



Hong Kong Economic Times Holdings Limited

Interim Report
2013/2014



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

Stock Code 00423

INTERIM RESULTS 2013/2014

The Directors of Hong Kong Economic Times Holdings Limited (the “Company”) announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2013. 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

	Note	Unaudited For the six months ended 30 September	
		2013 HK\$'000	2012 HK\$'000
Revenue	3	498,940	515,686
Cost of sales	5	(338,610)	(351,088)
Gross profit		160,330	164,598
Other income	4	246	191
Selling and distribution expenses	5	(77,488)	(80,458)
General and administrative expenses	5	(80,157)	(81,571)
Operating profit		2,931	2,760
Finance income	6	3,586	1,026
Finance costs	6	(1,363)	(1,003)
Finance income – net	6	2,223	23
Profit before income tax		5,154	2,783
Income tax expense	7	(394)	(864)
Profit for the period		4,760	1,919
Profit attributable to:			
Owners of the Company		4,040	1,150
Non-controlling interests		720	769
		4,760	1,919
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic and diluted	8	0.94	0.27

The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

	Note	HK\$'000	HK\$'000
Dividends	9	4,316	4,316

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	For the six months	
	ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Profit for the period	4,760	1,919
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Change in fair value of available-for-sale financial assets	48	1,613
Currency translation differences arising from foreign operations	188	(9)
Other comprehensive income for the period	236	1,604
Total comprehensive income for the period	4,996	3,523
Total comprehensive income attributable to:		
Owners of the Company	4,276	2,754
Non-controlling interests	720	769
	4,996	3,523

The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited As at 30 September 2013 HK\$'000	Audited As at 31 March 2013 HK\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	10	525,629	534,687
Investment properties		12,446	20,999
Deferred income tax assets		20,887	16,121
Deposits paid for property, plant and equipment		–	1,397
		558,962	573,204
Current assets			
Inventories		39,722	34,918
Trade receivables	11	208,612	201,262
Deposits, prepayments and other receivables		28,215	25,070
Tax recoverable		5,178	3,965
Available-for-sale financial assets		16,600	16,582
Pledged deposits		–	4,869
Term deposits with original maturities of over three months		184,853	60,923
Cash and cash equivalents		133,829	278,559
		617,009	626,148
Current liabilities			
Trade payables	12	46,364	40,689
Fees in advance		87,930	89,510
Accruals, other payables and provisions		94,996	119,197
Current income tax liabilities		6,203	3,396
Bank borrowings	14	29,139	24,432
		264,632	277,224
Net current assets		352,377	348,924
Total assets less current liabilities		911,339	922,128

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

		Unaudited As at 30 September 2013 HK\$'000	Audited As at 31 March 2013 HK\$'000
	<i>Note</i>		
Equity attributable to owners of the Company			
Share capital	13	43,160	43,160
Reserves			
Proposed final dividend		–	21,580
Interim dividend		4,316	–
Others		727,481	727,521
		774,957	792,261
Non-controlling interests		8,001	7,281
Total equity		782,958	799,542
Non-current liabilities			
Bank borrowings	14	96,716	90,461
Deferred income tax liabilities		31,665	32,125
		128,381	122,586
Total equity and non-current liabilities		911,339	922,128

The notes on pages 7 to 16 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								Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Currency translation reserve	Investment revaluation reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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	-	-	-	-	-	-	(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
Balance at 1 April 2013	43,160	122,381	69,944	6,120	1,948	855	547,853	792,261	7,281	799,542
Profit for the period	-	-	-	-	-	-	4,040	4,040	720	4,760
Other comprehensive income										
Change in fair value of available-for-sale financial assets	-	-	-	-	-	48	-	48	-	48
Currency translation differences arising from foreign operations	-	-	-	-	188	-	-	188	-	188
Total comprehensive income	-	-	-	-	188	48	4,040	4,276	720	4,996
Transaction with owners										
Final dividend for the year ended 31 March 2013 (note 9)	-	-	-	-	-	-	(21,580)	(21,580)	-	(21,580)
Balance at 30 September 2013	43,160	122,381	69,944	6,120	2,136	903	530,313	774,957	8,001	782,958

The notes on pages 7 to 16 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	
	2013	2012
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(10,021)	(21,497)
Net cash outflow from investing activities	(124,279)	(22,668)
Net cash (outflow)/inflow from financing activities	(10,618)	124,967
Net (decrease)/increase in cash and cash equivalents	(144,918)	80,802
Effect of foreign exchange rate changes, net	188	(8)
Cash and cash equivalents at beginning of the period	278,559	167,922
Cash and cash equivalents at end of the period (note)	133,829	248,716

Note: As at 30 September 2013, the total cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits amounted to HK\$318,682,000 (30 September 2012: HK\$287,075,000).

The notes on pages 7 to 16 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 2013

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 2013 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 2013.

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

The following new and revised standards and amendments to standards are mandatory for the first time for the financial year beginning on 1 April 2013 and are relevant and adopted by the Group.

- HKAS 1 (Amendment) “Presentation of financial statements” is effective for annual period beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in “other comprehensive income” (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The change in accounting policy results only in additional disclosures.

- HKFRS 10 “Consolidated financial statements” and HKAS 27 (revised 2011) “Separate financial statements” are effective for annual period beginning on or after 1 January 2013. The objective of HKFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It set out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. HKAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10. The new standards have no material impact on the Group’s consolidated financial statements.
- HKFRS 13 “Fair value measurements” is effective for annual period beginning on or after 1 January 2013. HKFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The new standard results only in additional disclosures.
- Amendment to HKAS 34 “Interim financial reporting” is effective for annual period beginning on or after 1 January 2013. The amendment clarifies the disclosure requirements for segment assets and liabilities in interim financial statements. The adoption of the amendments to HKAS 34 does not have any impact to the Group as information relating to segment liabilities is not regularly reported to the chief operating decision-maker.

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 2013.

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

2.2 Liquidity risk

Compared to year end, 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 financial assets that are measured at fair value at 30 September 2013 and 31 March 2013.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 September 2013				
Available-for-sale financial assets	16,600	–	–	16,600
As at 31 March 2013				
Available-for-sale financial assets	16,582	–	–	16,582

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. 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 2013 and 31 March 2013, the Group has available-for-sale financial assets under this category which mainly comprise bond investments classified as available-for-sale.

2.4 Fair value of financial assets and liabilities measured at amortised cost

The fair values of trade and other receivables, cash and cash equivalents, trade and other payables and bank borrowings as at 30 September 2013 approximate their carrying amounts.

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.

The segment results for the six months ended 30 September 2013 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	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
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	353,697	368,144	120,670	117,654	19,886	24,299	9,813	9,609	-	-	504,066	519,706
Inter-segment transactions	(2,640)	(2,102)	(2,307)	(1,679)	(143)	(196)	(36)	(43)	-	-	(5,126)	(4,020)
Revenue - from external customers	351,057	366,042	118,363	115,975	19,743	24,103	9,777	9,566	-	-	498,940	515,686
(Loss)/profit for the period	(19,049)	(20,182)	23,966	23,965	2,543	1,545	(2,716)	(3,848)	16	439	4,760	1,919

4. Other income

	Unaudited	
	For the six months	
	ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Rental income from an investment property	246	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	
	2013	2012
	HK\$'000	HK\$'000
Amortisation of contractual customer relationships	–	250
Depreciation of property, plant and equipment and an investment property	28,094	23,824
Loss on disposal of property, plant and equipment	112	368
Operating lease rentals on land and buildings	11,116	10,053
Provision for obsolete inventories	338	260
Reversal of provision for impairment of receivables	(3)	(324)
Staff costs	221,228	216,411

6. Finance income and costs

	Unaudited	
	For the six months	
	ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Finance income		
– Bank interest income	3,127	575
– Interest income from available-for-sale financial assets	459	451
	3,586	1,026
Finance costs		
– Interest expense on bank borrowings	(1,363)	(1,003)
Finance income – net	2,223	23

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the period.

	Unaudited	
	For the six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Current income tax – Hong Kong profits tax	5,620	11,560
Deferred income tax relating to the origination and reversal of temporary differences	(5,226)	(10,696)
	394	864

8. Earnings per share

The calculation of basic earnings per share for the current period is based on the profit attributable to owners of the Company of HK\$4,040,000 (2012: HK\$1,150,000) and number of 431,600,000 (2012: 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 2013 (2012: same).

9. Dividends

A final dividend in respect of the year ended 31 March 2013 of HK 5.0 cents per share, amounting to a total dividend of HK\$21,580,000 was paid in September 2013.

The Directors have declared an interim dividend of HK 1.0 cent (2012: HK 1.0 cent) per share, amounting to HK\$4,316,000 (2012: HK\$4,316,000), for the six months ended 30 September 2013.

10. Property, plant and equipment

	Unaudited							
	Leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Network and computer equipment	Machinery under installation	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
At 1 April 2013	176,313	16,461	177,103	25,611	1,358	8,938	128,903	534,687
Additions	-	1,274	1,657	4,844	-	2,822	-	10,597
Transfer	-	2,908	125,995	-	-	-	(128,903)	-
Reclassification from investment properties to leasehold land and buildings	8,510	-	-	-	-	-	-	8,510
Depreciation	(1,660)	(2,446)	(16,758)	(4,938)	(233)	(2,015)	-	(28,050)
Disposals	-	(34)	(81)	-	-	-	-	(115)
Net book value at 30 September 2013	183,163	18,163	287,916	25,517	1,125	9,745	-	525,629
At 30 September 2013								
Cost	213,410	49,728	439,290	136,925	2,452	51,895	-	893,700
Accumulated depreciation	(30,247)	(31,565)	(151,374)	(111,408)	(1,327)	(42,150)	-	(368,071)
Net book value at 30 September 2013	183,163	18,163	287,916	25,517	1,125	9,745	-	525,629

Bank borrowings are secured on leasehold improvements, plant and machinery and machinery under installation with net book value of approximately HK\$8,038,000 (2012: HK\$2,210,000), HK\$143,395,000 (2012: HK\$20,222,000) and nil (2012: HK\$112,741,000) respectively (note 14).

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 2013 HK\$'000	Audited 31 March 2013 HK\$'000
0 to 30 days	126,793	122,814
31 to 60 days	30,334	26,021
61 to 90 days	22,386	23,291
Over 90 days	32,216	32,256
Trade receivables, gross	211,729	204,382
Less: provision for impairment of trade receivables	(3,117)	(3,120)
	208,612	201,262

12. Trade payables

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
0 to 30 days	42,794	38,156
31 to 60 days	2,408	1,311
61 to 90 days	220	137
Over 90 days	942	1,085
	46,364	40,689

13. Share capital

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 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

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Non-current		
Bank borrowings	96,716	90,461
Current		
Bank borrowings	29,139	24,432
Total	125,855	114,893

Movements in bank borrowings are analysed as follows:

	HK\$'000
Six months ended 30 September 2013	
Opening amount as at 1 April 2013	114,893
Proceeds from bank borrowings	23,100
Repayment of bank borrowings	(12,138)
Closing amount as at 30 September 2013	125,855
Six months ended 30 September 2012	
Opening amount as at 1 April 2012	–
Proceeds from bank borrowings	276,900
Repayment of bank borrowings	(126,900)
Closing amount as at 30 September 2012	150,000

Bank borrowings were repayable as follows:

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Within one year	29,139	24,432
Between one and two years	29,871	25,053
Between two and five years	66,845	65,408
Wholly repayable within five years	125,855	114,893

The carrying amounts of the floating rate bank borrowings are denominated in HK dollars and are secured by leasehold improvements and plant and machinery under property, plant and equipment of the Group (note 10).

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	
	2013	2012
	HK\$'000	HK\$'000
Service income from related parties	222	78
Hardware purchased from a related party	656	1,245
Rental expenses to a related party	402	402
	1,058	1,647
Key management personnel compensation		
Salaries and other short-term benefits	8,960	8,528
Post-employment benefits	430	412
	9,390	8,940

16. Capital commitments

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

	Unaudited		Audited
	30 September		31 March
	2013		2013
	HK\$'000		HK\$'000
Property, plant and equipment			
– contracted but not yet provided for	560		1,442
– authorised but not yet contracted for	301		1,306
	861		2,748

17. Approval of the interim condensed consolidated financial information

This interim condensed consolidated financial information was approved by the Board of Directors on 25 November 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Profit and Loss Account

(HK\$'000)	For the six months ended 30 September		% Change
	2013	2012	
Revenue	498,940	515,686	-3%
Cost of sales	(338,610)	(351,088)	-4%
Gross profit	160,330	164,598	-3%
Gross profit margin	32.1%	31.9%	
Other income	246	191	+29%
Selling and distribution expenses	(77,488)	(80,458)	-4%
General and administrative expenses	(80,157)	(81,571)	-2%
Operating profit	2,931	2,760	+6%
Finance income	3,586	1,026	+250%
Finance costs	(1,363)	(1,003)	+36%
Profit before income tax	5,154	2,783	+85%
Income tax expense	(394)	(864)	-54%
Profit for the period	4,760	1,919	+148%
Non-controlling interests	(720)	(769)	-6%
Profit attributable to owners	4,040	1,150	+251%
Net profit margin	1.0%	0.4%	

General

The challenges faced by the Group in the last financial year continued in the first half of financial year 2013/2014. The print media industry's paradigm shift from traditional model to digital-based platforms and the switch of advertising budget from paid to free newspapers affected the Group's traditional media businesses. The Group responded positively by entering into the free Chinese dailies market, publishing *Sky Post* in 2011, and continue to invest in the development of digital and internet-based businesses. These investments would have short term pressure on the cost and profit of the Group, and in particular the print media segment. In the first half of the current financial year, we saw an encouraging progress in the development of *Sky Post* in terms of readers' endorsement and advertisers' support. The Group would continue its effort and is determined to make *Sky Post* a success.

Hong Kong Economic Times Holdings Limited

The Group's net profit attributable to owners increased from HK\$1.2 million for the six months ended 30 September 2012 to HK\$4.0 million for the current period under review.

Revenue

	For the six months ended 30 September		% Change
	2013	2012	
	HK\$'000	HK\$'000	
Revenue:			
Advertising income	267,860	277,894	-4%
Circulation income	58,088	60,824	-4%
Service income	167,029	170,361	-2%
Enrolment income	5,963	6,607	-10%
Total	498,940	515,686	-3%

Revenue for the six months ended 30 September 2013 decreased slightly to HK\$498.9 million from HK\$515.7 million for the same period last year.

Advertising income, contributed mainly by the Group's printed media segment, recorded a 4% decrease from HK\$277.9 million for the period ended 30 September 2012 to HK\$267.9 million for the current period under review. The decrease in advertising income from our flagship paid newspaper, *Hong Kong Economic Times*, following the general market trend, was compensated to a large extent by the increase in advertising income from *Sky Post*. Apart from *Sky Post*'s progress, the advertising income from the internet-based businesses also recorded a significant increase.

The ongoing development of and advancement of mobile access to paperless digital platforms affected all traditional printed publications. The Group's paid publications were no exception. However, the decline in circulation income was moderate at 4% to HK\$58.1 million in the current period.

Service income, mainly generated from the financial news agency, information and solutions businesses, dropped 2% to HK\$167.0 million. The well-established leading position of the Group's various financial news agency, information and solutions businesses formed a substantial and solid revenue base of the Group.

Operating Costs

Gross profit margin of the Group improved to 32.1% for the six months ended 30 September 2013, from 31.9% for the same period last year. The Group's continuous effort in streamlining the cost structure and reviewing resources deployment helped to improve the margin. Management would continue to monitor the cost effectiveness of the Group's operations.

Staff costs for the six months ended 30 September 2013, representing approximately 45% of the Group's total operating costs, increased by 2% as compared to the same period last year. The increase was due to the general salary increase effective April 2013 and off-set by the decrease in headcount.

Newsprint costs for the six months ended 30 September 2013 constituted around 11% of the Group's total operating costs. It contracted by 15% as compared to the same period last year. The lower expenditure was mainly due to the decrease in newsprint price and diversified sourcing.

Profit Attributable to Owners

The Group recorded HK\$4.0 million net profit attributable to owners for the six months ended 30 September 2013, a small improvement from HK\$1.2 million recorded for same period last year.

Despite the pressure from investments in free daily and internet-based businesses on the result of the Group in the near term, Management are confident that these strategic investments and developments would bear fruit in the medium to longer term.

Liquidity and Capital Resources

(in HK\$ million)	As at 30 September 2013	As at 31 March 2013
Net current assets	352.4	348.9
Term deposits, pledged deposits and cash and cash equivalents	318.7	344.4
Bank borrowings	125.9	114.9
Owners' funds	775.0	792.3
Gearing ratio	10.7%	9.6%
Current ratio	2.33 times	2.26 times

The Group's net current assets as at 30 September 2013 increase slightly from the position as at 31 March 2013 which is in line with the positive operating results for the period under review.

As at 30 September 2013, the Group had a cash balance of HK\$318.7 million as compared to HK\$344.4 million as at 31 March 2013. Majority of the cash was placed under term deposits denominated in Renminbi with original maturities of over three months. The Group had a net cash outflow from investing activities of HK\$124.3 million mainly due to the placement of term deposits with maturities of over three months. Net cash outflow from financing activities of HK\$10.6 million was mainly due to the distribution of final dividend of HK\$21.6 million in respect of the financial year ended 31 March 2013, repayment of bank borrowing of HK\$12.1 million and net off by the HK\$23.1 million bank loan drawn down in September 2013.

The outstanding bank borrowings as at 30 September 2013 was HK\$125.9 million. These bank borrowings are secured by part of the Group's property, plant and equipment. As at 30 September 2013, the Group had a gearing ratio of 11%, being total interest bearing liabilities divided by total assets.

OUTLOOK

The print media industry is going through transformational changes and is still evolving. We are determined to adapt to the new ecology and succeed in this new media age.

The Group's free daily, *Sky Post*, made significant progress since its launch in 2011. It extends the Group's readers, advertisers and income sources which were not previously available to the Group's other niche publications. The Group is determined to make it a good success and confident that it would be fruitful in the medium and longer term.

The Group is aware of the importance of technology development that attracts the audience attention from traditional media to digital platforms. The Group would continue to invest in talents and technology and be prepared for the opportunities that are forthcoming.

The Group's strong financial position, together with the stable and solid profit contribution from the financial news agency, solutions and information businesses, would help the Group to ride through any economic storm and business challenges ahead.

EMPLOYEES

As at 30 September 2013, the Group had 1,488 employees (30 September 2012: 1,550 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 cent (2012: HK 1.0 cent) per share, amounting to HK\$4,316,000 (2012: HK\$4,316,000), payable on 20 December 2013 to shareholders whose names appear on the Register of Members of the Company at the close of business on 10 December 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 11 December 2013 to 13 December 2013, 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 10 December 2013.

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. CHOW On Kiu

Professor LEUNG Gabriel Matthew
(appointed on 1 September 2013)

Mr. LO Foo Cheung

Mr. KWAN Ka Ming

(resigned on 10 June 2013)

Mr. O'YANG Wiley

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2013, 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	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 (Note 1)	Corporate	44,275,000	10.258%
Mr. MAK Ping Leung	Beneficial owner	810,000	0.188%
Mr. CHAN Cho Biu	Beneficial owner	520,000	0.120%
Mr. SHEK Kang Chuen	Beneficial owner	1,000,000	0.232%
Ms. SEE Sau Mei Salome	Beneficial owner	370,000	0.086%
Mr. CHAN Wa Pong	Beneficial owner	1,000,000	0.232%
Mr. CHU Yu Lun (Note 2)	Corporate	87,435,000	20.258%
Mr. CHOW On Kiu	Beneficial owner	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 2013 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company (including their spouses or children under 18 years of age) to acquire benefits by means of acquisition of shares or underlying 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 2013 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive 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 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 2013, 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 the Directors and chief executive:

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>)	38,908,000	9.015%

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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

The Company has not redeemed any of its shares during the period. 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 2013.

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 2013.

AUDIT COMMITTEE

The Company established an Audit Committee in 2005 with written terms of reference. The Audit Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. O'Yang Wiley as Committee Chairman and Mr. Lo Foo Cheung. The Group's unaudited interim results for the six months ended 30 September 2013 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 Professor Leung Gabriel Matthew.

NOMINATION COMMITTEE

The Company established a Nomination Committee in 2005 with written terms of reference. The Nomination Committee comprises three Independent Non-executive Directors, Mr. Chow On Kiu as Committee Chairman, Professor Leung Gabriel Matthew and Mr. O'Yang Wiley.

By order of the Board

Hong Kong Economic Times Holdings Limited

Chan Wa Pong

Executive Director

Hong Kong, 25 November 2013