

Hong Kong Economic Times Holdings Limited

# Interim Report 2009/2010

Stock Code 00423



香港經濟日報集團有限公司  
HONG KONG ECONOMIC TIMES HOLDINGS LIMITED

## INTERIM RESULTS 2009/2010

The Directors of Hong Kong Economic Times Holdings Limited (the "Company") are pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2009. These results have been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and by the Audit Committee of the Company.

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited For the six months ended 30 September	
		2009 HK\$'000	2008 HK\$'000
<b>Turnover</b>	2	387,013	478,796
Cost of sales		(228,673)	(276,782)
Gross profit		158,340	202,014
Other revenue	3	209	71
Selling and distribution expenses		(47,051)	(74,367)
General and administrative expenses		(64,057)	(70,250)
Operating profit	4	47,441	57,468
Finance income	5	1,447	2,455
<b>Profit before income tax</b>		48,888	59,923
Income tax expense	6	(8,098)	(8,112)
<b>Total comprehensive income for the period</b>		40,790	51,811
Total comprehensive income attributable to:			
Equity holders of the Company		40,002	51,081
Minority interests		788	730
		40,790	51,811
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents)			
Basic and diluted	7	9.27	11.84
<b>Dividends</b>	8	13,380	13,380

## CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited As at 30 September 2009 HK\$'000	Audited As at 31 March 2009 HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Intangible assets		28,284	28,783
Property, plant and equipment	9	174,420	190,987
Lease premium for land		73,915	70,715
Investment property		6,366	4,715
Held-to-maturity investments		3,960	3,966
Deferred income tax assets		17	18
		<b>286,962</b>	<b>299,184</b>
<b>Current assets</b>			
Inventories		12,309	38,556
Trade receivables	10	132,385	95,906
Deposits, prepayments and other receivables		17,017	21,045
Tax recoverable		6,868	4,547
Pledged time deposits		5,241	5,512
Term deposits with original maturities of over three months		308,933	284,042
Cash and cash equivalents		70,478	63,207
		<b>553,231</b>	<b>512,815</b>
<b>Current liabilities</b>			
Trade payables	11	22,478	25,010
Fees in advance		62,693	61,381
Accruals and other payables		72,132	70,188
Current income tax liabilities		14,648	3,688
		<b>171,951</b>	<b>160,267</b>
<b>Net current assets</b>		<b>381,280</b>	<b>352,548</b>
<b>Total assets less current liabilities</b>		<b>668,242</b>	<b>651,732</b>

	<i>Note</i>	<b>Unaudited As at 30 September 2009 HK\$'000</b>	<b>Audited As at 31 March 2009 HK\$'000</b>
<b>Financed by:</b>			
Share capital	12	43,160	43,160
Reserves			
Proposed final dividend		–	23,738
Proposed interim dividend		13,380	–
Others		583,799	557,177
<b>Equity holders' funds</b>		<b>640,339</b>	<b>624,075</b>
<b>Minority interests</b>		<b>4,186</b>	<b>3,398</b>
<b>Total equity</b>		<b>644,525</b>	<b>627,473</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities		23,717	24,259
<b>Total equity and non-current liabilities</b>		<b>668,242</b>	<b>651,732</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Unaudited  
For the six months ended  
30 September  
2009                      2008  
HK\$'000                      HK\$'000

Net cash inflow from operating activities	56,704	41,395
Net cash outflow from investing activities	(25,695)	(11,918)
Net cash outflow from financing activities	(23,738)	(43,592)
Net increase/(decrease) in cash and cash equivalents	7,271	(14,115)
Cash and cash equivalents at 1 April	63,207	302,270
Cash and cash equivalents at 30 September ( <i>note</i> )	70,478	288,155

Note: As at 30 September 2009, the total cash and cash equivalents and term deposits with original maturities of over three months amounted to HK\$379,411,000 (30 September 2008: HK\$288,155,000).

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to equity holders of the Company						Minority interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
Balance at 1 April 2008	43,160	122,381	69,944	6,120	377,404	619,009	1,923	620,932
Total comprehensive income for the period	-	-	-	-	51,081	51,081	730	51,811
Final dividend paid to equity holders of the Company	-	-	-	-	(43,592)	(43,592)	-	(43,592)
Balance at 30 September 2008	43,160	122,381	69,944	6,120	384,893	626,498	2,653	629,151
Balance at 1 April 2009	43,160	122,381	69,944	6,120	382,470	624,075	3,398	627,473
Total comprehensive income for the period	-	-	-	-	40,002	40,002	788	40,790
Final dividend paid to equity holders of the Company ( <i>note 8</i> )	-	-	-	-	(23,738)	(23,738)	-	(23,738)
Balance at 30 September 2009	43,160	122,381	69,944	6,120	398,734	640,339	4,186	644,525

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months period ended 30 September 2009

### 1. Basis of preparation and accounting policies

The unaudited condensed interim financial information is prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

This unaudited condensed interim financial information should be read in conjunction with the Group’s audited 2009 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA.

The accounting policies and method of computation used in the preparation of this condensed interim financial information are consistent with those adopted in the annual financial statements for the year ended 31 March 2009.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

HKICPA has issued a number of new/revised accounting standards and interpretations that are effective for accounting periods beginning on or after 1 April 2009, including the following that are relevant to the preparation of the interim financial statements:

#### **HKAS 1 (revised): Presentation of Financial Statements**

HKAS 1 (revised) prohibits the presentation of items of income and expenses (that is “non-owner changes in equity”) in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity. All “non-owner changes in equity” are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present one single statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

#### **HKFRS 8: Operating Segments**

HKFRS 8 replaces HKAS 14, “Segment reporting”. It requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer (“CEO”) of the Group who makes strategic decisions.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months period ended 30 September 2009

### HKFRS 7 (Amendments): Improving Disclosures about Financial Instruments

The amendment to HKFRS 7 increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31 March 2010.

The following new/revised standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 April 2009, but are not currently relevant for the Group:

HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Revised)	Financial Instruments: Presentation
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 2 (Amendments)	Share-based Payment – Group Cash-settled Share-based Payments Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
Various	HKICPA's improvements to HKFRSs



## 2. Segment information

The chief operating decision-maker has been identified as the CEO of the Group. He reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group has 4 reportable segments:

- (1) Printed media segment – principally engaged in the printing and publication of newspapers, magazines and books and generates advertising income and circulation income from these publications.
- (2) Financial news agency, information and solutions segment – principally engaged in the provision of electronic financial and property market information and related solutions and generates service income from provision of information subscription services, solutions and other related maintenance services.
- (3) Recruitment advertising and training segment – principally engaged in the provision of recruitment advertising and training services. This segment generates (i) advertising income from placement of recruitment advertisements; and (ii) enrolment income on the provision of professional training.
- (4) Lifestyle portals segment – principally engaged in the operation of portals in food, travel, health and other lifestyle focus. This segment generates advertising income and service income from operation of internet portals.

The chief operating decision-maker assesses the performance of the operating segments based on their respective segment results.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

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 periods/years is presented.



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months period ended 30 September 2009

The segment results for the six months period ended 30 September 2009 are as follows:

### (a) Reportable segment profit or loss

	Unaudited For the six months ended 30 September											
	Printed media		Financial news agency, information and solutions		Recruitment advertising and training		Lifestyle portals		Corporate		Total	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Turnover, gross	270,814	338,342	96,430	98,127	20,351	46,266	2,533	863	-	-	390,128	483,598
Inter-segment transactions	(2,256)	(4,192)	(744)	(559)	(111)	(51)	(4)	-	-	-	(3,115)	(4,802)
Turnover, net	268,558	334,150	95,686	97,568	20,240	46,215	2,529	863	-	-	387,013	478,796
Operating profit/(loss)	25,905	26,487	26,065	24,453	1,279	11,211	(5,784)	(4,361)	(24)	(322)	47,441	57,468
Finance income											1,447	2,455
Profit before income tax											48,888	59,923
Income tax expense											(8,098)	(8,112)
Profit for the period											40,790	51,811
Attributable to:												
Equity holders of the Company											40,002	51,081
Minority interests											788	730
											40,790	51,811

### (b) Reportable segment assets

	As at											
	Printed media		Financial news agency, information and solutions		Recruitment advertising and training		Lifestyle portals		Corporate		Total	
	Unaudited 30 September 2009	Audited 31 March 2009	Unaudited 30 September 2009	Audited 31 March 2009	Unaudited 30 September 2009	Audited 31 March 2009	Unaudited 30 September 2009	Audited 31 March 2009	Unaudited 30 September 2009	Audited 31 March 2009	Unaudited 30 September 2009	Audited 31 March 2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	720,368	668,236	67,883	64,177	36,364	37,529	5,209	3,887	10,369	38,170	840,193	811,999

For the six months ended 30 September 2009, revenue of approximately HK\$50,751,000 (2008: HK\$49,086,000) is derived from a single external customer. The revenue is attributable to the printed media segment.

### 3. Other revenue

	Unaudited For the six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Rental income from machinery and properties	209	71

### 4. Operating profit

Operating profit is stated after charging the following:

	Unaudited For the six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Amortisation of contractual customer relationships	499	499
Amortisation of lease premium for land	117	84
Depreciation of property, plant and equipment and investment property	14,138	15,092

### 5. Finance income

	Unaudited For the six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Bank interest income	1,346	2,329
Investments interest income	101	126
	1,447	2,455

### 6. Income tax expense

Hong Kong profits tax has been provided at a rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the period.

	Unaudited For the six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Current income tax – Hong Kong profits tax	8,639	8,207
Deferred income tax relating to the origination and reversal of temporary differences	(541)	(95)
	8,098	8,112

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months period ended 30 September 2009

### 7. Earnings per share

The calculation of basic earnings per share for current period is based on profit attributable to equity holders of the Company of HK\$40,002,000 (2008: HK\$51,081,000) and number of 431,600,000 shares (2008: 431,600,000) in issue during the period.

No diluted earnings per share was presented as there were no dilutive potential ordinary shares during the period ended 30 September 2009 (2008: same).

### 8. Dividends

A final dividend in respect of the year ended 31 March 2009 of HK 5.5 cents per share, amounting to a total dividend of HK\$23,738,000 was paid in August 2009.

The Directors have declared an interim dividend of HK 3.1 cents (2008: HK 3.1 cents) per share, amounting to HK\$13,380,000 (2008: HK\$13,380,000), for the period.

### 9. Property, plant and equipment

	Unaudited						Total HK\$'000
	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	
At 1 April 2009							
Cost	72,787	25,587	166,990	93,805	1,494	71,857	432,520
Accumulated depreciation	(15,117)	(19,738)	(69,872)	(71,000)	(628)	(65,178)	(241,533)
Net book value at 1 April 2009	57,670	5,849	97,118	22,805	866	6,679	190,987
Additions	-	197	56	798	-	1,479	2,530
Transfer to investment property	(4,962)	-	-	-	-	-	(4,962)
Depreciation	(717)	(1,464)	(5,470)	(4,824)	(116)	(1,522)	(14,113)
Disposals	-	-	(20)	(2)	-	-	(22)
Net book value at 30 September 2009	51,991	4,582	91,684	18,777	750	6,636	174,420
At 30 September 2009							
Cost	67,825	25,784	166,993	94,583	1,494	73,336	430,015
Accumulated depreciation	(15,834)	(21,202)	(75,309)	(75,806)	(744)	(66,700)	(255,595)
Net book value at 30 September 2009	51,991	4,582	91,684	18,777	750	6,636	174,420

## 10. Trade receivables

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

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
0 to 30 days	92,680	57,982
31 to 60 days	20,228	15,997
61 to 90 days	9,805	9,157
Over 90 days	13,364	16,360
Trade receivables, gross	136,077	99,496
Less: provision for impairment of receivables	(3,692)	(3,590)
	132,385	95,906

## 11. Trade payables

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
0 to 30 days	21,343	21,393
31 to 60 days	518	1,664
61 to 90 days	313	1,606
Over 90 days	304	347
	22,478	25,010

## 12. Share capital

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 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 CONDENSED INTERIM FINANCIAL INFORMATION

For the six months period ended 30 September 2009

### 13. Related party transactions

Significant transactions with related parties are:

	Unaudited For the six months ended 30 September 2009 HK\$'000	2008 HK\$'000
Rental expenses paid to related parties	362	4,580
Key management personnel compensation		
Salaries and other short-term employee benefits	7,352	7,987
Post-employment benefits	327	362
	7,679	8,349

### 14. Capital commitments

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

	Unaudited 30 September 2009 HK\$'000	Audited 31 March 2009 HK\$'000
Property, plant and equipment – contracted but not provided for	1,094	1,154

### 15. Approval of the condensed interim financial information

This condensed interim financial information was approved by the Board of Directors on 16 November 2009.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Summary of Profit and Loss Account

(HK\$'000)	For the six months ended		% Change
	30 September 2009	2008	
Turnover	387,013	478,796	-19%
Cost of sales	(228,673)	(276,782)	-17%
Gross profit	158,340	202,014	-22%
Other revenue	209	71	194%
Selling and distribution expenses	(47,051)	(74,367)	-37%
General and administrative expenses	(64,057)	(70,250)	-9%
Operating profit	47,441	57,468	-17%
Finance income	1,447	2,455	-41%
Profit before income tax	48,888	59,923	-18%
Income tax expense	(8,098)	(8,112)	0%
Profit for the period	40,790	51,811	-21%
Minority interests	(788)	(730)	8%
Profit attributable to equity holders	40,002	51,081	-22%

#### General

The Group's turnover and profit attributable to equity holders decreased by 19% and 22% respectively as compared to the first half of last financial year. The Group experienced a difficult and challenging period in the face of global economic crisis. Advertising and promotion spending in the market was cautious and conservative. Recruitment activities were stagnant. These factors seriously affected the turnover of printed media and recruitment advertising and training segments. The active stock market during the first half of the financial year under review enabled the Group's financial news agency, information and solutions segment to maintain its significant contribution to the Group's half year results. The Group, riding on its successful experience of business diversification, continued to invest in the lifestyle portals segment.



## Turnover

The Group's turnover for the first half of the financial year 2009/10 recorded HK\$387.0 million, a decrease of HK\$91.8 million or 19% as compared to the same period last year.

Advertising income dropped to HK\$200.4 million from HK\$291.5 million in the corresponding period, representing a decrease of 31%. The decrease was due to the reduction of display advertisements and recruitment advertisements, both of which were deeply affected by the stringent marketing and recruitment spending under the uncertain economic climate.

Circulation income recorded a moderate decrease of 7% to HK\$70.9 million from HK\$76.4 million in the same period last year. The Group's emphasis on product quality was able to retain readers even in this difficult time.

Service income, on the other hand increased by 11% to HK\$108.9 million from HK\$97.7 million in the same period last year. The increase came from the provision of printing and marketing related services.

## Operating Costs

Despite the significant decrease of advertising income, the Group was able to maintain a gross profit margin of 40.9%, a slight decrease from 42.2% in the corresponding period in 2008. This was achieved through the exercise of tight control over operating costs and cost structure reengineering implemented in late 2008 in response to the adverse impact of financial tsunami.

Staff cost, being the largest single item of operating cost of the Group, decreased by approximately 15% as compared to the same period last year as a result of the Group's effort in resources reorganization. Staff cost represented approximately 48% of the Group's total operating costs as compared to 45% for the same period in 2008.

Newsprint costs, representing approximately 12% of the Group's total operating costs for the period under review which was similar to the corresponding period, dropped by 16% over the same period last year. The drop was mainly attributable to effective control in newsprint prices, consumption and materials sourcing.

### Profit Attributable to Equity Holders

Profit attributable to equity holders for the period under review was HK\$40.0 million, representing a decrease of HK\$11.1 million or 22% as compared to HK\$51.1 million in the same period last year. The decrease was largely due to the reduced profitability of the recruitment advertising and training segment which was severely affected by the downturn of economy and the intense competition from peers. Printed media segment was able to maintain its profit contribution to the Group through effective cost control. Financial news agency, information and solutions segment continued its growing contribution to the Group. The Group's continued investment in lifestyle portals would exert pressure on the Group's net profit during its investment stage.

Net profit margin for the six months ended 30 September 2009 registered 10.3%, a slight drop from 10.7% in the same period last year.

### Liquidity and Capital Resources

(in HK\$ million)	As at 30 September 2009	As at 31 March 2009
Net current assets	381.3	352.5
Term deposits and cash and cash equivalents	379.4	347.2
Equity holders' funds	640.3	624.1
Current ratio	3.22 times	3.20 times

The Group's net current assets as at 30 September 2009 was HK\$381.3 million, an increase of HK\$28.8 million from the position as at 31 March 2009. The increase was mainly due to the increase in trade receivables with due date within 0 to 30 days from the period end date of 30 September 2009.

Term deposits and cash and cash equivalents increased from HK\$347.2 million as at 31 March 2009 to HK\$379.4 million as at 30 September 2009. The increase was mainly attributable to the improved financial position in the second quarter of the financial year and the Group's effective credit control operation. The Group had paid out a final dividend for the financial year 2008/09 amounting to HK\$23.7 million in August 2009.

The Group had no borrowing as at 30 September 2009. Any surplus cash was placed under short-term deposits with banks in Hong Kong.





## **OUTLOOK**

On the anniversary of the financial tsunami in September 2009, statistical figures on economic performance were diverse, opinion from financial experts, economists and scholars were at odds. Whether the real economy had recovered was still under debate. Under the uncertain and unpredictable economic situation, the Group would continue to equip itself in all aspects to face every challenge ahead.

With our dedicated management and sales team, the Group is committed to continue enlarging our market share in all businesses which the Group is engaged in. The significant decline of newsprint market price when compared to the same period last year together with effective control on newsprint consumption would contribute positively to the Group's bottom line. The Group would continue to invest in the lifestyle portals segment for the long term benefit of shareholders. In the foreseeable future, they will have negative impact on the Group's net profit.

Despite the uncertain economic environment and sluggish business activities, the Group would endeavor to strengthen its existing leadership in the five business directions, namely, finance, property, human resources, education and lifestyle.

## **EMPLOYEES**

As at 30 September 2009, the Group had 1,219 employees (30 September 2008: 1,423 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.

## **INTERIM DIVIDEND**

The Directors have declared an interim dividend of HK 3.1 cents (2008: HK 3.1 cents) per share, amounting to HK\$13,380,000 (2008: HK\$13,380,000), payable on 9 December 2009 to shareholders whose names appear on the Register of Members of the Company at the close of business on 1 December 2009.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from 2 December 2009 to 4 December 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 1 December 2009.

## DIRECTORS

The following persons were Directors of the Company as at the date of this report:

### Executive Directors

Mr. FUNG Siu Por, Lawrence (*Chairman*)

Mr. MAK Ping Leung

(alias: Mr. Mak Wah Cheung)

Mr. CHAN Cho Bui

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

## DIRECTORS' INTERESTS IN SHARES

As at 30 September 2009, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Director	Capacity/Nature of interest	Number of ordinary shares held	Percentage of issued share capital of the Company
Mr. FUNG Siu Por, Lawrence ( <i>Note 1</i> )	Corporate	44,275,000	10.258%
Mr. MAK Ping Leung	Beneficial owner	810,000	0.188%
Mr. CHAN Cho Bui	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 ( <i>Note 2</i> )	Corporate	87,435,000	20.258%
Mr. CHOW On Kiu	Beneficial owner	150,000	0.035%
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.


At no time during the six months ended 30 September 2009 was the Company or any of its subsidiaries a party to any arrangement 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 six months ended 30 September 2009 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 interests 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 INTERESTS IN SHARE CAPITAL

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30 September 2009, 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%
H Partners Management, LLC (Note 3)	60,714,000	14.067%
Golden Rooster Limited (Note 4)	44,275,000	10.258%
The University of Hong Kong	43,160,000	10.000%
The Goldman Sachs Group, Inc.	25,846,000	5.988%

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- 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 which is in turn wholly owned by two trustees, Shin Ho Yin, Anthony and Tsoi Hak Kong, Herbert. For the purpose of Part XV of the SFO, Koala Association S.A., HSBC Trust Company (BVI) Limited, Shin Ho Yin, Anthony and Tsoi Hak Kong, Herbert are therefore deemed interested in the shares held by Putt Putt Company Limited.*
- Note 3: H Partners Management, LLC is wholly owned by Mr. Jaffer Rehan. For the purpose of Part XV of the SFO, Mr. Jaffer Rehan is therefore deemed interested in the shares held by H Partners Management, LLC.*
- Note 4: 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.*

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2009.

## **CORPORATE GOVERNANCE**

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code Provisions") contained in Appendix 14 of the Listing Rules except as stated below.

Under Code A.2.1 of the Code Provisions, the role 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 of Directors (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 the 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.



## **CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company confirmed the adoption of the Model Code as set out in Appendix 10 of the Listing Rules. All Directors of the Company have confirmed their compliance with the required standard set out in the Model Code regarding directors' securities transactions throughout the six months period ended 30 September 2009.

## **AUDIT COMMITTEE**

The Company established an Audit Committee on 29 April 2005 with written terms of reference. 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 Group's unaudited interim results for the six months ended 30 September 2009 has been reviewed by the Audit Committee.

## **REMUNERATION COMMITTEE**

The Company established a Remuneration Committee on 29 April 2005 with written terms of reference. The Remuneration Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. Lo Foo Cheung as Committee Chairman and Mr. Chow On Kiu.

## **NOMINATION COMMITTEE**

The Company established a Nomination Committee on 29 April 2005 with written terms of reference. The Nomination 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.

By order of the Board  
**Hong Kong Economic Times Holdings Limited**  
**Chan Wa Pong**  
*Executive Director*

Hong Kong, 16 November 2009