



**Hong Kong Economic Times
Holdings Limited**

**Interim Report
2015/2016**



Stock Code 00423

INTERIM RESULTS 2015/2016

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 2015. These results have been reviewed by the Company’s auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and by the Audit Committee of the Company.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Unaudited	
		For the six months	
		ended 30 September	
		2015	2014
		HK\$'000	HK\$'000
Revenue	3	585,658	560,714
Cost of sales	5	(372,385)	(360,149)
Gross profit		213,273	200,565
Selling and distribution expenses	5	(85,004)	(86,382)
General and administrative expenses	5	(97,383)	(89,113)
Other income	4	1,195	246
Operating profit		32,081	25,316
Finance income	6	4,221	3,919
Finance costs	6	(1,306)	(1,272)
Finance income – net	6	2,915	2,647
Profit before income tax		34,996	27,963
Income tax expense	7	(6,123)	(4,185)
Profit for the period		28,873	23,778
Profit attributable to:			
Owners of the Company		28,105	23,232
Non-controlling interests		768	546
		28,873	23,778
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic and diluted	8	6.51	5.38

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

	<i>Note</i>	HK\$'000	HK\$'000
Dividends	9	8,632	8,632

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	For the six months	
	ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
Profit for the period	28,873	23,778
Other comprehensive (loss)/income:		
Item that may be reclassified to profit or loss		
Currency translation differences arising from foreign operations	(379)	108
Other comprehensive (loss)/income for the period, net of tax	(379)	108
Total comprehensive income for the period	28,494	23,886
Total comprehensive income attributable to:		
Owners of the Company	27,726	23,340
Non-controlling interests	768	546
	28,494	23,886

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
		2015	2015
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	10	474,446	496,297
Investment properties		72,514	72,919
Deferred income tax assets		22,685	22,203
		569,645	591,419
Current assets			
Inventories		32,684	33,789
Trade receivables	11	215,407	213,896
Deposits, prepayments and other receivables		37,501	32,707
Tax recoverable		275	6,268
Pledged deposits		3,320	3,320
Term deposits with original maturities of over three months		231,834	223,348
Cash and cash equivalents		125,714	136,255
		646,735	649,583
Current liabilities			
Trade payables	12	38,795	38,975
Fees in advance		111,141	109,383
Accruals, other payables and provisions		86,651	102,934
Current income tax liabilities		5,040	294
Bank borrowings	14	38,687	38,306
		280,314	289,892
Net current assets		366,421	359,691
Total assets less current liabilities		936,066	951,110

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

		Unaudited	Audited
		As at	As at
		30 September	31 March
		2015	2015
	<i>Note</i>	HK\$'000	HK\$'000
Equity attributable to owners of the Company			
Share capital	13	43,160	43,160
Reserves			
Proposed final dividend		–	25,896
Interim dividend		8,632	–
Others		768,465	749,371
		820,257	818,427
Non-controlling interests		9,900	9,132
Total equity		830,157	827,559
Non-current liabilities			
Bank borrowings	14	62,502	81,937
Deferred income tax liabilities		32,583	31,951
Other non-current liabilities		10,824	9,663
		105,909	123,551
Total equity and non-current liabilities		936,066	951,110

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	Other reserves HK\$'000	Retained earnings HK\$'000			
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	-	(21,580)	-	-	-	-	-	(21,580)	-	(21,580)
Balance at 30 September 2014	43,160	100,801	69,944	6,120	1,944	656	581,818	804,443	8,863	813,306
Balance at 1 April 2015	43,160	100,801	69,944	6,120	1,738	1,333	595,331	818,427	9,132	827,559
Profit for the period	-	-	-	-	-	-	28,105	28,105	768	28,873
Other comprehensive loss										
Currency translation differences arising from foreign operations	-	-	-	-	(379)	-	-	(379)	-	(379)
Total comprehensive income	-	-	-	-	(379)	-	28,105	27,726	768	28,494
Transaction with owners										
Final dividend for the year ended 31 March 2015 (note 9)	-	(25,896)	-	-	-	-	-	(25,896)	-	(25,896)
Balance at 30 September 2015	43,160	74,905	69,944	6,120	1,359	1,333	623,436	820,257	9,900	830,157

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	
	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities		
Cash generated from operations	42,623	35,655
Interest paid	(1,306)	(1,272)
Long service payment made	(39)	(107)
Hong Kong profits tax refund/(paid)	4,766	(3,956)
Net cash generated from operating activities	46,044	30,320
Cash flows from investing activities		
Bank interest received	4,221	3,919
Purchase of property, plant and equipment	(7,014)	(40,828)
Proceeds from disposal of property, plant and equipment	23	205
Increase in term deposits with original maturities of over three months	(8,486)	(18,964)
Deposits paid for investment properties	-	(10,360)
Net cash used in investing activities	(11,256)	(66,028)
Cash flows from financing activities		
Final dividend paid to owners of the Company	(25,896)	(21,580)
Repayments of bank borrowings	(19,054)	(14,641)
Net cash used in financing activities	(44,950)	(36,221)
Net decrease in cash and cash equivalents	(10,162)	(71,929)
Effect of foreign exchange rate changes, net	(379)	108
Cash and cash equivalents at beginning of the period	136,255	172,367
Cash and cash equivalents at end of the period (note)	125,714	100,546

Note: As at 30 September 2015, the total cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits amounted to HK\$360,868,000 (30 September 2014: HK\$318,123,000).

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 2015

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 2015 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 2015.

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 2015.

HKICPA has issued a number of amendments to standards that are relevant to the Group’s operation and are mandatory for the first time for the Group’s financial year beginning 1 April 2015. These amendments to standards had no material impact on the presentation of the Group’s interim condensed consolidated financial information.

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 2015.

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 receivables, deposits and other receivables, cash and cash equivalents, trade and other payables and bank borrowings as at 30 September 2015 approximate their carrying amounts due to the relatively short term nature of these financial instruments.

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 2015 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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		
REVENUE												
Revenue	394,017	403,998	156,695	125,202	26,590	23,905	11,850	11,456	-	-	589,152	564,561
Inter-segment transactions	(1,572)	(1,605)	(1,815)	(2,236)	(106)	(4)	(1)	(2)	-	-	(3,494)	(3,847)
Revenue – from external customers	392,445	402,393	154,880	122,966	26,484	23,901	11,849	11,454	-	-	585,658	560,714
RESULTS												
Profit/(loss) for the period	3,857	6,670	24,540	18,964	3,793	2,030	(3,331)	(3,901)	14	15	28,873	23,778

4. Other income

	Unaudited	
	For the six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
Rental income from investment properties	1,195	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	
	2015	2014
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment and investment properties	29,688	28,321
(Gain)/loss on disposal of property, plant and equipment	(7)	266
Operating lease rentals on land and buildings	12,130	13,173
Provision for obsolete inventories	227	343
(Reversal of provision)/provision for impairment of trade receivables	(45)	59
Staff costs including Directors' and CEO's remuneration	256,624	249,025

6. Finance income and costs

	Unaudited	
	For the six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
Finance income		
– Bank interest income	4,221	3,919
Finance costs		
– Interest expense on bank borrowings	(1,306)	(1,272)
Finance income – net	2,915	2,647

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the period.

	Unaudited	
	For the six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	5,969	4,747
PRC enterprise income tax	4	–
	5,973	4,747

Deferred income tax relating to the origination and reversal of temporary differences	150	(562)

	6,123	4,185

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\$28,105,000 (2014: HK\$23,232,000) and number of 431,600,000 (2014: 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 2015 (2014: same).

9. Dividends

A final dividend in respect of the year ended 31 March 2015 of HK 6.0 cents per share, amounting to a total dividend of HK\$25,896,000 was paid in September 2015.

The Directors have declared an interim dividend of HK 2.0 cents (2014: HK 2.0 cents) per share, amounting to HK\$8,632,000 (2014: HK\$8,632,000), for the six months ended 30 September 2015.

10. Property, plant and equipment

	Unaudited							Total HK\$'000
	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Network and computer equipment HK\$'000	Machinery and system under installation HK\$'000	
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
At 1 April 2015	192,893	18,543	240,550	21,445	1,048	21,818	-	496,297
Additions	-	759	253	3,328	43	3,065	-	7,448
Depreciation	(1,749)	(3,243)	(15,941)	(4,632)	(201)	(3,517)	-	(29,283)
Disposals	-	-	-	(16)	-	-	-	(16)
Net book value at 30 September 2015	191,144	16,059	224,862	20,125	890	21,366	-	474,446
At 30 September 2015								
Cost	228,240	59,018	441,620	149,746	2,502	74,145	-	955,271
Accumulated depreciation	(37,096)	(42,959)	(216,758)	(129,621)	(1,612)	(52,779)	-	(480,825)
Net book value at 30 September 2015	191,144	16,059	224,862	20,125	890	21,366	-	474,446

Bank borrowings are secured on leasehold improvements and plant and machinery with net book value of approximately HK\$4,257,000 (2014: HK\$6,148,000) and HK\$123,317,000 (2014: HK\$133,356,000), 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 2015 HK\$'000	Audited 31 March 2015 HK\$'000
0 to 30 days	136,768	126,812
31 to 60 days	33,999	29,222
61 to 90 days	22,844	20,907
Over 90 days	25,432	40,636
Trade receivables, gross	219,043	217,577
Less: provision for impairment of trade receivables	(3,636)	(3,681)
	215,407	213,896

12. Trade payables

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 HK\$'000
0 to 30 days	36,554	35,591
31 to 60 days	946	1,863
61 to 90 days	55	195
Over 90 days	1,240	1,326
	38,795	38,975

13. Share capital

	Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 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 2015 HK\$'000	Audited 31 March 2015 HK\$'000
Non-current		
Bank borrowings	62,502	81,937
Current		
Bank borrowings	38,687	38,306
Total	101,189	120,243

Movements in bank borrowings are analysed as follows:

	HK\$'000
Six months ended 30 September 2015	
Opening amount as at 1 April 2015	120,243
Repayment of bank borrowings	(19,054)
Closing amount as at 30 September 2015	101,189

Bank borrowings were repayable as follows:

	Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 HK\$'000
Within one year	38,687	38,306
Between one and two years	39,470	39,070
Between two and five years	23,032	42,867
Wholly repayable within five years	101,189	120,243

The carrying amounts of the floating rate bank borrowings are denominated in Hong Kong dollars and are secured by part of the Group's property, plant and equipment (note 10) and certain investment properties.

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	
	2015	2014
	HK\$'000	HK\$'000
Service income from related parties	71	96
Hardware purchased from a related party	459	229
Rental expenses to a related party	489	489
Key management personnel compensation		
Salaries and other short-term benefits	10,105	10,105
Post-employment benefits	452	448
	10,557	10,553

16. Capital commitments

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

	Unaudited	Audited
	30 September	31 March
	2015	2015
	HK\$'000	HK\$'000
Property, plant and equipment		
– contracted but not yet provided for	2,441	283
– authorised but not yet contracted for	1,396	511
	3,837	794

17. Event after the balance sheet date

The Group had repaid bank borrowings of HK\$66,849,000 after the balance sheet date.

18. Approval of the interim condensed consolidated financial information

This interim condensed consolidated financial information was approved by the Board of Directors on 23 November 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Profit and Loss Account

(HK\$'000)	For the six months ended 30 September		% Change
	2015	2014	
Revenue	585,658	560,714	4%
Cost of sales	(372,385)	(360,149)	3%
Gross profit	213,273	200,565	6%
Gross profit margin	36.4%	35.8%	
Selling and distribution expenses	(85,004)	(86,382)	-2%
General and administrative expenses	(97,383)	(89,113)	9%
Other income	1,195	246	N/A
Operating profit	32,081	25,316	27%
Finance income	4,221	3,919	8%
Finance costs	(1,306)	(1,272)	3%
Profit before income tax	34,996	27,963	25%
Income tax expense	(6,123)	(4,185)	46%
Profit for the period	28,873	23,778	21%
Non-controlling interests	(768)	(546)	41%
Profit attributable to owners	28,105	23,232	21%
Net profit margin	4.9%	4.2%	

General

The Group's revenue for the six months period ended 30 September 2015 recorded an increase of HK\$24.9 million, 4% when compared to same period last year. Net profit attributable to owners for the period increased by 21% to HK\$28.1 million.

Revenue

	For the six months ended 30 September		% Change
	2015	2014	
	HK\$'000	HK\$'000	
Revenue:			
Advertising income	313,866	322,200	-3%
Circulation income	57,473	56,025	3%
Service income	205,705	174,839	18%
Enrolment income	8,614	7,650	13%
Total	585,658	560,714	4%

Revenue for the six months ended 30 September 2015 was HK\$585.7 million, a 4% growth from the same period last year.

Advertising income was mainly contributed by the Group's publications, comprising *Hong Kong Economic Times*, a paid daily, *Sky Post*, a free daily, and *U Magazine*, *e-zone* and *iMoney*, paid weeklies. Advertising income for the six months ended 30 September 2015 decreased slightly by 3% to HK\$313.9 million from the same period ended 30 September 2014. The decreased IPO activities and reduced first hand property advertisements in the first half of current financial year led to a drop of advertising income of *Hong Kong Economic Times*. On the other hand, *Sky Post*, with the second largest circulation in Hong Kong, continued its growth momentum with increasing support from readers, advertisers and marketers. Income from the three weeklies remained stable despite the shrinking market trend. These were a result of the combined effort of our dedicated editorial and creative marketing solutions teams.

Circulation income increased by 3% to HK\$57.5 million when compared with the period ended 30 September 2014. The quality and credible content were proven to be the key considerations of our premier readers.

Service income increased significantly by 18% to HK\$205.7 million from same period ended 30 September 2014. The Group's service income was mainly generated by the financial news agency, information and solutions businesses. This segment benefited from the increase of stock market transaction volume at the beginning of current financial year. The investment made in previous year, including the launch of real-time financial information services to support the Shanghai Hong Kong Stock Connect and the new generation of trading systems for Hong Kong Stock Exchange, started to bear fruit this year. Service income generated from the financial news agency, information and solutions businesses registered a remarkable increase.

Operating Costs

Gross profit margin of the Group was 36.4% for the six months ended 30 September 2015, similar to the same period last year. Management would continue to monitor the cost effectiveness of the Group's operations.

Staff costs for the six months ended 30 September 2015, representing approximately 46% of the Group's total operating costs, increased by 3% as compared to the same period last year. The increase was due to the general salary increase effective from April 2015.

Newsprint costs for the six months ended 30 September 2015, constituted around 9% of the Group's total operating costs, decreased by 15% as compared to last year same period. The decrease was mainly due to the decrease in newsprint price recorded for the period.

Profit Attributable to Owners

The Group's net profit attributable to owners for the six months ended 30 September 2015 registered an increase of 21% over the same period last year from HK\$23.2 million to HK\$28.1 million.

Printed media segment's operating results remained stable in the period under review. With the encouraging progress of *Sky Post* targeting the mass sectors, the Group's income base had been extended. This provided a cushion to the Group in times of adverse finance and property market conditions.

Financial news agency, information and solutions segment was the largest profit contributor to the Group. The segment's result recorded a growth of approximately 30% as compared to the same period last year. The segment's continued investment in existing products enhancement and new products development have been making contribution to a solid profit foundation of the Group and on the other hand, securing its strong leading position in the market.

Recruitment advertising and training segment recorded a growth over last year same period with the increase in market share, continued to contribute profit to the Group.

Lifestyle portals segment's result improved in the period under review. The Group would continue investing in internet businesses aimed to produce positive return in the medium and longer term.

Liquidity and Capital Resources

(in HK\$ million)	As at 30 September 2015	As at 31 March 2015
Net current assets	366.4	359.7
Term deposits, pledged deposits and cash and cash equivalents	360.9	362.9
Bank borrowings	101.2	120.2
Owners' funds	820.3	818.4
Gearing ratio	8.3%	9.7%
Current ratio	2.31 times	2.24 times

The Group's net current assets as at 30 September 2015 increased from the position as at 31 March 2015 due to the positive operating results for the period under review. The Group recorded net cash generated from operating activities of HK\$46.0 million.

During the period under review, there were no significant investment activities. The Group had distributed the final dividend declared for the financial year ended 31 March 2015 amounting to HK\$25.9 million and repaid bank borrowings amounting to HK\$19.1 million.

As at 30 September 2015, the Group had a cash balance of HK\$360.9 million as compared to HK\$362.9 million as at 31 March 2015. Majority of the cash was placed under term deposits denominated in Renminbi with original maturities of over three months. The Group expects that the exchange rate risk of Renminbi could be offset by the higher deposit interest rate received.

The outstanding bank borrowings as at 30 September 2015 were HK\$101.2 million. These bank borrowings are secured by part of the Group's property, plant and equipment and certain investment properties. As at 30 September 2015, the Group had a gearing ratio of 8.3%, being total interest bearing liabilities divided by total assets.

After the balance sheet date, the Group had repaid bank borrowings of HK\$66.8 million.

OUTLOOK

The market atmosphere was discouraging in the first half of current financial year. The retail market, in particular the luxury market, is experiencing a slump due to the declined tourism spending. Volatile stock market, slower growth anticipation of Mainland's economy, together with the various global uncertainties resulted in a sluggish economic environment. Marketers are cautious in advertising spending. This also exacerbated the shift of advertising dollars from print to digital platform. Our Group, foreseen this change, had prepared for the challenge. We operate and continue our investment in various platforms, from online to offline. Together with our devoted team, we offer comprehensive and value added one stop marketing solutions to our clients, across digital and print.

The Group, with its strong financial position, would continue our focus on and investment in the three major business pillars, *Hong Kong Economic Times*, financial news agency, information and solutions businesses and *Sky Post* for a sustainable business growth.

EMPLOYEES

As at 30 September 2015, the Group had 1,505 employees (30 September 2014: 1,520 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 (2014: HK 2.0 cents) per share, amounting to HK\$8,632,000 (2014: HK\$8,632,000), payable on 18 December 2015 to shareholders whose names appear on the Register of Members of the Company at the close of business on 8 December 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 9 December 2015 to 11 December 2015, 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 8 December 2015.

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

(*retired on 6 August 2015*)

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 2015, 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 Directors	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. CHU Yu Lun (Note 2)	Corporate	87,435,000	20.258%
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 2015 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 2015 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 2015, 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%
MaMa Charitable Foundation Limited	58,169,000	13.478%
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%

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 2015.

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 2015.

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 2015 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.

On behalf of the Board

Hong Kong Economic Times Holdings Limited

Fung Siu Por, Lawrence

Chairman

Hong Kong, 23 November 2015