulars of the Company's principal subsidiaries at 31 March 2007 are as follows:

Company Name	Country/ place of incorporation/ establishment	Principal activities and country/ place of operation	Issued and fully paid up share capital/ registered capital	Interest held
Hong Kong Economic Times Group (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$10,000	100% @
Asianway (Far East) Limited	Hong Kong	Properties holding in Hong Kong	Ordinary HK$100	100%
Career Times Online Limited	Hong Kong	Provision of recruitment advertising services in Hong Kong	Ordinary HK$2	100%
Cotino Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$10	100%
EPRC Limited	Hong Kong	Provision of property market database to the professional market in Hong Kong	Ordinary HK$100	100%
ET Business College Limited	Hong Kong	Provision of training services in Hong Kong	Ordinary HK$10,000	100%
ET Net Limited	Hong Kong	Provision of financial information services in Hong Kong	Ordinary HK$2 and non-voting deferred shares HK$10,000	96.04%
ET Net (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$104,123	96.04%
ET Net News Agency Limited	Hong Kong	Provision of financial information services in Mainland China	Ordinary HK$100	96.04%
ET Trade Limited (formerly known as ET Net Oneoffice Limited)	Hong Kong	Provision of equities and derivatives trading solutions in Hong Kong	Ordinary HK$10,000	96.04%

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

25. Investments in and amounts due from/(to) subsidiaries – Company (Continued)

(a) Particulars of all the Company's principal subsidiaries at 31 March 2007 are as follows: (Continued)

Company Name	Country/ place of incorporation/ establishment	Principal activities and country/ place of operation	Issued and fully paid up share capital/ registered capital	Interest held
ET Wealth Limited	Hong Kong	Provision of funds market database and solutions to the professional market in Hong Kong	Ordinary HK$100	96.04%
ETVision Multimedia Limited	Hong Kong	Provision of multimedia production services in Hong Kong	Ordinary HK$100	100%
Euron Limited	Hong Kong	Provision of printing services in Hong Kong	Ordinary HK$100	100%
HKET China Investment (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$1	100%
Hong Kong Economic Times Limited	Hong Kong	Publication of newspaper, magazines and books in Hong Kong	Ordinary HK$100	100%
iCareerTimes (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$2	100%
Safe City Limited	Hong Kong	Properties holding in Hong Kong	Ordinary HK$100	100%
環富通科技(深圳)有限公司# (ET Wealth Technology (Shenzhen) Limited)	The PRC	Operation of computer software research and development center in Mainland China	Registered capital HK$1,000,000	96.04%
深圳港經廣告傳播有限公司# (HKET Advertising (Shenzhen) Limited)	The PRC	Provision of advertising services in Mainland China	Registered capital HK$1,000,000	100%

@ Shares held directly by the Company

A wholly foreign owned enterprise in the PRC

25. Investments in and amounts due from/(to) subsidiaries – Company (Continued)

(b) Amounts due from/(to) subsidiaries

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

26. Cash generated from operations – Group

	2007 HK$'000	2006 HK$'000
Profit before income tax	145,096	120,417
Adjustments for:		
– Depreciation (note 14)	26,433	23,688
– Amortisation (note 15)	133	132
– Loss on disposal of property, plant and equipment (see below)	50	79
– Bonus shares	–	6,120
– Bank interest income (note 5(i))	(6,948)	(7,880)
– Interest expenses on bank loans and overdrafts	54	644
– Interest element of finance leases	1,081	2,832
– Bad debts written off (note 6)	591	146
– Reversal of provision for impairment of receivables (note 6)	(2,198)	–
– Provision for impairment of receivables (note 6)	357	6,489
– Provision of obsolete inventories (note 6)	558	667
Changes in working capital:		
– Increase in inventories	(882)	(17,218)
– Increase in trade and other receivables	(23,663)	(17,469)
– Increase in trade and other payables	16,180	20,303
– Decrease in amount due from a related company	–	602
Cash generated from operations	156,842	139,552

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	2007 HK$'000	2006 HK$'000
Net book amount (note 14)	511	659
Loss on disposal of property, plant and equipment	(50)	(79)
Proceeds from disposal of property, plant and equipment	461	580

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

27. Banking Facilities – Group

At 31 March 2007, bank deposits of HK$3,428,000 (2006: nil) were pledged as securities to obtain general banking facilities granted to the Group. The Group's banking facilities in relation to bank borrowings of approximately HK$68,707,000 as at 31 March 2006 were secured by certain of the Group's leasehold land and leasehold building and these securities were released on 20 November 2006 after the full payment of these borrowings.

28. Commitments – Group and Company

(a) Group

(i) Capital commitments at the balance sheet date but not yet incurred are as follows:

	2007 HK$'000	2006 HK$'000
Property, plant and equipment – contracted but not yet provided for	4,523	2,707

(ii) *Commitments under operating leases*

The future aggregate minimum lease payments under non-cancellable operating leases of land and buildings are as follows:

	2007 HK$'000	2006 HK$'000
Not later than one year	9,502	7,603
Later than one year and not later than five years	1,533	1,546
	11,035	9,149

(b) Company

The Company had no capital and operating lease commitment as at 31 March 2007 and 2006.

29. Related party transactions – Group

During the year, the Group has entered into the following significant transactions with related parties:

		2007 HK$'000	2006 HK$'000
(a)	**Service income**		
	– Roctec Credit Limited	204	153
	– Roctec Securities Company Limited	2	99
		206	252
	Service income was charged at prices and terms similar to those charged to and contracted with other third party customers of the Group.		
(b)	**Rental expenses on leased property**		
	– Charm Data Limited	2,853	2,853
	– Honley Limited	2,092	2,092
	– Roctec Systems Limited	500	500
	– Hong Kong Economic Times (Holding) Limited	–	272
		5,445	5,717
	Rental expenses on leased property were charged at prevailing market rates.		
(c)	**Rental income on leased property**		
	– Movielink (Hong Kong) Limited	–	122
	Rental income on leased property was charged at prevailing market rate.		
(d)	**Consultant royalties expenses**		
	– Wayca Development Limited	158	230
	Consultant royalties were charged at prices and terms similar to those charged to and contracted with third parties.		

Notes to the Consolidated Financial Statements

Year ended 31 March 2007

29. Related party transactions – Group (Continued)

		2007 HK$'000	2006 HK$'000
(e)	**Remuneration of contributor**		
	– Mak Ping Leung, the Director of the Company	75	14
	Remuneration of contributor was charged at prices and terms similar to those charged to and contracted with third parties.		
(f)	**Key management personnel compensation**		
	– Salaries and other short-term employee benefits	16,361	12,668
	– Post-employment benefits	643	544
		17,004	13,212
(g)	**Advertising income received**		
	–深圳港經廣告傳播有限公司 (HKET Advertising (Shenzhen) Limited)	–	953
	Advertising income was charged at prices and terms pursuant to the service agreement entered. The amount for prior year represented the advertising income received from HKET Advertising (Shenzhen) Limited prior to the acquisition by the Group on 13 February 2006. Prior to the acquisition, 深圳港經廣告傳播有限公司 (HKET Advertising (Shenzhen) Limited) was wholly owned by Hong Kong Economic Times (Holding) Limited, a related company of the Group.		

Roctec Securities Company Limited, Movielink (Hong Kong) Limited, Roctec Systems Limited and Hong Kong Economic Times (Holding) Limited are beneficially owned by Mr. FUNG Siu Por, Lawrence and Mr. CHU Yu Lun, the substantial shareholders and directors of the Company. Roctec Credit Limited, Honley Limited and Charm Data Limited are beneficially owned by Mr. CHU Yu Lun. Wayca Development is beneficially owned by Mr. SHEK Kang Chuen, the beneficial shareholder and director of the Company.

Five-year Financial Summary

(in HK$ millions, except per share amounts)	Year ended 31 March				
	2007	2006	2005	2004	2003
	Consolidated		Combined		
Operating Results					
Turnover	833	722	608	516	540
Gross profits	357	319	257	208	229
Operating profit	146	124	81	38	60
Finance costs	(1)	(4)	(1)	(1)	(1)
Profit before income tax	145	120	80	37	59
Income tax expense	(25)	(21)	(14)	(10)	(11)
Profit for the year	120	99	66	27	48
Attributable to					
– equity holders of the Company	120	98	65	26	38
– minority interests	0	1	1	1	10
	120	99	66	27	48
Earnings per share (in HK Cents)	27.81	25.11	20.86	8.33	12.13
Assets and Liabilities					
Non-current assets	282	285	209	176	176
Current assets	420	383	172	151	144
Total assets	702	668	381	327	320
Bank loans and finance leases	–	(69)	(67)	(34)	(33)
Other liabilities	(167)	(147)	(136)	(208)	(203)
Total liabilities	(167)	(216)	(203)	(242)	(236)
Net assets	535	452	178	85	84
Equity holders' fund	534	451	177	83	73
Minority interests	1	1	1	2	11
Total equity	535	452	178	85	84

Five-year Financial Summary

	Year ended 31 March				
	2007	2006	2005	2004	2003
	Consolidated		Combined		
Key Financial Ratio					
Gross profit margin	42.8%	44.1%	42.3%	40.4%	42.4%
Operating profit margin	17.6%	17.2%	13.4%	7.4%	11.2%
Net profit margin	14.4%	13.6%	10.7%	5.0%	7.0%
Gearing ratio	–	10.3%	17.6%	10.3%	10.5%
Current ratio	2.82 times	2.62 times	1.04 times	0.89 times	0.82 times
Quick ratio	2.68 times	2.48 times	1.02 times	0.88 times	0.82 times

The results of the Group for the years ended 31 March 2003, 31 March 2004 and 31 March 2005 and its assets and liabilities were extracted from the Company's Prospectus dated 22 July 2005, which also set out the details of the basis of preparation of the combined financial statements. The results of the Group for the years ended 31 March 2006 and 2007 and its assets and liabilities as at 31 March 2006 and 2007 are set out on pages 37 to 39 in this Annual Report and the basis of preparation are described in Note 2.1 to the Consolidated Financial Statements.