



Hong Kong Economic Times
Holdings Limited

Interim Report
2014/2015



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

Stock Code 00423

INTERIM RESULTS 2014/2015

The Directors of Hong Kong Economic Times Holdings Limited (the “Company”) are pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2014. These results have been reviewed by the Company’s auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and by the Audit Committee of the Company.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited For the six months ended 30 September	
		2014 HK\$'000	2013 HK\$'000
Revenue	3	560,714	498,940
Cost of sales	5	(360,149)	(338,610)
Gross profit		200,565	160,330
Other income	4	246	246
Selling and distribution expenses	5	(86,382)	(77,488)
General and administrative expenses	5	(89,113)	(80,157)
Operating profit		25,316	2,931
Finance income	6	3,919	3,586
Finance costs	6	(1,272)	(1,363)
Finance income – net	6	2,647	2,223
Profit before income tax		27,963	5,154
Income tax expense	7	(4,185)	(394)
Profit for the period		23,778	4,760
Profit attributable to:			
Owners of the Company		23,232	4,040
Non-controlling interests		546	720
		23,778	4,760
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic and diluted	8	5.38	0.94

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

	Note	HK\$'000	HK\$'000
Dividends	9	8,632	4,316

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	For the six months	
	ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period	23,778	4,760
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Change in fair value of available-for-sale financial assets	–	48
Currency translation differences arising from foreign operations	108	188
Other comprehensive income for the period, net of tax	108	236
Total comprehensive income for the period	23,886	4,996
Total comprehensive income attributable to:		
Owners of the Company	23,340	4,276
Non-controlling interests	546	720
	23,886	4,996

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited	Audited
		As at	As at
		30 September	31 March
		2014	2014
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	10	516,411	502,125
Investment properties		12,358	12,402
Deferred income tax assets		21,064	20,107
Deposits paid for investment properties		10,360	–
		560,193	534,634
Current assets			
Inventories		39,515	37,096
Trade receivables	11	220,020	219,436
Deposits, prepayments and other receivables		28,809	28,871
Tax recoverable		4,770	4,774
Term deposits with original maturities of over three months		217,577	198,613
Cash and cash equivalents		100,546	172,367
		611,237	661,157
Current liabilities			
Trade payables	12	36,483	38,126
Fees in advance		94,489	94,241
Accruals, other payables and provisions		82,931	96,205
Current income tax liabilities		5,124	4,337
Bank borrowings	14	29,877	29,504
		248,904	262,413
Net current assets		362,333	398,744
Total assets less current liabilities		922,526	933,378

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

		Unaudited As at 30 September 2014 HK\$'000	Audited As at 31 March 2014 HK\$'000
	<i>Note</i>		
Equity attributable to owners of the Company			
Share capital	13	43,160	43,160
Reserves			
Proposed final dividend		–	21,580
Interim dividend		8,632	–
Others		752,651	737,943
		804,443	802,683
Non-controlling interests		8,863	8,317
Total equity		813,306	811,000
Non-current liabilities			
Bank borrowings	14	66,843	81,857
Deferred income tax liabilities		31,467	31,072
Other non-current liabilities		10,910	9,449
		109,220	122,378
Total equity and non-current liabilities		922,526	933,378

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to owners of the Company								Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	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			
Balance at 1 April 2013	43,160	122,381	69,944	6,120	1,948	855	(8,491)	556,344	792,261	7,281	799,542
Profit for the period	-	-	-	-	-	-	-	4,040	4,040	720	4,760
Other comprehensive income											
Change in fair value of available- for-sale financial assets	-	-	-	-	-	48	-	-	48	-	48
Currency translation differences arising from foreign operations	-	-	-	-	188	-	-	-	188	-	188
Total comprehensive income	-	-	-	-	188	48	-	4,040	4,276	720	4,996
Transaction with owners											
Final dividend for the year ended 31 March 2013	-	-	-	-	-	-	-	(21,580)	(21,580)	-	(21,580)
Balance at 30 September 2013	43,160	122,381	69,944	6,120	2,136	903	(8,491)	538,804	774,957	8,001	782,958
Balance at 1 April 2014	43,160	122,381	69,944	6,120	1,836	-	656	558,586	802,683	8,317	811,000
Profit for the period	-	-	-	-	-	-	-	23,232	23,232	546	23,778
Other comprehensive income											
Currency translation differences arising from foreign operations	-	-	-	-	108	-	-	-	108	-	108
Total comprehensive income	-	-	-	-	108	-	-	23,232	23,340	546	23,886
Transaction with owners											
Final dividend for the year ended 31 March 2014 (note 9)	-	-	-	-	-	-	-	(21,580)	(21,580)	-	(21,580)
Balance at 30 September 2014	43,160	122,381	69,944	6,120	1,944	-	656	560,238	804,443	8,863	813,306

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

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	For the six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from/(used in) operations	35,655	(4,609)
Interest paid	(1,272)	(1,363)
Long service payment made	(107)	(23)
Hong Kong profits tax paid	(3,956)	(4,026)
Net cash generated from/(used in) operating activities	30,320	(10,021)
Cash flows from investing activities		
Bank interest received	3,919	3,127
Interest income received from available-for-sale financial assets	–	490
Purchase of property, plant and equipment	(40,828)	(8,838)
Proceeds from disposal of property, plant and equipment	205	3
Increase in term deposits with original maturities of over three months	(18,964)	(123,930)
Decrease in pledged deposits	–	4,869
Deposits paid for investment properties	(10,360)	–
Net cash used in investing activities	(66,028)	(124,279)
Cash flows from financing activities		
Final dividend paid to owners of the Company	(21,580)	(21,580)
Proceeds from bank borrowings	–	23,100
Repayments of bank borrowings	(14,641)	(12,138)
Net cash used in financing activities	(36,221)	(10,618)
Net decrease in cash and cash equivalents	(71,929)	(144,918)
Effect of foreign exchange rate changes, net	108	188
Cash and cash equivalents at beginning of the period	172,367	278,559
Cash and cash equivalents at end of the period (note)	100,546	133,829

Note: As at 30 September 2014, the total cash and cash equivalents and term deposits with original maturities of over three months amounted to HK\$318,123,000 (30 September 2013: HK\$318,682,000).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2014

1. Basis of preparation and accounting policies

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

This unaudited interim condensed consolidated financial information should be read in conjunction with the Group’s audited 2014 annual consolidated financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

The accounting policies and method of computation used in the preparation of this interim condensed consolidated financial information are consistent with those applied in the annual consolidated financial statements for the year ended 31 March 2014.

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

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2014.

The following amendment to existing standard is mandatory for the first time for the financial year beginning on 1 April 2014 and is relevant and adopted by the Group.

- Amendment to HKAS 32 is effective for annual period beginning on or after 1 January 2014. The amendment clarifies some of the requirements for offsetting financial assets and financial liabilities. The adoption of the amendment to HKAS 32 does not have any impact to the presentation of the Group’s assets and liabilities.

2. Financial risk management

2.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 March 2014.

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

2.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

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

The fair values of trade, deposits and other receivables, cash and cash equivalents, trade and other payables and bank borrowings as at 30 September 2014 approximate their carrying amounts.

3. Segment information

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

The Group has 4 reportable segments:

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

3. Segment information (Continued)

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

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

More than 90% of the Group's activities are carried out in Hong Kong and more than 90% of the Group's assets and liabilities are located in Hong Kong. Accordingly, no analysis by geographical basis for the relevant periods is presented.

The segment results for the six months ended 30 September 2014 are as follows:

	Unaudited											
	For the six months ended 30 September											
	Printed media		Financial news agency, information and solutions		Recruitment advertising and training		Lifestyle portals		Corporate		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		
REVENUE												
Revenue	403,998	353,697	125,202	120,670	23,905	19,886	11,456	9,813	-	-	564,561	504,066
Inter-segment transactions	(1,605)	(2,640)	(2,236)	(2,307)	(4)	(143)	(2)	(36)	-	-	(3,847)	(5,126)
Revenue – from external customers	402,393	351,057	122,966	118,363	23,901	19,743	11,454	9,777	-	-	560,714	498,940
RESULTS												
Profit/(loss) for the period	6,670	(19,049)	18,964	23,966	2,030	2,543	(3,901)	(2,716)	15	16	23,778	4,760

4. Other income

	Unaudited	
	For the six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Rental income from an investment property	246	246

5. Expenses by nature

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

	Unaudited	
	For the six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment and an investment property	28,321	28,094
Loss on disposal of property, plant and equipment	266	112
Operating lease rentals on land and buildings	13,173	11,116
Provision for obsolete inventories	343	338
Provision/(reversal of provision) for impairment of trade receivables	59	(3)
Staff costs including Directors' and CEO's remuneration	249,025	221,228

6. Finance income and costs

	Unaudited	
	For the six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Finance income		
– Bank interest income	3,919	3,127
– Interest income from available-for-sale financial assets	–	459
	3,919	3,586
Finance costs		
– Interest expense on bank borrowings	(1,272)	(1,363)
Finance income – net	2,647	2,223

7. Income tax expense

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

	Unaudited	
	For the six months	
	ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Current income tax – Hong Kong profits tax	4,747	5,620
Deferred income tax relating to the origination and reversal of temporary differences	(562)	(5,226)
	4,185	394

8. Earnings per share

The calculation of basic earnings per share for the current period is based on the profit attributable to owners of the Company of HK\$23,232,000 (2013: HK\$4,040,000) and number of 431,600,000 (2013: 431,600,000) shares in issue during the period.

Diluted earnings per share are the same as basic earnings per share as there were no dilutive potential ordinary shares during the period ended 30 September 2014 (2013: same).

9. Dividends

A final dividend in respect of the year ended 31 March 2014 of HK 5.0 cents per share, amounting to a total dividend of HK\$21,580,000 was paid in September 2014.

The Directors have declared an interim dividend of HK 2.0 cents (2013: HK 1.0 cent) per share, amounting to HK\$8,632,000 (2013: HK\$4,316,000), for the six months ended 30 September 2014.

10. Property, plant and equipment

	Unaudited							
	Leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Network and computer equipment	Machinery and system under installation	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	176,313	16,461	177,103	25,611	1,358	8,938	128,903	534,687
Additions	-	1,274	1,657	4,844	-	2,822	-	10,597
Transfer	-	2,908	125,995	-	-	-	(128,903)	-
Reclassification from investment properties to leasehold land and buildings	8,510	-	-	-	-	-	-	8,510
Depreciation	(1,660)	(2,446)	(16,758)	(4,938)	(233)	(2,015)	-	(28,050)
Disposals	-	(34)	(81)	-	-	-	-	(115)
Net book value at 30 September 2013	183,163	18,163	287,916	25,517	1,125	9,745	-	525,629
At 30 September 2013								
Cost	213,410	49,728	439,290	136,925	2,452	51,895	-	893,700
Accumulated depreciation	(30,247)	(31,565)	(151,374)	(111,408)	(1,327)	(42,150)	-	(368,071)
Net book value at 30 September 2013	183,163	18,163	287,916	25,517	1,125	9,745	-	525,629
At 1 April 2014	181,501	16,533	270,473	24,021	1,390	8,207	-	502,125
Additions	14,830	4,355	4,063	2,641	85	6,177	10,883	43,034
Depreciation	(1,690)	(2,592)	(16,628)	(4,783)	(238)	(2,346)	-	(28,277)
Disposals	-	-	(350)	(114)	(7)	-	-	(471)
Net book value at 30 September 2014	194,641	18,296	257,558	21,765	1,230	12,038	10,883	516,411
At 30 September 2014								
Cost	228,240	54,937	441,310	142,158	2,512	58,413	10,883	938,453
Accumulated depreciation	(33,599)	(36,641)	(183,752)	(120,393)	(1,282)	(46,375)	-	(422,042)
Net book value at 30 September 2014	194,641	18,296	257,558	21,765	1,230	12,038	10,883	516,411

Bank borrowings are secured on leasehold improvements and plant and machinery with net book value of approximately HK\$6,148,000 (2013: HK\$8,038,000) and HK\$133,356,000 (2013: HK\$143,395,000) respectively (note 14).

11. Trade receivables

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

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
0 to 30 days	140,324	137,167
31 to 60 days	31,555	27,567
61 to 90 days	19,836	20,888
Over 90 days	31,505	36,955
Trade receivables, gross	223,220	222,577
Less: provision for impairment of trade receivables	(3,200)	(3,141)
	220,020	219,436

12. Trade payables

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
0 to 30 days	31,229	34,738
31 to 60 days	1,966	1,772
61 to 90 days	916	559
Over 90 days	2,372	1,057
	36,483	38,126

13. Share capital

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.10 each	200,000	200,000
Issued and fully paid: 431,600,000 shares of HK\$0.10 each	43,160	43,160

14. Bank borrowings

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Non-current		
Bank borrowings	66,843	81,857
Current		
Bank borrowings	29,877	29,504
Total	96,720	111,361

Movements in bank borrowings are analysed as follows:

	HK\$'000
Six months ended 30 September 2014	
Opening amount as at 1 April 2014	111,361
Repayment of bank borrowings	(14,641)
Closing amount as at 30 September 2014	96,720

Bank borrowings were repayable as follows:

	Unaudited 30 September 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Within one year	29,877	29,504
Between one and two years	30,615	30,232
Between two and five years	36,228	51,625
Wholly repayable within five years	96,720	111,361

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

15. Related party transactions

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

	Unaudited	
	For the six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Service income from related parties	96	222
Hardware purchased from a related party	229	656
Rental expenses to a related party	489	402
Key management personnel compensation		
Salaries and other short-term benefits	10,105	8,960
Post-employment benefits	448	430
	10,553	9,390

16. Capital commitments

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

	Unaudited	Audited
	30 September	31 March
	2014	2014
	HK\$'000	HK\$'000
Property, plant and equipment and investment properties		
– contracted but not yet provided for	52,581	13,508
– authorised but not yet contracted for	1,365	560
	53,946	14,068

17. Approval of the interim condensed consolidated financial information

This interim condensed consolidated financial information was approved by the Board of Directors on 24 November 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Profit and Loss Account

(HK\$'000)	For the six months ended 30 September		% Change
	2014	2013	
Revenue	560,714	498,940	12%
Cost of sales	(360,149)	(338,610)	6%
Gross profit	200,565	160,330	25%
Gross profit margin	35.8%	32.1%	
Other income	246	246	0%
Selling and distribution expenses	(86,382)	(77,488)	11%
General and administrative expenses	(89,113)	(80,157)	11%
Operating profit	25,316	2,931	764%
Finance income	3,919	3,586	9%
Finance costs	(1,272)	(1,363)	-7%
Profit before income tax	27,963	5,154	443%
Income tax expense	(4,185)	(394)	962%
Profit for the period	23,778	4,760	400%
Non-controlling interests	(546)	(720)	-24%
Profit attributable to owners	23,232	4,040	475%
Net profit margin	4.2%	1.0%	

General

The finance and property markets were active in the first half of the financial year 2014/15. As a result, the Group's major businesses, including our niche publications and news agency and financial information businesses, benefited from these increased activities. Together with the good progress of our free daily, *Sky Post*, which covers the mass readers market, the Group's net profit attributable to owners recorded a substantial growth from HK\$4.0 million for the period ended 30 September 2013 to HK\$23.2 million in the current period under review.

Revenue

	For the six months ended 30 September		% Change
	2014	2013	
	HK\$'000	HK\$'000	
Revenue:			
Advertising income	322,200	267,860	20%
Circulation income	56,025	58,088	-4%
Service income	174,839	167,029	5%
Enrolment income	7,650	5,963	28%
Total	560,714	498,940	12%

Revenue for the six months ended 30 September 2014 was HK\$560.7 million, a 12% growth from the same period last year.

Advertising income for the six months ended 30 September 2014 increased significantly by 20% to HK\$322.2 million from the same period ended 30 September 2013. The increase of HK\$54.3 million in advertising income was mainly contributed by both our flagship paid newspaper, *Hong Kong Economic Times* and free daily, *Sky Post*. The property market had been stagnant for some time following the imposition of cooling measures by the Government. The accumulated purchasing power released in the beginning of this financial year led to increased activities in the property market. Finance market was bustle in this period with increased number of IPOs. *Hong Kong Economic Times*, with strength and focus in property and finance markets, was able to capture the corresponding increase in advertising dollars. In addition, *Sky Post*'s further penetration in the general mass audience won the trust of advertisers and recorded a remarkable revenue growth.

Circulation income decreased by 4% to HK\$56.0 million when compared with last period ended 30 September 2013. With the quality content and media credibility, the Group's paid publications continued to receive support from our premier readers.

Service income increased by 5% to HK\$174.8 million from last period ended 30 September 2013. Service income generated from the financial news agency, information and solutions businesses continued to grow. Printing service income from the two printing arms of the Group also improved as compared with last year same period.

Operating Costs

Gross profit margin of the Group improved 3.7 percentage point to 35.8% for the six months ended 30 September 2014. Management would continue to monitor the cost effectiveness of the Group's operations.

Staff costs for the six months ended 30 September 2014, representing approximately 46% of the Group's total operating costs, increased by 13% as compared to the same period last year. The increase was due to the general salary increase effective from April 2014 and the increase in headcount.

Newsprint costs for the six months ended 30 September 2014, constituted around 11% of the Group's total operating costs, increased by 5% as compared to last year same period. The increase was mainly due to the increase in the number of advertising pages of the Group's newspaper publications and offset by a decrease in newsprint prices.

Profit Attributable to Owners

The Group recorded HK\$23.2 million net profit attributable to owners for the six months ended 30 September 2014, which was increased significantly from HK\$4.0 million recorded for the same period last year.

Printed media segment's operating results showed a big improvement in the period under review. The Group's newspaper businesses, both paid and free, are well received by the advertisers and readers, and are expected to continue their contributions to the Group's growth.

Financial news agency, information and solutions segment provided a solid profit contribution to the Group. Despite its leading position in the market, the segment continued its investment in existing products enhancement and new products development in response to the new market opportunities and demand.

Recruitment advertising and training segment contributed stable profit for the period under review. The Group's recruitment advertising business had successfully transformed from print to online-based model and is expanding its market share in recruitment advertising.

Lifestyle portals segment operates portals in food, travel, beauty, health and other lifestyle areas. The Group is well aware of the trend of increasing advertising and marketing spending on online platform and had been investing in internet businesses to prepare for the opportunities lying ahead.

Liquidity and Capital Resources

(in HK\$ million)	As at 30 September 2014	As at 31 March 2014
Net current assets	362.3	398.7
Term deposits and cash and cash equivalents	318.1	371.0
Bank borrowings	96.7	111.4
Owners' funds	804.4	802.7
Gearing ratio	8.3%	9.3%
Current ratio	2.46 times	2.52 times

Despite the positive operating results for the period under review, the Group's net current assets as at 30 September 2014 decreased from the position as at 31 March 2014. This is due to the investments in office premises and information and technology systems, and the payment of final dividend for the financial year 2013/14 during the period.

As at 30 September 2014, the Group had a cash balance of HK\$318.1 million as compared to HK\$371.0 million as at 31 March 2014. Majority of the cash was placed under term deposits denominated in Renminbi with original maturities of over three months. The Group had a net cash used in investing activities of HK\$66.0 million, with HK\$51.2 million used for the purchase of office premises and investment in information and technology systems. Net cash used in financing activities amounting to HK\$36.2 million. This was mainly due to the distribution of final dividend of HK\$21.6 million in respect of the financial year ended 31 March 2014 and the repayment of bank borrowing of HK\$14.6 million.

The outstanding bank borrowings as at 30 September 2014 was HK\$96.7 million. These bank borrowings are secured by part of the Group's property, plant and equipment. As at 30 September 2014, the Group had a gearing ratio of 8.3%, being total interest bearing liabilities divided by total assets.

OUTLOOK

Entering into financial year 2014/15, the Group has regained the growth momentum.

Sky Post, being the second largest circulation newspaper in Hong Kong, had been contributing to the Group's growth. *Sky Post* received tremendous support from both advertisers and readers. The Group is determined and confident that *Sky Post* would be successful and would become one of the major profit pillars of the Group, in addition to the flagship newspaper, *Hong Kong Economic Times*, and the financial news agency, information and solutions segment.

Looking forward, advertisers may become cautious in planning their marketing campaigns under the current local political climate and the weakening of retail market as a result of the slowing down of tourism spending. The Group, with its strong financial position, would continue to monitor the political, economic and business conditions and adjust our strategies in response to the challenges ahead.

EMPLOYEES

As at 30 September 2014, the Group had 1,520 employees (30 September 2013: 1,488 employees). The Directors believe that employees are the most valuable assets of the Group and competitive remuneration packages are offered to retain quality staff. Employee benefits include medical insurance, discretionary bonus, provident fund schemes and other staff benefits.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK 2.0 cents (2013: HK 1.0 cent) per share, amounting to HK\$8,632,000 (2013: HK\$4,316,000), payable on 19 December 2014 to shareholders whose names appear on the Register of Members of the Company at the close of business on 9 December 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 10 December 2014 to 12 December 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 9 December 2014.

DIRECTORS

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

Executive Directors

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

Mr. MAK Ping Leung

(alias: Mr. Mak Wah Cheung)

Mr. CHAN Cho Biu

Mr. SHEK Kang Chuen

Ms. SEE Sau Mei Salome

Mr. CHAN Wa Pong

Non-executive Director

Mr. CHU Yu Lun

Independent Non-executive Directors

Mr. CHOW On Kiu

Professor LEUNG Gabriel Matthew

Mr. LO Foo Cheung

Mr. O'YANG Wiley

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 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:

Name of Director	Capacity/ Nature of interest	Ordinary shares of the Company	
		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 Bui	Beneficial owner	520,000	0.120%
Mr. SHEK Kang Chuen	Beneficial owner	1,000,000	0.232%
Ms. SEE Sau Mei Salome	Beneficial owner	370,000	0.086%
Mr. CHAN Wa Pong	Beneficial owner	1,000,000	0.232%
Mr. CHU Yu Lun (Note 2)	Corporate	87,435,000	20.258%
Mr. CHOW On Kiu	Beneficial owner	150,000	0.035%
Mr. LO Foo Cheung	Beneficial owner	540,000	0.125%

Note 1: The interests in the 44,275,000 shares are in respect of the deemed corporate interests held by Mr. Fung Siu Por, Lawrence through Golden Rooster Limited which is wholly owned by Mr. Fung Siu Por, Lawrence and his wife, Ms. Lee Suk Wai Alexandra. For the purpose of Part XV of the SFO, Mr. Fung Siu Por, Lawrence is therefore deemed interested in the shares held by Golden Rooster Limited.

Note 2: The interests in the 87,435,000 shares are in respect of the deemed corporate interests held by Mr. Chu Yu Lun through Sky Vision Investments Limited which is wholly owned by Mr. Chu Yu Lun and his wife, Ms. Chow Chiu Hing. For the purpose of Part XV of the SFO, Mr. Chu Yu Lun is therefore deemed interested in the shares held by Sky Vision Investments Limited.

All interests stated above represent long positions in the shares of the Company.

At no time during the six months ended 30 September 2014 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company (including their spouses or children under 18 years of age) to acquire benefits by means of acquisition of shares or underlying shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the six months ended 30 September 2014 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company (including their spouses or children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation required to be disclosed pursuant to the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 30 September 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 the Directors and chief executive:

Name of Substantial Shareholders	Number of ordinary shares held (long position)	Percentage of issued share capital of the Company
Sky Vision Investments Limited <i>(Note 1)</i>	87,435,000	20.258%
Golden Rooster Limited <i>(Note 2)</i>	44,275,000	10.258%
Aberdeen Asset Management Plc and its Associates (together "The Aberdeen Group") on behalf of accounts managed by the Aberdeen Group <i>(Note 3)</i>	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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30 September 2014.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company confirmed the adoption of the Model Code as set out in Appendix 10 of the Listing Rules. All Directors of the Company have confirmed their compliance with the required standard set out in the Model Code regarding directors' securities transactions throughout the six months period ended 30 September 2014.

AUDIT COMMITTEE

The Company established an Audit Committee in 2005 with written terms of reference. The Audit Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. O'Yang Wiley as Committee Chairman and Mr. Lo Foo Cheung. The Group's unaudited interim results for the six months ended 30 September 2014 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee in 2005 with written terms of reference. The Remuneration Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. Lo Foo Cheung as Committee Chairman and Professor Leung Gabriel Matthew.

NOMINATION COMMITTEE

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

By order of the Board

Hong Kong Economic Times Holdings Limited

Chan Wa Pong

Executive Director

Hong Kong, 24 November 2014