



Hong Kong Economic Times Holdings Limited

**Interim Report**  
2010/2011

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

Stock Code 00423

## INTERIM RESULTS 2010/2011

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 2010. 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	
		2010 HK\$'000	2009 HK\$'000
<b>Turnover</b>	2	<b>464,395</b>	387,013
Cost of sales		<b>(247,473)</b>	(228,673)
Gross profit		<b>216,922</b>	158,340
Other revenue	3	<b>50</b>	209
Selling and distribution expenses		<b>(62,626)</b>	(47,051)
General and administrative expenses		<b>(78,107)</b>	(64,057)
Operating profit	4	<b>76,239</b>	47,441
Finance income	5	<b>1,814</b>	1,447
<b>Profit before income tax</b>		<b>78,053</b>	48,888
Income tax expense	6	<b>(8,132)</b>	(8,098)
<b>Profit for the period</b>		<b>69,921</b>	40,790
Other comprehensive income:			
Currency translation differences arising from foreign operations		<b>193</b>	-
Other comprehensive income for the period		<b>193</b>	-
<b>Total comprehensive income for the period</b>		<b>70,114</b>	40,790
Profit attributable to:			
Equity holders of the Company		<b>69,087</b>	40,002
Non-controlling interests		<b>834</b>	788
		<b>69,921</b>	40,790

The notes on pages 7 to 13 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

	<i>Note</i>	Unaudited	
		For the six months ended 30 September 2010 HK\$'000	2009 HK\$'000
Total comprehensive income attributable to:			
Equity holders of the Company		<b>69,280</b>	40,002
Non-controlling interests		<b>834</b>	788
		<b>70,114</b>	40,790
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents)			
Basic and diluted	7	<b>16.01</b>	9.27
<b>Dividends</b>	8	<b>17,696</b>	13,380

The notes on pages 7 to 13 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>Unaudited As at 30 September 2010 HK\$'000</b>	Restated As at 31 March 2010 HK\$'000
<b>Non-current assets</b>			
Intangible assets		1,747	2,246
Property, plant and equipment	9	222,867	228,612
Investment property		-	1,400
Held-to-maturity investments		33,212	-
Deferred income tax assets		4,935	16
		<b>262,761</b>	232,274
<b>Current assets</b>			
Inventories		24,945	17,261
Trade receivables	10	178,245	146,302
Deposits, prepayments and other receivables		18,729	16,118
Tax recoverable		-	1,953
Held-to-maturity investments		23,570	3,961
Pledged time deposits		5,007	5,004
Term deposits with original maturities of over three months		325,976	315,490
Cash and cash equivalents		112,171	160,384
		<b>688,643</b>	666,473
<b>Current liabilities</b>			
Trade payables	11	28,333	26,089
Fees in advance		74,964	71,485
Accruals and other payables		92,244	88,110
Current income tax liabilities		24,842	12,555
		<b>220,383</b>	198,239
<b>Net current assets</b>		<b>468,260</b>	468,234
<b>Total assets less current liabilities</b>		<b>731,021</b>	700,508

The notes on pages 7 to 13 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

	<i>Note</i>	<b>Unaudited As at 30 September 2010 HK\$'000</b>	Restated As at 31 March 2010 HK\$'000
Financed by:			
Share capital	12	43,160	43,160
Reserves			
Proposed final dividend		–	38,412
Proposed interim dividend		17,696	–
Others		643,226	591,642
<b>Equity holders' funds</b>		<b>704,082</b>	673,214
<b>Non-controlling interests</b>		<b>5,651</b>	4,817
<b>Total equity</b>		<b>709,733</b>	678,031
<b>Non-current liabilities</b>			
Deferred income tax liabilities		21,288	22,477
<b>Total equity and non-current liabilities</b>		<b>731,021</b>	700,508

The notes on pages 7 to 13 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	For the six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
Net cash inflow from operating activities	<b>58,055</b>	56,704
Net cash outflow from investing activities	<b>(68,049)</b>	(25,695)
Net cash outflow from financing activities	<b>(38,412)</b>	(23,738)
Net (decrease)/increase in cash and cash equivalents	<b>(48,406)</b>	7,271
Effect of foreign exchange rate changes, net	<b>193</b>	–
Cash and cash equivalents at 1 April	<b>160,384</b>	63,207
Cash and cash equivalents at 30 September (note)	<b>112,171</b>	70,478

*Note: As at 30 September 2010, the total cash and cash equivalents and term deposits with original maturities of over three months amounted to HK\$438,147,000 (30 September 2009: HK\$379,411,000).*

The notes on pages 7 to 13 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to equity holders of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Translation reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Balance at 1 April 2009</b>	43,160	122,381	69,944	6,120	-	382,470	624,075	3,398	627,473
Profit for the period	-	-	-	-	-	40,002	40,002	788	40,790
<b>Total comprehensive income</b>	-	-	-	-	-	40,002	40,002	788	40,790
<b>Transaction with owners</b>									
Final dividend for the year ended 31 March 2009	-	-	-	-	-	(23,738)	(23,738)	-	(23,738)
<b>Balance at 30 September 2009</b>	43,160	122,381	69,944	6,120	-	398,734	640,339	4,186	644,525
<b>Balance at 1 April 2010</b>	43,160	122,381	69,944	6,120	795	430,814	673,214	4,817	678,031
Profit for the period	-	-	-	-	-	69,087	69,087	834	69,921
<b>Other comprehensive income</b>									
Currency translation differences arising from foreign operations	-	-	-	-	193	-	193	-	193
<b>Total comprehensive income</b>	-	-	-	-	193	69,087	69,280	834	70,114
<b>Transaction with owners</b>									
Final dividend for the year ended 31 March 2010 (note 8)	-	-	-	-	-	(38,412)	(38,412)	-	(38,412)
<b>Balance at 30 September 2010</b>	43,160	122,381	69,944	6,120	988	461,489	704,082	5,651	709,733

The notes on pages 7 to 13 form an integral part of this condensed consolidated interim financial information.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

*For the six months period ended 30 September 2010*

### 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 2010 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 2010.

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, interpretations and the HKICPA's improvements to HKFRSs 2009 that are effective for accounting periods beginning on or after 1 April 2010 and are relevant to the Group's operation and are mandatory for the financial year ending 31 March 2011. These amendments to new/revised accounting standards and interpretations had no material impact on the Group's financial statements except for the following impact on the presentation:

#### **HKAS 17 (amendment): Leases**

The amendments to HKAS 17 "Leases" are effective for the Group with effect from 1 April 2010. Amendments to HKAS 17 require that the classification of leases is based on the extent to which the risks and rewards incidental to ownership of an asset lie with the lessor or the lessee. In particular, the amendments deleted the specific guidance in the standard which previously required that the land element in a lease is normally classified as an operating lease unless title to the leasehold land is expected to be passed to the lessee by the end of the lease term. Under the amended HKAS 17, a leasehold land is classified as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of the leasehold land to the lessee.

The amendments to HKAS 17 are required to be applied retrospectively. Comparative information has been restated to reflect this change in accounting policy. The effect of the adoption of this change in accounting policy is a reclassification of the Group's leases from "Lease premium for land" to "Property, plant and equipment" of HK\$62,288,000, HK\$62,366,000 and HK\$70,715,000 as of 30 September 2010, 1 April 2010 and 1 April 2009 respectively; and the reclassification of the corresponding "Amortisation of lease premium for land" to "Depreciation of property, plant and equipment" of HK\$78,000 and HK\$117,000 for the six months ended 30 September 2010 and 30 September 2009 respectively. This amendment had no impact on the Group's retained earnings and current period's profit.



## 2. Segment information

The chief operating decision-maker has been identified as the Chief Executive Officer 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:

- (i) 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.
- (ii) 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, solution and other related maintenance services.
- (iii) Recruitment advertising and training segment – principally engaged in the provision of recruitment advertising and training services. This segment generates advertising income from placement of recruitment advertisement, and enrolment income on the provision of professional training.
- (iv) 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.

Sales between segments are carried out at arm's length.

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 by geographical basis for the relevant periods/years is presented.

The segment results for the six months period ended 30 September 2010 are as follows:

	Unaudited For the six months ended 30 September													
	Printed media				Financial news agency, information and solutions		Recruitment advertising and training		Lifestyle portals		Corporate		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	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		
Turnover	327,425	270,814	108,343	96,430	26,433	20,351	5,594	2,533	-	-	467,795	390,128		
Inter-segment transactions	(2,197)	(2,256)	(726)	(744)	(470)	(111)	(7)	(4)	-	-	(3,400)	(3,115)		
Turnover – from external customers	325,228	268,558	107,617	95,686	25,963	20,240	5,587	2,529	-	-	464,395	387,013		
Operating profit/(loss)	57,642	25,905	22,512	26,065	4,303	1,279	(7,598)	(5,784)	(620)	(24)	76,239	47,441		
Finance income											1,814	1,447		
Profit before income tax											78,053	48,888		
Income tax expense											(8,132)	(8,098)		
Profit for the period											69,921	40,790		

### 3. Other revenue

	Unaudited For the six months ended 30 September	
	2010 HK\$'000	2009 HK\$'000
Rental income from properties	50	209

### 4. Operating profit

Operating profit is stated after charging the following:

	Unaudited For the six months ended 30 September	
	2010 HK\$'000	2009 HK\$'000
Amortisation of contractual customer relationships	499	499
Depreciation of property, plant and equipment and investment property	13,686	14,255
(Gain)/loss on disposal of property, plant and equipment and investment property	(43)	20
Operating lease rentals on land and buildings	7,374	11,615
Staff costs	206,575	163,303

## 5. Finance income

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Bank interest income	<b>962</b>	1,346
Interest income from held-to-maturity investments	<b>852</b>	101
	<b>1,814</b>	1,447

## 6. Income tax expense

Hong Kong profits tax has been provided at a rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the period.

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Current income tax – Hong Kong profits tax	<b>14,240</b>	8,639
Deferred income tax relating to the origination and reversal of temporary differences	<b>(6,108)</b>	(541)
	<b>8,132</b>	8,098

## 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\$69,087,000 (2009: HK\$40,002,000) and number of 431,600,000 shares (2009: 431,600,000 shares) in issue during the period.

Diluted earnings per share are the same as basic earnings per share as there were no dilutive potential ordinary shares during the period ended 30 September 2010 (2009: same).

## 8. Dividends

A final dividend in respect of the year ended 31 March 2010 of HK 8.9 cents per share, amounting to a total dividend of HK\$38,412,000 was paid in August 2010.

The Directors have declared an interim dividend of HK 4.1 cents (2009: HK 3.1 cents) per share, amounting to HK\$17,696,000 (2009: HK\$13,380,000), for the six months ended 30 September 2010.

## 9. Property, plant and equipment

	Unaudited						Total HK\$'000
	Leasehold properties 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, as previously reported	57,670	5,849	97,118	22,805	866	6,679	190,987
Restatement due to the adoption of amended HKAS 17	70,715	-	-	-	-	-	70,715
At 1 April 2009, as restated	128,385	5,849	97,118	22,805	866	6,679	261,702
Additions	-	197	56	798	-	1,479	2,530
Transfer to investment property	(1,645)	-	-	-	-	-	(1,645)
Depreciation	(834)	(1,464)	(5,470)	(4,824)	(116)	(1,522)	(14,230)
Disposals	-	-	(20)	(2)	-	-	(22)
Net book value at 30 September 2009	125,906	4,582	91,684	18,777	750	6,636	248,335
At 30 September 2009							
Cost	158,363	25,784	166,993	94,583	1,494	73,336	520,553
Accumulated depreciation	(32,457)	(21,202)	(75,309)	(75,806)	(744)	(66,700)	(272,218)
Net book value at 30 September 2009	125,906	4,582	91,684	18,777	750	6,636	248,335
At 1 April 2010, as previously reported	51,316	3,603	86,218	16,721	634	7,754	166,246
Restatement due to the adoption of amended HKAS 17	62,366	-	-	-	-	-	62,366
At 1 April 2010, as restated	113,682	3,603	86,218	16,721	634	7,754	228,612
Additions	-	302	193	3,792	369	1,894	6,550
Transfer from investment property	1,388	-	-	-	-	-	1,388
Depreciation	(756)	(977)	(5,473)	(4,575)	(141)	(1,752)	(13,674)
Disposals	-	-	-	(9)	-	-	(9)
Net book value at 30 September 2010	114,314	2,928	80,938	15,929	862	7,896	222,867
At 30 September 2010							
Cost	148,015	26,579	167,189	100,930	1,737	48,657	493,107
Accumulated depreciation	(33,701)	(23,651)	(86,251)	(85,001)	(875)	(40,761)	(270,240)
Net book value at 30 September 2010	114,314	2,928	80,938	15,929	862	7,896	222,867

## 10. Trade receivables

The credit period granted by the Group to its trade customers ranges from 0 to 90 days. The ageing analysis of trade receivables by overdue date is as follows:

	<b>Unaudited 30 September 2010 HK\$'000</b>	Audited 31 March 2010 HK\$'000
0 to 30 days	<b>113,350</b>	94,988
31 to 60 days	<b>26,524</b>	21,269
61 to 90 days	<b>18,968</b>	15,512
Over 90 days	<b>23,341</b>	18,259
Trade receivables, gross	<b>182,183</b>	150,028
Less: provision for impairment of receivables	<b>(3,938)</b>	(3,726)
	<b>178,245</b>	146,302

## 11. Trade payables

The ageing analysis of trade payables is as follows:

	<b>Unaudited 30 September 2010 HK\$'000</b>	Audited 31 March 2010 HK\$'000
0 to 30 days	<b>26,259</b>	24,591
31 to 60 days	<b>653</b>	814
61 to 90 days	<b>699</b>	176
Over 90 days	<b>722</b>	508
	<b>28,333</b>	26,089

## 12. Share capital

	<b>Unaudited 30 September 2010 HK\$'000</b>	Audited 31 March 2010 HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.10 each	<b>200,000</b>	200,000
Issued and fully paid: 431,600,000 shares of HK\$0.10 each	<b>43,160</b>	43,160

### 13. Related party transactions

Significant transactions with related parties are:

	<b>Unaudited</b> <b>For the six months ended</b> <b>30 September</b> <b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Hardware purchased from a related party	736	4
Rental expense paid to a related party	356	362
	<b>1,092</b>	366
Key management personnel compensation		
Salaries and other short-term employee benefits	9,588	7,352
Post-employment benefits	373	327
	<b>9,961</b>	7,679

### 14. Capital commitments

Capital commitments at the end of the reporting period but not yet incurred are as follows:

	<b>Unaudited</b> <b>30 September</b> <b>2010</b> <b>HK\$'000</b>	Audited 31 March 2010 HK\$'000
Property, plant and equipment		
– contracted but not yet provided for	1,159	2,290
– authorised but not yet contracted for	1,153	1,588
	<b>2,312</b>	3,878

### 15. Event occurring after the balance sheet date

The Group is in the process of acquiring office premises in Hong Kong for self use purpose with an estimated cost of approximately HK\$50 million and expects to complete the acquisitions by end of January 2011.

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

This condensed interim financial information was approved by the Board of Directors on 15 November 2010.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Summary of Profit and Loss Account

(HK\$'000)	For the six months ended		% Change
	30 September 2010	2009	
Turnover	<b>464,395</b>	387,013	20%
Cost of sales	<b>(247,473)</b>	(228,673)	8%
Gross profit	<b>216,922</b>	158,340	37%
Other revenue	<b>50</b>	209	-76%
Selling and distribution expenses	<b>(62,626)</b>	(47,051)	33%
General and administrative expenses	<b>(78,107)</b>	(64,057)	22%
Operating profit	<b>76,239</b>	47,441	61%
Finance income	<b>1,814</b>	1,447	25%
Profit before income tax	<b>78,053</b>	48,888	60%
Income tax expense	<b>(8,132)</b>	(8,098)	0%
Profit for the period	<b>69,921</b>	40,790	71%
Non-controlling interests	<b>(834)</b>	(788)	6%
Profit attributable to equity holders	<b>69,087</b>	40,002	73%

#### General

The Group recorded a profit surge of 73% over the same period last year. Turnover rose across all business segments with an encouraging growth of 20% over the same period last year. With more favourable business environment since mid 2009, clients had gradually increased their advertising and promotion spending and this momentum continued into the first half of this financial year. The turnover of printed media segment for the six months ended 30 September 2010 therefore registered a satisfactory growth of 21% versus the same period last year and segment operating profit had doubled. Financial news agency, information and solutions segment continued its investment in products enhancement and this had received positive response from our valued customers as reflected by the double digit growth in turnover. The related investment cost, mainly staff cost, though exerted pressure on the segment's bottom line, is worthwhile for the longer term benefit of the Group. With the recovery of business confidence, employers were willing to hire more people and this helped the recruitment advertising and training segment to improve its top line and bottom line significantly. To promote sustainable growth in the longer term, the Group continued its investment in the lifestyle portals business.

## **Turnover**

The Group's turnover for the first half of the financial year 2010/11 was HK\$464.4 million, an increase of HK\$77.4 million or 20% as compared with the same period last year.

Advertising income increased to HK\$262.1 million from HK\$200.4 million in the corresponding period, representing a rise of 31%. Advertising income soared with the rebound in the stock and property markets and the increased IPO activities during the first half of the financial year 2010/11.

Circulation income recorded a slight drop of 3% to HK\$69.0 million from HK\$70.9 million in the same period last year. Despite fierce market competition, the Group's publications remained the preferred choice of quality readers.

Service income increased by 15% to HK\$125.3 million from HK\$108.9 million in the same period last year. The active stock market and demand for wealth management solutions lifted service income for the financial news agency, information and solutions businesses.

## **Operating Costs**

Management continued to exercise effective cost control measurements in business operation. Gross profit margin improved from 40.9% in the corresponding period to 46.7%.

Staff cost, being the largest single item of operating costs of the Group, increased by approximately 26% as compared to the same period last year. The increase was due to the combined effect of general pay rise and increase in headcount to cater for business expansion. Staff cost represented approximately 53% of the Group's total operating costs as compared to 48% for the same period in 2009.

Newsprint costs, representing approximately 8% of the Group's total operating costs for the period under review, decreased by 27% when compared to the same period last year. The decrease was mainly attributable to the significant drop in newsprint price as compared to the same period last year.

## **Profit Attributable to Equity Holders**

Profit attributable to equity holders for the period under review was HK\$69.1 million, representing an increase of HK\$29.1 million or 73% as compared to HK\$40.0 million in the same period last year. The increase was mainly due to the strong recovery of printed media business. The performance of financial news agency, information and solutions business was also encouraging.

Net profit margin for the six months ended 30 September 2010 improved to 14.9% from the 10.3% in the same period last year.



## Liquidity and Capital Resources

(in HK\$ million)	<b>As at 30 September 2010</b>	As at 31 March 2010
Net current assets	<b>468.3</b>	468.2
Term deposits and cash and cash equivalents	<b>438.1</b>	475.9
Equity holders' funds	<b>704.1</b>	673.2
Current ratio	<b>3.12 times</b>	3.36 times

The Group's net current assets as at 30 September 2010 were HK\$468.3 million which were similar to the position as at 31 March 2010.

Term deposits and cash and cash equivalents decreased from HK\$475.9 million as at 31 March 2010 to HK\$438.1 million as at 30 September 2010. The decrease was mainly due to the acquisition of HK\$52.8 million fixed income securities, all with maturity of not more than 2 years. The Group intends to hold these securities to maturity. The Group had also paid out a final dividend for the financial year 2009/10 amounting to HK\$38.4 million in August 2010.

The Group had no borrowing as at 30 September 2010. Any surplus cash was placed under short-term deposits with banks in Hong Kong.

To meet the Group's requirement for additional office space, the Group is in the process of acquiring office premises in Hong Kong for an estimated cost of approximately HK\$50 million and expects to complete the acquisitions by end of January 2011.

The Group is also considering a number of proposals to increase its printing capacity. Present indication is that the capital expenditure, if decided to proceed, is not expected to exceed HK\$200 million.

## OUTLOOK

The effort of our committed staff bore fruit in the period under review. Lying ahead are challenges and we are determined to excel, and we would be fully prepared to meet the challenges.

Consumer and market confidence is coming back. Yet social and political issues such as the disparity between the rich and the poor, inflation pressure and the rocket high property prices added uncertainties to the direction of local economy. Trade protectionism and exchange rate issues also clouded the global economy.

Newsprint price, after diving to a low level in recent months, is forecasted to move upward. Advertising market, after a strong rebound in 2009, may not be able to maintain the growth momentum.

Despite these challenges, the Group will ride on our competitive edge and strive for the best for our shareholders under this volatile and dynamic business environment.

## **EMPLOYEES**

As at 30 September 2010, the Group had 1,293 employees (30 September 2009: 1,219 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 4.1 cents (2009: HK 3.1 cents) per share, amounting to HK\$17,696,000 (2009: HK\$13,380,000), payable on 8 December 2010 to shareholders whose names appear on the Register of Members of the Company at the close of business on 30 November 2010.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from 1 December 2010 to 3 December 2010, 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 30 November 2010.

## **DIRECTORS**

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

### **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

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2010, 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 Issuers (the "Model Code") were as follows:

Name of Director	Ordinary shares of the Company		
	Capacity/Nature of interest	Number of 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	540,000	0.125%

*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 2010 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 2010 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 30 September 2010, 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%
H Partners Management, LLC (Note 2)	60,714,000	14.067%
Golden Rooster Limited (Note 3)	44,275,000	10.258%
The University of Hong Kong	43,160,000	10.000%
MaMa Charitable Foundation Limited	42,681,000	9.889%
The Goldman Sachs Group, Inc.	25,846,000	5.988%

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: 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 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.

## 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 2010.

## 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 2010.

## **AUDIT COMMITTEE**

The Company established an Audit Committee in 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 2010 has been reviewed by the Audit Committee.

## **REMUNERATION COMMITTEE**

The Company established a Remuneration Committee in 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 in 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, 15 November 2010