Hong Kong Economic Times Holdings Limited

Annual Report

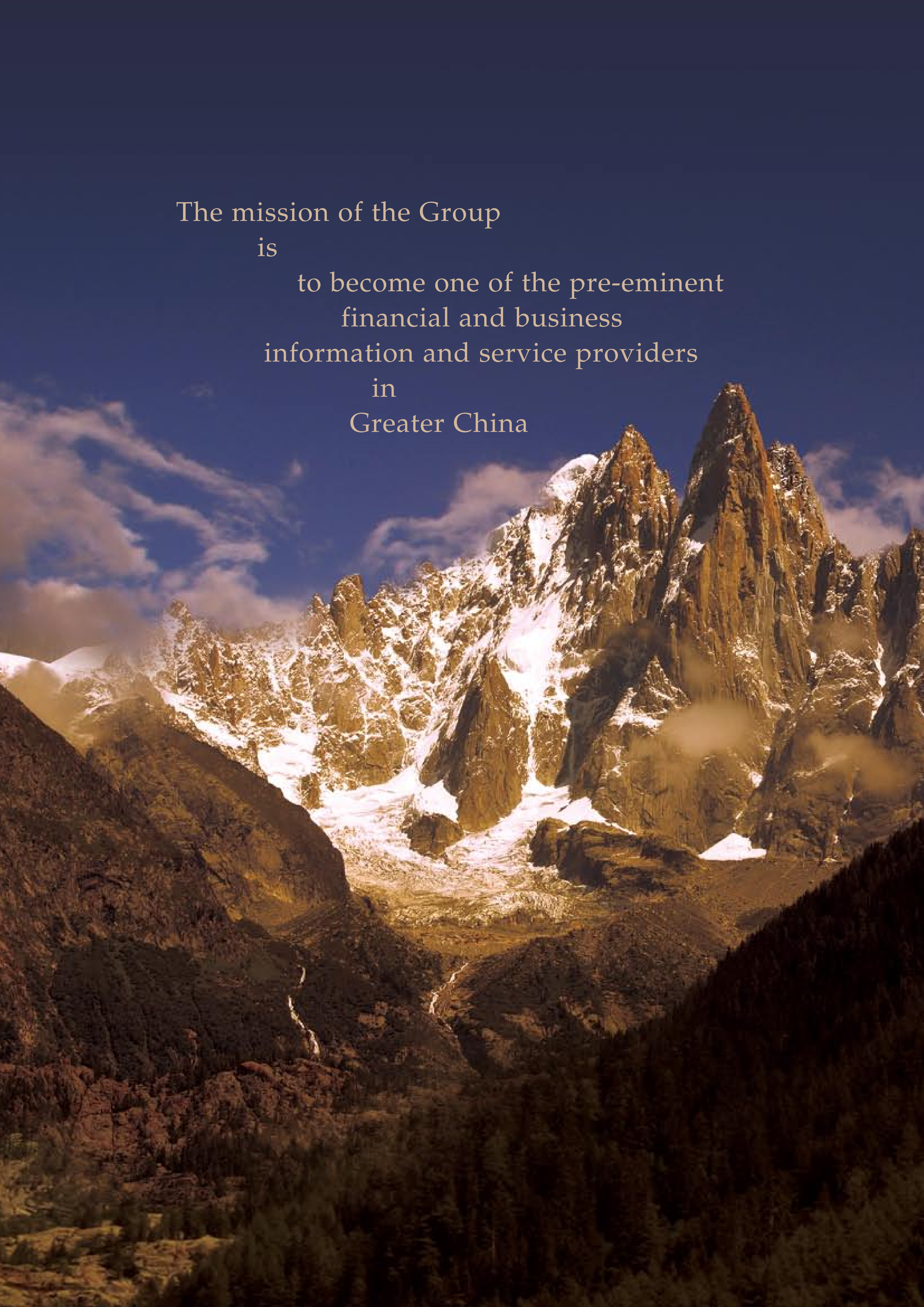
2007/2008

Stock Code 00423

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

Contents

Business and Financial Highlights

Turnover increased by 14%
to HK$946 million year on year

Profit attributable to equity holders
increased by 10% to HK$133 million year on year

Earnings per share
HK 30.71 cents

Proposed final dividend
HK 10.1 cents

Our 8 Leading Positions

- ***Hong Kong Economic Times*** (“***HKET***”) the financial newspaper
- ***Take me Home*** the community newspaper
- ***e-zone*** the PC and digital product magazine
- ***U Magazine*** the award-winning travel and leisure magazine
- **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

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

00423 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

24 July 2008 to 29 July 2008

Annual General Meeting

29 July 2008

Proposed Payment of Final Dividend

31 July 2008

Business Organization Chart

Publishing and Multimedia

- *Hong Kong Economic Times* newspaper publishing
- *Take me Home* community newspaper publishing
- *e-zone* magazine publishing
- *U Magazine* magazine publishing
- *iMoney* 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

5 Business Directions

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: 00423).

Events of the Year 07/08

Jul 2007

HKET won Bronze and 1 Merit Award in "News", as well as 1 Merit Award in "Press Photo", **Consumer Rights Reporting Awards 2007**.

Aug 2007

U Magazine was awarded Winner in "Best New Launch of a Local Title", **The Asian Publishing Management Awards 2007**, the only winner from Hong Kong. The award was given to a local magazine launch that was successful. With well-planned launch in late 2005, *U Magazine* has met the criteria of having achieved its pre-launch circulation and advertising sales goals. It also had a well defined niche, utilized multimedia opportunities and surveyed the market well.

Sep 2007

Luxury House 06/07 compiled and edited by *Property Times*, a Saturday magazine tied-in with *HKET*, won Golden Medal in "Yearbook (4 or more colors)", **China Print Awards 2006**.

Oct 2007

***iMoney*, the first Chinese financial retail weekly magazine of the Group**, was launched on 27 Oct. It targets at the brand new generation that is pursuing authenticity, erudition and also affluence with emphasis on "5i" with "i" stands for I, Investment, Intelligence, In-depth and Inspiring. It is published every Saturday and bundled in 2 books.

Events of the Year 07/08

Dec 2007

HKET, the Group's flagship newspaper, adheres to the editorial principle of reporting and writing in formal and professional writing style, has reached **94,707 average daily copies of HKABC audited circulation** in July to December 2007, the highest in record.

HKET won the Merit award in "Newspaper", **The 19th Hong Kong Print Awards**.

Feb 2008

Achieving "Employee Friendly", "Employing Vulnerable", "Caring for the Environment", "Mentoring" and "Giving", HKET Holdings is awarded **"Caring Company 2007/08"**, in recognition of our commitment to corporate citizenship. The same is also attained by *e-zone* and *U Magazine*.

商界展關懷
caringcompany 2007/08
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

Mar 2008

iMoney won 1st Runner-up in "Feature" and 2nd Runner-up in "Photo Essay", **Focus at the Frontline 2007**, after only less than 6-month launch in the market.

Apr 2008

U Magazine has won Gold Award each in the categories of "Best in Magazine Cover Design" and "Best in Magazine Special Issue" respectively in **IFRA 7th Asia Media Awards 2008** on 2 April. It was the first time that *U Magazine* participated in the Awards in 2008 and achieved the level of excellence.

Chairman's Statement

Dear Shareholders,

I am delighted to report that with two years' continuous growth since listing, the Financial Year 2007/08 is also a year with record results. The Group achieved HK$133 million profit attributable to shareholders, representing double-digit growth.

Financial Year 2007/08 was a tough one. There were multi-faceted challenges including the abolition of mandatory requirement of paid announcements in newspapers for Main Board issuers by The Stock Exchange of Hong Kong (HKEx) from 25 June 2007, intensified competition from peers and increased challenges from the internet. Our staff has once again demonstrated dedication, creativity and diligence during this period of competitive changes.

This was also a year full of opportunities. We saw opportunities arising from the volatile stock market. We seized them and launched a new financial weekly, *iMoney*, to cater for the rising demand for quality information and investment analysis. *iMoney* receives overwhelming support from the market and strong endorsement from our readers.

We responded to the reduction in announcement advertising in our newspaper, *Hong Kong Economic Times (HKET)*, with an effective diversification strategy. Both our revenue and income bases are further broadened. The operating profit of the financial news agency, information and solutions segment, for instance, has more than doubled that of the previous year. This helped offset partly the income losses due to HKEx policy change. Advertising revenue from announcement and notices of listed companies has dropped by approximately 60% since the new policy implementation and is expected to go down further in the coming financial year. Because of its well-established position and wide reach to the investment community, *HKET* continues to be the premier media channel through which renowned corporations communicate with investors. Hence, an important portion of this category of advertising has been retained.

Our strategy is to invest continuously in new products and services, within our core business domains in finance, property, human resources, education and lifestyle, and at the same time achieving a more balanced and diversified portfolio for sustainable growth in the long run. The Group's earlier investments in *Take me Home*, the community newspaper, and *U Magazine*, the lifestyle weekly, are expected to bear fruits for harvest in the coming years.

The coming financial year will be a year of consolidation for the Group. We have to face both the full year's impact of the HKEx policy change and an uncertain global economy.

In the external environment, the sub-prime mortgage problems had struck the U.S. economy heavily. The write-offs by financial institutions had led to global credit tightening. With the U.S. housing prices still on the fall and credit crunch not yet near the end, the western economies would take much longer time to recover. Hong Kong, being one of the world's most open economies, cannot emerge unscathed.

Furthermore, the world is entering into an era of commodity-led inflation triggered by soaring prices of oil and primary materials. Our two major operating costs, staff and newsprint costs, are exerting pressure on the Group's bottom line. The very low unemployment rate in Hong Kong, together with staff's expectation of pay increase to cope with inflation, had added loading to the Group's overhead. Newsprint prices are expected to continue to rise in the coming year. Though the Group has continuously exercised effective control on newsprint consumption and has diversified our sources of supply, a cut into our profit margin seems inevitable.

Media, especially print media, is facing the mounting challenge of the internet particularly from the evolving reading habits of our younger generation. The magnitude of the impact, though increasing, is not yet significant in the Hong Kong market. Still, as from the famous English quotation proverb "Let our advance worrying become advance thinking and planning.", we have to look ahead and prepare ourselves for such fundamental and structural changes in readers' habits. The Group has decided to step up its investment in internet business to provide products and services deploying our quality contents and creating additional synergistic values.

We see Financial Year 2008/09 as another challenging year during which we shall move forward cautiously. We shall continue to invest in our existing Business Units to strengthen their leadership position in the market. At the same time, we shall also expand actively in internet business. With the right strategic positioning and competent operation, we are very confident about the future of the Group.

Finally, I would like to take this opportunity to express my heartfelt thanks to my fellow Board members and colleagues for their valuable contributions and congratulate them on their achievements. I would like to extend gratitude to our readers, customers, business partners and investors for their continued support.

Mr. Fung Siu Por, Lawrence
Chairman

Hong Kong, 23 June 2008

Board of Directors

Executive Directors

Mr. FUNG Siu Por, Lawrence, aged 58, 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.

Mr. MAK Ping Leung (alias: Mr. MAK Wah Cheung), aged 58, 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.

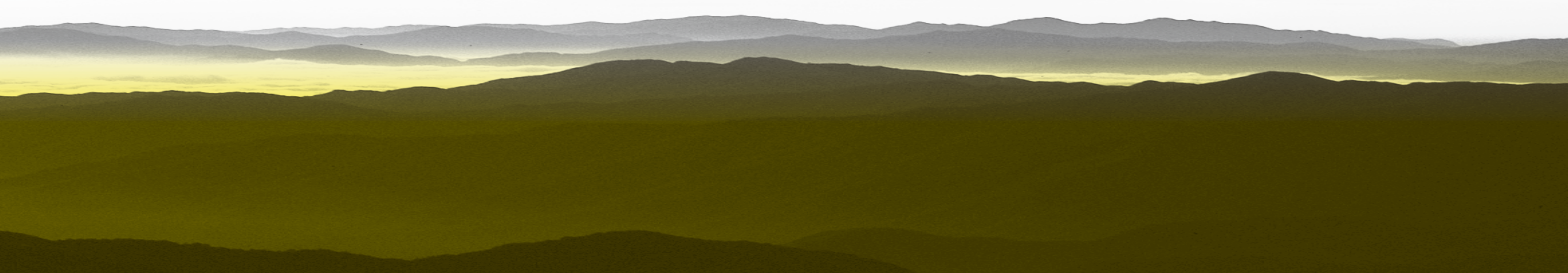
Mr. CHAN Cho Biu, aged 51, is the Associate Publisher and Chief Editor of *HKET*. Mr. Chan joined the Group in 1988 and is responsible for the editorial development of *HKET*. Mr. Chan has over 20 years of solid experience in the media and publishing industry. Prior to joining the Group, he had worked 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. In 2007, Mr. Chan was elected the first Chairman of Journalism Education Foundation Hong Kong Limited and awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. 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.

Executive Directors

Mr. SHEK Kang Chuen, aged 60, 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 of *HKET*. He is also responsible for the day-to-day management of the Group's book publication business. Mr. Shek has over 20 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.

Ms. SEE Sau Mei Salome, aged 45, 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 20 years of solid experience in general business management. 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 56, joined the Group in 1990, and 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.



Board of Directors

Non-executive Director

Mr. CHU Yu Lun, aged 57, 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, member of Steering Committee on MICE of HKSAR, member of Tourism Strategy Group of HKSAR 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 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, JP, aged 53, was appointed as an 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 Chairman of PCP CPA Limited and an Independent Non-executive Director of The Wharf (Holdings) 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 30 years experience in the accounting and finance field and is the former President of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). He had also been the former Chairman of the Association of Chartered Certified Accountants ("ACCA") – Hong Kong. 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 HKICPA, the Society of Chinese Accountants and Auditors, the Institute of Chartered Secretaries and Administrators and the Taxation Institute of Hong Kong. Mr. Chan was appointed as the Chairman of Legal Aid Services Council in September 2006. In 2006, he was awarded a Medal of Honour by the Government of HKSAR and in 2007 was appointed a Justice of the Peace. In 2008, he was appointed a member of Shanghai City's Chinese People's Political Consultative Conference. Recently, Mr. Chan has also been appointed an advisor to the Accounting Standards Committee of The Ministry of Finance of PRC.

Independent Non-executive Directors

Mr. CHOW On Kiu, aged 57, 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, JP, aged 58, 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, Committee Member of Business Facilitation Advisory Committee, Council Member of Hong Kong Productivity Council, member of the Board of Trustees of Chung Chi College of The Chinese University of Hong Kong, President of Hong Kong New Territories Commercial and Industrial General Association, Standing Committee Member of the Chinese People's Political Consultative Conference of Heilongjiang Province and Jiangmen City, Vice President of China Association of Enterprises With Foreign Investment, Vice President of China Packaging Federation 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 2008, four meetings were held and Mr. Mak Ping Leung (alias: Mr. Mak Wah Cheung), Ms. See Sau Mei Salome, Mr. Chan Mo Po, Paul and Mr. Lo Foo Cheung were absent in one of the meetings and Mr. Chow On Kiu was absent in two 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 2008, the Audit Committee met three times with the presence of all members except Mr. Chow On Kiu who was absent in one of the meetings. The Company's Chief Financial Officer and Qualified Accountant and External Auditors were invited to attend two of the meetings. The Committee has reviewed the annual report for the financial year ended 31 March 2007, External Auditor's remuneration, internal control system and interim report for the period ended 30 September 2007 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 16 June 2008 to review, inter alia, the Annual Report and Financial Statements of the Group for the year ended 31 March 2008, 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 once during the financial year ended 31 March 2008 with the presence of all members except Mr. Chu Yu Lun. 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 the meeting.

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 once during the financial year ended 31 March 2008 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 re-appointment of Directors (not less than one-third of the Board) who 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 pages 65 to 66.

The Group's emolument policy is set out in note 7(d) to the Consolidated Financial Statements of this Annual Report on page 67.

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 2008.

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.

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 2008, 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 37 to 38.

During the period under review, the Group has incurred a total fee of HK$2,178,000 in relation to the interim review and audit services provided by PricewaterhouseCoopers for the financial year 2007/08, which was approved by the Audit Committee and the Board. A fee of HK$11,000 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 29 July 2008.

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.

Summary of Profit and Loss Account

	Year ended 31 March 2008 HK$'000	2007 HK$'000	% Change
Turnover	946,056	833,174	14%
Cost of sales	(537,083)	(476,578)	13%
Gross profit	408,973	356,596	15%
Other revenues	9,119	6,973	31%
Selling and distribution expenses	(126,798)	(101,790)	25%
General and administrative expenses	(130,312)	(115,548)	13%
Operating profit	160,982	146,231	10%
Finance costs	–	(1,135)	(100)%
Profit before income tax	160,982	145,096	11%
Income tax expense	(27,414)	(24,706)	11%
Profit for the year	133,568	120,390	11%
Minority interests	(1,042)	(349)	199%
Profit attributable to equity holders	132,526	120,041	10%

Overview

During this challenging year of operation, especially with the implementation of the abolition of mandatory requirement to publish announcements in newspapers by Main Board listed issuers effective from 25 June 2007, the Group managed to outperform previous year's results with double-digit growth in both revenue and net profit.

The publishing and multimedia segment, riding on the strong economic growth of Hong Kong, had achieved a result better than expected despite the significant decrease of announcement advertisement revenue during the year. The launch of *iMoney*, a financial weekly magazine, in October 2007 received encouraging responses and contributed to the growth in revenue of the segment.

The financial news agency, information and solutions segment benefited from the buoyant stock market and strong demand for real time financial news and information, continued its growing thrust and recorded remarkably good results in the year under review. The growth offset the effect of the change in listing rule to the Group's net profit, evidencing the success of the Group's long established business diversification strategy.

Overview (Continued)

Unemployment rate maintained at a relatively low level and together with the respective teams' endured effort, the recruitment advertising and training segment managed to achieve 6% growth in revenue despite the fierce competition environment both from peers and the increasing significance of the internet player in the market. The segment had invested for brand building and promotion this financial year.

With our continued efforts to strive for larger market share and penetrate to reach other income sources, the Group recorded another fruitful year of operations.

Turnover

	Year ended 31 March		
	2008	2007	% Change
	HK$'000	HK$'000	
Turnover:			
Advertising income	598,449	561,603	7%
Circulation income	154,008	125,337	23%
Service income	172,977	128,108	35%
Enrolment income	20,622	18,126	14%
Total	946,056	833,174	14%

Advertising income for the year ended 31 March 2008 recorded an increase of 7% as compared to the year ended 31 March 2007. Despite the significant drop of announcement advertisements revenue, our dedicated advertising team strived to expand our market share in other segments or classes of advertising dollars, thus managed to maintain revenue growth.

The average daily circulation copies of *Hong Kong Economic Times* (audited by Hong Kong Audit Bureau of Circulations) showed a gradual rise over the previous few years. Circulation income recorded an increase of 23% as compared to the year ended 31 March 2007. The increase was partly due to the launch of *iMoney* in October 2007.

Service income for the year ended 31 March 2008 recorded an increase of 35% as compared to the year ended 31 March 2007. The financial news agency, information and solutions segment had continued its engine to growth with the active stock market and high demand for financial information and stock quotation.

Enrolment income for the year ended 31 March 2008 recorded an increase of 14% as compared to the year ended 31 March 2007.

Operating Costs

Gross profit margin for the year ended 31 March 2008 attained 43.2%, which was similar to previous financial year's 42.8%.

Staff costs, being the largest single item of operating cost of the Group, rose by 11% as compared to the year ended 31 March 2007 and representing approximately 46% of the total operating costs, which was similar to the previous financial year. The increase in staff costs was mainly due to general pay rise pressure from the stringent employment market and increase in headcount to support the Group's business expansion. The new investment in *iMoney* also contributed to the increase in staff costs.

Newsprint costs, constituting around 14% of the Group's total operating costs for the year ended 31 March 2008 as compared to 16% in the year ended 31 March 2007, recorded a slight increase of 1% over the year ended 31 March 2008. The very moderate increase in newsprint costs, despite the around 9% increase in average circulation copies for the calendar year 2007 as compared to year 2006, was a result of effective cost control in both newsprint consumption volume and material sourcing.

Printing costs increased by 32% as compared to the year ended 31 March 2007 mainly due to the increase in circulation of *U Magazine* and the launch of *iMoney* in October 2007, both were outsourced to independent third party commercial printers.

Content costs increased by 21% as compared to the year ended 31 March 2007 mainly due to the increase in content costs relating to stock quotation business under financial news agency, information and solution segment which achieved remarkable growth in turnover in the year ended 31 March 2008.

Other Revenues

The Group received HK$9.0 million in bank deposit interest income during the year under review.

Finance Costs

Following the repayment of all bank loans and finance leases in August 2006, the Group had no gearing thereafter and hence no finance costs for the year under review.

Income Tax Expense

Increase in income tax expenses by 11% as compared to the previous financial year was in line with the increase in the Group's pre-tax profit. The Group's effective tax rate for the year under review was approximately 17.0% of the profits before income tax which was similar to the previous financial year.

Profit Attributable to Equity Holders

The Group was able to achieve another year of double-digit growth in profits for the year ended 31 March 2008. Net profit margin dropped slightly to 14.0% as compared to the 14.4% for the year ended 31 March 2007. The drop was mainly due to the overall rise in operating costs especially staff costs and the investment in the new weekly magazine, *iMoney* during the year. The Group continued to emphasize business diversification with effective costs control.

Investments in *U Magazine* and *Take me Home* were making progress and the Group had started to benefit from the investments. This further supported the Group's business strategy and the continued effort to well-planned and quality business diversification and the credit goes to the Board of Directors composing members with a comprehensive range of professions, knowledge and experiences and the hardworking and passionate staff.

Liquidity and Capital Resources

	As at 31 March	
(in HK$ million)	2008	2007
Net current assets	335.1	271.4
Cash and cash equivalents	302.3	230.0
Equity holders' fund	619.0	534.0
Gearing ratio	–	–
Current ratio	2.64 times	2.82 times

The Group's net current assets as at 31 March 2008 increased by HK$63.7 million from the position as at 31 March 2007. The increase was mainly due to the continued good operating performance of the Group during the year under review and had taken into account the distribution of the final dividend declared for the financial year ended 31 March 2007 and interim dividend for the six months period ended 30 September 2007 amounting to a total of HK$47.5 million.

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.

The Group had purchased premises for office and storage use during the year resulting in cash outflow from investing activities which increased by HK$31.1 million. The cash outflow from financing activities of HK$47.5 million for the year ended 31 March 2008 represented payment of final dividend declared for the financial year ended 31 March 2007 and interim dividend for the year ended 31 March 2008. The respective cash outflow from financing activities of HK$107.3 million for the year ended 31 March 2007 included repayment of bank loans and finance leases of approximately HK$69.8 million in August 2006.

Liquidity and Capital Resources (Continued)

The Group had no gearing as at 31 March 2008. Current ratio was similar to that as at 31 March 2007. As at 31 March 2008, the Group had cash balance of HK$302.3 million as compared to HK$230.0 million as at 31 March 2007. The balance was placed under short-term deposits with banks in Hong Kong and was held predominately in Hong Kong dollars hence the Group had no significant exposure to foreign exchange fluctuations.

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

With full year's impact of the HKEx policy change and under an uncertain global economy, the coming financial year will be a year of consolidation for the Group.

The write-offs by financial institutions following the sub-prime mortgage problem in the U.S. economy had led to global credit tightening. With the U.S. housing prices still on the fall and credit crunch not yet near the end, the western economies would take much longer time to recover. Hong Kong, being one of the world's most open economies, cannot emerge unscathed.

The world is entering into an era of commodity-led inflation triggered by soaring prices of oil and primary materials. Our two major operating costs, staff and newsprint costs, are exerting pressure on the Group's bottom line. The very low unemployment rate in Hong Kong, together with staff's expectation of pay increase to cope with inflation, had added loading to the Group's overhead. Newsprint prices are expected to continue to rise in the coming year. Though the Group has continuously exercised effective control on newsprint consumption and has diversified our sources of supply, a cut into our profit margin seems inevitable.

Print media is facing the mounting challenge of the internet particularly from the evolving reading habits of our younger generation. The magnitude of the impact, though increasing, is not yet significant in the Hong Kong market. Still, we have to look ahead and prepare ourselves for such fundamental and structural changes in readers' habits. The Group has decided to step up its investment in internet business to provide products and services deploying our quality contents and creating additional synergistic values.

Financial Year 2008/09 is another challenging year for us during which we shall move forward cautiously. We shall continue to invest in our existing Business Units to strengthen their leadership position in the market. At the same time, we shall also expand actively in internet business. With the right strategic positioning and competent operation, we are very confident about the future of the Group.

Employees

As at 31 March 2008, the Group had 1,377 employees (31 March 2007: 1,277 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 2008 (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 23 to the Financial Statements.

An analysis of the Group's performance for the year ended 31 March 2008 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 2008 are set out on pages 39 to 85.

Dividend Distributions

During the year, an interim dividend distribution from the distributable reserves of HK 3.1 cents per share, totalling HK$13,380,000 was paid on 12 December 2007.

The Directors recommend a payment from the distributable reserves of the Company a final dividend of HK 10.1 cents per share in respect of the year ended 31 March 2008 to the shareholders whose names appear on the register of members of the Company at the close of business on 23 July 2008, amounting to HK$43,592,000. The final dividend, payable on 31 July 2008, is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 29 July 2008.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out on page 44 and in note 22 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.

Share Capital

Details of the authorised and issued share capital of the Company are set out in note 21 to the Financial Statements.

Distributable Reserves

Distributable reserves of the Company as at 31 March 2008, calculated under the Cayman Islands Companies Law, amounted to HK$293,711,000 (2007: HK$283,055,000) including share premium of HK$269,808,000 and retained earnings of HK$23,903,000.

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' Report

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

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 Article 86 and 87 of the Company's Articles of Association, Mr. Chan Cho Biu, Mr. Chan Wa Pong, Ms. See Sau Mei Salome and Mr. Shek Kang Chuen 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 27 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 2008, the interests and short positions of each director and chief executives 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	810,000	0.188%
Mr. CHAN Cho Biu	Beneficial owner	520,000	0.120%
Mr. SHEK Kang Chuen	Beneficial owner	1,000,000	0.232%
Ms. SEE Sau Mei Salome	Beneficial owner	370,000	0.086%
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	490,000	0.114%

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 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 2008, 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%
H Partners Management, LLC (Note 4)	39,684,000	9.195%
The Goldman Sachs Group, Inc.	38,920,000	9.018%
Hayman Investments LLC (Note 5)	21,882,000	5.070%

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: H Partners Management, LLC is wholly owned by Jaffer Rehan. For the purpose of Part XV of the SFO, Jaffer Rehan is therefore deemed interested in the shares held by H Partners Management, LLC.

Note 5: Hayman Investments LLC is wholly owned by Bass J Kyle. For the purpose of Part XV of the SFO, Bass J Kyle is therefore deemed interested in the shares held by Hayman Investments LLC.

Save as disclosed above, as at 31 March 2008, 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 the 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	11%
–	five largest suppliers combined	36%
Sales		
–	the largest customer	12%
–	five largest customers combined	24%

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 27 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$5,934,000 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.

Competing Business

As at 31 March 2008, 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 2008 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, 23 June 2008

Independent Auditor's Report

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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 39 to 85, which comprise the consolidated and company balance sheets as at 31 March 2008, 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.

TO THE SHAREHOLDERS OF HONG KONG ECONOMIC TIMES HOLDINGS LIMITED (Continued)

(incorporated in the Cayman Islands with limited liability)

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 judgement, 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 2008 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, 23 June 2008

Consolidated Income Statements

	Note	Year ended 31 March 2008 HK$'000	2007 HK$'000
Turnover	5	946,056	833,174
Cost of sales	6	(537,083)	(476,578)
Gross profit		408,973	356,596
Other revenues	5	9,119	6,973
Selling and distribution expenses	6	(126,798)	(101,790)
General and administrative expenses	6	(130,312)	(115,548)
Operating profit		160,982	146,231
Finance costs	8	–	(1,135)
Profit before income tax		160,982	145,096
Income tax expense	9	(27,414)	(24,706)
Profit for the year		133,568	120,390
Attributable to:			
Equity holders of the Company		132,526	120,041
Minority interests		1,042	349
		133,568	120,390
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents)			
Basic and diluted	11	30.71	27.81
Dividends	12	56,972	47,044

The notes on pages 45 to 85 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Note	As at 31 March 2008 HK$'000	2007 HK$'000
Non-current assets			
Intangible assets	13	29,781	25,539
Property, plant and equipment	14	207,914	201,050
Lease premium for land	15	74,168	55,022
Deferred income tax assets	16	12	8
		311,875	281,619
Current assets			
Inventories	17	34,007	20,579
Trade receivables	18	177,316	154,971
Deposits, prepayments and other receivables		17,624	10,688
Tax recoverable		2,598	539
Pledged time deposits	19	5,393	3,428
Cash and cash equivalents	19	302,270	229,966
		539,208	420,171
Current liabilities			
Trade payables	20	39,903	25,499
Fees in advance		62,915	43,254
Accruals and other payables		98,246	78,230
Current income tax liabilities		3,053	1,802
		204,117	148,785
Net current assets		335,091	271,386
Total assets less current liabilities		646,966	553,005

Consolidated Balance Sheet (Continued)

	Note	As at 31 March 2008 HK$'000	2007 HK$'000
Financed by:			
Share capital	21	43,160	43,160
Reserves	22		
Proposed final dividends	12	43,592	34,096
Others		532,257	456,703
Equity holders' funds		619,009	533,959
Minority interests		1,923	881
Total equity		620,932	534,840
Non-current liabilities			
Deferred income tax liabilities	16	26,034	18,165
Total equity and non-current liabilities		646,966	553,005

Fung Siu Por, Lawrence
Chairman

Mak Ping Leung
Director

The notes on pages 45 to 85 are an integral part of these consolidated financial statements.

Balance Sheet

	Note	As at 31 March 2008 HK$'000	2007 HK$'000
Non-current assets			
Investments in subsidiaries	23	178,627	178,627
Current assets			
Deposits, prepayments and other receivables		766	810
Amounts due from subsidiaries	23	117,988	83,459
Cash and cash equivalents	19	253,756	192,721
		372,510	276,990
Current liabilities			
Accruals and other payables		655	818
Amounts due to subsidiaries	23	207,491	122,464
		208,146	123,282
Net current assets		164,364	153,708
Total assets less current liabilities		342,991	332,335
Financed by:			
Share capital	21	43,160	43,160
Reserves	22		
Proposed final dividends	12	43,592	34,096
Others		256,239	255,079
Total equity		342,991	332,335

Fung Siu Por, Lawrence
Chairman

Mak Ping Leung
Director

The notes on pages 45 to 85 are an integral part of these financial statements.

Consolidated Cash Flow Statement

	Note	Year ended 31 March 2008 HK$'000	2007 HK$'000
Cash flows from operating activities			
Cash generated from operations	24	191,796	156,842
Interest paid		–	(54)
Hong Kong profits tax paid		(21,230)	(19,409)
Net cash generated from operating activities		170,566	137,379
Cash flows from investing activities			
Bank interest received		9,031	6,948
Purchase of property, plant and equipment		(35,351)	(23,654)
Purchase of lease premium for land		(19,298)	–
Acquisition of a business	28	(3,500)	–
Proceeds from disposal of property, plant and equipment	24	297	461
Increase in pledged time deposits		(1,965)	(3,428)
Net cash used in investing activities		(50,786)	(19,673)
Cash flows from financing activities			
Repayment of bank loans, secured		–	(7,035)
Interest element of finance leases		–	(1,081)
Capital element of finance leases		–	(61,672)
Interim dividend paid to equity holders of the Company		(13,380)	(12,948)
Final dividend paid to equity holders of the Company		(34,096)	(24,601)
Net cash used in financing activities		(47,476)	(107,337)
Net increase in cash and cash equivalents		72,304	10,369
Cash and cash equivalents at beginning of the year		229,966	219,597
Cash and cash equivalents at end of the year		302,270	229,966

The notes on pages 45 to 85 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 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
Final dividend for the year ended 31 March 2006	–	(24,601)	–	–	–	(24,601)	–	(24,601)
Interim dividend for the year ended 31 March 2007	–	(12,948)	–	–	–	(12,948)	–	(12,948)
Balance at 31 March 2007	43,160	122,381	69,944	6,120	292,354	533,959	881	534,840
Balance at 1 April 2007	43,160	122,381	69,944	6,120	292,354	533,959	881	534,840
Profit for the year	–	–	–	–	132,526	132,526	1,042	133,568
Final dividend for the year ended 31 March 2007	–	–	–	–	(34,096)	(34,096)	–	(34,096)
Interim dividend for the year ended 31 March 2008	–	–	–	–	(13,380)	(13,380)	–	(13,380)
Balance at 31 March 2008	43,160	122,381	69,944	6,120	377,404	619,009	1,923	620,932

The notes on pages 45 to 85 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
Year ended 31 March 2008

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 23 June 2008.

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.

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) New standard, amendment to standard and interpretations effective in year 2008

The following new standard, amendment to standard and interpretations are relevant to the Group and are mandatory for the financial year ended 31 March 2008:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

Notes to the Consolidated Financial Statements

Year ended 31 March 2008

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(a) *New standard, amendment to standard and interpretations effective in year 2008* (Continued)

The adoption of the above new standard, amendment to standard and interpretations did not have a significant impact to the Group's accounting policies except that there were additional disclosure required by HKAS 1 (Amendment) and HKFRS 7.

(b) *New/revised standards that are not yet effective and have not been early adopted by the Group*

The following new/revised standards have been published and mandatory for accounting period beginning on or after 1 April 2008 or later periods, but the Group has not early adopted:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combination
HKFRS 8	Operating Segments

HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. HKAS 1 (Revised) will be effective for the accounting year beginning on or after 1 January 2009.

HKAS 27 (Revised) requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. HKAS 27 (Revised) will be effective for the accounting period beginning on or after 1 July 2009.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) *New/revised standards that are not yet effective and have not been early adopted by the Group* (Continued)

HKFRS 3 (revised) may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are "capable of being conducted" rather than "are conducted and managed". It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. HKFRS 3 (Revised) will be effective for the accounting period beginning on or after 1 July 2009.

HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the United States standard SFAS 131 "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. HKFRS 8 will be effective for the accounting period beginning on or after 1 January 2009.

The Directors of the Group believes the adoption of the above new/revised standards will not result in substantial changes to the Group's accounting policies except that there will be additional disclosures required by HKAS 1 (Revised) and HKFRS 8.

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 2008

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. The cost of an acquisition is measured at 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 in the consolidated financial statements 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 translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised 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.

Notes to the Consolidated Financial Statements
Year ended 31 March 2008

2. Summary of significant accounting policies (Continued)

2.4 Foreign currency translation (Continued)

(c) *Group companies* (Continued)

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.

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 historical cost less depreciation. 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. The carrying amount of the replaced part is derecognised. 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 over 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

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

The assets' 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).

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

2.6 Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. 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.

(b) *Customer relationships*

Customer relationships acquired as part of a business combination are carried at their fair value at the date of acquisition less accumulated amortisation. Amortisation is calculated based on the timing of projected discounted cash flows of the customer relationships over their estimated economic lives of five years.

2.7 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Consolidated Financial Statements

Year ended 31 March 2008

2. Summary of significant accounting policies (Continued)

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using 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.

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 the 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. Summary of significant accounting policies (Continued)

2.13 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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.

2.14 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 2008

2. Summary of significant accounting policies (Continued)

2.14 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 and the plans in the PRC are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund on a reduction in the future payments is available.

2.15 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.

2.16 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.

2. Summary of significant accounting policies (Continued)

2.16 Revenue recognition (Continued)

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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.

2.17 Leases (as the lessee for operating Lease)

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.

Notes to the Consolidated Financial Statements

Year ended 31 March 2008

2. Summary of significant accounting policies (Continued)

2.18 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.

2.19 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: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) *Market risk*

(i) Foreign exchange risk

Most of the income and expenditures of the Group are denominated in Hong Kong dollars. Certain purchases of newsprint are denominated 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 in this regard. The Group's exposure to Renminbi ("RMB") is considered as minimal as the RMB denominated transactions entered into by the Group are not material. 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 2008, the Group did not have any outstanding hedging instruments.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) *Market risk* (Continued)

(i) Foreign exchange risk (Continued)

At 31 March 2008, if US dollars has strengthened/weakened by 1% against Hong Kong dollars with all other variables held constant, the Group's profit for the year would have been HK$33,000 (2007: HK$19,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollars denominated cash and bank balances.

(ii) Cash flow and fair value interest rate risk

Except for short-term bank deposits grouped under "pledged time deposits" and "cash and cash equivalent" in the consolidated balance sheet, the Group has no other significant interest-bearing assets or liabilities. Since there is no borrowing in the Group and short-term bank deposits are under short maturity terms, the cash flow and fair value interest rate risk is considered to be low.

At 31 March 2008, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit for the year by approximately HK$2,314,000 (2007: HK$1,616,000) in respect of interest income on bank deposits.

(b) *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.

Notes to the Consolidated Financial Statements

Year ended 31 March 2008

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) *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.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal to their carrying values, as the impact of discounting is not significant.

	Less than 1 year HK$'000
Group	
At 31 March 2008	
Trade payables	39,903
Accruals and other payables	98,246
At 31 March 2007	
Trade payables	25,499
Accruals and other payables	78,230
Company	
At 31 March 2008	
Accruals and other payables	655
Amounts due to subsidiaries	207,491
At 31 March 2007	
Accruals and other payables	818
Amounts due to subsidiaries	122,464

3. Financial risk management (Continued)

3.2 Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and pledged deposits. Total capital is calculated as "equity" as shown in the consolidated balance sheet.

The gearing ratios as at 31 March 2008 and 2007 was zero as the Group has no borrowing or debt.

3.3 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.

Notes to the Consolidated Financial Statements
Year ended 31 March 2008

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

(i) Estimated 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 14.3% 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 2008 indicated that no impairment charge was necessary.

(ii) 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.

(iii) 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.

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 2008, 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:

	2008 HK$'000	2007 HK$'000
Turnover		
Advertising income	598,449	561,603
Circulation income	154,008	125,337
Service income	172,977	128,108
Enrolment income	20,622	18,126
	946,056	833,174
Other revenues		
Bank interest income	9,031	6,948
Rental income from machinery and properties	88	25
	9,119	6,973
Total revenues	955,175	840,147

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Year ended 31 March 2008

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 years ended 31 March 2008 and 2007, and segment assets and liabilities as at 31 March 2008 and 2007 are as follows:

	Year ended 31 March									
	Publishing and multimedia		Financial news agency, information and solutions		Recruitment advertising and training		Corporate		Total	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
REVENUE										
Turnover, gross	696,221	632,642	173,367	129,550	86,446	81,864	–	–	956,034	844,056
Inter-segment transactions	(8,680)	(9,386)	(1,266)	(1,439)	(32)	(57)	–	–	(9,978)	(10,882)
Turnover, net	687,541	623,256	172,101	128,111	86,414	81,807	–	–	946,056	833,174
RESULT										
Operating profit	90,025	93,712	37,177	15,817	25,666	30,743	8,114	5,959	160,982	146,231
Finance costs									–	(1,135)
Profit before income tax									160,982	145,096
Income tax expense									(27,414)	(24,706)
Profit for the year									133,568	120,390
Attributable to:										
Equity holders of the Company									132,526	120,041
Minority interests									1,042	349
									133,568	120,390

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

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

	Year ended 31 March									
	Publishing and multimedia		Financial news agency, information and solutions		Recruitment advertising and training		Corporate		Total	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
SEGMENT ASSETS	477,335	424,139	70,279	41,018	46,337	42,555	257,132	194,078	851,083	701,790
SEGMENT LIABILITIES	116,569	87,242	69,477	50,743	14,363	8,179	29,742	20,786	230,151	166,950
OTHER INFORMATION										
Capital expenditure	48,480	18,164	9,735	3,465	1,425	2,025	–	–	59,640	23,654
Depreciation	23,729	22,196	3,521	3,274	978	963	–	–	28,228	26,433
Amortisation of lease premium for land and customer relationships	146	127	755	6	–	–	–	–	901	133
(Reversal of)/provision for impairment of receivables and obsolete inventories	573	113	412	(939)	(60)	(457)	–	–	925	(1,283)

(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.

Notes to the Consolidated Financial Statements
Year ended 31 March 2008

6. Expenses by nature – Group

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

	2008 HK$'000	2007 HK$'000
Crediting		
Reversal of provision for impairment of receivables	152	2,198
Gain on disposal of property, plant and equipment	38	–
Charging		
Amortisation of customer relationships (note 13)	749	–
Amortisation of lease premium for land (note 15)	152	133
Auditors' remuneration	2,178	1,980
Bad debts written off	312	591
Depreciation of property, plant and equipment (note 14)	28,228	26,433
Loss on disposal of property, plant and equipment	–	50
Operating lease rentals on land and buildings	10,058	6,627
Provision for impairment of receivables	504	357
Provision for obsolete inventories	573	558
Staff costs (note 7)	367,914	332,490

7. Staff costs – Group

	2008 HK$'000	2007 HK$'000
Wages and salaries	352,075	320,813
Unutilised leave pay	932	–
Pension costs – defined contribution plans (note a)	13,680	11,677
Long service payment	1,227	–
Total including Directors' remuneration	367,914	332,490

7. Staff costs – Group (Continued)

(a) Pensions – defined contribution plans

Forfeited contributions of approximately HK$519,000 for the year ended 31 March 2008 (2007: HK$821,000) were utilised during the year leaving approximately HK$4,000 (2007: Nil) available at the year end to reduce future contributions.

Contributions totalling HK$1,650,000 (2007: HK$1,506,000) 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 2008 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	2,559	–	714	128	3,401
Mr. MAK Ping Leung	2,721	–	760	136	3,617
Mr. CHAN Cho Biu	2,450	–	643	123	3,216
Mr. SHEK Kang Chuen	2,057	–	540	103	2,700
Ms. SEE Sau Mei Salome	2,219	–	619	111	2,949
Mr. CHAN Wa Pong	1,647	–	391	82	2,120
Non-executive Director					
Mr. CHU Yu Lun	–	126	–	–	126
Independent Non-executive Director					
Mr. CHAN Mo Po, Paul	–	158	–	–	158
Mr. CHOW On Kiu	–	126	–	–	126
Mr. LO Foo Cheung	–	126	–	–	126
Total	13,653	536	3,667	683	18,539

Notes to the Consolidated Financial Statements
Year ended 31 March 2008

7. Staff costs – Group (Continued)

(b) Directors' remuneration (Continued)

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.

During the year, no remuneration was 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 (2007: nil). No Directors of the Company waived or agreed to waive any remuneration during the year (2007: nil).

(c) Five highest paid individuals

The five individuals whose remuneration was the highest in the Group for the year include five (2007: five) Executive Directors whose remuneration is reflected in the analysis presented above.

7. Staff costs – Group (Continued)

(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' remuneration is 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.

8. Finance costs – Group

	2008 HK$'000	2007 HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	–	54
Interest element of finance leases	–	1,081
	–	1,135

9. Income tax expense – Group

	2008 HK$'000	2007 HK$'000
Current income tax		
Hong Kong profits tax	20,412	19,792
Under-provisions in prior years	10	102
Deferred income tax (note 16)	6,992	4,812
	27,414	24,706

Notes to the Consolidated Financial Statements
Year ended 31 March 2008

9. Income tax expense – Group (Continued)

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 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. Before 1 January 2008, these subsidiaries are subject to a standard PRC Enterprise Income Tax rate of 15% in accordance with relevant PRC tax laws.

Pursuant to the PRC Corporate Income Tax ("CIT") Law passed by the Tenth National People's Congress on 16 March 2007 (the "new CIT Law"), the general CIT rate is unified at 25%, effective from 1 January 2008. In addition, the new CIT Law also provides a five-year grandfathering period starting from its effective date for those enterprises which were established before 16 March 2007. According to Circular Guofa [2007] No. 39 issued by the State Council on 26 December 2007 regarding the implementation of transitional preferential income tax treatment, the transitional CIT rates of the subsidiaries should be 18%, 20%, 22%, 24% and 25% respectively in the calendar years of 2008, 2009, 2010, 2011 and 2012.

(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:

	2008 HK$'000	2007 HK$'000
Profit before income tax	160,982	145,096
Calculated at taxation rate of 17.5% (2007: 17.5%)	28,172	25,392
Under-provisions in prior years	10	102
Income not subject to tax	(2,089)	(1,103)
Expenses not deductible for tax purposes	12	152
Utilisation of previously unrecognised tax losses	–	(365)
Tax losses for which no deferred income tax assets were recognised	1,309	1,190
Others	–	(662)
	27,414	24,706

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$58,132,000 (2007: HK$5,975,000).

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$132,526,000 and 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$120,041,000 and number of 431,600,000 shares in issue 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 2008 and 2007.

12. Dividends – Group and Company

	2008 HK$'000	2007 HK$'000
Dividends attributable to the year		
Interim dividend paid of HK 3.1 cents (2007: HK 3.0 cents) per ordinary share	13,380	12,948
Proposed final dividend of HK 10.1 cents (2007: HK 7.9 cents) per ordinary share	43,592	34,096
	56,972	47,044
Dividends paid during the year	47,476	37,549

A final dividend in respect of the year ended 31 March 2008 of HK 10.1 cents per share, amounting to a total dividend of HK$43,592,000 is to be proposed at the annual general meeting on 29 July 2008. 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.

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Year ended 31 March 2008

13. Intangible assets – Group

	Goodwill HK$'000 Note (a)	Customer relationships HK$'000 Note (b)	Total HK$'000
Balance at 1 April 2006 and 31 March 2007			
Cost	25,539	–	25,539
Accumulated amortisation	–	–	–
Net book value at 1 April 2006 and 31 March 2007	25,539	–	25,539
Acquired in a business combination (Note 28)	–	4,991	4,991
Amortisation	–	(749)	(749)
Net book value at 31 March 2008	25,539	4,242	29,781
At 31 March 2008			
Cost	25,539	4,991	30,530
Accumulated amortisation	–	(749)	(749)
Net book value at 31 March 2008	25,539	4,242	29,781

(a) Goodwill

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

	Advertising in the Mainland China* HK$'000	Recruitment Advertising* HK$'000	Total HK$'000
Balance at 31 March 2008 and 2007	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 2008 indicated that no impairment charge was necessary. Key assumptions used in the impairment test are set out in note 4(i).

13. Intangible assets – Group (Continued)

(b) Customer relationships

The amount represented the fair value of existing customer contracts acquired form a business combination (Note 28). To estimate their fair value, a discounted cash flow method, specifically the income approach, was used with reference to the terms of the contracts and management's estimates of the level of revenue which will be generated from the customer relationships. A post-tax discount rate of 20% was used for the valuation. Customer relationships are being amortised over an estimated economic life of five years.

14. Property, plant and equipment – Group

	Leasehold buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Network and computer equipment HK$'000	Total HK$'000
At 1 April 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 1 April 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
Net book value at 1 April 2007	**45,891**	**9,631**	**117,228**	**24,076**	**550**	**3,674**	**201,050**
Additions	16,027	2,275	740	11,880	626	3,803	35,351
Depreciation	(1,334)	(3,559)	(10,836)	(10,106)	(204)	(2,189)	(28,228)
Disposals	–	–	–	(3)	(253)	(3)	(259)
Net book value at 31 March 2008	**60,584**	**8,347**	**107,132**	**25,847**	**719**	**5,285**	**207,914**
At 31 March 2008							
Cost	74,221	24,663	165,852	86,211	1,379	70,825	423,151
Accumulated depreciation	(13,637)	(16,316)	(58,720)	(60,364)	(660)	(65,540)	(215,237)
Net book value at 31 March 2008	60,584	8,347	107,132	25,847	719	5,285	207,914

Notes to the Consolidated Financial Statements

Year ended 31 March 2008

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:

	2008 HK$'000	2007 HK$'000
Net book value at 1 April	55,022	55,155
Additions	19,298	–
Amortisation	(152)	(133)
	74,168	55,022
Leases of over 50 years	70,796	52,145
Leases of between 10 to 50 years	3,372	2,877
	74,168	55,022

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:

	2008 HK$'000	2007 HK$'000
Deferred income tax assets:		
– Deferred tax assets to be recovered after more than 12 months	8	22
– Deferred tax assets to be recovered within 12 months	4	(14)
	12	8
Deferred income tax liabilities:		
– Deferred tax liabilities to be settled after more than 12 months	(18,700)	(13,367)
– Deferred tax liabilities to be settled within 12 months	(7,334)	(4,798)
	(26,034)	(18,165)
	(26,022)	(18,157)

16. Deferred income tax – Group (Continued)

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$'000	Other HK$'000	Total HK$'000
At 1 April 2006	17,435	–	17,435
Recognised in the income statement	11,400	–	11,400
At 31 March 2007	28,835	–	28,835
Acquisition of a business (note 28)	–	873	873
Recognised in the income statement	(336)	(131)	(467)
At 31 March 2008	28,499	742	29,241

Deferred income tax assets

	Provisions HK$'000	Tax losses HK$'000	Total HK$'000
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)
Recognised in the income statement	(350)	7,809	7,459
At 31 March 2008	(350)	(2,869)	(3,219)

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$11,746,000 (2007: HK$10,952,000) in respect of tax losses amounting to HK$64,671,000 (2007: HK$57,989,000) that can be carried forward against future taxable income. The tax losses of HK$58,099,000 have no expiry date while other tax losses amounting to HK$1,661,000, HK$1,222,000, HK$1,423,000, HK$705,000 and HK$1,561,000 will expire in 2009, 2010, 2011, 2012 and 2013 respectively.

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17. Inventories – Group

	2008 HK$'000	2007 HK$'000
Raw materials	32,396	20,059
Finished goods	2,481	817
Less: provision for obsolete inventories	(870)	(297)
	34,007	20,579

The cost of inventories recognised as expense and included in cost of sales amounted to HK$122,260,000 (2007: HK$118,460,000).

18. Trade receivables – Group

An ageing analysis of trade receivables by overdue date is as follows:

	2008 HK$'000	2007 HK$'000
0 to 30 days	109,439	107,963
31 to 60 days	32,868	26,576
61 to 90 days	14,199	11,901
Over 90 days	23,574	10,945
Trade receivables, gross	180,080	157,385
Less: provision for impairment of receivables	(2,764)	(2,414)
	177,316	154,971

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

Trade receivables that are not past due and not impaired amounted to HK$64,411,000 (2007: HK$69,746,000). These balances relate to a wide range of customers for whom there was no recent history of default.

18. Trade receivables – Group (Continued)

The credit period granted by the Group to its trade customers ranges from 0 to 90 days. Below is an an ageing analysis of trade receivables that are past due as at the reporting date but not impaired:

	2008 HK$'000	2007 HK$'000
1 to 30 days	45,023	38,214
31 to 60 days	32,458	26,379
61 to 90 days	13,999	11,059
Over 90 days	21,425	9,573
	112,905	85,225

Trade receivables past due but not impaired represent balances that the Group considered to be fully recoverable based on past experience.

The movement in provision for impairment of receivables during the year is as follows:

	2008 HK$'000	2007 HK$'000
At beginning of the year	2,414	6,276
Impairment provision made	504	357
Amounts written off as uncollectible	(2)	(8)
Amounts recovered during the year	–	(2,013)
Impairment provision reversed	(152)	(2,198)
At end of the year	2,764	2,414

The Group assesses its trade receivables individually to determine their recoverability and the provision for impairment of receivables is used to record the provision made as a result of such assessments. The ending balance of the provision for impairment of receivables represents accounts that were past due over an extended period of time and the Group considers that they may not be recoverable.

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19. Cash and cash equivalents and pledged time deposits

	Group		Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Cash at bank and in hand	48,693	35,675	178	993
Short-term bank deposits	258,970	197,719	253,578	191,728
	307,663	233,394	253,756	192,721
Less: Pledged time deposits	(5,393)	(3,428)	–	–
Cash and cash equivalents	302,270	229,966	253,756	192,721
Maximum exposure to credit risk	305,543	233,276	253,754	192,717
Denominated in:				
– HK dollars	302,536	232,543	251,757	192,721
– Renminbi	3,081	814	–	–
– Other currencies	2,046	37	1,999	–
	307,663	233,394	253,756	192,721

The pledged time deposits were used to secure general banking facilities granted to the Group (note 25).

The effective interest rate on short-term bank deposits was 3.69% (2007: 3.90%) per annum. These deposits have an average maturity of 40 days (2007: 43 days).

The Group's bank balances and cash of approximately HK$3,036,000 and HK$782,000 as at 31 March 2008 and 2007, respectively, were denominated in Renminbi and kept in the PRC. The remittance of these funds out of the PRC is subject to the foreign exchange restrictions imposed by the PRC government.

20. Trade payables – Group

An ageing analysis of trade payables is as follows:

	2008 HK$'000	2007 HK$'000
0 to 30 days	34,896	24,034
31 to 60 days	4,169	768
61 to 90 days	156	453
Over 90 days	682	244
	39,903	25,499

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

21. Share Capital – Group and Company

	2008 HK$'000	2007 HK$'000
Authorised:		
2,000,000,000 shares of HK$0.10 each	200,000	200,000
Issued and fully paid:		
431,600,000 shares of HK$0.10 each	43,160	43,160

Notes to the Consolidated Financial Statements
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22. Reserves – Group and Company

(a) Group

Movements of the Group's reserves for the years ended 31 March 2008 and 2007 are presented in the consolidated statement of changes in equity on page 44.

(b) Company

	Share premium HK$'000	Capital reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2006	307,357	6,120	7,272	320,749
Profit for the year	–	–	5,975	5,975
Final dividend for the year ended 31 March 2006	(24,601)	–	–	(24,601)
Interim dividend for the year ended 31 March 2007	(12,948)	–	–	(12,948)
At 31 March 2007	269,808	6,120	13,247	289,175
At 1 April 2007	269,808	6,120	13,247	289,175
Profit for the year	–	–	58,132	58,132
Final dividend for the year ended 31 March 2007	–	–	(34,096)	(34,096)
Interim dividend for the year ended 31 March 2008	–	–	(13,380)	(13,380)
At 31 March 2008	269,808	6,120	23,903	299,831

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

		2008 HK$'000	2007 HK$'000
Investments in unlisted shares, at cost	(Note (a))	178,627	178,627
Amounts due from subsidiaries	(Note (b))	117,988	83,459
Amounts due to subsidiaries	(Note (b))	(207,491)	(122,464)

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

(a) Particulars of all the Company's subsidiaries at 31 March 2008 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 electronic 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 electronic 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 electronic financial information services in Mainland China	Ordinary HK$100	96.04%
ET Trade 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 2008

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

(a) Particulars of all the Company's subsidiaries at 31 March 2008 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%
Health Smart Limited	Hong Kong	Operation of health portal 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

23. 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.

24. Cash generated from operations – Group

	2008 HK$'000	2007 HK$'000
Profit before income tax	160,982	145,096
Adjustments for:		
– Depreciation (note 14)	28,228	26,433
– Negative goodwill from business combination (note 28)	(618)	–
– Amortisation of customer relationships (note 13)	749	–
– Amortisation of lease premium of land (note 15)	152	133
– (Gain)/loss on disposal of property, plant and equipment (see below)	(38)	50
– Bank interest income (note 5(i))	(9,031)	(6,948)
– Interest expenses on bank loans and overdrafts	–	54
– Interest element of finance leases	–	1,081
– Bad debts written off (note 6)	312	591
– Reversal of provision for impairment of receivables (note 6)	(152)	(2,198)
– Provision for impairment of receivables (note 6)	504	357
– Provision of obsolete inventories (note 6)	573	558
Changes in working capital:		
– Increase in inventories	(14,001)	(882)
– Increase in trade and other receivables	(29,945)	(23,663)
– Increase in trade and other payables	54,081	16,180
Cash generated from operations	191,796	156,842

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

	2008 HK$'000	2007 HK$'000
Net book amount (note 14)	259	511
Gain/(loss) on disposal of property, plant and equipment	38	(50)
Proceeds from disposal of property, plant and equipment	297	461

Notes to the Consolidated Financial Statements
Year ended 31 March 2008

25. Banking Facilities – Group

At 31 March 2008, bank deposits of HK$5,393,000 (2007: HK$3,428,000) were pledged as securities against general banking facilities granted to the Group.

26. Commitments – Group and Company

(a) Group

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

	2008 HK$'000	2007 HK$'000
Property, plant and equipment – contracted but not yet provided for	3,077	4,523

(ii) *Commitments under operating leases*

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

	2008 HK$'000	2007 HK$'000
Not later than one year	14,296	9,502
Later than one year and not later than five years	11,671	1,533
	25,967	11,035

(b) Company

The Company had no capital and operating lease commitment as at 31 March 2008 and 2007.

27. Related party transactions – Group

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

		2008 HK$'000	2007 HK$'000
a)	**Service income**		
	– Roctec Credit Limited	303	204
	– Roctec Securities Company Limited	171	2
		474	206
	Service income was charged at rates mutually agreed by respective parties.		
b)	**Rental expenses on leased property**		
	– Charm Data Limited	3,424	2,853
	– Honley Limited	2,510	2,092
	– Roctec Systems Limited	510	500
		6,444	5,445
	Rental expenses on leased property were charged at rates mutually agreed by respective parties.		
c)	**Consultant royalties expenses**		
	– Wayca Development Limited	175	158
	Consultant royalties were charged at a rate mutually agreed by both parties.		

Notes to the Consolidated Financial Statements
Year ended 31 March 2008

27. Related party transactions – Group (Continued)

		2008 HK$'000	2007 HK$'000
d)	**Remuneration of contributor**		
	– Mak Ping Leung, the Director of the Company	73	75
	– Paul & Associates Consulting Ltd	112	–
	Remuneration of contributor was charged at rates mutually agreed by respective parties		
e)	**Key management personnel compensation**		
	– Salaries and other short-term employee benefits	17,856	16,361
	– Post-employment benefits	683	643
		18,539	17,004

Roctec Securities Company Limited and Roctec Systems 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 Limited is beneficially owned by Mr. SHEK Kang Chuen, the beneficial shareholder and director of the Company. Paul & Associates Consulting Limited is beneficially owned by Mr. CHAN Mo Po, Paul.

28. Acquistion of a business

On 15 June 2007, the Group acquired a funds settlement system business from an unrelated third party, for a cash consideration of HK$3,500,000.

During the year, the acquired business contributed revenue and profits attributable to equity holders of the Company of HK$1,900,000 and HK$880,000 respectively for the period from 15 June 2007 to 31 March 2008. If the acquisition had occurred on 1 April 2007, Group's revenue and profits attributable to equity holders of the Company would have been increased by HK$2,300,000 and HK$950,000 respectively.

Details of net assets acquired are as follow:

	HK$'000
Purchase consideration – cash paid	3,500
Fair value of net assets acquired – shown as below	4,118
Negative goodwill	(618)

The assets and liabilities as of 15 June 2007 arising from the acquisition are as follow:

	Fair Value HK$'000	Acquiree's carrying amount HK$'000
Intangible assets – customer relationships (note 13)	4,991	–
Property, plant and equipment – computer hardware	–	–
Deferred income tax liabilities (note 16)	(873)	–
Net assets acquired	4,118	–
Purchase consideration settled in cash	3,500	
Cash and cash equivalents acquired	–	
Cash outflow on acquisition	3,500	

There was no acquisition in the year ended 31 March 2007.

Five-year Financial Summary

(in HK$ millions, except per share amounts)	Year ended 31 March 2008	2007	2006	2005	2004
	Consolidated			Combined	

Operating Results

	2008	2007	2006	2005	2004
Turnover	946	833	722	608	516
Gross profits	409	357	319	257	208
Operating profit	161	146	124	81	38
Finance costs	–	(1)	(4)	(1)	(1)
Profit before income tax	161	145	120	80	37
Income tax expense	(27)	(25)	(21)	(14)	(10)
Profit for the year	134	120	99	66	27
Attributable to					
– equity holders of the Company	133	120	98	65	26
– minority interests	1	0	1	1	1
	134	120	99	66	27
Earnings per share (in HK Cents)	30.71	27.81	25.11	20.86	8.33

(in HK$ millions, except per share amounts)	Year ended 31 March				
	2008	2007	2006	2005	2004
	Consolidated			Combined	

Assets and Liabilities

	2008	2007	2006	2005	2004
Non-current assets	312	282	285	209	176
Current assets	539	420	383	172	151
Total assets	851	702	668	381	327
Bank loans and finance leases	–	–	(69)	(67)	(34)
Other liabilities	(230)	(167)	(147)	(136)	(208)
Total liabilities	(230)	(167)	(216)	(203)	(242)
Net assets	621	535	452	178	85
Equity holders' fund	619	534	451	177	83
Minority interests	2	1	1	1	2
Total equity	621	535	452	178	85

Five-year Financial Summary

	Year ended 31 March				
	2008	2007	2006	2005	2004
	Consolidated			Combined	
Key Financial Ratio					
Gross profit margin	43.2%	42.8%	44.1%	42.3%	40.4%
Operating profit margin	17.0%	17.6%	17.2%	13.4%	7.4%
Net profit margin	14.0%	14.4%	13.6%	10.7%	5.0%
Gearing ratio	–	–	10.3%	17.6%	10.3%
Current ratio	2.64 times	2.82 times	2.62 times	1.04 times	0.89 times
Quick ratio	2.48 times	2.68 times	2.48 times	1.02 times	0.88 times

The results of the Group for the years ended 31 March 2004 and 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 2007 and 2008 and its assets and liabilities as at 31 March 2007 and 2008 are set out on pages 39 to 41 in this Annual Report and the basis of preparation are described in note 2.1 to the Consolidated Financial Statements.