



Hong Kong Economic Times Holdings Limited

Interim Report 2012/2013



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

Stock Code 00423

INTERIM RESULTS 2012/2013

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 2012. These results have been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with 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.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Unaudited For the six months ended 30 September	
		2012 HK\$'000	2011 HK\$'000
Revenue	3	515,686	486,558
Cost of sales	5	(351,088)	(277,426)
Gross profit		164,598	209,132
Other income	4	191	–
Selling and distribution expenses	5	(80,458)	(69,754)
General and administrative expenses	5	(81,571)	(80,466)
Operating profit		2,760	58,912
Finance income	6	1,026	2,897
Finance costs	6	(1,003)	–
Finance income – net	6	23	2,897
Profit before income tax		2,783	61,809
Income tax expense	7	(864)	(10,975)
Profit for the period		1,919	50,834
Profit attributable to:			
Owners of the Company		1,150	50,154
Non-controlling interests		769	680
		1,919	50,834
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic and diluted	8	0.27	11.62

The notes on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

	<i>Note</i>	HK\$'000	HK\$'000
Dividends	9	4,316	12,948

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited For the six months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Profit for the period	1,919	50,834
Other comprehensive income:		
Change in value of available-for-sale financial assets	1,613	(2,882)
Currency translation differences arising from foreign operations	(9)	460
Other comprehensive income for the period	1,604	(2,422)
Total comprehensive income for the period	3,523	48,412
Total comprehensive income attributable to:		
Owners of the Company	2,754	47,732
Non-controlling interests	769	680
	3,523	48,412

The notes on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	Unaudited As at 30 September 2012 HK\$'000	Audited As at 31 March 2012 HK\$'000
Non-current assets			
Intangible assets		–	250
Property, plant and equipment	10	568,001	526,746
Investment properties		8,540	8,570
Available-for-sale financial assets		15,811	14,221
Deferred income tax assets		9,740	3,665
Deposits paid for property, plant and equipment and investment property		17,103	11,696
		619,195	565,148
Current assets			
Inventories		45,919	50,177
Trade receivables	11	204,765	183,748
Deposits, prepayments and other receivables		21,647	24,276
Tax recoverable		4,825	4,518
Pledged deposits		38,359	64,810
Term deposits with original maturities of over three months		–	15,440
Cash and cash equivalents		248,716	167,922
		564,231	510,891
Current liabilities			
Trade payables	12	58,401	57,785
Fees in advance		87,259	89,300
Accruals, other payables and provisions		94,728	117,593
Current income tax liabilities		12,956	5,148
Bank borrowings	14	47,205	–
		300,549	269,826
Net current assets		263,682	241,065
Total assets less current liabilities		882,877	806,213

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	<i>Note</i>	Unaudited As at 30 September 2012 HK\$'000	Audited As at 31 March 2012 HK\$'000
Equity attributable to owners of the Company			
Share capital	13	43,160	43,160
Reserves			
Proposed final dividend		–	25,033
Interim dividend		4,316	–
Others		687,425	688,987
		734,901	757,180
Non-controlling interests		7,167	6,398
Total equity		742,068	763,578
Non-current liabilities			
Bank borrowings	14	102,795	–
Deferred income tax liabilities		38,014	42,635
		140,809	42,635
Total equity and non-current liabilities		882,877	806,213

The notes on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Currency translation reserve	Investment revaluation reserve	Retained earnings			
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	
Balance at 1 April 2011	43,160	122,381	69,944	6,120	1,308	-	529,344	772,257	5,726	777,983
Profit for the period	-	-	-	-	-	-	50,154	50,154	680	50,834
Other comprehensive income										
Change in fair value of available-for-sale financial assets	-	-	-	-	-	(2,882)	-	(2,882)	-	(2,882)
Currency translation differences arising from foreign operations	-	-	-	-	460	-	-	460	-	460
Total comprehensive income	-	-	-	-	460	(2,882)	50,154	47,732	680	48,412
Transaction with owners										
Final dividend for the year ended 31 March 2011	-	-	-	-	-	-	(77,256)	(77,256)	-	(77,256)
Balance at 30 September 2011	43,160	122,381	69,944	6,120	1,768	(2,882)	502,242	742,733	6,406	749,139
Balance at 1 April 2012	43,160	122,381	69,944	6,120	1,925	(1,560)	515,210	757,180	6,398	763,578
Profit for the period	-	-	-	-	-	-	1,150	1,150	769	1,919
Other comprehensive income										
Change in fair value of available-for-sale financial assets	-	-	-	-	-	1,613	-	1,613	-	1,613
Currency translation differences arising from foreign operations	-	-	-	-	(9)	-	-	(9)	-	(9)
Total comprehensive income	-	-	-	-	(9)	1,613	1,150	2,754	769	3,523
Transaction with owners										
Final dividend for the year ended 31 March 2012 (note 9)	-	-	-	-	-	-	(25,033)	(25,033)	-	(25,033)
Balance at 30 September 2012	43,160	122,381	69,944	6,120	1,916	53	491,327	734,901	7,167	742,068

The notes on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	For the six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
Net cash (outflow)/inflow from operating activities	(21,497)	47,555
Net cash (outflow)/inflow from investing activities	(22,668)	15,659
Net cash inflow/(outflow) from financing activities	124,967	(77,256)
Net increase/(decrease) in cash and cash equivalents	80,802	(14,042)
Effect of foreign exchange rate changes, net	(8)	180
Cash and cash equivalents at beginning of the period	167,922	174,192
Cash and cash equivalents at end of the period (note)	248,716	160,330

Note: As at 30 September 2012, the total cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits amounted to HK\$287,075,000 (30 September 2011: HK\$435,354,000).

The notes on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2012

1. Basis of preparation and accounting policies

The unaudited interim condensed consolidated 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 ("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 interim condensed consolidated financial information should be read in conjunction with the Group's audited 2012 annual consolidated financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

The accounting policies and method of computation used in the preparation of this interim condensed consolidated financial information are consistent with those applied in the annual consolidated financial statements for the year ended 31 March 2012.

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 amendments to standards that are relevant to the Group's operation and are mandatory for the first time for the Group's financial year beginning 1 April 2012. These amendments to standards had no material impact on the presentation of the Group's interim condensed consolidated financial information.

Changes in presentation of the interim condensed consolidated statement of comprehensive income

In previous periods, the Group presented all items of income and expense recognised in a period in a single statement of comprehensive income.

During the period, the Directors performed a review of the content and presentation of the interim condensed consolidated financial information and considered that it is more appropriate to adopt the two-statement presentation comprising a separate interim condensed consolidated income statement, which displays components of profit or loss; and an interim condensed consolidated statement of comprehensive income, which begins with profit or loss and displays components of other comprehensive income, which would be more relevant to the understanding of users of the Group's interim condensed consolidated financial information.

Consequently, the presentation of the interim condensed consolidated statement of comprehensive income for the six months ended 30 September 2012 has been revised and the comparatives have been revised in order to conform with the presentation adopted in this interim condensed consolidated financial information. The changes in presentation of the interim condensed consolidated statement of comprehensive income do not have any impact of the Group's profit for the period or the calculation of the Group's earnings per share.

2. Financial risk management

2.1 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 interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 March 2012.

There have been no changes in the risk management department since year end or in any risk management policies.

2.2 Liquidity risk

Compared to year end, except for bank borrowings of HK\$150,000,000 wholly repayable within 5 years, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

2.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 30 September 2012 and 31 March 2012.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 September 2012				
Available-for-sale financial assets	15,811	–	–	15,811
As at 31 March 2012				
Available-for-sale financial assets	14,221	–	–	14,221

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. As at 30 September 2012 and 31 March 2012, the Group has available-for-sale financial assets under this category which mainly comprise bond investments classified as available-for-sale.

3. 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, circulation income and service 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, solutions 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 advertisements, 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 is presented.

There are no differences from the last annual consolidated financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

The segment results for the six months ended 30 September 2012 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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	368,144	335,900	117,654	116,801	24,299	29,356	9,609	7,862	-	-	519,706	489,919
Inter-segment transactions	(2,102)	(2,186)	(1,679)	(1,140)	(196)	(11)	(43)	(24)	-	-	(4,020)	(3,361)
Revenue - from external customers	366,042	333,714	115,975	115,661	24,103	29,345	9,566	7,838	-	-	515,686	486,558
(Loss)/profit for the period	(20,182)	27,758	23,965	20,631	1,545	5,132	(3,848)	(2,457)	439	(230)	1,919	50,834

4. Other income

	Unaudited For the six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
Rental income from property	191	–

5. Expenses by nature

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

	Unaudited For the six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
Amortisation of contractual customer relationships	250	498
Depreciation of property, plant and equipment and investment properties	23,824	13,253
Loss/(gain) on disposal of property, plant and equipment	368	(45)
Operating lease rentals on land and buildings	10,053	8,384
Provision for obsolete inventories	260	305
Reversal of provision for impairment of receivables	(324)	(330)
Staff costs	216,411	203,558

6. Finance income and costs

	Unaudited	
	For the six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
Finance income		
– Bank interest income	575	1,546
– Interest income from held-to-maturity investments and available-for-sale financial assets	451	1,351
	1,026	2,897
Finance costs		
– Interest expense on bank borrowings	(1,003)	–
Finance income – net	23	2,897

7. Income tax expense

Hong Kong profits tax has been provided at a rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the period.

	Unaudited	
	For the six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
Current income tax – Hong Kong profits tax	11,560	10,743
Deferred income tax relating to the origination and reversal of temporary differences	(10,696)	232
	864	10,975

8. Earnings per share

The calculation of basic earnings per share for current period is based on the profit attributable to owners of the Company of HK\$1,150,000 (2011: HK\$50,154,000) and number of 431,600,000 (2011: 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 2012 (2011: same).

9. Dividends

A final dividend in respect of the year ended 31 March 2012 of HK 5.8 cents per share, amounting to a total dividend of HK\$25,033,000 was paid in September 2012.

The Directors have declared an interim dividend of HK 1.0 cents (2011: HK 3.0 cents) per share, amounting to HK\$4,316,000 (2011: HK\$12,948,000), for the six months ended 30 September 2012.

10. Property, plant and equipment

	Unaudited							Total HK\$'000
	Leasehold land and 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	Machinery under installation HK\$'000	
At 1 April 2011	131,904	4,512	77,299	14,824	1,141	7,928	-	237,608
Additions	-	749	3,013	5,775	760	1,190	-	11,487
Depreciation	(834)	(879)	(5,542)	(4,082)	(182)	(1,558)	-	(13,077)
Disposals	-	-	(1,167)	-	(73)	(1)	-	(1,241)
Net book value at 30 September 2011	131,070	4,382	73,603	16,517	1,646	7,559	-	234,777
At 30 September 2011								
Cost	166,430	29,849	170,268	109,676	2,242	49,897	-	528,362
Accumulated depreciation	(35,360)	(25,467)	(96,665)	(93,159)	(596)	(42,338)	-	(293,585)
Net book value at 30 September 2011	131,070	4,382	73,603	16,517	1,646	7,559	-	234,777
At 1 April 2012	223,879	9,314	196,334	21,651	1,573	9,993	64,002	526,746
Additions	-	3,649	2,700	8,989	177	1,222	48,739	65,476
Depreciation	(2,465)	(1,337)	(12,840)	(4,869)	(219)	(2,064)	-	(23,794)
Disposals	-	-	(396)	(18)	-	(13)	-	(427)
Net book value at 30 September 2012	221,414	11,626	185,798	25,753	1,531	9,138	112,741	568,001
At 30 September 2012								
Cost	261,430	39,451	307,753	127,351	2,397	47,523	112,741	898,646
Accumulated depreciation	(40,016)	(27,825)	(121,955)	(101,598)	(866)	(38,385)	-	(330,645)
Net book value at 30 September 2012	221,414	11,626	185,798	25,753	1,531	9,138	112,741	568,001

11. 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 day is as follows:

	Unaudited 30 September 2012 HK\$'000	Audited 31 March 2012 HK\$'000
0 to 30 days	131,772	116,231
31 to 60 days	30,605	26,607
61 to 90 days	20,140	15,684
Over 90 days	25,471	28,773
Trade receivables, gross	207,988	187,295
Less: provision for impairment of receivables	(3,223)	(3,547)
	204,765	183,748

12. Trade payables

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2012 HK\$'000	Audited 31 March 2012 HK\$'000
0 to 30 days	51,433	54,412
31 to 60 days	4,612	2,461
61 to 90 days	1,024	317
Over 90 days	1,332	595
	58,401	57,785

13. Share capital

	Unaudited 30 September 2012 HK\$'000	Audited 31 March 2012 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

14. Bank borrowings

Movements in bank borrowings are analysed as follows:

	HK\$'000
Current	
Opening amount at 1 April 2012	-
Proceeds from bank borrowings	174,105
Repayment of bank borrowing	(126,900)
Closing amount at 30 September 2012	47,205
Non-current	
Opening amount at 1 April 2012	-
Proceeds from bank borrowing	102,795
Closing amount at 30 September 2012	102,795
Total	150,000

15. Related party transactions

During the period, the Group entered into the following transactions with related parties:

	Unaudited For the six months ended 30 September 2012 HK\$'000	2011 HK\$'000
Service income from related parties	78	284
Hardware purchased from a related party	1,245	483
Rental expenses to a related party	402	356
	1,647	839
Key management personnel compensation		
Salaries and other short-term benefits	8,528	8,925
Post-employment benefits	412	392
	8,940	9,317

16. Capital commitments

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

	Unaudited 30 September 2012 HK\$'000	Audited 31 March 2012 HK\$'000
Property, plant and equipment and investment property		
– contracted but not yet provided for	23,761	53,769
– authorised but not yet contracted for	1,067	3,923
	24,828	57,692

17. Approval of the interim condensed consolidated financial information

This interim condensed consolidated financial information was approved by the Board of Directors on 19 November 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Profit and Loss Account

(HK\$'000)	For the six months ended		% Change
	30 September 2012	2011	
Revenue	515,686	486,558	6%
Cost of sales	(351,088)	(277,426)	27%
Gross profit	164,598	209,132	-21%
Gross profit margin	31.9%	43.0%	
Other income	191	-	100%
Selling and distribution expenses	(80,458)	(69,754)	15%
General and administrative expenses	(81,571)	(80,466)	1%
Operating profit	2,760	58,912	-95%
Finance income	1,026	2,897	-65%
Finance costs	(1,003)	-	100%
Profit before income tax	2,783	61,809	-95%
Income tax expense	(864)	(10,975)	-92%
Profit for the period	1,919	50,834	-96%
Non-controlling interests	(769)	(680)	13%
Profit attributable to owners	1,150	50,154	-98%
Net profit margin	0.4%	10.4%	

General

Hong Kong's media industry, in particular printed media, was experiencing an evolutionary change. The emergence of two Chinese free dailies titles in 2011, including our *Sky Post*, together with the then four market players, with one being free English daily, had changed the landscape of printed media market. The Group's launch of *Sky Post* on 27 July 2011 broadened the Group's readers, advertisers and income base which were important to the sustainable growth of the Group.

The general economic slowdown, especially the weak financial market in the six months of the reporting period, coupled with the increase in the Group's operating and development costs following the investments in *Sky Post* and internet businesses, caused a substantial decline in the Group's net profit attributable to owners from HK\$50.2 million for the six months ended 30 September 2011 to HK\$1.2 million for the current period under review.

Revenue

	Six months ended 30 September		% Change
	2012 HK\$'000	2011 HK\$'000	
Revenue:			
Advertising income	277,894	272,025	2%
Circulation income	60,824	69,068	-12%
Service income	170,361	135,530	26%
Enrolment income	6,607	9,935	-33%
Total	515,686	486,558	6%

Revenue for the six months ended 30 September 2012 was HK\$515.7 million, up from HK\$486.6 million from the same period last year.

The general economic slowdown, especially the weak financial market, the IPO market in particular, and to a lesser extent, the cautious recruitment advertising market, were having a negative impact on the Group's advertising revenue. However the decrease was offset by the increase in advertising revenue from *Sky Post* which captured the non-financial related advertising income. This further supported the Group's direction in diversifying the income base for a sustainable growth in the medium to longer term.

The sluggish stock market, the low IPO activities, and the availability of free online news caused circulation income to fall from HK\$69.1 million to HK\$60.8 million in the current period.

Service income increased 26% to HK\$170.4 million. The majority of the service income was contributed by the financial news agency, information and solutions business segment which revenue remained stable in the period under review. The increase in service income mainly came from the magazines and books printing company which was acquired by the Group on 2 November 2011.

Operating Costs

Gross profit margin of the Group for the six months ended 30 September 2012 decreased by 11.1 percentage points from a year earlier to 31.9%. The decrease in margin was mainly due to the increased cost of sales as a result of launching the free Chinese daily *Sky Post* in July 2011, and acquiring the Group's magazines and books printing company in November 2011.

The Group's number of employees as at 30 September 2012 was 1,550, an increase of 188 from a year earlier. The increased headcount was mainly the result of acquiring the printing company and investing in *Sky Post* and internet businesses. Staff costs for the six months ended 30 September 2012, representing approximately 42% of the Group's total operating costs, increased by 6% as compared to the same period last year.

Newsprint costs for the six months ended 30 September 2012 constituted around 13% of the Group's total operating costs. It increased by 32% as compared to the same period last year. The publication of *Sky Post* from July 2011 led to the increase in newsprint consumption.

Profit Attributable to Owners

The Group recorded a net profit attributable to owners for the six months ended 30 September 2012 of HK\$1.2 million, a decrease of HK\$49.0 million from same period last year.

Free dailies and internet had ushered in a new era for the media industry in Hong Kong. The Group managed to seize these opportunities to further expand and diversify our income bases by investing in *Sky Post* and internet businesses which the Group is confident that these investments would contribute to the growth of the Group in the medium to longer term. While these investments are at their early stages, profitability of the printed media segment was unavoidably affected.

Market leading positions of products and businesses under the financial news agency, information and solutions segment remained strong. The significant and stable net profit contribution from this segment provided a solid base for the Group's development in other business areas.

Liquidity and Capital Resources

(in HK\$ million)	As at 30 September 2012	As at 31 March 2012
Net current assets	263.7	241.1
Term deposits, pledged deposits and cash and cash equivalents	287.1	248.2
Owners' funds	734.9	757.2
Gearing ratio	13%	–
Current ratio	1.88 times	1.89 times

To ensure the Group is in a sound financial position to meet any challenges and opportunities lying ahead, the Group had drawn down a total bank borrowing of HK\$150 million during the period under review. The bank borrowing is secured by part of the Group's property, plant and equipment. As at 30 September 2012, the Group had a gearing ratio of 13% (calculated based on the basis of total borrowings over total assets). Total cash and cash equivalents, term deposits and pledged deposits of the Group as at 30 September 2012 amounted to HK\$287.1 million.

During the period under review, the Group had net cash inflow from financing activities of HK\$125 million. This was due to the HK\$150 million bank borrowings drawn down and was offset by the distribution of final dividend of HK\$25 million in respect of the financial year ended 31 March 2012. Net cash outflow from investing activities amounted to HK\$23 million. The outflow was mainly in relation to the purchase of property, plant and equipment and net off by the release of pledged deposits and term deposits during the period.

OUTLOOK

The Group is facing unprecedented challenges, especially in the printed media business.

To meet the challenge from the free Chinese dailies, the Group launched *Sky Post* in July 2011. The Group built up a strong editorial and advertising sales team, expanded printing capacity, set up prime distribution network and reserved sufficient financial resources. The Group is determined and confident to make *Sky Post* a success. In just a short period of time since launch, *Sky Post* had established a recognised and well received positioning of being a positive and middle class free daily in the market.

The Group is also mindful of the impact of internet on printed media industry and had been investing in internet businesses and getting prepared for the opportunities which lie ahead.

The investments in *Sky Post* and internet businesses would have short term pressure on the profitability of the Group, but such investments are necessary for the sustainable growth of the Group and is in the best interest of our shareholders and other stakeholders.

The Group will continue to review the operation of its business units from time to time with a view to rationalise and re-deploy the Group's assets in a more efficient manner.

EMPLOYEES

As at 30 September 2012, the Group had 1,550 employees (30 September 2011: 1,362 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 1.0 cents (2011: HK 3.0 cents) per share, amounting to HK\$4,316,000 (2011: HK\$12,948,000), payable on 13 December 2012 to shareholders whose names appear on the Register of Members of the Company at the close of business on 4 December 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 5 December 2012 to 7 December 2012, 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 4 December 2012.

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
(resigned on 28 July 2012)
 Mr. CHOW On Kiu
 Mr. LO Foo Cheung
 Mr. O'YANG Wiley
(appointed on 1 October 2012)

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2012, 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		Percentage of issued share capital of the Company
	Capacity/Nature of interest	Number of shares held	
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 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 <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 2012 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 2012 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 2012, 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 <i>(Note 1)</i>	87,435,000	20.258%
Golden Rooster Limited <i>(Note 2)</i>	44,275,000	10.258%
The University of Hong Kong	43,160,000	10.000%
MaMa Charitable Foundation Limited	42,681,000	9.889%
Aberdeen Asset Management Plc and its Associates (together "The Aberdeen Group") on behalf of Accounts Managed by the Aberdeen Group <i>(Note 3)</i>	30,494,000	7.065%
H Partners Management, LLC <i>(Note 4)</i>	29,468,000	6.828%

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: 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 3: These shares are held by Aberdeen Asset Management Plc and its Associates (together "The Aberdeen Group") on behalf of accounts managed by the Aberdeen Group in the capacity of an investment manager.

Note 4: 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the period and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30 September 2012.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "Code Provisions") contained in Appendix 14 of the Listing Rules 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 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 2012.

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. O'Yang Wiley 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 2012 have 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. O'Yang Wiley.

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

Hong Kong, 19 November 2012