Hong Kong Economic Times Holdings Limited

Annual Report 2013/2014

- Printed Media
- Financial News Agency, Information and Solutions
- Recruitment Advertising and Training
- Lifestyle Portals

Stock Code 00423

The mission of the Group
is
to become one of the pre-eminent
financial and business
information and service providers
in
Greater China

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Board of Directors

Executive Directors

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

Mr. Mak Ping Leung (alias: Mr. Mak Wah Cheung)

Mr. Chan Cho Biu

Mr. Shek Kang Chuen

Ms. See Sau Mei Salome

Mr. Chan Wa Pong

Non-executive Director

Mr. Chu Yu Lun

Independent Non-executive Directors

Mr. Chow On Kiu

Professor Leung Gabriel Matthew

Mr. Lo Foo Cheung

Mr. O'Yang Wiley

Company Secretary

Mr. Chan Wa Pong *CPA*

Qualified Accountant

Ms. Chan Kit Man Fanny *FCPA*

Authorised Representatives

Mr. Fung Siu Por, Lawrence

Mr. Chan Wa Pong

Independent Auditor

PricewaterhouseCoopers

Audit Committee

Mr. O'Yang Wiley *(Chairman)*

Mr. Chu Yu Lun

Mr. Lo Foo Cheung

Nomination Committee

Mr. Chow On Kiu *(Chairman)*

Professor Leung Gabriel Matthew

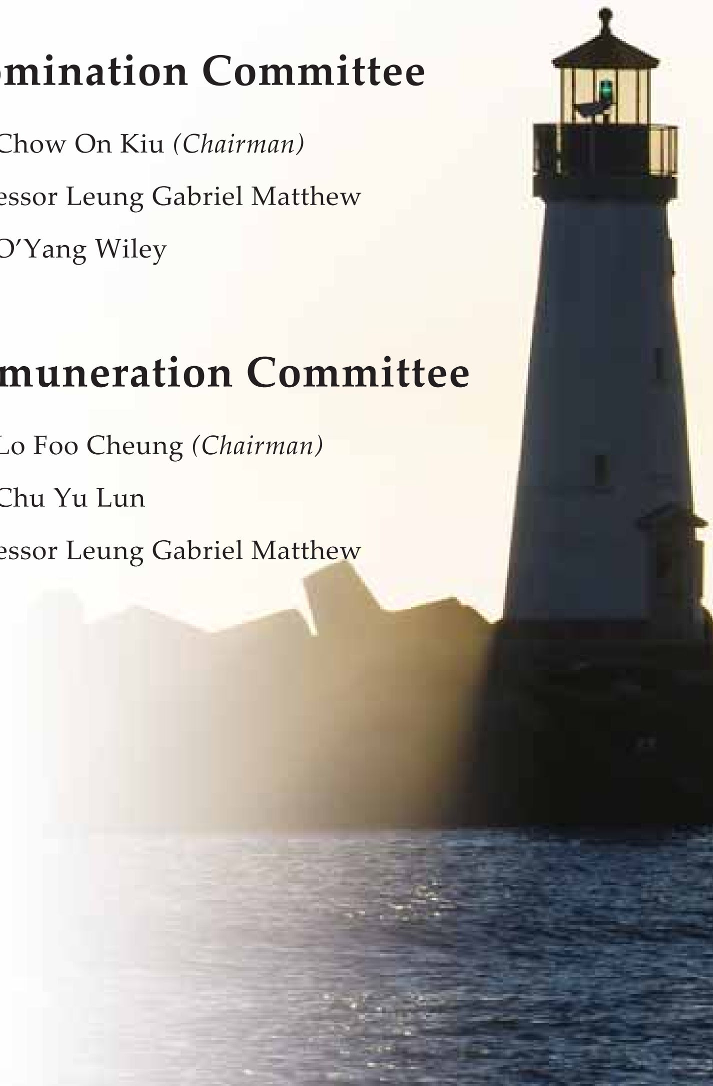
Mr. O'Yang Wiley

Remuneration Committee

Mr. Lo Foo Cheung *(Chairman)*

Mr. Chu Yu Lun

Professor Leung Gabriel Matthew



Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business

6th Floor, Kodak House II
321 Java Road
North Point
Hong Kong

Corporate Website

www.hketgroup.com

Email

groupinfo@hket.com

Stock Code

00423 HK

Principal Share Registrar and Transfer Office in Cayman Islands

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Key Dates

Closure of Registers of Members

4 August 2014 to 7 August 2014
(for attending Annual General Meeting)

18 August 2014 to 20 August 2014
(for final dividend entitlement)

Annual General Meeting

7 August 2014

Proposed Payment of Final Dividend

26 September 2014

Business Organization Chart

Printed Media

Hong Kong Economic Times newspaper publishing
Sky Post newspaper publishing
e-zone magazine publishing
U Magazine magazine publishing
iMoney magazine publishing
ET Press and WHY book publishing

Financial News Agency, Information and Solutions

Finance
ET Net
ET Wealth
ET Trade

Property
EPRC

Recruitment Advertising and Training

Recruitment Advertising
CTgoodjobs.hk

Training
ET Business College

Lifestyle Portals

Health Smart
U Travel
U Food
U Beauty

HKET Holdings At A Glance

Hong Kong Economic Times Holdings Limited ("HKET Holdings" / "the Group") is a diversified media company. Its core business – publication of the *Hong Kong Economic Times* ("*HKET*") – was established in 1988. It is the leading financial newspaper in Hong Kong. Besides, the Group launched its free publication, *Sky Post*, in July 2011. Apart from newspaper publishing, the Group also operates other businesses such as magazines and book publishing, recruitment advertising & executive training, and lifestyle portals. In addition, the Group runs a financial news agency, information and solution business. ET Net, the leading financial news agency in Hong Kong serving the professional market, has expanded to the Greater China market. HKET Holdings was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 3 August 2005 (Stock code: 00423).

Strategy and 5 Business Domains

Taking advantage of the strong foundation and rich experiences of the Group, HKET Holdings strives to attain sustainable growth for the utmost benefit of shareholders by pursuance of diversification strategy through 5 business domains:

Finance

Property

Human Resources

Education

Lifestyle

Strong Brand

The Group consistently provides content and services of high quality and with its extensive business network, we are able to take the various leading positions and to maintain strong brand with support from readers.

In this financial year, members of the Group initiated and were involved in a number of remarkable events, which again elaborated strengths of the Group.

The annual Economic and Financial Forum

Hong Kong Economic Times of Hong Kong, *Economic Daily* of China and *Economic Daily News* of Taiwan jointly organized their fourth titled Economic and Financial Forum in April 2014. The event again had prominent government officials to officiate as well as corporate leaders and scholars to share views and enhanced communications among the regions.

Hong Kong Economic Times the number one on media credibility

According to Public Evaluation on Media Credibility 2013 by CUHK Centre for Communication and Public Opinion Survey, *HKET* ranked number one among 18 paid and free Chinese newspapers.

The Market Leaders

e-zone the mass market IT magazine

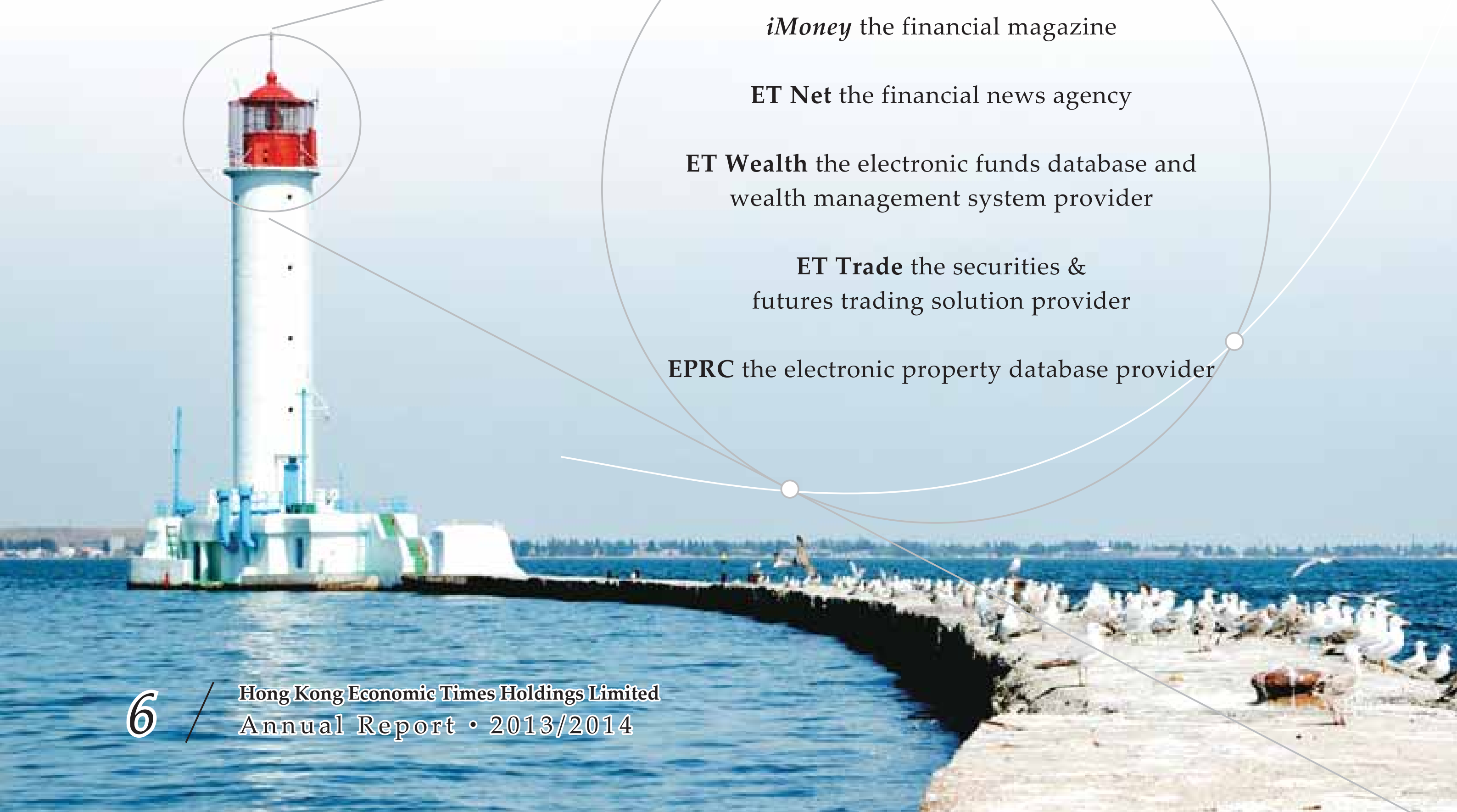
iMoney the financial magazine

ET Net the financial news agency

ET Wealth the electronic funds database and wealth management system provider

ET Trade the securities & futures trading solution provider

EPRC the electronic property database provider



Awards

Sky Post won in Hong Kong News Award 2013

- Best Headline (Chinese) First runner-up

U Magazine, *e-zone* and U Travel won in Media Convergence Award 2014

- Merit (*U Magazine* / *e-zone*)
- Weekly Magazine Category (Overall) – Silver Award (*e-zone*) and Bronze Award (*U Magazine*)
- Weekly Magazine Category (Social Media) – Gold Award (*U Magazine*) and Bronze Award (*e-zone*)
- Weekly Magazine Category (Website) – Gold Award (*U Magazine*)
- Weekly Magazine Category (Mobile) – Silver Award (*e-zone*)
- Media (Social Media) – Bronze Award (*U Magazine*)
- Website Content – Gold Award (U Travel)

Media Convergence Award 2014

ET Net won in Mob-Ex Awards 2013

- Best App – Media Owner – Bronze
- Best Campaign for Tablets – Silver

Mob-Ex Awards 2013

Apex won in Asian Print Award 2013

- Silver Award in Web Offset – LWC (Light Weight Coated) 65gsm or less

ET Net won in Friends of Social Enterprise Award Scheme 2013

- Outstanding Partner of SE 2013

hket.com won in Digital Media of the Year 2013

- 2nd in "Local Business & Finance"

HKET won in Newspaper of the Year 2013

- 3rd in "Newspaper of the Year"

U Magazine, *e-zone* and *iMoney* won in Magazine of the Year 2013

- Gold in "Travel Magazine of the Year (Local)" (*U Magazine*)
- Gold in "Consumer Electronics Magazine of the Year" (*e-zone*)
- Bronze in "Business Magazine of the Year (Local)" (*iMoney*)

HKET won in Consumer Rights Reporting Awards 2013

- Gold Award and Merit in "News"
- Gold Award and Merit in "Press Photo"

Chairman's Statement

Dear Shareholders,

The global economic environment improved slightly towards the end of 2013. The US economy expanded slowly at a steady pace. There were signs of stability emerged across major economies of eurozone, with the region returning to modest growth in the second half of 2013 after an 18-month recession. Supported by the Central Government's stimulation polices of domestic demand, the growth momentum of Mainland economy continued. Hong Kong economy, benefited from the Mainland economy, attained a moderate GDP growth of 2.9% in 2013, up from a 1.5% in 2012.

The transformation of local printed media is still underway, with the advertising revenue shifting from paid to free and from print to online media. These evolving changes present us challenges but also open up new opportunities to the Group. Our investments in *Sky Post*, the Group's Chinese free daily, and internet based-businesses began to contribute to the growth of the Group. During the financial year under review, profit attributable to shareholders, after excluding the one-off gain on disposal of a property in the Financial Year 2012/13, recorded an increase of HK$34.0 million, a significant improvement over the last financial year. We are confident that these initiatives will become the growth drivers of the Group in the medium and longer term. The Board also recommends the payment of a final dividend of HK 5.0 cents per share for the financial year ended 31 March 2014.

I am pleased to report that, *Hong Kong Economic Times*, our flagship paid newspaper, stands as a highly respected Chinese newspaper in the market, is well recognized by the public on its objective, insightful, trustworthy and quality reporting, was ranked number one in media credibility among all paid and free Chinese newspapers in Hong Kong by a 2013 survey – "Public Evaluation on Media Credibility" conducted by the Centre for Communication and Public Opinion Survey of The Chinese University of Hong Kong. This achievement would not be possible without our editorial team's determination and passion to excel.

Sky Post, entering into its 3rd year of publication, made significant progress as planned. Targeting to the mass middle class audience and with audited distribution exceeding 500,000 copies, it is the second largest circulation newspaper in Hong Kong. *Sky Post*, positioned itself as a positive thinking and middle class free daily by delivering a variety of unbiased, responsive, up-to-date, rational and quality content with broad coverage on social and general news in a clean and easy-to-read format. Ever since its launch, *Sky Post* has been well received by advertisers and attracted advertisements from business sectors which were not previously available to the Group's other niche publications. We have built up a strong editorial and sales team and are confident and determined to make *Sky Post* a continuing success.

The growing penetration of tablets and smartphone devices and the ongoing upgrading of Internet speed and technologies have caused the shifting of consumer behaviour as well as spending from print to online media. Although the impact is not significant at the moment, online media will be the main driver of revenue growth in the coming years. Online and mobile advertisings are expected to increase their respective share of the total advertising market. The Group will continue its initiatives to increase and enhance its presence in the online media across all of its business segments.

Against the evolving changes in the printed media and the intense market competition from peers, the performance of the Group's paid publications, namely *Hong Kong Economic Times*, *U Magazine*, *e-zone* and *iMoney* reported under the printed media segment, was stable and continued to be profitable for the financial year under review. The financial news agency, information and solutions segment, despite its significant investments in product development, maintained its profit contribution to the Group for the financial year under review and remained as a major profit contributor of the Group. ET Net in particular, a business unit under this segment, has entered into a golden age with its successful diversification strategy. Not only a leading market player in the real-time financial terminals business to professional traders, ET Net has become a major equities content provider to the websites of large and medium-sized financial institutions. Its own website, etnet.com.hk, is also the Group's flagship internet platform ranking as one of the top local websites in Hong Kong, helping the Group successfully capitalize on the New Information Age. These two pillars formed the solid and stable foundation for the Group's development in other businesses.

The investments in free daily and internet-based businesses of the printed publications included under the printed media segment, exerted pressure on the cost and results of this segment. However, we strongly believe these investments are worthwhile and necessary to sustain the growth of the Group in the medium and longer term. We shall continue to take a cautious approach in cost management and take further steps to control our costs. The Group is in a strong cash flow position with a cash balance of over HK$370 million as at 31 March 2014. With strong liquidity and sufficient financial resources, we are well placed to capitalize on any investment opportunities that may arise and to ride through any storms that might come.

Despite the positive signs of recovery, global economic conditions remained challenging. Continued uncertainty arising from the US monetary and fiscal measures and their impacts on the emerging markets, and the nascent and fragile eurozone recovery will cast shadows over the global economic growth. Mainland economy is expected to continue to play a significant role in balancing the global market, with expected GDP growth of above 7% in 2014, far outpacing the advanced economies. Hong Kong will continue to benefit from Mainland's growth and the outlook for 2014 is positive. We shall continue to consolidate our existing competitive strength, sharpen our competitive edge, deepen our penetration into segments that offer growth and enlarge our customer and income base.

Our success over the years would not have been possible without the untiring efforts of our people. I wish to take this opportunity to express my heartfelt thanks to my fellow Board colleagues for their insightful guidance, support and valuable contribution, and to our passionate staff for their hard work, commitment, professionalism and inspirational teamwork. I am convinced that their resilience, forward thinking, resourcefulness and enthusiasm will continue to drive the growth of the Group in the years to come. My gratitude also extends to all of our readers, customers, business partners and investors for their ongoing support.

Fung Siu Por, Lawrence
Chairman

Hong Kong, 23 June 2014

Board of Directors

Executive Directors

Mr. FUNG Siu Por, Lawrence, GBS, aged 64, is the Chairman and Chief Executive Officer of the Company. Mr. Fung is a founder of the *Hong Kong Economic Times* ("*HKET*"). He was also the first Publisher and Chief Editor of *HKET*. Mr. Fung is responsible for the overall strategic planning and development, policy-making and setting corporate missions of the Group. He has over 30 years of entrepreneurial experience in media and publishing, securities trading, computer technology and exhibition industries. Mr. Fung obtained a Bachelor of Social Science degree from The University of Hong Kong ("HKU") and a Master of Arts degree in Economics from University of Manchester in the United Kingdom. In 2003, Mr. Fung was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Fung is a founder member and a director of Musketeers Education and Culture Charitable Foundation Limited. He is also a founder member and Chairman of Board of Directors of Hong Kong Ideas Centre Limited. Mr. Fung was conferred the degree of Doctor of Social Sciences *honoris causa* by HKU in 2010.

Mr. MAK Ping Leung (alias: Mr. MAK Wah Cheung), aged 64, is the Managing Director of the Group and Publisher of *HKET* and the *Sky Post*. He is also a founder of *HKET*. Mr. Mak is responsible for formulating the business strategies and the overall management of publishing, recruitment advertising and printing production of the Group. He has over 30 years of extensive experience in the media and publishing industry. Prior to joining the Group in 1987, he was the Bureau Chief of *Wen Wei Po*, European Bureau in London, and was later promoted to the Deputy General Manager of *Wen Wei Po*. Mr. Mak obtained his Bachelor of Arts degree from The University of Hong Kong and had attended a journalism programme "Journalists in Europe" in France. Mr. Mak is currently the honorary advisor of Hong Kong Institute of Marketing and a Director of Hong Kong Copyright Licensing Association Limited. In 1988, Mr. Mak was elected as one of the Ten Outstanding Young Persons of Hong Kong.

Mr. CHAN Cho Biu, BBS, aged 57, is the Associate Publisher and Chief Editor of *HKET*. Mr. Chan joined the Group in 1988 and is responsible for the editorial development of *HKET*. Mr. Chan has over 20 years of solid experience in the media and publishing industry. Prior to joining the Group, he had worked with the *Hong Kong Economic Journal* and Radio Television Hong Kong. Mr. Chan holds a Bachelor of Science degree and a Postgraduate Diploma in Education from The Chinese University of Hong Kong. In 2007, Mr. Chan was elected as the first Chairman of Journalism Education Foundation Hong Kong Limited and awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Chan was the Chairman of the Hong Kong News Executives' Association in 2001 and 2002.

Mr. SHEK Kang Chuen, aged 66, is the Associate Publisher and Head of Research Department of *HKET*. He is a founder of *HKET*. Mr. Shek is responsible for the overall development and management of Research Department of *HKET*. He is also responsible for the day-to-day management of the Group's book publication and training businesses. Mr. Shek has over 20 years of solid experience in the media and publishing industry. He is a columnist in *HKET* and its associated magazines, *Sky Post*, *iMoney* and on the financial portal of www.etnet.com.hk. Besides that, Mr. Shek has written several books on topics of investment, finance and wealth management. He is a regular speaker in various investment and wealth management conferences and seminars. He is currently a host of an investment programme for Radio Television Hong Kong. Mr. Shek obtained a Bachelor of Arts degree and a Postgraduate Diploma in Education from The University of Hong Kong.

Ms. SEE Sau Mei Salome, aged 51, is the Managing Director of the Company's subsidiaries which engage in the businesses of financial news agency, information and solutions. Ms. See joined the Group in 1989, responsible for the Group's marketing strategy and operations. She was later assigned to start and take charge of the Group's financial news agency, information and solutions businesses. Ms. See has over 20 years of solid experience in general business management. Prior to joining the Group, Ms. See worked in the regional marketing office of a multinational computer equipment corporation, Digital Equipment Limited, where she gained extensive experience in digital technology and a profound understanding of advanced networking. Ms. See obtained a Bachelor of Arts degree from Macquarie University, Australia.

Mr. CHAN Wa Pong, aged 62, joined the Group in 1990, and is the Company Secretary of the Company and Chief Financial Officer of the Group. Mr. Chan studied accountancy in North East London Polytechnic and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 30 years of financial and management experience in London and Hong Kong. Prior to joining the Group, Mr. Chan was the Chief Accountant of a multinational gas manufacturer in Hong Kong and the Financial Controller of a paper product manufacturer in Hong Kong.

Board of Directors

Non-executive Director

Mr. CHU Yu Lun, aged 63, was appointed as a Non-executive Director in April 2005. He is also a Member of Company's Audit Committee and Remuneration Committee. Mr. Chu is the founder and Chairman of the Adsale Group. Established in December 1977 in Hong Kong under the name of The Adsale People, the company was registered as Adsale People Limited in 1985. As an international trade media group in the Asia-Pacific region, the Adsale Group's major businesses include organizing international trade fairs, publishing international trade journals, e-publications and industry websites. Mr. Chu has extensive experience in the exhibition industry. Mr. Chu received a Master degree in Business Administration at The Chinese University of Hong Kong in 1984 after his Bachelor degree in Science from The University of Hong Kong in 1973. For years, Mr. Chu has taken active participation in social activities personally and on behalf of his companies. He is currently the Chair of the Global Association of the Exhibition Industry (UFI) Asia Pacific Chapter, Honorary Life President of Hong Kong Exhibition and Convention Industry Association (HKECIA), member of the Working Group on Convention and Exhibition Industries and Tourism under the Economic Development Commission, and has been the Founding President of Hong Kong University Science Alumni Association Limited, member of Advisory Board on the Master degree in Business Administration program of The Chinese University of Hong Kong and advisor of China Expo Forum for International Cooperation. His commitment in the industry granted him an award of "The Top Ten People in China Exhibition Industry 2001 & 2003". Mr. Chu is also a founder member and a director of Musketeers Education and Culture Charitable Foundation Limited. With his valuable contribution to the society and the University of Hong Kong, Mr. Chu received an Honorary University Fellowship from The University of Hong Kong in 2011.

Independent Non-executive Directors

Mr. CHOW On Kiu, aged 63, was appointed as an Independent Non-executive Director in April 2005. He is currently the Chairman of Company's Nomination Committee. Mr. Chow has extensive experience in banking, finance, trading, investment as well as property investment in Mainland China. Mr. Chow is currently the Vice Chairman of The Wharf (Holdings) Limited, a company listed on the Hong Kong Stock Exchange and the Chairman of Wharf China Development Limited. He had also been a Director of Sun Hung Kai Securities Limited from 1979 to 1985, Managing Director of Tian An China Investment Limited, a company listed on the Hong Kong Stock Exchange, from 1987 to 1992 and Executive Director of Next Media Limited, a company listed on the Hong Kong Stock Exchange, from 1999 to 2002. Mr. Chow graduated with a Bachelor degree in Social Science from The University of Hong Kong.

Professor LEUNG Gabriel Matthew, GBS, aged 41, was appointed as an Independent Non-executive Director on 1 September 2013. He is currently a Member of the Company's Nomination Committee and Remuneration Committee. Professor Leung is the fortieth Dean of the Li Ka Shing Faculty of Medicine at The University of Hong Kong ("HKU"). Professor Leung, a clinician and a respected public health authority, is also Chair Professor in the School of Public Health at HKU. Previously, he was Professor and Head of Department of Community Medicine at HKU and served as the first Under Secretary for Food and Health, Government of the Hong Kong Special Administrative Region ("HKSAR") and the fifth Director of Chief Executive's Office, Government of the HKSAR. Born in Hong Kong, Professor Leung received his early education locally and in the United Kingdom. He read medicine at The University of Western Ontario and received his degree of Doctor of Medicine, and completed family medicine residency training in Toronto, Canada. He earned his degree of Master of Public Health from Harvard University and degree of Doctor of Medicine, a research doctorate from HKU.

Mr. LO Foo Cheung, JP, aged 64, was appointed as an Independent Non-executive Director in April 2005. He is currently the Chairman of Company's Remuneration Committee and a Member of Company's Audit Committee. Mr. Lo is the founder and Chairman of FC Packaging Holding Limited, one of the leading can manufacturers in the Greater China. Mr. Lo has extensive experience in the industrial and manufacturing industry in Hong Kong and Mainland China. He is currently the Honorary President of the Chinese Manufacturers' Association of Hong Kong, Standing Committee Member of the Chinese General Chamber of Commerce, a Member of the Election Committee of the Hong Kong Special Administrative Region, Standing Committee Member of the Chinese People's Political Consultative Conference of Heilongjiang Province and Jiangmen City, Honorary Citizen of Guangzhou City, Foshan City and Jiangmen City. Mr. Lo previously served as First Vice-President of the Chinese Manufacturers' Association of Hong Kong, Council Member of Hong Kong Trade Development Council, Council Member of Hong Kong Productivity Council, a Member of the Business Advisory Group of Hong Kong Special Administrative Region, Committee Member of Business Facilitation Advisory Committee, Director and Chairman of Finance and Administration Committee of Hong Kong Design Centre, Committee Member of Small and Medium Enterprises Committee of Hong Kong, founding Vice Chairman of the Young Industrialists Council of Hong Kong and Council Member of the Hong Kong Quality Assurance Agency. Mr. Lo holds a Bachelor degree with honours in Social Science and a Master degree in Business Administration from The Chinese University of Hong Kong. Mr. Lo was a winner of the Young Industrialist Award of Hong Kong in 1988.

Mr. O'YANG Wiley, aged 51, was appointed as an Independent Non-executive Director on 1 October 2012. He is currently the Chairman of Company's Audit Committee and a Member of Company's Nomination Committee. Mr. O'Yang is the Managing Director of Kim Eng Securities (Hong Kong) Limited ("KESHK"), a wholly-owned subsidiary of Malayan Banking Berhad. He has more than 26 years of experience in the accounting, finance and legal fields. Prior to joining KESHK, Mr. O'Yang worked for various international investment banks, including UBS AG, Hong Kong Branch, J.P. Morgan Securities (Asia Pacific) Limited and BNP Paribas Capital (Asia Pacific) Limited and held the positions of managing director and executive director. Prior to those, he was a partner of Richards Butler, an international law firm. Mr. O'Yang graduated from The Chinese University of Hong Kong with a Bachelor of Social Science degree and a Master of Business Administration degree. He is also a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Law Society of Hong Kong.

Corporate Governance

The Board of Directors (the "Board") was committed to maintain a high level of corporate governance standards and practices. The Company has complied with the provisions set out in the Corporate Governance Code (the "Code Provisions") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except as stated and explained below.

Board of Directors

As at 31 March 2014, the Board comprised eleven Directors, with four of them being Independent Non-executive Directors, representing more than one-third of the Board.

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 *(Members of Remuneration and Audit Committees)*

Independent Non-executive Directors:

Mr. Chow On Kiu *(Chairman of Nomination Committee)*
Professor Leung Gabriel Matthew *(Members of Nomination and Remuneration Committees)*
Mr. Lo Foo Cheung *(Chairman of Remuneration Committee and Member of Audit Committee)*
Mr. O'Yang Wiley *(Chairman of Audit Committee and Member of Nomination Committee)*

The composition of the Board reflects a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Directors are aware of their collective and individual responsibilities to shareholders and have exercised their duties with care, skill and diligence for the best interests of the shareholders. Names and biographies of the Directors are set out on pages 10 to 13 under the section headed "Board of Directors" of this Annual Report.

Each of the Executive, Non-executive, and Independent Non-executive Directors has entered into a continuous service contract with the Company and is subject to the rotational retirement and re-election requirements of the Company's Articles of Association and the Code Provisions. Mr. Fung Siu Por, Lawrence (the Chairman and Executive Director of the Company) and Mr. Chu Yu Lun (the Non-executive Director of the Company) have been business partners for years and have common interests in certain companies. Save as disclosed above, none of the Directors has any financial, business, family relationships or any relationships in other material aspects with each other.

Under Code A.2.1 of the Code Provisions, the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. However, the Company has appointed Mr. Fung Siu Por, Lawrence as both its Chairman and the CEO. The Board believes that vesting the roles of the Chairman and the CEO in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high calibre individuals with a substantial number thereof being Non-executive Directors.

The Board is responsible for setting the Group's strategic direction and overseeing the business performance of the Group while business operations are delegated to qualified management under the supervision of respective Executive Directors. The Board will ensure that the decision and direction made are implemented through the management, and that all significant business matters including but not limited to budgets, business plans, investment decisions, material capital expenditure are subject to the Board's approval.

Independence of Independent Non-executive Directors

Each Independent Non-executive Director has submitted to the Stock Exchange a written confirmation in respect of their independence in accordance with Rule 3.13 of the Listing Rules on their appointment. The Board has also received from each of the Independent Non-executive Directors a confirmation of his independence as required under the Listing Rules. The Board is of the opinion that all Independent Non-executive Directors are independent and appreciates the professional and valuable contributions they made to the Board and the Committees.

Directors' Training and Professional Development

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

Each newly appointed Director received a comprehensive, formal and tailored induction on appointment so as to ensure that he had a proper understanding of the Company's operation and business and was fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

During the year, all Directors had attended various seminars, conferences or forum which were relevant to their respective duties and responsibilities or the businesses of the Company.

Board Proceedings

Directors' attendance record of Board, Committee and General Meetings:

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
(number of meetings attended/number of meetings held during respective director's tenure)					
<u>Executive Directors:</u>					
Fung Siu Por, Lawrence	4/4				1/1
Mak Ping Leung (alias: Mak Wah Cheung)	4/4				1/1
Chan Cho Biu	4/4				1/1
Shek Kang Chuen	4/4				1/1
See Sau Mei Salome	4/4				1/1
Chan Wa Pong	4/4				1/1
<u>Non-executive Director:</u>					
Chu Yu Lun	4/4	1/1	1/1	1/1	0/1
<u>Independent Non-executive Directors:</u>					
Chow On Kiu	4/4			1/1	0/1
Leung Gabriel Matthew	2/3		0/0	0/0	0/0
Lo Foo Cheung	4/4	2/2	1/1		0/1
O'Yang Wiley	4/4	2/2		1/1	0/1

The Board intends to hold at least four meetings annually at approximately quarterly intervals. Notice of meeting, agenda (with consultation of members of the Board) and accompanying board papers are sent in full to all Directors in a timely manner before the intended date of each meeting. During the financial year ended 31 March 2014, four meetings were held.

Minutes of the Board meetings are recorded by the secretary of the meeting in sufficient detail of the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final version of minutes of Board Meetings are sent to all Directors for their comment and records respectively, in both cases within reasonable time after the Board Meeting is held.

Audit Committee

The Company established an Audit Committee in 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. As at 31 March 2014, the Audit Committee comprised 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 principal roles and functions of the Committee as set out in its terms of reference are available on both the Company's and the Stock Exchange's websites.

During the financial year ended 31 March 2014, the Audit Committee met twice with the presence of all members. The Company's Chief Financial Officer and Qualified Accountant and External Auditor were invited to attend the meeting. The Committee has reviewed the annual report for the financial year ended 31 March 2013, External Auditor's remuneration, internal control system and interim report for the period ended 30 September 2013. The Chairman of the Audit Committee has reported to the Board on the findings of these reviews. The Board has not taken any view that is different from that of the Audit Committee.

Furthermore, the Committee has reviewed, inter alia, the Annual Report and Financial Statements of the Group for the year ended 31 March 2014, the report from External Auditor on the audit of the Group's Financial Statements, the connected transactions, internal control system review and the re-appointment of External Auditor.

Remuneration Committee

The Company established a Remuneration Committee in 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. As at 31 March 2014, the Remuneration Committee comprised 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. The principal roles and functions of the Remuneration Committee as set out in its terms of reference are available on both the Company's and the Stock Exchange's websites.

The Remuneration Committee met once during the financial year ended 31 March 2014 to review and approve the remunerations and discretionary bonus payable to the Executive Directors and senior management for the financial year under review. The Committee Chairman has reported to the Board on the proceedings of the meeting.

Nomination Committee

The Company established a Nomination Committee in 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. 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. The principal roles and functions of the Nomination Committee as set out in its terms of reference are available on both the Company's and the Stock Exchange's websites.

The Nomination Committee met once during the financial year ended 31 March 2014 with the presence of all members to review the size, structure, composition and diversity of the Board and made its recommendations to the Board on the re-appointment of Directors (not less than one-third of the Board) who are subject to retirement by rotation and eligible for re-election at the forthcoming annual general meeting.

Remuneration of Directors

The Directors' fees and all other emoluments paid or payable to the Directors during the year are set out on an individual and named basis in note 7(b) to the Consolidated Financial Statements of this Annual Report on page 74.

The Group's emolument policy is set out in note 7(d) to the Consolidated Financial Statements of this Annual Report on page 76.

Securities Transactions of Directors

The Company confirmed the adoption of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). All Directors confirmed their compliance with the required standard set out in the Model Code regarding directors' securities transactions throughout the financial year ended 31 March 2014.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code. No incident of non-compliance was noted by the Company for the period under review.

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for the preparation of the Financial Statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period and in compliance with relevant laws and disclosure provisions of the Listing Rules. In preparing the Financial Statements for the year ended 31 March 2014, the Directors have selected appropriate accounting polices and applied them consistently; made judgements and estimates that are prudent and reasonable; and have prepared Financial Statements on a going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

External Auditor

The Group had appointed PricewaterhouseCoopers as the Group's External Auditor since the financial year 2004/05. Their reporting responsibilities on the Financial Statements are set out in the Independent Auditor's Report of this Annual Report on pages 34 to 35.

During the period under review, the Group has incurred a total fee of HK$2,600,000 in relation to the interim review and audit services provided by PricewaterhouseCoopers for the financial year 2013/14, which was approved by the Audit Committee and the Board. A fee of HK$286,000 was also paid or payable to PricewaterhouseCoopers for other services.

PricewaterhouseCoopers will retire and offer themselves for re-appointment at the annual general meeting of the Company to be held on 7 August 2014.

The re-appointment of PricewaterhouseCoopers as the External Auditor of the Group has been recommended by the Audit Committee and endorsed by the Board, subject to the approval of shareholders in the forthcoming annual general meeting.

Company Secretary

The Company Secretary is responsible for assisting the Board and respective Board Committees in their proceedings and advising the Board on corporate governance matters. During the year ended 31 March 2014, the Company Secretary has complied with the professional training requirements under the Code Provisions.

Internal Controls

The Board acknowledges its responsibility for the Group's internal control system and has reviewed its effectiveness to ensure that internal control measures are in place to safeguard the Group's assets and to comply with relevant regulations and best practices.

Shareholders' Rights and Investor Relation

The Board is committed to upholding shareholders' rights. Shareholders are informed of the Company's performance, operations and developments.

Pursuant to the Articles of Association of the Company, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Shareholders may put forward proposals at general meetings of the Company in the same manner as set out above. The Board shall arrange the extraordinary general meeting be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists may themselves convene the meeting and reimburse the expenses so incurred from the Company.

Shareholder may propose a person other than a retiring director of the Company for election as a director of the Company at a general meeting by depositing a notice signed by the shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Shareholders may at any time direct their enquiries about the Company to the Board by writing to the Company's place of business in Hong Kong, 6th Floor, Kodak House II, 321 Java Road, North Point, Hong Kong or by email to groupinfo@hket.com. Shareholders may also put forward their enquiries to the Board at the general meetings of the Company.

During the year ended 31 March 2014, there is no significant change in the Company's constitutional documents. The Company's Memorandum and Articles of Association are available on both the Company's and the Stock Exchange's websites.

Summary of Profit and Loss Account

	Year ended 31 March 2014 HK$'000	2013 HK$'000 (Restated)	% Change
Revenue	**1,065,145**	**1,032,818**	**3%**
Cost of sales	(701,718)	(711,966)	-1%
Gross profit	363,427	320,852	13%
Gross profit margin	**34.1%**	**31.1%**	
Selling and distribution expenses	(159,154)	(160,370)	-1%
General and administrative expenses	(174,235)	(173,536)	0%
Other income	492	556	-12%
Gain on disposal of a property	–	68,401	N/A
Operating profit	30,530	55,903	-45%
Finance income/(costs) – net	4,508	(22)	N/A
Profit before income tax	35,038	55,881	-37%
Income tax (expense)/credit	(5,583)	8,031	N/A
Profit for the year	**29,455**	**63,912**	**-54%**
Non-controlling interests	(1,317)	(1,328)	-1%
Profit attributable to owners	**28,138**	**62,584**	**-55%**
Net profit margin	**2.8%**	**6.2%**	

General

The local printed media is undergoing gradual transformation from paid to free and from print to online oriented models. The Group's investments in *Sky Post*, a free Chinese daily, and internet-based businesses began to contribute to the growth of the Group and are expected to increase their significance to the Group's bottom line.

The Group's revenue for the financial year ended 31 March 2014 increased to HK$1,065.1 million, an increase of HK$32.3 million or 3% over the preceding financial year. Profit attributable to owners, however, decreased by 55% from HK$62.6 million to HK$28.1 million. The decrease was mainly attributable to the one-off gain on disposal of a property recorded in the last financial year. Excluding this one-off profit item in the financial year ended 31 March 2013, the Group recorded an increase in net profit attributable to owners by approximately HK$34.0 million.

Revenue

	Year ended 31 March 2014 HK$'000	2013 HK$'000	% Change
Revenue:			
Advertising income	590,855	562,322	5%
Circulation income	115,860	121,994	-5%
Service income	344,296	335,963	2%
Enrolment income	14,134	12,539	13%
Total	1,065,145	1,032,818	3%

Advertising income for the year ended 31 March 2014 was HK$590.9 million, an increase of HK$28.5 million, or 5% as compared to the year ended 31 March 2013. The moderate decrease in advertising income from our flagship paid newspaper, *Hong Kong Economic Times*, was compensated by the significant growth from *Sky Post*, resulting in an overall increase in advertising income of the Group. The Group's entry to the free daily market had broadened the advertising income base. The Group is confident that *Sky Post* will become a growth engine of the Group in the coming financial years.

Circulation income decreased by 5% from HK$122.0 million in the year ended 31 March 2013 to HK$115.9 million for the financial year under review. Despite the increasing trend of readers shifting to free contents and online platforms, the Group's paid publications are able to retain a stable and loyal group of readers by producing quality contents.

Service income for the year ended 31 March 2014 increased from HK$336.0 million to HK$344.3 million when compared with the preceding financial year. Revenue generated from the financial news agency, information and solutions businesses remained solid and significant. The Group also recorded an increase in printing service income from the Group's printing operations.

Operating Costs

Gross profit margin for the year ended 31 March 2014 increased by 3.0 percentage point to 34.1% from 31.1% for the year ended 31 March 2013. The increase in gross profit margin was mainly due to a combined effect of the decrease of cost of sales, in particular the newsprint price, and the improved topline performance.

Staff costs, representing approximately 46% of the Group's total operating costs, increased by 2% as compared to the year ended 31 March 2013. The increase was mainly due to general salary increment in line with the employment market.

Newsprint costs, constituting around 11% of the Group's total operating costs, decreased 12% as compared to the year ended 31 March 2013. The decrease in newsprint costs was mainly due to decrease in newsprint price and more effective production control.

Gain on Disposal of a Property

On 26 March 2013, the Group disposed of one of its printing plants after relocating its printing machineries to the Group's other printing locations. The disposal resulted in a gain of HK$68.4 million and was recorded in the financial year ended 31 March 2013.

Income Tax (Expense)/Credit

The effective tax rate of the Group for the financial year ended 31 March 2014 was 15.9%. This was close to the standard profits tax rate of 16.5% which was applicable to companies incorporated in Hong Kong, the Group's major place of operation. The Group recorded an income tax credit for the preceding financial year as a result of the recognition of deferred income tax assets in respect of tax losses incurred which Directors considered that the realisation of the related tax benefit through the availability of the future taxable profits were probable. The gain on the disposal of the printing plant recorded in the last financial year was capital in nature and was exempt from profits tax.

Profit Attributable to Owners

Profit attributable to owners of the Group for the year under review was HK$28.1 million, a decrease of HK$34.4 million or 55% as compared to HK$62.6 million recorded for the year ended 31 March 2013. Net profit margin decreased from 6.2% for the last financial year to 2.8% for the current financial year. Excluding the factor of one-off gain on disposal of a property in the last financial year, the Group's operating performance for the current financial year recorded a significant improvement.

In its third year of publication, *Sky Post*, progressing as planned, still exerted short term pressure on the results of the printed media segment. However, the Group is confident of the promising growth contribution of *Sky Post* in the coming financial years. The Group's other paid publications, namely *Hong Kong Economic Times*, *U Magazine*, *e-zone* and *iMoney* were able to maintain their profitability.

Financial news agency, information and solutions segment remained the major profit contributor for the financial year under review. With the leading market position in its various products and services, this segment had established a strong foundation in profit generation.

Recruitment advertising business of the Group had shifted to online-based model and proved successful in the transformation. Contribution from recruitment advertising and training segment was stable.

The Group continued to invest in lifestyle portals which were expected to bear fruits in the near future.

The Management of the Group is conscious of the economic and market changes and is focused to preserve and enlarge the premium customer and income base of the Group. Management is determined to make the initiatives in free Chinese daily market and online businesses successful and fruitful.

Liquidity and Capital Resources

(in HK$ million)	As at 31 March 2014	2013 (Restated)
Net current assets	398.7	365.5
Term deposits, pledged deposits and cash and cash equivalents	371.0	344.4
Bank borrowings	111.4	114.9
Owners' funds	802.7	792.3
Gearing ratio	9.3%	9.6%
Current ratio	2.52 times	2.40 times

The Group's net current assets as at 31 March 2014 increased by HK$33.2 million from HK$365.5 million to HK$398.7 million. The increase was mainly attributable to the positive operating results of the Group for the year ended 31 March 2014. The Group recorded a net cash generated from operating activities of HK$45.1 million.

Net cash used in investing activities was HK$121.5 million. During the year, the Group placed HK$137.7 million with banks in term deposits with original maturities of over three months and redeemed HK$16.6 million available-for-sale financial assets upon its maturity.

The Group had distributed the final dividend declared for the financial year ended 31 March 2013 and interim dividend for the six months period ended 30 September 2013 amounting to an aggregate total of HK$25.9 million. During the financial year, the Group had drawn down a leasing loan of HK$23.1 million with five years repayment term, and had repaid HK$26.6 million during the same period. The loan was secured on the Group's property, plant and equipment with net book value of approximately HK$145.5 million as at 31 March 2014. Net cash used in financing activities for the year therefore amounted to HK$29.7 million.

Gearing ratio of the Group, being total interest bearing liabilities divided by total assets, was 9.3% as at 31 March 2014. The Group did not have undrawn borrowing facilities as at 31 March 2014.

As at 31 March 2014, the Group had a cash balance of HK$371.0 million as compared to HK$344.4 million as at 31 March 2013. Majority of the cash was placed under short-term deposits with banks in Hong Kong and was held in Hong Kong dollars or in Renminbi. Exchange fluctuations, whether appreciation or devaluation, of Renminbi for the financial year under review was small and could be offset by the higher deposit interest rate received. The Group therefore had no significant exposure to foreign exchange fluctuations.

The Group is able to meet its working capital requirements, support investment needs of any future business plans and fulfill the dividend payment policy at the current fund level.

To meet the Group's requirement for additional office space, the Group is in the process of acquiring several office premises in Hong Kong for self use purpose with a total consideration of approximately HK$69.8 million and expects to complete the acquisitions in August 2014 and December 2014, respectively.

Outlook

The evolution of the printed media industry presents us challenges but also opens up new opportunities to the Group. Our investments in the free daily and internet-based businesses of the printed publications, though exerted pressure on the cost and results of the printed media segment, we are confident that these initiatives will become the growth drivers of the Group in the medium and longer term.

Sky Post, targeting the mass middle class audience, is the second largest circulation newspaper in Hong Kong, and has made significant progress since its launch. Positioned itself as a positive thinking and middle class free daily by delivering a variety of unbiased, responsive, up-to-date, rational and quality content with broad coverage on social and general news in a clean and easy-to-read format, *Sky Post* has been well received by the advertisers and attracted advertisements from business sectors which were not previously available to the Group's other niche publications. We have built up a strong editorial and sales team and are confident and determined to make *Sky Post* a continuing success.

The Group's two pillars, the paid publications, namely *Hong Kong Economic Times*, *U Magazine*, *e-zone* and *iMoney* reported under the printed media segment, and the financial news agency, information and solutions segment, continued to be profitable and remained the major profit contributors of the Group. ET Net in particular, a business unit under the financial news agency, information and solutions segment, has entered into a golden age with its successful diversification strategy. Its website, etnet.com.hk, is the Group's flagship internet platform ranking as one of the top local websites in Hong Kong, helping the Group successfully capitalize on the New Information Age. These two pillars formed the solid and stable foundation for the Group's development in other businesses.

Despite the positive signs of recovery, global economic conditions remained challenging. Continued uncertainty arising from the US monetary and fiscal measures and their impacts on the emerging markets, and the nascent and fragile eurozone recovery will cast shadows over the global economic growth. Mainland economy is expected to continue to play a significant role in balancing the global market, with expected GDP growth of above 7% in 2014, far outpacing the advanced economies. Hong Kong will continue to benefit from Mainland's growth and the outlook for 2014 is positive. We shall continue to consolidate our existing competitive strength, sharpen our competitive edge, deepen our penetration into segments that offer growth and enlarge our customer and income base. The Group is in a strong cash flow position. With strong liquidity and sufficient financial resources, we are well placed to capitalize on any investment opportunities that may arise and to ride through any storms that might come.

Employees

As at 31 March 2014, the Group had 1,494 employees (31 March 2013: 1,516 employees). The Directors believe that employees are the most valuable assets of the Group and competitive remuneration packages are offered to retain quality staff. Employee benefits include medical insurance, discretionary bonus, provident fund schemes and other staff benefits.

Directors' Report

The Directors of Hong Kong Economic Times Holdings Limited (the "Company") submit their report together with the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2014 (the "Financial Statements").

Principal Activities and Analysis of Operations

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 25 to the Financial Statements.

An analysis of the Group's performance for the year ended 31 March 2014 by operating segment is set out in note 5 to the Financial Statements.

A discussion of the Group's performance and its financial position are provided in the section headed "Management Discussion and Analysis" in this Annual Report.

Financial Results

The results of the Group for the year and the state of affairs of the Company and the Group as at 31 March 2014 are set out on pages 36 to 100.

Dividend Distributions

During the year, an interim dividend distribution from the distributable reserves of HK 1.0 cent per share, totalling HK$4,316,000 was paid on 20 December 2013.

The Directors recommend a payment from the distributable reserves of the Company a final dividend of HK 5.0 cents per share in respect of the year ended 31 March 2014 to the shareholders whose names appear on the Register of Members of the Company at the close of business on 15 August 2014, amounting to HK$21,580,000. The final dividend, payable on 26 September 2014, is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 7 August 2014.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out on page 41 and in note 24 to the Financial Statements.

Property, Plant and Equipment

Movements in property, plant and equipment of the Group are set out in note 14 to the Financial Statements.

Share Capital

Details of the authorised and issued share capital of the Company are set out in note 23 to the Financial Statements.

Distributable Reserves

Distributable reserves of the Company as at 31 March 2014, calculated under the Cayman Islands Companies Law, amounted to HK$276,753,000 (2013: HK$295,795,000) including share premium of HK$269,808,000 and retained earnings of HK$6,945,000.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "Five-year Financial Summary" in this Annual Report.

Purchase, Sale or Redemption of the Company's Shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Directors' Report

Directors

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

Executive Directors

Mr. FUNG Siu Por, Lawrence *(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	
Mr. KWAN Ka Ming	(resigned on 10 June 2013)
Professor LEUNG Gabriel Matthew	(appointed on 1 September 2013)
Mr. LO Foo Cheung	
Mr. O'YANG Wiley	

Details of the profile of each member of the Board are set out in the section headed "Board of Directors" in this Annual Report.

In accordance with Articles 86 and 87 of the Company's Articles of Association, Mr. Mak Ping Leung (alias: Mr. Mak Wah Cheung), Mr. Shek Kang Chuen, Mr. Chan Wa Pong, Mr. Chow On Kiu and Professor Leung Gabriel Matthew shall retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

Other than as disclosed under "Related Party Transactions" in note 28 to the Financial Statements, no contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 March 2014, 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:

(a) Long positions in ordinary shares of HK$0.10 each of the Company

Name of Director	Capacity/Nature of interest	Number of shares held	Percentage of issued share capital of the Company
Mr. FUNG Siu Por, Lawrence (Note 1)	Corporate	44,275,000	10.258%
Mr. MAK Ping Leung	Beneficial owner	810,000	0.188%
Mr. CHAN Cho Biu	Beneficial owner	520,000	0.120%
Mr. SHEK Kang Chuen	Beneficial owner	1,000,000	0.232%
Ms. SEE Sau Mei Salome	Beneficial owner	370,000	0.086%
Mr. CHAN Wa Pong	Beneficial owner	1,000,000	0.232%
Mr. CHU Yu Lun (Note 2)	Corporate	87,435,000	20.258%
Mr. CHOW On Kiu	Beneficial owner	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.

(b) Long positions in underlying shares of the Company

The Company adopted a share option scheme in 2005 and no option has been granted by the Company under the share option scheme since its adoption. Details of the scheme are set out in the paragraph headed "Share Option Scheme" below.

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief 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 year 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 31 March 2014, 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 executive:

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%
Golden Rooster Limited (Note 2)	44,275,000	10.258%
Aberdeen Asset Management Plc and its Associates (together "The Aberdeen Group") on behalf of accounts managed by The Aberdeen Group (Note 3)	43,174,000	10.003%
The University of Hong Kong	43,160,000	10.000%
MaMa Charitable Foundation Limited	42,681,000	9.889%

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 The Aberdeen Group on behalf of accounts managed by The Aberdeen Group in the capacity of an investment manager.

Save as disclosed above, as at 31 March 2014, according to the register of interests required to be kept by the Company under Section 336 of Part XV of the SFO, there was no person, other than the Directors and chief executive of the Company, whose interests are set out in the paragraph headed "Directors' Interests in Shares, Underlying Shares and Debentures" above, who had any interests or short positions in the shares or underlying shares of the Company.

Share Option Scheme

Pursuant to the share option scheme adopted by a written resolution of the then sole shareholder of the Company on 19 July 2005 (the "Scheme"), the Company may grant options to, among others, the directors or employees of the Company or its subsidiaries, for the recognition and acknowledgement of their contributions to the Group, to subscribe for shares of the Company (the "Shares").

According to the Scheme, pursuant to which the Board of Directors, may at its discretion, invite any eligible participants to take up options to subscribe for the Shares. The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not, in aggregate, exceed 30% of the issued share capital of the Company from time to time. The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes, shall not, in aggregate, exceed 10% of the number of Shares in issue as at the date dealings in the Shares first commence on the Stock Exchange unless further shareholders' approval had been obtained pursuant to the conditions set out in the Scheme. The total number of Shares issued and to be issued upon exercise of all options already granted or to be granted under the Scheme and any other schemes (including both exercised or outstanding options) to each eligible participant in any 12-month period shall not exceed 1% of the issued share capital of the Company.

The offer for the grant of options (the "Offer") must be taken up within 21 business days from the day of the Offer, with a payment of HK$10 as consideration for the grant. The exercise price of the share option shall be determined by the Board and shall not be less than the highest of: (a) the nominal value of the Shares; (b) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of Offer, which shall be a business day; and (c) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of Offer.

The share options are exercisable at any time during a period of not more than 10 years from the date of Offer, subject to the terms and conditions of the Scheme and any conditions of grant as may be stipulated by the Board. Unless terminated by the Company by the resolution in general meeting, the Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Scheme becomes unconditional (its listing date).

No option has been granted by the Company under the Scheme since its adoption.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Suppliers and Customers

The percentages of the Group's purchases and sales during the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	6%
– five largest suppliers combined	23%
Sales	
– the largest customer	9%
– five largest customers combined	19%

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

Connected Transactions

The Group has entered into certain related party transactions as disclosed in note 28 to the Financial Statements. These related party transactions did not constitute connected transactions of the Company under the Listing Rules.

Competing Business

As at 31 March 2014, none of the Directors and directors of the Company's subsidiaries, or their respective associates had interests in businesses, other than being a director of the Company and/or its subsidiaries and their respective associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules, except for the interests held by Mr. Chu Yu Lun and Mr. Fung Siu Por, Lawrence, both Directors of the Company, in Adsale Publishing Limited which is engaged in the publication of industrial magazines catered for readers in the textile and apparel, plastic and rubber, and machinery industries. Mr. Chu is also a director of Adsale Publishing Limited.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of more than 25% of the Company's issued shares as at the date of this Annual Report.

Compliance with Corporate Governance Code

In the opinion of the Directors, 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 for the year ended 31 March 2014 except as stated and explained below.

Under Code A.2.1 of the Code Provisions, the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. However, the Company has appointed Mr. Fung Siu Por, Lawrence as both its Chairman and the CEO. The Board believes that vesting the roles of the Chairman and the CEO in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high calibre individuals with a substantial number thereof being Non-executive Directors.

Event After the Balance Sheet Date

Details of significant event occurring after the balance sheet date is set out in note 29 to the Financial Statements.

Auditor

The Financial Statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint PricewaterhouseCoopers as auditor of the Company.

On behalf of the Board
FUNG Siu Por, Lawrence
Chairman

Hong Kong, 23 June 2014

Independent Auditor's Report

pwc 羅兵咸永道

To the shareholders of Hong Kong Economic Times Holdings Limited
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Hong Kong Economic Times Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 36 to 100, which comprise the consolidated and company balance sheets as at 31 March 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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Auditor's Responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 June 2014

Consolidated Income Statement

	Note	Year ended 31 March 2014 HK$'000	2013 HK$'000 (Restated)
Revenue	5	1,065,145	1,032,818
Cost of sales	6	(701,718)	(711,966)
Gross profit		363,427	320,852
Selling and distribution expenses	6	(159,154)	(160,370)
General and administrative expenses	6	(174,235)	(173,536)
Other income	5	492	556
Gain on disposal of a property	26	–	68,401
Operating profit		30,530	55,903
Finance income	8	7,337	2,698
Finance costs	8	(2,829)	(2,720)
Finance income/(costs) – net	8	4,508	(22)
Profit before income tax		35,038	55,881
Income tax (expense)/credit	9	(5,583)	8,031
Profit for the year		29,455	63,912
Profit attributable to:			
Owners of the Company		28,138	62,584
Non-controlling interests		1,317	1,328
		29,455	63,912
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic and diluted	11	6.52	14.50

The notes on pages 43 to 100 are an integral part of these consolidated financial statements.

	Note	Year ended 31 March 2014 HK$'000	2013 HK$'000
Dividends	12	25,896	25,896

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 March 2014 HK$'000	2013 HK$'000 (Restated)
Profit for the year		29,455	63,912
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Change in value of available-for-sale financial assets		147	2,415
Reclassification of revaluation reserve upon maturity of available-for-sale financial assets		(1,002)	–
Currency translation differences arising from foreign operations		(112)	23
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of long service payment provision	13	9,147	(592)
Other comprehensive income for the year, net of tax		8,180	1,846
Total comprehensive income for the year		37,635	65,758
Total comprehensive income attributable to:			
Owners of the Company		36,318	64,430
Non-controlling interests		1,317	1,328
		37,635	65,758

The notes on pages 43 to 100 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Note	31 March 2014 HK$'000	31 March 2013 HK$'000 (Restated)	1 April 2012 HK$'000 (Restated)
Non-current assets				
Intangible assets		–	–	250
Property, plant and equipment	14	502,125	534,687	526,746
Investment properties	15	12,402	20,999	8,570
Available-for-sale financial assets	16	–	–	14,221
Deferred income tax assets	17	20,107	16,121	3,665
Deposits paid for property, plant and equipment		–	1,397	11,696
		534,634	573,204	565,148
Current assets				
Inventories	18	37,096	34,918	50,177
Trade receivables	19	219,436	201,262	183,748
Deposits, prepayments and other receivables		28,871	25,070	24,276
Tax recoverable		4,774	3,965	4,518
Available-for-sale financial assets	16	–	16,582	–
Pledged deposits	20	–	4,869	64,810
Term deposits with original maturities of over three months	20	198,613	60,923	15,440
Cash and cash equivalents	20	172,367	278,559	167,922
		661,157	626,148	510,891
Current liabilities				
Trade payables	21	38,126	40,689	57,785
Fees in advance		94,241	89,510	89,300
Accruals, other payables and provisions		96,205	102,590	103,107
Current income tax liabilities		4,337	3,396	5,148
Bank borrowings	22	29,504	24,432	–
		262,413	260,617	255,340
Net current assets		398,744	365,531	255,551
Total assets less current liabilities		933,378	938,735	820,699

	Note	31 March 2014 HK$'000	31 March 2013 HK$'000 (Restated)	1 April 2012 HK$'000 (Restated)
Equity attributable to owners of the Company				
Share capital	23	43,160	43,160	43,160
Reserves	24			
Proposed final dividend	12	21,580	21,580	25,033
Others		737,943	727,521	688,987
		802,683	792,261	757,180
Non-controlling interests		8,317	7,281	6,398
Total equity		811,000	799,542	763,578
Non-current liabilities				
Bank borrowings	22	81,857	90,461	–
Deferred income tax liabilities	17	31,072	32,125	42,635
Other non-current liabilities	13	9,449	16,607	14,486
		122,378	139,193	57,121
Total equity and non-current liabilities		933,378	938,735	820,699

Fung Siu Por, Lawrence
Chairman

Mak Ping Leung
Director

The notes on pages 43 to 100 are an integral part of these consolidated financial statements.

Audited Financial Statements

Balance Sheet

	Note	As at 31 March 2014 HK$'000	2013 HK$'000
Non-current assets			
Investments in subsidiaries	25	178,627	178,627
Current assets			
Deposits, prepayments and other receivables		154	127
Amounts due from subsidiaries	25	618,658	495,457
Cash and cash equivalents	20	31,255	116,975
		650,067	612,559
Current liabilities			
Accruals, other payables and provisions		1,223	824
Amounts due to subsidiaries	25	501,438	445,287
		502,661	446,111
Net current assets		147,406	166,448
Total assets less current liabilities		326,033	345,075
Equity			
Share capital	23	43,160	43,160
Reserves	24		
Proposed final dividend	12	21,580	21,580
Others		261,293	280,335
Total equity		326,033	345,075

Fung Siu Por, Lawrence
Chairman

Mak Ping Leung
Director

The notes on pages 43 to 100 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Currency translation reserve HK$'000	Investment revaluation reserve HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 April 2012, as previously reported	43,160	122,381	69,944	6,120	1,925	(1,560)	–	515,210	757,180	6,398	763,578
Adjustment for change in accounting policy (note 2)	–	–	–	–	–	–	(7,899)	7,899	–	–	–
Balance at 1 April 2012, as restated	43,160	122,381	69,944	6,120	1,925	(1,560)	(7,899)	523,109	757,180	6,398	763,578
Profit for the year	–	–	–	–	–	–	–	62,584	62,584	1,328	63,912
Other comprehensive income											
Change in fair value of available-for-sale financial assets	–	–	–	–	–	2,415	–	–	2,415	–	2,415
Currency translation differences arising from foreign operations	–	–	–	–	23	–	–	–	23	–	23
Remeasurement of long service payment provision	–	–	–	–	–	–	(592)	–	(592)	–	(592)
Total comprehensive income	–	–	–	–	23	2,415	(592)	62,584	64,430	1,328	65,758
Transaction with owners											
Final dividend for the year ended 31 March 2012	–	–	–	–	–	–	–	(25,033)	(25,033)	(445)	(25,478)
Interim dividend for the year ended 31 March 2013	–	–	–	–	–	–	–	(4,316)	(4,316)	–	(4,316)
Balance at 31 March 2013, as restated	43,160	122,381	69,944	6,120	1,948	855	(8,491)	556,344	792,261	7,281	799,542
Balance at 1 April 2013	43,160	122,381	69,944	6,120	1,948	855	–	547,853	792,261	7,281	799,542
Adjustment for change in accounting policy (note 2)	–	–	–	–	–	–	(8,491)	8,491	–	–	–
Balance at 1 April 2013, as restated	43,160	122,381	69,944	6,120	1,948	855	(8,491)	556,344	792,261	7,281	799,542
Profit for the year	–	–	–	–	–	–	–	28,138	28,138	1,317	29,455
Other comprehensive income											
Change in fair value of available-for-sale financial assets	–	–	–	–	–	147	–	–	147	–	147
Reclassification of revaluation reserve upon maturity of available-for-sale financial assets	–	–	–	–	–	(1,002)	–	–	(1,002)	–	(1,002)
Currency translation differences arising from foreign operations	–	–	–	–	(112)	–	–	–	(112)	–	(112)
Remeasurement of long service payment provision	–	–	–	–	–	–	9,147	–	9,147	–	9,147
Total comprehensive income	–	–	–	–	(112)	(855)	9,147	28,138	36,318	1,317	37,635
Transaction with owners											
Final dividend for the year ended 31 March 2013	–	–	–	–	–	–	–	(21,580)	(21,580)	(281)	(21,861)
Interim dividend for the year ended 31 March 2014	–	–	–	–	–	–	–	(4,316)	(4,316)	–	(4,316)
Balance at 31 March 2014	43,160	122,381	69,944	6,120	1,836	–	656	558,586	802,683	8,317	811,000

The notes on pages 43 to 100 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

	Note	Year ended 31 March 2014 HK$'000	2013 HK$'000 (Restated)
Cash flows from operating activities			
Cash generated from operations	26	58,669	1,798
Interest paid	8	(2,829)	(2,720)
Long service payment made		(243)	(438)
Hong Kong profits tax paid		(10,490)	(16,134)
Net cash generated from/(used in) operating activities		45,107	(17,494)
Cash flows from investing activities			
Bank interest received	8	6,503	1,796
Interest income received from available-for-sale financial assets		988	956
Purchase of property, plant and equipment and investment properties		(14,018)	(87,688)
Proceeds from disposal of property, plant and equipment	26	1,295	114,884
Redemption upon maturity of available-for-sale financial assets	16	16,575	–
Increase in term deposits with original maturities of over three months		(137,690)	(45,483)
Decrease in pledged deposits		4,869	59,941
Deposits paid for purchase of property, plant and equipment		–	(1,397)
Net cash (used in)/generated from investing activities		(121,478)	43,009
Cash flows from financing activities			
Interim dividend paid to owners of the Company		(4,316)	(4,316)
Final dividend paid to owners of the Company		(21,580)	(25,033)
Final dividend paid to non-controlling interests of the Company		(281)	(445)
Proceeds from bank borrowings		23,100	276,900
Repayments of bank borrowings		(26,632)	(162,007)
Net cash (used in)/generated from financing activities		(29,709)	85,099
Net (decrease)/increase in cash and cash equivalents		(106,080)	110,614
Effect of foreign exchange rate changes, net		(112)	23
Cash and cash equivalents at beginning of the year		278,559	167,922
Cash and cash equivalents at end of the year	20	172,367	278,559

Note: As at 31 March 2014, the total of cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits amounted to HK$370,980,000 (2013: HK$344,351,000) (note 20).

The notes on pages 43 to 100 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
Year ended 31 March 2014

1. General information

The Company was incorporated in the Cayman Islands on 15 February 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The principal activities of its subsidiaries are the printing and publishing of newspapers, magazines and books, the provision of electronic financial and property market information services, the provision of recruitment advertising and training services, and operation of portals in lifestyle focus.

These consolidated financial statements have been approved for issue by the Board of Directors on 23 June 2014.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets which have been stated at fair values.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policy and disclosures

The amendment to Hong Kong Accounting Standard ("HKAS") 1 (amendment) requires entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

The amendment to HKAS 19 (revised) "Employee benefits" amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. In previous years, these actuarial gains and losses were recognised in profit or loss. The change has resulted in an increase in the consolidated income statement for the year ended 31 March 2013 of HK$592,000. The amendments have been applied retrospectively with comparative figures adjusted accordingly.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

The adoption of amendment to HKAS 19 (revised) has the following impact on the consolidated financial statements due to the restatement as aforesaid:

	As reported HK$'000	Effect of adopting HKAS 19 (revised) HK$'000	As restated HK$'000
For the year ended 31 March 2013:			
Consolidated income statement			
Staff costs	464,751	(592)	464,159
Profit for the year	63,320	592	63,912
Basic earnings per share (HK cents)	14.36	0.14	14.50
Consolidated statement of comprehensive income			
Actuarial losses of long service payment	(592)	592	–
Remeasurement of long service payment provision	–	(592)	(592)
Other comprehensive income for the year, net of tax	2,438	(592)	1,846
As at 31 March 2013:			
Consolidated balance sheet			
Other reserves	–	(8,491)	(8,491)
Retained earnings	547,853	8,491	556,344
As at 1 April 2012:			
Consolidated balance sheet			
Other reserves	–	(7,899)	(7,899)
Retained earnings	515,210	7,899	523,109

There is a new term "remeasurements". This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

Notes to the Consolidated Financial Statements
Year ended 31 March 2014

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

The standard requires remeasurements to be recognised in retained earnings or a separate reserve. The Group has elected to recognise the remeasurements in separate reserve as other reserves, resulting in decreases of HK$7,899,000 and HK$8,491,000 in other reserves with corresponding increases in the retained earnings as at 1 April 2012 and 31 March 2013, respectively.

The amendment clarifies the definitions of short- and long-term benefits in HKAS 19 (revised) by confirming that the distinction is based on whether payment is expected within the next twelve months, rather than when payment can be demanded.

The Group has reassessed the classification of the long service payment provision as at 31 March 2014. As a result of the reassessment, the Group has reclassified long service payment provision from current liabilities to non-current liabilities. Comparative information has been restated to reflect this change in accounting policy. This has resulted in increases in other non-current liabilities and related decreases in accruals, other payables and provisions of HK$14,486,000 and HK$16,607,000 as at 1 April 2012 and 31 March 2013, respectively.

	As at 31 March 2014 HK$'000	As at 31 March 2013 HK$'000	As at 1 April 2012 HK$'000
Consolidated balance sheet			
Current liabilities			
Decrease in accruals, other payables and provisions	(9,449)	(16,607)	(14,486)
Non-current liabilities			
Increase in other non-current liabilities	9,449	16,607	14,486

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Apart from the amendments to HKAS 1 and HKAS 19 (revised), the following new or revised standards and amendments to standards are relevant to the Group's operation but are not effective for the Group's financial year beginning 1 April 2013 and have not been early adopted in these consolidated financial statements:

		Effective for accounting period beginning on or after
HKAS 19 (2011) (Amendment)	Defined benefit plans – Employee contributions	1 July 2014
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKAS 39 (Amendment)	Novation of derivatives and hedge accounting	1 January 2014
HKFRS 9	Financial instruments	To be determined
HKFRS 10, HKFRS 12 and HKFRS 27 (2011) (Amendments)	Investment entities	1 January 2014
HKFRS 14	Regulatory deferral accounts	1 January 2016
HK(IFRIC)-Int 21	Levies	1 January 2014
Annual improvements project	Annual improvements 2010-2012 cycle	1 July 2014
Annual improvements project	Annual improvements 2011-2013 cycle	1 July 2014

The Group has commenced the assessment of the impact of these new or revised standards and amendments to standards but is not yet in a position to state whether they would have a significant impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements
Year ended 31 March 2014

2. Summary of significant accounting policies (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer ("CEO") of the Group that makes strategic decisions.

Notes to the Consolidated Financial Statements
Year ended 31 March 2014

2. Summary of significant accounting policies (Continued)

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$" or "HK dollars"), which is the Company's functional and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where the items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. Foreign exchange gains and losses are presented in the consolidated income statement within 'general and administrative expenses'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the consolidated income statement, and other changes in carrying amount are recognised in other comprehensive income.

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment

Land and buildings comprise mainly factories and offices. Leasehold land classified as finance lease and all other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Remaining lease term
Leasehold buildings	20 to 50 years or over the unexpired period of the lease, whichever is shorter
Leasehold improvements	5 to 30 years or over the unexpired period of the lease, whichever is shorter
Plant and machinery	3 to 15 years
Furniture, fixtures and equipment	3 to 10 years
Motor vehicles	2 to 5 years
Network and computer equipment	3 to 5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'general and administrative expenses' in the consolidated income statement.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

2. Summary of significant accounting policies (Continued)

2.6 Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields, and that are not occupied by the Group.

Investment properties are initially measured at cost, including related transaction costs. Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Investment properties are stated at historical cost less accumulated depreciation and impairment loss, if any. They are depreciated using the straight-line method over its estimated useful life or over the unexpired period of the lease, whichever is shorter.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'general and administrative expenses' in the consolidated income statement.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

2. Summary of significant accounting policies (Continued)

2.7 Intangible assets (Continued)

(b) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the five years expected life of the contractual customer relationships.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the consolidated balance sheet (see notes 2.13 and 2.14).

Notes to the Consolidated Financial Statements
Year ended 31 March 2014

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

2.9.1 Classification (Continued)

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the balance sheet date.

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. Summary of significant accounting policies (Continued)

2.11 Impairment of financial assets

(a) *Assets carried at amortised cost*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements
Year ended 31 March 2014

2. Summary of significant accounting policies (Continued)

2.11 Impairment of financial assets (Continued)

(b) Assets classified as available for sale

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement – is removed from equity and recognised in the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated income statement, the impairment loss is reversed through the consolidated income statement.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2. Summary of significant accounting policies (Continued)

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.18 Borrowing costs

Borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Notes to the Consolidated Financial Statements
Year ended 31 March 2014

2. Summary of significant accounting policies (Continued)

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) *Current income tax*

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

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. Summary of significant accounting policies (Continued)

2.19 Current and deferred income tax (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Long service payments

The Group's net obligation in respect of long service payments to its employees in Hong Kong upon cessation of their employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement schemes that are attributed to contributions made by the Group. The discount rate is the yield at each balance sheet date of Hong Kong Government's Exchange Fund Notes which have terms to maturity approximating the terms of the related liability. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

2. Summary of significant accounting policies (Continued)

2.20 Employee benefits (Continued)

(c) Pension obligations

The Group operates defined contribution plans, including a mandatory provident fund scheme ("MPF") in Hong Kong, the assets of which are generally held in separate trustee-administered funds.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group's contributions to the defined contribution retirement plans are expensed as incurred. The Group's contributions to all these plans except for the MPF and the plans in the People's Republic of China ("PRC") are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund on a reduction in the future payments is available.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. Summary of significant accounting policies (Continued)

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts, returns and rebates.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenues are recognised as follows:

(i) Advertising income is recognised when the relevant advertisement is published.

(ii) Circulation income, comprises the sales of newspapers, magazines and books, is recognised on the transfer of risks and rewards of ownership, which generally coincides with the date of delivery.

(iii) Service income is principally derived from the provision of printing services and provision of information subscription services, solution and other related maintenance services. Service income is recognised when the services are rendered.

(iv) Enrolment income on the provision of professional training is recognised when the training services are rendered.

(v) Rental income from investment properties is recognised on a straight-line basis over the lease periods.

(vi) Interest income is recognised on a time-proportion basis using the effective interest method.

The excess of cash received from the items (i), (ii), (iii) and (iv) over the amounts recognised as revenue for the year are recorded as fees in advance in the consolidated balance sheet.

2.23 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Notes to the Consolidated Financial Statements
Year ended 31 March 2014

2. Summary of significant accounting policies (Continued)

2.23 Leases (Continued)

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.25 Related parties

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals (being members of key management personnel, significant owners and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used derivative financial instruments to hedge its risk exposures to changes in foreign currency exchange rates and interest rates.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk

(i) Foreign exchange risk

Most of the income and expenditures of the Group are denominated in HK dollars. Certain purchases of newsprint are denominated in United States dollars ("US dollars"). The value of the HK dollars is pegged to that of the US dollars and hence, the Group does not have any material foreign exchange exposure in this regard.

The Group's exposure to Renminbi ("RMB") mainly arises from bank deposits and available-for-sale financial investments. At 31 March 2014, if the HK dollar had weakened/strengthened by 1% against the RMB with all other variables held constant, the Group's profit for the year would have been increased/decreased by approximately HK$1,947,000 (2013: HK$678,000).

The Group has not implemented or entered into any type of instruments or arrangements to hedge against currency exchange fluctuations for the year under review. As at 31 March 2014 the Group did not have any outstanding hedging instruments (2013: nil).

Most of the income and expenditures of the Company are denominated in HK dollars and hence, the Company does not have any material foreign exchange exposure. The Company has not implemented or entered into any type of instruments or arrangements to hedge against currency exchange fluctuations for the year under review. As at 31 March 2014, the Company did not have any outstanding hedging instrument (2013: nil).

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from 'pledged deposits', 'term deposits with original maturities of over three months', 'cash and cash equivalents' and 'bank borrowings'. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

At 31 March 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's and the Company's profit for the year by approximately HK$790,000 (2013: HK$1,316,000) and HK$13,000 (2013: HK$10,000) respectively, in respect of interest income on floating rate bank deposits.

At 31 March 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit for the year by approximately HK$1,114,000 (2013: HK$1,149,000) in respect of interest expense on floating rate bank borrowings.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) *Credit risk*

The Group's credit risk arises from its bank deposits and trade receivables while that of the Company arises from bank deposits and amounts due from subsidiaries. The management considers the credit risk for the amounts due from subsidiaries under the Company is low.

To mitigate the risk arising from banks, the Group and the Company place their deposits to certain reputable banks with a minimum rating of "investment grade" ranked by an independent party. See note 20 for further disclosure on credit risk.

The Group manages its credit risk associated with trade receivables through the application of credit approvals, credit ratings and monitoring procedures.

Credit sales are only made to customers with appropriate credit history or high credit standing while sales to new customers or customers of low credit standing are usually made on an advance payment or cash on delivery basis.

In addition, trade receivables balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. See note 19 for further disclosure on credit risk.

No credit limits were exceeded during the year, and management does not expect any losses from non-performance by these counterparties.

(c) *Liquidity risk*

The Group's policy is to regularly monitor current and expected liquidity level to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements.

As at 31 March 2014, the Group does not have undrawn borrowing facilities. As at 31 March 2013, the Group has available undrawn borrowing facilities of approximately HK$23,100,000.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) *Liquidity risk* (Continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
Group			
At 31 March 2014			
Trade payables	38,126	–	–
Accruals and other payables	94,590	–	–
Bank borrowings	31,911	31,911	52,787
At 31 March 2013			
Trade payables	40,689	–	–
Accruals and other payables	101,062	–	–
Bank borrowings	26,991	26,991	67,506

	Less than 1 year HK$'000
Company	
At 31 March 2014	
Accruals and other payables	793
Amounts due to subsidiaries	501,438
At 31 March 2013	
Accruals and other payables	394
Amounts due to subsidiaries	445,287

Notes to the Consolidated Financial Statements
Year ended 31 March 2014

3. Financial risk management (Continued)

3.2 Capital management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio. This ratio is calculated as total interest bearing liabilities divided by total assets. Total interest bearing liabilities are calculated as total borrowings including current and non-current bank borrowings as shown in the consolidated balance sheet. Total assets are calculated as 'total assets' as shown in the consolidated balance sheet.

As at 31 March 2014, the gearing ratio was 9.3% (2013: 9.6%).

3.3 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 31 March 2014 and 2013.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2014				
Available-for-sale financial assets (note 16)	–	–	–	–
As at 31 March 2013				
Available-for-sale financial assets (note 16)	16,582	–	–	16,582

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

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.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at 31 March 2014, the Group and the Company do not have financial instruments under this category (2013: same).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. As at 31 March 2014, the Group and the Company do not have financial instruments under this category (2013: same).

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Deferred income tax assets

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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Year ended 31 March 2014

4. Critical accounting estimates and judgements (Continued)

(a) Deferred income tax assets (Continued)

The Group's management determines the deferred income tax assets based on the enacted or substantively enacted tax rates (and laws) and the best knowledge of profit projections of the Group for coming years during which the deferred income tax assets are expected to be utilised. In assessing the amount of deferred income tax assets that need to be recognised, the Group considers future taxable income and ongoing prudent and feasible tax planning strategies. In the event that the Group's estimates of projected future taxable income and benefits from available tax strategies are changed, or changes in current tax regulations are enacted that would impact the timing or extent of the Group's ability to utilise the tax benefits of net operating loss carry forwards in the future, adjustments to the recorded amount of net deferred income tax assets and income tax expense would need to be made. In addition, management will revisit the assumptions and profit projections at the balance sheet date.

(b) Provision for impairment of trade receivables

The policy for impairment of trade receivables of the Group is based on the evaluation of collectibility and ageing analysis of trade receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(c) Useful lives of property, plant and equipment

Property, plant and equipment used by the Group are long-lived. The annual depreciation charges are sensitive to the estimated useful lives the Group allocates to each type of property, plant and equipment.

The Group's management determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. Management performs annual reviews to assess the appropriateness of their estimated useful lives. Such reviews take into account the technological changes, prospective economic utilisation and physical condition of the assets concerned.

4. Critical accounting estimates and judgements (Continued)

(d) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

Management's judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations.

(e) Provision for long service payments

The provision for long service payments is based on the best estimation of the probable future payments that have been earned by the employees from their services to the Group at each balance sheet date. Actuarial assumptions made in respect of discount rate and rate of future salary increase also determine the carrying amount of the provision for long service payments. Changes to these assumptions could have a significant risk of causing a material adjustment to the carrying amount in the consolidated balance sheet.

Other key assumptions for provision for long service payments are based in part on current market conditions. Additional information is disclosed in note 13.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

5. Revenue, other income and segment information

Turnover consists of revenue comprising the advertising income, circulation income, service income and enrolment income.

An analysis of the Group's revenue and other income for the year is as follows:

	2014 HK$'000	2013 HK$'000
Revenue		
Advertising income	590,855	562,322
Circulation income	115,860	121,994
Service income	344,296	335,963
Enrolment income	14,134	12,539
	1,065,145	1,032,818
Other income		
Rental income from investment properties	492	556
	492	556
Total revenue and other income	1,065,637	1,033,374

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

5. Revenue, other income and segment information (Continued)

The Group has 4 reportable segments:

(a) 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.

(b) 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.

(c) 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.

(d) Lifestyle portals segment – principally engaged in the operation of portals in food, travel, health and other lifestyle focus. This segment generates advertising income and service income from operation of internet portals.

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

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

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 years is presented.

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Year ended 31 March 2014

5. Revenue, other income and segment information (Continued)

The segment results for the year ended 31 March 2014 are as follows:

	Printed media		Financial news agency, information and solutions		Recruitment advertising and training		Lifestyle portals		Corporate		Total	
	2014 HK$'000	2013 HK$'000 (Restated)	2014 HK$'000	2013 HK$'000 (Restated)	2014 HK$'000	2013 HK$'000 (Restated)	2014 HK$'000	2013 HK$'000 (Restated)	2014 HK$'000	2013 HK$'000 (Restated)	2014 HK$'000	2013 HK$'000 (Restated)
REVENUE												
Revenue	766,638	743,011	244,046	233,698	41,987	43,188	20,829	20,349	–	–	1,073,500	1,040,246
Inter-segment transactions	(3,224)	(3,394)	(4,934)	(2,305)	(150)	(1,634)	(47)	(95)	–	–	(8,355)	(7,428)
Revenue – from external customers	763,414	739,617	239,112	231,393	41,837	41,554	20,782	20,254	–	–	1,065,145	1,032,818
RESULTS												
Profit/(loss) for the year	(11,052)	26,416	43,469	42,492	3,653	1,878	(6,648)	(7,711)	33	837	29,455	63,912

For the year ended 31 March 2014, revenue of approximately HK$95,899,000 (2013: HK$94,643,000) is derived from a single external customer. The revenue is attributable to the printed media segment.

The Group is domiciled in Hong Kong. The revenue from external customers attributed to Hong Kong and other countries are HK$1,059,972,000 (2013: HK$1,026,123,000) and HK$5,173,000 (2013: HK$6,695,000), respectively. The Group's revenue by geographical location is determined by the respective places of domicile of the relevant group entities which include Hong Kong and the PRC.

Gain on disposal of a property of HK$68,401,000 is included in the results of printed media segment for the year ended 31 March 2013 (note 26).

The total non-current assets other than available-for-sale financial assets and deferred income tax assets located in Hong Kong and other countries are HK$514,257,000 (2013: HK$556,663,000) and HK$270,000 (2013: HK$420,000), respectively.

6. Expenses by nature

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

	2014 HK$'000	2013 HK$'000 (Restated)
Crediting		
Gain on disposal of plant and equipment (note 26)	21	243
Reversal of provision for impairment of trade receivables	–	427
Charging		
Cost of inventories sold or consumed in operation (note 18)	219,734	224,438
Amortisation of contractual customer relationships	–	250
Auditors' remuneration	2,600	2,601
Bad debts written off	195	533
Property, plant and equipment written off (note 14)	14	–
Depreciation of property, plant and equipment and investment properties (notes 14 and 15)	56,235	48,193
Inventories written off	141	98
Operating lease rentals on land and buildings	22,020	20,424
Provision for impairment of trade receivables	21	–
Provision for obsolete inventories	508	461
Staff costs including Directors' and CEO's remuneration (note 7)	473,876	464,159

7. Staff costs including Directors' and CEO's remuneration

	2014 HK$'000	2013 HK$'000 (Restated)
Wages, salaries and bonuses	451,090	442,422
Unutilised leave pay	96	24
Pension costs – defined contribution plans (note a)	20,458	19,746
Long service payment (note 13)	2,232	1,967
Total including Directors' and CEO's remuneration	473,876	464,159

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7. Staff costs including Directors' and CEO's remuneration (Continued)

(a) Pensions – defined contribution plans

Forfeited contributions of approximately HK$397,000 (2013: HK$484,000) for the year ended 31 March 2014 were utilised during the year leaving no forfeited contributions were available at the year end to reduce future contributions (2013: nil).

Contributions totalling approximately HK$2,479,000 (2013: HK$2,383,000) were payable to the MPF and another occupational retirement scheme at the year end.

(b) Directors' and CEO's remuneration

The remuneration of each Director and the CEO for the year ended 31 March 2014 is set out below:

	Salary HK$'000	Fees HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors					
Mr. FUNG Siu Por, Lawrence (note (i))	3,192	–	266	160	3,618
Mr. MAK Ping Leung	3,497	–	291	175	3,963
Mr. CHAN Cho Biu	3,055	–	255	153	3,463
Mr. SHEK Kang Chuen	2,587	–	216	129	2,932
Ms. SEE Sau Mei Salome	2,848	–	237	142	3,227
Mr. CHAN Wa Pong	2,035	–	169	102	2,306
Non-executive Director					
Mr. CHU Yu Lun	–	148	–	–	148
Independent Non-executive Directors					
Mr. CHOW On Kiu	–	148	–	–	148
Mr. KWAN Ka Ming (note (ii))	–	29	–	–	29
Professor LEUNG Gabriel Matthew (note (iii))	–	86	–	–	86
Mr. LO Foo Cheung	–	148	–	–	148
Mr. O'YANG Wiley (note (iv))	–	180	–	–	180
Total	17,214	739	1,434	861	20,248

7. Staff costs including Directors' and CEO's remuneration (Continued)

(b) Directors' and CEO's remuneration (Continued)

The remuneration of each Director and the CEO for the year ended 31 March 2013 is set out below:

	Salary HK$'000	Fees HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors					
Mr. FUNG Siu Por, Lawrence (note (i))	3,070	–	435	153	3,658
Mr. MAK Ping Leung	3,330	–	809	167	4,306
Mr. CHAN Cho Biu	2,938	–	416	147	3,501
Mr. SHEK Kang Chuen	2,487	–	353	124	2,964
Ms. SEE Sau Mei Salome	2,712	–	384	136	3,232
Mr. CHAN Wa Pong	1,957	–	258	98	2,313
Non-executive Director					
Mr. CHU Yu Lun	–	148	–	–	148
Independent Non-executive Directors					
Mr. CHAN Mo Po, Paul (note (v))	–	59	–	–	59
Mr. CHOW On Kiu	–	148	–	–	148
Mr. KWAN Ka Ming (note (ii))	–	37	–	–	37
Mr. LO Foo Cheung	–	148	–	–	148
Mr. O'YANG Wiley (note (iv))	–	90	–	–	90
Total	16,494	630	2,655	825	20,604

Note (i): The Director is also the CEO, hence no separate disclosure in respect of the remuneration of the CEO has been made (2013: same).

Note (ii): Mr. Kwan Ka Ming was appointed as independent non-executive director of the Company on 31 December 2012 and subsequently resigned on 10 June 2013.

Note (iii): Professor Leung Gabriel Matthew was appointed as independent non-executive director of the Company on 1 September 2013.

Note (iv): Mr. O'Yang Wiley was appointed as independent non-executive director of the Company on 1 October 2012.

Note (v): Mr. Chan Mo Po, Paul resigned as independent non-executive director of the Company on 28 July 2012.

Notes to the Consolidated Financial Statements
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7. Staff costs including Directors' and CEO's remuneration (Continued)

(b) Directors' and CEO's remuneration (Continued)

During the year, no remuneration was paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office (2013: nil). No Directors waived or agreed to waive any remuneration during the year (2013: nil).

(c) Five highest paid individuals

The five individuals whose remuneration were the highest in the Group for the year include five (2013: five) Executive Directors whose remuneration are reflected in the analysis presented above.

(d) Group remuneration policy

The primary goal of the Group's remuneration policy is to attract, retain and motivate talented individuals to contribute to the success of our businesses. The Directors' and CEO's remuneration is reviewed by the Remuneration Committee and/or the Board (in the case of Non-executive Directors) from time to time having regard to the performance of the Group, the duties and responsibilities concerned and the prevailing market conditions.

8. Finance income and costs

	2014 HK$'000	2013 HK$'000
Finance income		
– Bank interest income	6,503	1,796
– Interest income from available-for-sale financial assets	834	902
	7,337	2,698
Finance costs		
– Interest expense on bank borrowings	(2,829)	(2,720)
Finance income/(costs) – net	4,508	(22)

9. Income tax expense/(credit)

	2014 HK$'000	2013 HK$'000
Current income tax		
Hong Kong profits tax	10,374	11,511
PRC enterprise income tax	180	–
Under-provisions in prior years	68	3,424
Total current income tax	10,622	14,935
Deferred income tax (note 17)	(5,039)	(22,966)
Income tax expense/(credit)	5,583	(8,031)

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

(b) The PRC enterprise income tax

The PRC enterprise income tax is calculated at the rate of 25% (2013: 25%) on the profits for the PRC statutory financial reporting purposes, adjusted for those items which are not assessable or deductible for the PRC enterprise income tax purposes.

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9. Income tax expense/(credit) (Continued)

(c) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2014 HK$'000	2013 HK$'000 (Restated)
Profit before income tax	35,038	55,881
Calculated at tax rate of 16.5% (2013: 16.5%)	5,781	9,220
Effect of difference on tax rate arising from the PRC operations	91	87
Under-provisions in prior years	68	3,424
Income not subject to tax	(2,444)	(17,642)
Expenses not deductible for tax purposes	1,291	640
Utilisation of previously unrecognised deferred tax assets	(88)	(1,380)
Tax losses for which no deferred income tax assets were recognised	884	1,147
Reversal of deferred tax liability	–	(3,527)
Income tax expense/(credit)	5,583	(8,031)

10. Profit attributable to owners of the Company

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of HK$6,854,000 (2013: HK$10,793,000).

11. Earnings per share

The calculation of basic earnings per share for current year is based on the profit attributable to owners of the Company of HK$28,138,000 (2013 (Restated): HK$62,584,000) and number of 431,600,000 (2013: 431,600,000) shares in issue during the year.

Diluted earnings per share are the same as basic earnings per share as there were no dilutive potential ordinary shares for the year ended 31 March 2014 (2013: same).

12. Dividends – Group and Company

	2014 HK$'000	2013 HK$'000
Dividends attributable to the year		
Interim dividend paid of HK 1.0 cent (2013: HK 1.0 cent) per ordinary share	4,316	4,316
Proposed final dividend of HK 5.0 cents (2013: HK 5.0 cents) per ordinary share	21,580	21,580
	25,896	25,896
Dividends paid during the year	25,896	29,349

A final dividend in respect of the year ended 31 March 2014 of HK 5.0 cents per ordinary share, amounting to a total dividend of HK$21,580,000, is to be proposed at the annual general meeting on 7 August 2014. This proposed dividend is not reflected as a dividend payable in the consolidated balance sheet, but is reflected as an appropriation of retained earnings.

The aggregate amounts of the dividends paid and proposed during 2014 and 2013 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

13. Other non-current liabilities – Group

	2014 HK$'000	2013 HK$'000 (Restated)
Long service payment provision	9,449	16,607

Long service payment provision represented the long service payment obligations and respective actuarial (gains)/losses for its employees in Hong Kong.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

13. Other non-current liabilities – Group (Continued)

Pension costs are assessed using the projected unit credit method. The pension costs are charged to the consolidated income statement (note 7) so as to spread the regular costs over the service lives of employees. A full valuation of the defined benefit scheme based on the projected unit credit method has been carried out by Mercer (Hong Kong) Limited, an independent qualified actuary, and the pension costs are charged to the consolidated income statement in accordance with its advice.

The amounts recognised in the consolidated balance sheet are determined as follows:

	2014 HK$'000	2013 HK$'000 (Restated)
Present value of the long service payment provision	9,449	16,607

Movements in the present value of the long service payment provision are as follows:

	2014 HK$'000	2013 HK$'000 (Restated)
At beginning of the year	16,607	14,486
Current service costs	2,021	1,754
Interest cost	211	213
Actual benefits paid	(243)	(438)
Remeasurement of long service payment provision	(9,147)	592
At end of the year	9,449	16,607

13. Other non-current liabilities – Group (Continued)

The amounts recognised in the consolidated income statement are as follows:

	2014 HK$'000	2013 HK$'000 (Restated)
Current service costs	2,021	1,754
Interest cost	211	213
Total expenses recognised in the consolidated income statement	2,232	1,967

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	2014 HK$'000	2013 HK$'000 (Restated)
Cumulative amount of remeasurement of long service payment provision at the beginning of the year	8,491	7,899
Remeasurement for the year	(9,147)	592
At end of the year	(656)	8,491

The principal actuarial assumptions used are as follows:

	2014	2013
Discount rate	2.40%	1.30%
Expected inflation rate	4.00%	4.00%

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14. Property, plant and equipment – Group

	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$'000	Total HK$'000
At 1 April 2012								
Cost	261,430	35,802	305,696	119,268	2,220	47,075	64,002	835,493
Accumulated depreciation	(37,551)	(26,488)	(109,362)	(97,617)	(647)	(37,082)	–	(308,747)
Net book value at 1 April 2012	223,879	9,314	196,334	21,651	1,573	9,993	64,002	526,746
Net book value at 1 April 2012	223,879	9,314	196,334	21,651	1,573	9,993	64,002	526,746
Additions	–	12,679	7,074	14,276	232	3,115	64,901	102,277
Depreciation	(4,791)	(3,088)	(25,710)	(9,903)	(447)	(4,157)	–	(48,096)
Disposals	(42,775)	(2,444)	(595)	(413)	–	(13)	–	(46,240)
Net book value at 31 March 2013	176,313	16,461	177,103	25,611	1,358	8,938	128,903	534,687
At 31 March 2013								
Cost	204,764	45,615	311,748	132,093	2,452	49,191	128,903	874,766
Accumulated depreciation	(28,451)	(29,154)	(134,645)	(106,482)	(1,094)	(40,253)	–	(340,079)
Net book value at 31 March 2013	176,313	16,461	177,103	25,611	1,358	8,938	128,903	534,687
Net book value at 1 April 2013	176,313	16,461	177,103	25,611	1,358	8,938	128,903	534,687
Additions	–	2,129	1,776	8,213	750	3,496	–	16,364
Transfer	–	2,908	125,995	–	–	–	(128,903)	–
Transfer from investment properties	8,509	–	–	–	–	–	–	8,509
Depreciation	(3,321)	(4,931)	(33,413)	(9,789)	(466)	(4,227)	–	(56,147)
Write-off	–	–	–	(14)	–	–	–	(14)
Disposals	–	(34)	(988)	–	(252)	–	–	(1,274)
Net book value at 31 March 2014	181,501	16,533	270,473	24,021	1,390	8,207	–	502,125
At 31 March 2014								
Cost	213,410	50,582	437,913	140,069	2,482	52,315	–	896,771
Accumulated depreciation	(31,909)	(34,049)	(167,440)	(116,048)	(1,092)	(44,108)	–	(394,646)
Net book value at 31 March 2014	181,501	16,533	270,473	24,021	1,390	8,207	–	502,125

At 31 March, leasehold land held under finance leases and their net book value are analysed as follows:

	2014 HK$'000	2013 HK$'000
In Hong Kong, held on:		
Leases of over 50 years	77,463	71,604
Leases of between 10 and 50 years	38,502	39,133
	115,965	110,737

Bank borrowings are secured on leasehold improvements, plant and machinery and machinery under installation with total net book value of approximately HK$7,093,000 (2013: HK$7,004,000), HK$138,375,000 (2013: HK$22,419,000) and nil (2013: HK$127,975,000), respectively (note 22).

15. Investment properties – Group

	Total HK$'000
At 1 April 2012	
Cost	8,646
Accumulated depreciation	(76)
Net book value at 1 April 2012	8,570
Addition	12,526
Depreciation	(97)
Net book value at 31 March 2013	20,999
At 31 March 2013	
Cost	21,172
Accumulated depreciation	(173)
Net book value at 31 March 2013	20,999
In Hong Kong, held on:	
Leases of over 50 years	20,999
Net book value at 1 April 2013	20,999
Addition	–
Transfer to property, plant and equipment	(8,509)
Depreciation	(88)
Net book value at 31 March 2014	12,402
At 31 March 2014	
Cost	12,526
Accumulated depreciation	(124)
Net book value at 31 March 2014	12,402
In Hong Kong, held on:	
Leases of over 50 years	12,402

The fair values of investment properties as at 31 March 2014 are approximately HK$13,250,000 (2013: HK$24,290,000) as valued by an independent professionally qualified valuer, on an open market value and existing state basis.

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16. Available-for-sale financial assets – Group

	2014 HK$'000	2013 HK$'000
Listed securities	–	16,582

The movement in available-for-sale financial assets is summarised as follows:

	2014 HK$'000	2013 HK$'000
At beginning of the year	16,582	14,221
Net gain transfer to equity	147	2,415
Amortisation	(154)	(54)
Redemption upon maturity	(16,575)	–
At end of the year	–	16,582

All available-for-sale financial assets as at 31 March 2013 are denominated in RMB and stated at quoted market prices.

The maximum exposure to credit risk at the balance sheet date is the carrying value of the debt securities classified as available for sale.

17. Deferred income tax – Group

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2014 HK$'000	2013 HK$'000
Deferred income tax assets:		
– Deferred tax assets to be recovered after more than 12 months	20,107	16,121
Deferred income tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	(31,072)	(32,125)
	(10,965)	(16,004)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000	Fair value gain HK$'000	Others HK$'000	Total HK$'000
At 1 April 2012	38,072	16,315	42	54,429
Recognised in the consolidated income statement	(2,157)	(7,764)	(42)	(9,963)
At 31 March 2013	35,915	8,551	–	44,466
Recognised in the consolidated income statement	(854)	(838)	–	(1,692)
At 31 March 2014	35,061	7,713	–	42,774

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17. Deferred income tax – Group (Continued)

Deferred income tax assets

	Provisions HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2012	(518)	(14,941)	(15,459)
Recognised in the consolidated income statement	115	(13,118)	(13,003)
At 31 March 2013	(403)	(28,059)	(28,462)
Recognised in the consolidated income statement	10	(3,357)	(3,347)
At 31 March 2014	(393)	(31,416)	(31,809)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately HK$10,164,000 (2013: HK$9,884,000) in respect of tax losses amounting to HK$60,620,000 (2013: HK$57,679,000) that can be carried forward against future taxable income. The tax losses of HK$58,715,000 from Hong Kong subsidiaries have no expiry date while other tax losses from the PRC subsidiaries amounting to HK$1,905,000 will expire in 2014.

18. Inventories – Group

	2014 HK$'000	2013 HK$'000
Raw materials	33,271	30,861
Work in progress	434	75
Finished goods	8,044	8,127
Less: provision for obsolete inventories	(4,653)	(4,145)
	37,096	34,918

The cost of inventories recognised as expense and included in 'cost of sales' amounted to HK$219,734,000 (2013: HK$224,438,000).

19. Trade receivables – Group

The ageing analysis of trade receivables by overdue day is as follows:

	2014 HK$'000	2013 HK$'000
0 to 30 days	137,167	122,814
31 to 60 days	27,567	26,021
61 to 90 days	20,888	23,291
Over 90 days	36,955	32,256
Trade receivables, gross	222,577	204,382
Less: provision for impairment of trade receivables	(3,141)	(3,120)
	219,436	201,262

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

Trade receivables that are not past due and not impaired amounted to HK$83,479,000 (2013: HK$72,532,000). These balances relate to a wide range of customers for whom there was no recent history of default.

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

	2014 HK$'000	2013 HK$'000
1 to 30 days	53,688	49,694
31 to 60 days	27,567	26,021
61 to 90 days	20,888	23,291
Over 90 days	33,814	29,724
	135,957	128,730

Trade receivables past due but not impaired relate to a number of independent debtors for whom there is no significant financial difficulty and based on experience, the overdue amounts can be recovered.

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19. Trade receivables – Group (Continued)

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

	2014 HK$'000	2013 HK$'000
At beginning of the year	3,120	3,547
Provision made/(reversal of provision) for impairment	21	(427)
At end of the year	3,141	3,120

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

The maximum exposure to credit risk at the balance sheet date is the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

20. Cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits – Group and Company

	Group		Company	
	2014	2013	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Cash at banks and on hand	79,387	132,127	1,255	975
Term deposits with original maturities of less than three months	92,980	146,432	30,000	116,000
Cash and cash equivalents	172,367	278,559	31,255	116,975
Pledged deposits with original maturity of less than three months	–	4,869	–	–
Term deposits with original maturities of over three months	198,613	60,923	–	–
Total	370,980	344,351	31,255	116,975
Maximum exposure to credit risk	370,631	343,787	31,253	116,973
Denominated in:				
– HK dollars	158,234	262,957	31,255	116,975
– RMB	211,946	67,299	–	–
– Other currencies	800	14,095	–	–
	370,980	344,351	31,255	116,975

The pledged deposits were mainly used to secure banking facility for the acquisition of property, plant and equipment for the Group for the year ended 31 March 2013.

The Group's weighted effective interest rate on term deposits was 1.52% (2013: 1.12%) per annum with an average maturity of 247 (2013: 112) days, while the Company's weighted effective interest rate on term deposits was 0.72% (2013: 0.80%) per annum with an average maturity of 10 (2013: 14) days.

The Group's bank balances and cash of approximately HK$17,310,000 (2013: HK$15,588,000) as at 31 March 2014 were denominated in RMB and kept with banks in the PRC. The remittance of these funds out of the PRC is subject to the foreign exchange restrictions imposed by the PRC government.

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21. Trade payables – Group

The ageing analysis of trade payables is as follows:

	2014 HK$'000	2013 HK$'000
0 to 30 days	34,738	38,156
31 to 60 days	1,772	1,311
61 to 90 days	559	137
Over 90 days	1,057	1,085
	38,126	40,689

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

22. Bank borrowings – Group

	2014 HK$'000	2013 HK$'000
Non-current		
Bank borrowings	81,857	90,461
Current		
Bank borrowings	29,504	24,432
Total	111,361	114,893

Movements in bank borrowings are analysed as follows:

	2014 HK$'000	2013 HK$'000
At beginning of the year	114,893	–
Proceeds from bank borrowings	23,100	276,900
Repayment of bank borrowings	(26,632)	(162,007)
At end of the year	111,361	114,893

22. Bank borrowings – Group (Continued)

Bank borrowings were repayable as follows:

	2014 HK$'000	2013 HK$'000
Within one year	29,504	24,432
Between one and two years	30,232	25,053
Between two and five years	51,625	65,408
Wholly repayable within five years	111,361	114,893

The carrying amounts of the floating rate bank borrowings are denominated in HK dollars and are secured by leasehold improvements, plant and machinery and machinery under installation under property, plant and equipment of the Group (note 14).

The bank borrowings are exposed to interest rate changes and the contractual repricing dates are 6 months or less at the balance sheet date. The effective interest rate of the bank borrowings at the balance sheet date was 2.46% (2013: 2.45%) per annum.

The fair values of the non-current bank borrowings are estimated using discounted cash flow calculations based on the borrowing rate of 2.46% (2013: 2.45%). The carrying amounts of current bank borrowings approximate their fair values, as the impact of discounting is not significant.

23. Share capital – Group and Company

	2014 HK$'000	2013 HK$'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

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

24. Reserves – Group and Company

(a) Group

The movement in the Group's reserves for the year ended 31 March 2014 is presented in the consolidated statement of changes in equity on page 41.

(b) Company

	Share premium HK$'000	Capital reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2012	269,808	6,120	44,543	320,471
Profit for the year	–	–	10,793	10,793
Final dividend for the year ended 31 March 2012	–	–	(25,033)	(25,033)
Interim dividend for the year ended 31 March 2013	–	–	(4,316)	(4,316)
At 31 March 2013	269,808	6,120	25,987	301,915
At 1 April 2013	269,808	6,120	25,987	301,915
Profit for the year	–	–	6,854	6,854
Final dividend for the year ended 31 March 2013	–	–	(21,580)	(21,580)
Interim dividend for the year ended 31 March 2014	–	–	(4,316)	(4,316)
At 31 March 2014	269,808	6,120	6,945	282,873

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

	Note	2014 HK$'000	2013 HK$'000
Investments in unlisted shares, at cost	(a)	178,627	178,627
Amounts due from subsidiaries	(b)	618,658	495,457
Amounts due to subsidiaries	(b)	(501,438)	(445,287)

(a) Particulars of the Company's principal subsidiaries at 31 March 2014 are as follows:

Company name	Country/ place of incorporation/ establishment	Principal activities and country/place of operation	Issued and fully paid up share capital/ registered capital	Effective interest held
Hong Kong Economic Times Group (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$10,000	100%@
Apex Print Limited	Hong Kong	Provision of periodicals and magazines printing services in Hong Kong	Ordinary HK$75,000,000	100%
Asianway (Far East) Limited	Hong Kong	Properties holding in Hong Kong	Ordinary HK$100	100%
Career Times Online Limited	Hong Kong	Provision of recruitment advertising services in Hong Kong	Ordinary HK$2	100%
Cotino Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$10	100%
Culturecom Printing House Limited	Hong Kong	Property holding in Hong Kong	Ordinary HK$1,000 and non-voting deferred shares HK$800,000	100%

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

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

(a) Particulars of the Company's principal subsidiaries at 31 March 2014 are as follows: (Continued)

Company name	Country/ place of incorporation/ establishment	Principal activities and country/place of operation	Issued and fully paid up share capital/ registered capital	Effective interest held
EPRC Limited	Hong Kong	Provision of electronic property market database to the professional market in Hong Kong	Ordinary HK$100	100%
ET Business College Limited	Hong Kong	Provision of training services in Hong Kong	Ordinary HK$10,000	100%
ET Net Limited	Hong Kong	Provision of electronic financial information services in Hong Kong	Ordinary HK$2 and non-voting deferred shares HK$10,000	96.04%
ET Net (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$104,123	96.04%
ET Net News Agency Limited	Hong Kong	Provision of electronic financial information services in Mainland China	Ordinary HK$100	96.04%
ET Trade Limited	Hong Kong	Provision of equities and derivatives trading solutions in Hong Kong	Ordinary HK$10,000	96.04%
ET Wealth Limited	Hong Kong	Provision of funds market database and solutions to the professional market in Hong Kong	Ordinary HK$100	96.04%
ETVision Multimedia Limited	Hong Kong	Provision of multimedia production services in Hong Kong	Ordinary HK$100	100%

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

(a) Particulars of the Company's principal subsidiaries at 31 March 2014 are as follows: (Continued)

Company name	Country/ place of incorporation/ establishment	Principal activities and country/place of operation	Issued and fully paid up share capital/ registered capital	Effective interest held
Euron Limited	Hong Kong	Provision of printing services in Hong Kong	Ordinary HK$100	100%
HKET China Investment (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$1	100%
Hong Kong Economic Times Limited	Hong Kong	Publication of newspapers, magazines and books in Hong Kong	Ordinary HK$100	100%
Health Smart Limited	Hong Kong	Operation of a health portal in Hong Kong	Ordinary HK$100	100%
iCareerTimes (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$2	100%
Safe City Limited	Hong Kong	Properties holding in Hong Kong	Ordinary HK$100	100%
環富通科技(深圳)有限公司# (ET Wealth Technology (Shenzhen) Limited)	The PRC	Operation of computer software research and development center in Mainland China	Registered capital HK$1,000,000	96.04%
深圳港經廣告傳播有限公司# (HKET Advertising (Shenzhen) Limited)	The PRC	Provision of advertising services in Mainland China	Registered capital HK$1,000,000	100%

@ Shares held directly by the Company

A wholly foreign owned enterprise in the PRC

(b) Amounts due from/(to) subsidiaries

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand. The balances mainly arose from funding from/to the subsidiaries. The carrying amounts of amounts due from/(to) subsidiaries approximate their fair values and are denominated in HK dollars.

Notes to the Consolidated Financial Statements
Year ended 31 March 2014

26. Cash generated from operations – Group

	2014 HK$'000	2013 HK$'000 (Restated)
Profit before income tax	35,038	55,881
Adjustments for:		
– Depreciation of property, plant and equipment and investment properties (note 6)	56,235	48,193
– Amortisation of contractual customer relationships (note 6)	–	250
– Gain on disposal of property, plant and equipment (see below)	(21)	(68,644)
– Reclassification of revaluation reserve upon maturity of available-for-sale financial assets	(1,002)	–
– Finance income (note 8)	(7,337)	(2,698)
– Finance costs (note 8)	2,829	2,720
– Bad debts written off (note 6)	195	533
– Property, plant and equipment written off (note 6)	14	–
– Inventories written off (note 6)	141	98
– Provision made/(Reversal of provision) for impairment of trade receivables (note 6)	21	(427)
– Provision for obsolete inventories (note 6)	508	461
– Provision for long service payment	2,232	1,967
Changes in working capital:		
– (Increase)/decrease in inventories	(2,827)	14,700
– Increase in trade receivables and deposits, prepayments and other receivables	(22,191)	(18,414)
– Decrease in trade payables, fees in advance and accruals, other payables and provisions	(5,166)	(32,822)
Cash generated from operations	58,669	1,798

26. Cash generated from operations – Group (Continued)

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

	2014 HK$'000	2013 HK$'000
Net book amount (note 14)	1,274	46,240
Gain on disposal of a property	–	68,401
Gain on disposal of plant and equipment (note 6)	21	243
Proceeds from disposal of property, plant and equipment	1,295	114,884

Non-cash transactions

The principal non-cash transaction as at 31 March 2014 is the payable for acquisition of property, plant and equipment of approximately HK$949,000 (2013: HK$15,419,000).

27. Commitments – Group and Company

(a) Group

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

	2014 HK$'000	2013 HK$'000
Property, plant and equipment		
– contracted but not yet provided for	13,508	1,442
– authorised but not yet contracted for	560	1,306
	14,068	2,748

Notes to the Consolidated Financial Statements
Year ended 31 March 2014

27. Commitments – Group and Company (Continued)

(a) Group (Continued)

(ii) Commitments under operating leases

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

	2014 HK$'000	2013 HK$'000
Not later than one year	12,035	16,720
Later than one year and not later than five years	10,762	497
	22,797	17,217

The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	2014 HK$'000	2013 HK$'000
Not later than one year	–	369

(b) Company

The Company had no capital and operating lease commitment as at 31 March 2014 (2013: nil).

28. Related party transactions – Group

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

		2014 HK$'000	2013 HK$'000
(a)	**Service income** (note (i))		
	– Roctec Credit Limited	406	205
	– Roctec International Limited	20	20
	– Roctec Securities Company Limited	186	161
		612	386
(b)	**Rental expenses on leased property** (note (i))		
	– Roctec Systems Limited	804	804
(c)	**Purchase of hardware** (note (i))		
	– Roctec Technology Limited	843	1,305
(d)	**Consultant royalty expenses** (note (i))		
	– Wayca Development Limited	88	116
(e)	**Remuneration of contributor** (note (i))		
	– Mak Ping Leung, a Director of the Company	40	40
	– Wayca Development Limited	148	146
		188	186

(f) **Key management personnel compensation**

Key management represents Directors (executive and non-executive). Please refer to note 7(b) for the compensation paid or payable to key management for employee services.

Note (i):

These transactions are carried out at a rate mutually-agreed between the parties involved in the transactions. The terms of these transactions are no more favourable than those dealt with third parties.

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

28. Related party transactions – Group (Continued)

Roctec Credit Limited is beneficially owned by Mr. CHU Yu Lun, the substantial shareholder and a Director of the Company.

Roctec International Limited, Roctec Securities Company Limited and Roctec Systems Limited are beneficially owned by Mr. FUNG Siu Por, Lawrence and Mr. CHU Yu Lun, the substantial shareholders and Directors of the Company.

Mr. FUNG Siu Por, Lawrence is a Director and a shareholder of Roctec Technology Limited. Mr. CHU Yu Lun is a shareholder of Roctec Technology Limited.

Wayca Development Limited is beneficially owned by Mr. SHEK Kang Chuen, the beneficial shareholder and a Director of the Company.

29. Event after the balance sheet date

Subsequent to the year end date, the Group is in the process of acquiring several office premises in Hong Kong for self use purpose with a total consideration of approximately HK$69.8 million and expects to complete the acquisitions in August 2014 and December 2014, respectively.

Five-year Financial Summary

(in HK$ millions, except per share amounts)	Year ended 31 March 2014	2013 (Restated)	2012 (Restated)	2011 (Restated)	2010 (Restated)
Operating Results					
Revenue	1,065	1,033	1,006	952	828
Gross profit	363	321	387	455	372
Operating profit	31	56	94	179	103
Finance income/(costs) – net	4	(0)	4	4	2
Profit before income tax	35	56	98	183	105
Income tax (expense)/credit	(6)	8	(15)	(25)	(22)
Profit for the year	29	64	83	158	83
Attributable to					
– equity holders of the Company	28	63	81	157	82
– non-controlling interests	1	1	2	1	1
	29	64	83	158	83
Earnings per share (in HK Cents)	6.52	14.50	18.95	36.34	18.95
Assets and Liabilities					
Non-current assets	535	573	565	339	232
Current assets	661	626	511	688	667
Total assets	1,196	1,199	1,076	1,027	899
Bank borrowings	(111)	(115)	–	–	–
Other liabilities	(274)	(285)	(312)	(249)	(221)
Total liabilities	(385)	(400)	(312)	(249)	(221)
Net assets	811	799	764	778	678
Equity holders' fund	803	792	757	772	673
Non-controlling interests	8	7	7	6	5
Total equity	811	799	764	778	678

Five-year Financial Summary

	Year ended 31 March				
	2014	2013 (Restated)	2012 (Restated)	2011 (Restated)	2010 (Restated)
Key Financial Ratio					
Gross profit margin	34.1%	31.1%	38.5%	47.8%	44.9%
Operating profit margin	2.9%	5.4%	9.4%	18.8%	12.5%
Net profit margin	2.8%	6.2%	8.3%	16.6%	10.0%
Gearing ratio	9.3%	9.6%	–	–	–
Current ratio	2.52 times	2.40 times	2.00 times	3.10 times	3.43 times
Quick ratio	2.38 times	2.27 times	1.80 times	3.01 times	3.34 times